

Report to: EXECUTIVE CABINET

Date: 24 July 2019

Executive Member / Reporting Officer: Councillor Ryan Executive Member for Finance and Economic Growth
Tom Wilkinson Assistant Director of Finance

Subject: IMPLEMENTING AN INVESTMENT FUND FOR INVEST TO SAVE OPPORTUNITIES

Report Summary: The Council and Tameside and Glossop CCG are leading on the public service reform (PSR) in the locality and initiatives to better align services focused on the delivery of outcomes that are best for residents.

At the same time the delivery of savings and efficiencies is becoming an increasingly difficult process after 9 years of austerity. One of the reasons cited when savings are not delivered or are delayed is due to the lack of capacity to deliver some projects in addition to delivering normal operations.

This report seeks to formally establish a fund to provide some capacity to deliver new savings and efficiencies for 2019/20 and beyond and to allow investment in the delivery of the public service reform required. It is proposed, initially that £1m is earmarked from the Service Improvement Reserve to create a specific Investment Fund to facilitate the delivery of PSR and the savings required to deliver a balanced budget. The operation of the fund is set out in the report to ensure that the funding is allocated fairly and that the rationale for using this funding is sound and robust.

Recommendations: Executive Cabinet agree to:

- I. transfer £1m from Service Improvement Reserve to create an Investment Fund that is reviewed and assessed as part of future annual budget processes.
- II. That delegated authority subject to an executive decision is given to the Director of the Executive Member for Finance & Growth and the GP Member for Finance for Tameside and Glossop CCG, together with the relevant Executive Member and/or Clinical lead to approve funding from the Investment Fund reserve to support the delivery of savings and public service reform. This will be subject to an executive decision providing satisfactorily robust business case and implementation plan been prepared, which demonstrates the investment will enable the delivery of future savings; and
- III. That the level of the Investment Fund be reviewed as part of the annual budget setting process.

Corporate Plan: The Corporate Plan, targeting the life path, of starting well, living well and aging well, is focused on an interventionist and empowerment strategy to ensure that residents life successful and independent lives, thereby reducing the statutory demands on the Council and the CCG.

**Financial Implications:
(Authorised by the statutory
Section 151 Officer & Chief
Finance Officer)**

The Investment fund will be funded from the Service Improvement Reserve, which includes a £0.5m contribution from the CCG, to support the delivery of savings identified as part of the 2019/20 budget process and to pump prime the delivery of public service reform. The level of balances will be reviewed annually as part of the budget process, and on the performance and delivery of the fund.

**Legal Implications:
(Authorised by the Borough
Solicitor)**

The Council has a fiduciary duty to the public purse to ensure it spends its money in the best interests of the Borough. Provided this can be justified, is properly documented, and carried out fairly rationally and reasonably with demonstrable outcomes which benefit its inhabitants, it ought to be able to withstand any successful judicial/ombudsman/regulatory challenge. Further explanation is required of the two proposed projects set out in table 1.

Risk Management:

The failure to deliver a balanced budget is one of the Council's and CCG's top 10 risks. Being able to deliver and achieve the savings targets set by members is paramount to delivering a balanced budget and ensuring the financial stability of the organisation. By investing some one off resources to generate recurrent savings is a sensible use of the Council and CCG's scarce resources and will help to mitigate the risk of non delivery of the efficiency targets.

Background Information:

APPENDIX A example template that will have to be completed to access the funding and funding

The background papers relating to this report can be inspected by Contacting

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1. INTRODUCTION

- 1.1. Thameside Council and the CCG's Integrated Care Fund is facing some severe financial challenges over the next 4 to 5 years, with austerity set to continue for non health related sectors. Demand pressures within Children's Services and Adults Social Care are set to continue. Added to this there is a great deal of uncertainty about the outcome of the MHCLG's fair funding review of Local Government funding that could see a further shift of resources away from Thameside, as a poor metropolitan borough.
- 1.2. Over the past few years Thameside Council has managed to balance its budgets by maximising its resources base and latterly through the application of reserves in an effort to provide time for service improvement and protect front line services. Whilst savings and efficiencies have been made and identified as part of the 2019/20 budget process, there remains a significant budget gap of more than £47m by 2024. This gap is likely to be affected by funding decisions by central government around the fair funding review and decisions about the future of the Integrated Better Care Fund.
- 1.3. Action has been taken to balance the Council budget for 2019/20, with the CCG requiring additional funding or efficiencies of around £4m to be in a balanced position. The 2019/20 budget has been balanced by identifying savings options of over £23m (£10m TMBC and £13m T&GCCG).
- 1.4. It is becoming increasingly difficult to deliver on savings and efficiency targets, as the majority of the straightforward efficiencies have been made. It is therefore necessary to acknowledge that some additional capacity may be necessary to make the changes required to release the savings.
- 1.5. The need to invest in public service reform up front is also a challenge facing all public sector organisations, as they try to deliver reform whilst ensuring vital services are delivered to a high standard.

2. THE INVESTMENT FUND

- 2.1. It is therefore proposed that a £1m fund is established so that departments can bid for one off funds to facilitate the delivery of the savings. The fund will be created by transferring £1m from the Service Improvement Reserve, which holds £0.5m of CCG funding which was transferred to the Council for this purpose in 2018/19.
- 2.2. There will be a due diligence process to ensure that the requests for funding are realistic and that any spending has an implementation plan. Progress against the delivery of these savings will be closely monitored and openly reported as part of the monthly budget monitoring process.
- 2.3. Initially it is proposed that the Investment Fund is used to support the delivery of savings identified as part of the 2019/20 budget process where 2 schemes require some initial upfront investment of £150k. These schemes are expected to generate £230k per annum of savings from 2021/22. Any slippage on the delivery of these savings will impact on the overall in year financial position.
- 2.4. The savings and investment are highlighted in Table 1.

Table 1 – Savings schemes requiring one off pump priming investment

Scheme	Saving Forecast £000s					Total one off investment needed £000
	19/20	20/21	21/22	22/23	23/24	
Extending commercial offer	0	100	200	200	200	140
Review of rents and leases	30	30	30	30	30	10
Grand Total	30	130	230	230	230	150

- 2.5. **Appendix A** gives an example template that will have to be completed to access the funding and funding will be granted on the authority of the Director of Finance in consultation with the Executive Member for Finance and the Economy, with any spend of more than £30k that affects more than two wards reported back as a key decision through the normal governance mechanism.
- 2.6. The level of the Investment fund will be reviewed as part of the annual budget process and topped up based on the investments required.

3. RECOMMENDATIONS

- 3.1 As set out on the front of the report.