



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

**Finance, Economic Development and
Corporate Services Overview and Scrutiny
Committee**

10 November 2020

Report of: Councillor Adam Stokes

Cabinet Member for Finance and Resources



Invest to Save Reserve

This report sets out the use of the Invest to Save reserve and makes recommendations ahead of the budget framework proposals for 2021/22.

Report Author

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Corporate Priority:	Decision type:	Wards:
Administrative	Budget and Policy Framework	All Wards

Reviewed by:	Alison Hall-Wright, Head of Finance	28 October 2020
Approved by:	Karen Bradford, Chief Executive	2 November 2020
Signed off by:	Councillor Adam Stokes, Cabinet Member for Finance and Resources	2 November 2020

Recommendation (s) to the decision maker (s)

1. The Finance, Economic Development and Corporate Services Overview and Scrutiny Committee is asked

- To note the use of the Invest to Save Reserve and to agree the guiding principles that are used.
- To recommend that the Invest to Save Reserve continues for 2021/22 at a level of £500k.

1 The Background to the Report

- 1.1 The Invest to Save Reserve is a revenue discretionary reserve that was established by Council with the stated intention of 'pump priming' revenue initiatives that have a stated aim of achieving a 'cashable' saving in the medium term. As at the 31 March 2020 the reserve balance is £1.158m having been increased in previous years from a balance of £358k as at 31 March 2017.
- 1.2 There is no prescribed financial level for the reserve which has increased in recent years from a previous upper limit of £500k.
- 1.3 The reserve is authorised for use in accordance with the approval process approved by Council on 31 January 2019
<http://moderngov.southkesteven.gov.uk/documents/s22128/CFM484%20Council%20Financial%20Management%20amendments%20201819v3.pdf>
- 1.4 As stated, the primary purpose of the reserve is to 'pump prime' initiatives for projects that clearly demonstrate within a business case that cashable savings could be realised following a one-off injection of investment. Examples of these initiatives include investment in modern equipment which then releases ongoing sustainable savings through cashable efficiencies. However, in some scenario's the investment can be relatively speculative as the cost incurred may be to investigate a potential cost saving opportunity. Initiatives of this kind should also be encouraged where supported by a business proposal.

In order to accelerate these proposals, it is important there is a mechanism in place that allows the resource to be released in order to achieve the savings as early as possible. Therefore, it was agreed by Council that a delegation is given to the Cabinet Member for Finance in consultation with the Council's s151 Officer to consider and approve proposals for its use.

- 1.5 Over the recent period, the Invest to Save Reserve has been used to fund a number of initiatives including:

Theme	Approved £'000	Spend to 2021/22 £'000	Savings achieved to date £'000	Narrative
Process Automation	450	225	81	Currently halfway through project
Transformation	453	193	This was a resource support initiative	Project officers funding ceases January 2021. Savings are unable to be quantified as the use was for resource support for corporate projects
Lightbox	182	159	This was a resource support initiative	Project officers funding ceased March 2020. Savings are unable to be quantified as the use was for resource support for corporate projects

Procurement	86	71	241	Following the corporate restructure, this resource is now a permanent post
Street Lighting*	100	9		Tender documentation being prepared. Contract commencement date yet to be confirmed
Financial Services Review	12	12	50	Restructure completed as part of corporate restructure- annual savings of £50k achieved
Internet of Things	10	10		Project complete for street lighting - data and knowledge gathered during the project has been used within the full procurement project to replace our street lighting. Further projects are in development
Advertising and sponsorship	40	20		Currently halfway through project – working towards procurement specification and contract documents
Online forms library	11	11	6	Project complete - annual licence fee savings

*street lighting update will be provided to Environment Overview and Scrutiny Committee on 8 December 2020

1.6 For each of these proposals, a supporting business case is required which sets out the investment requirements, the objectives of the proposal and the anticipated payback period. The supporting documentation is shown at Appendix 1. It is the responsibility of the sponsor of the proposal to ensure that the project outlined in the supporting business case is implemented in accordance with the proposal. In the event that there is some variation or previously unidentified risks come to light, then the possibility exists that an initial financial outlay will not be recouped. This risk is heightened where the initiative is closely aligned with innovation or transformational projects.

1.7 Clearly there are some instances where the intended financial benefit has not been achieved as intended. Therefore it is suggested that the business case approval process is strengthened where possible to reduce the risk of modest or minimal financial return.

2 Consultation and Feedback Received, Including Overview and Scrutiny

2.1 None.

3 Available Options Considered

3.1 The Invest to Save Reserve is a discretionary reserve that the Council has chosen to include in its budget framework. Therefore the Council could decide not to retain the reserve or alternatively retain the reserve but set a different financial limit.

4 Preferred Option

- 4.1 It is recommended that the reserve is retained but the level is set at a reduced level of £500k rather than the current level of £1.1m.

5 Reasons for the Recommendation (s)

- 5.1 The Council needs to carefully manage its reserve levels against a backdrop of competing financial pressures. Whilst it is preferential to retain the reserve it is recommended that the reserve level is reduced.

6 Next Steps – Communication and Implementation of the Decision

- 6.1 If the recommendations are supported, then these will feed into the budget preparations for 2021/22.

7 Financial Implications

- 7.1 The financial considerations are referenced throughout the report.

Financial Implications reviewed by: Richard Wyles, Interim Director of Finance

8 Legal and Governance Implications

- 8.1 For good governance, Invest to Save business cases should be reviewed and reported against at this Committee, so that Members can see whether the business case has been successful.

Legal Implications reviewed by: Shahin Ismail, Monitoring Officer

9 Equality and Safeguarding Implications

- 9.1 None.

10 Risk and Mitigation

- 10.1 The associated risks for each proposal are identified in the respective business case in advance of any invest to save monies being allocated.

11 Community Safety Implications

- 11.1 None.

12 How will the recommendations support South Kesteven District Council's declaration of a climate emergency?

- 12.1 None.

13 Other Implications (where significant)

- 13.1 None.

14 Background Papers

- 14.1 None.

15 Appendices

- 15.1 Invest to Save business case template

Report Timeline:	Date of Publication on Forward Plan (if required)	Not applicable
	Final Decision date	28 January 2021