

Committee	Date:
Policy & Resources Committee – For decision Resource Allocation Sub-Committee – For information	17 th October 2024 30 th October 2024
Subject: Transformation Fund 2024-25	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: Chamberlain and Chief Financial Officer	For Decision
Report author: Louise Said, Group Accountant	

Summary

In March 2024 as part of the annual budget process, the Court of Common Council approved a Transformation Fund be set up from 23/24 central contingency underspends. This funding is to be used to support the cultural change needed under the new Corporate Plan and People Strategy, but also radical thinking on how best to bring down the annual operating deficit, including major changes or stoppages to existing service provision and/or reductions in grants. This requires a renewed approach to transformation underpinned by a clear communication to all Members so they are aware of the challenges ahead. The total fund stands at £4.7m and is split £2.5m City Fund and £2.2m City’s Estate.

Recommendations

Members are asked to:

- approve the delegation approval framework for bids as outlined in paragraph 5
- delegate future oversight of the Fund to the Resource Allocation Sub-Committee

Main Report

1. As part of the 2024/25 budget setting process, the Court of Common Council approved a Transformation Fund be set up from 23/24 central contingency underspends to be carried forward and used to support the transformational activity being undertaken across the organisation as part of the Corporate Plan and People Strategy, but also radical thinking on how best to bring down the annual operating deficit, including major changes or stoppages to existing service provision and/or reductions in grants. Transformational spend tends to be time limited, and so would not normally be built into base budgets. A fund

or contingency approach was therefore considered more appropriate to be drawn down as required. As part of the approval of 23/24 carry forward process, a sum of £4.7m was approved to be used for transformational activity. The approval was given with the stipulation that in establishing this fund, there should also be an appropriate level of member governance and oversight into how it is spent. This report therefore documents and asks Members to agree the governance of the Transformation Fund.

2. All applications should set out the following information as standard to enable an informed decision to be taken:
 - **Rationale:** why this item is not able to be funded through existing departmental local risk budgets
 - **Criteria:** Which of the following does this item meet (each bid for funding should meet at least one of these):
 - o Relate to transformation required as part of the Corporate Plan and People Strategy
 - o Support the core workstreams under the Transformation Programme which are:
 - Commercialisation and income generation
 - Shoring up the MTFP
 - Operational Property Review
 - Establishing Brilliant Basics through effective governance and optimised business processes
 - Laying the foundations for long-term transformation
 - **Outcomes:** What specific outcomes will be delivered for the level of funding requested?
 - **Economy:** What steps will be taken to ensure the initiative will be delivered in the most cost-effective manner?
 - **Delivery:** Specify the timeline for your works / activities (include start date, end date, key milestone target dates) and measures that will be put in place to mitigate any risks of not delivering the planned outcomes.
 - **Evaluation:** How will success be measured? Evaluation should be proportionate to the level of funding requested.
 - **Risks:** What are the risks if this funding is not agreed?
3. The Transformation Fund will be allocated following the assessment of eligible applications that meet the criteria listed above. Consideration will also be given to the level of proposed benefits to support prioritisation of bids where resource constraints are an issue.
4. The application process will be managed by the Town Clerk's department in a manner analogous to requests for approval submitted under the delegated authority or urgency process. All bids will be reviewed and once satisfied that all information has been submitted, will be presented for approval based on the delegation limits set out in paragraph 5.

5. In order to ensure the fund can be used in an agile manner, as well as having appropriate scrutiny, following consultation with the Senior Leadership Team (SLT), the following approval levels are recommended:
 - a. Funding applications for up to £500k will be determined by the Town Clerk
 - b. Applications for funding between £500k and £1m will be determined by the Town Clerk in consultation with the Chairman and Deputy Chairman of Resource Allocation Sub-Committee (RASC)
 - c. Applications over £1m will be considered by RASC
6. Funding is time limited for the period specified within the request. Any permanent funding requests cannot be funded through the Transformation fund as it is time limited so other forms of funding would need to be explored, unless the initiative can support on-going costs through generating additional income and or savings.
7. Any funds agreed will be ringfenced for that particular purpose and if circumstances change and the original purpose is not deliverable, funding will need to be returned to the pot for reallocation. Any changes in allocation of funding will follow the same process for approvals. The funds cannot be used for any other purpose without the approval of SLT and or RASC (depending on the value).
8. Officers will monitor and review spend on a quarterly basis as part of budget monitoring ensuring that it is in line with the original purpose for which funds were given. At the end of the financial year successful bidders will be asked to confirm final spend and benefits against each project. If any funds are remaining and are required for the following financial year, Officers can request a carry forward which will be reviewed as part of the annual carry forward process. Where additional income is generated and or savings achieved future budget/medium term financial plan will be adjusted accordingly.
9. Regular reporting will be brought back to RASC for 24/25, it is proposed to bring a report in December 2024 and again at the end of the financial year updating members on the current position of the fund and setting out all bids approved to date. For future years the proposal would be to bring an update every 6 months to RASC and an annual report to P&R at the end of the financial year should the fund continue.

Corporate and Strategic implications

Strategic implications – Through use of the criteria in assessing bids, proposals covered by the fund will support the delivery of the Corporate Plan and People Strategy.

Financial implications – Contained within the body of the report

Resource implications – Bids will need to be reviewed and assessed by staff in the Town Clerk's department and monitoring supported by the Chamberlain's team. The

work required is anticipated to be deliverable within existing resources but will be kept under review.

Legal implications – No direct implications

Risk implications – No direct implications

Equalities implications – No direct implications from the proposal, however where individual decisions may have impacts, equality impact assessments will be carried out as appropriate.

Climate implications – No direct implications

Security implications – No direct implications

Conclusion

10. Members are asked to endorse the approach and governance being undertaken for approval from the Transformation Fund and agree delegation be given to the Town Clerk, Chair & Deputy Chair of RASC and note the proposed criteria and reporting of spend and outcomes against the transformation fund.

Appendices

None

Louise Said

Group Accountant, Strategic Finance

Louise.Said@cityoflondon.gov.uk