

CABINET

Budget Support Reserve – Proposed Allocations 07 August 2018 Chief Officer (Resources)

PURPOSE OF REPORT				
This report seeks Cabinet's consideration of proposed allocations from the Budget Support Reserve, to enable the progress of related matters.				
Key Decision	X	Non-Key Decision		Officer Referral
Date of Notice of Forthcoming Key Decision			9 July 2018.	
This report is public.				

RECOMMENDATIONS OF COUNCILLOR WHITEHEAD

- (1) That Cabinet approves a total allocation of £300K from the Budget Support Reserve to cover Programme Management Capacity and Project Support Capacity, with the allocations to be managed under the governance arrangements as set out in the report.

1 REPORT

- 1.1 As reflected within its Medium Term Financial Strategy and the related Provisions and Reserves Policy, the Council holds a Budget Support Reserve. Its purpose is to provide resources to help finance capacity, feasibility/review and other development work in support of the Council's corporate planning and budgeting arrangements.
- 1.2 In line with that purpose, Management Team, led by the Assistant Chief Executive, are undertaking a review of the Council's existing projects, to ensure that the project and programme governance is robust and supports successful delivery. This involves considering the objectives, prioritisation, strategic alignment, deliverability and risk management, resourcing and decision-making, amongst other aspects. Many projects are linked to the Council's transformation, digital and commercial agendas as well as helping to address the Council's financial challenges. The outcome of Management Team's work will be reported through to Members for consideration in due course.
- 1.3 It has been highlighted on a number of occasions that there are concerns regarding capacity and to help address this, Cabinet is requested to consider the following proposals:
- a) **Programme Management Capacity**
Staffing resource is needed to support Management Team in its work; the Council has no dedicated programme office yet it has highly ambitious plans across a number of areas including commercialism, economic regeneration, asset

management, digital, etc. The proposal is to establish a two-year fixed term post for a programme manager, with an accountancy background. Line management responsibility would sit under the Assistant Chief Executive (and with a reporting line into the s151 Officer), at least until the new senior management structure is in place. The exact grading of the post is yet to be determined but is expected that it would be a Grade 6/7 post. Based on an annual salary of £37K and allowing for overheads of 28%, plus minor indirect costs, a total budget provision of £100K is sought, covering the two-year period. Any redundancy liability arising would need to be considered; further funding may be required but this could only be established later in the process.

b) Project Support Capacity

Whilst many projects are not yet fully resourced, it is evident that there are considerable demands on support services in particular, and it is unreasonable to expect that these can be managed through prioritisation alone. The sort of capacity needed includes finance, legal, property, ICT, and HR although this list is not exhaustive; there is also likely to be some technical project management capacity required. The proposal is to authorise the s151 Officer to allocate up to £200K from the Budget Support Reserve, to provide project management and development support. In advance of a more holistic approach to programme management being implemented, the following arrangements are proposed:

- The responsible Chief Officer/ Management Team Member to sign off the proposed project planning/initiation document as robust, and the s151 and Monitoring Officers to sign off the plans from their respective professional perspectives.
- Any additional resource needs to be identified in the above.
- The project priority, its initiation document (including resource needs) to be approved by Management Team.
- Subsequent to the above, the s151 Officer to authorise the allocation of any additional resource needs from the available £200K Reserve allocation.
- The relevant Chief Officer / Project Manager to take on full delivery/budget responsibility for the project.
- Progress to be incorporated into the Council's formal quarterly performance monitoring arrangements.
- Details of Reserve allocations to be reported by the s151 Officer as part of the Council's formal quarterly financial monitoring arrangements.

As Management Team's review has progressed it has become clear that a number of projects would benefit enormously from targeted or directed support. The majority of support services are configured only to provide adequate day to day operational services with little capacity available for additional projects. As projects often require different service support at different times, a project may experience multiple constrictions on delivery as each service tries to respond. Extra support may only be required for a short time or for a particular purpose, but nonetheless, its availability should provide for a significant improvement on delivery.

2 DETAILS OF CONSULTATION

2.1 No external consultation is required.

3 OPTIONS AND OPTIONS ANALYSIS

3.1 Approve the allocations as proposed:

Essentially the proposals are to help ensure that the Council has adequate capacity to develop and take forward its plans, in a timely and structured manner to help ensure successful outcomes. There is risk in terms of abortive costs for example, should the business case for any proposal prove unviable. There is also risk that the allocations will be insufficient, or that suitable and timely expertise cannot be secured, as further examples. These are typical project risks and would be mitigated through the governance arrangements proposed. Relevant Officers would be held to account, in support of good governance.

3.2 Amend/defer the proposed allocations

Should Cabinet consider this option, the rationale and implications of any proposed amendment would need to be considered and addressed.

3.3 Do not approve the allocation

Should this option be chosen, then the Council could not reasonably expect to deliver its key projects in any timely fashion, and this would impact on the achievement of outcomes as set out in the Council Plan, and on the achievement of financial targets as set out in the Medium Term Financial Strategy (MTFS). If no additional capacity was to be facilitated at any point, this would require fundamental reconsideration of the Council's direction and its budget, together with supporting strategies and plans.

4 OFFICER PREFERRED OPTION AND JUSTIFICATION

- 4.1 The relevant Officers' preferred option is to approve the allocations as proposed, for the reasons stated.

RELATIONSHIP TO POLICY FRAMEWORK

As set out in the report.

CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability etc)

None directly identifiable at this point.

FINANCIAL IMPLICATIONS

Allocations from the reserve above the key decision threshold are a matter for Cabinet; those below are delegated to the Chief Officer (Resources) in consultation with the Finance Portfolio Holder.

Further to the outturn, which has now been audited, allowing for the planned net transfer into the Budget Support Reserve in the current year, its balance as at 30 June amounts to £2.060M. Details are included in the financial monitoring report included elsewhere on the agenda. Should these proposals be approved, the balance would reduce to £1.760M.

Whilst the proposals cover a fixed term period only, there will be the need to consider capacity on a longer term / permanent basis. Any such proposals would be presented for Cabinet's initial consideration as part of the annual budget process, either for 2019/20, or beyond.

SECTION 151 OFFICER'S COMMENTS

This report has been prepared by the s151 Officer and is in her name (as Chief Officer (Resources)).

LEGAL IMPLICATIONS

There are no legal implications directly arising.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted in the drafting of this report and has no further comments.

BACKGROUND PAPERS

None.

Contact Officer: Nadine Muschamp

Telephone: 01524 582117

E-mail: nmuschamp@lancaster.gov.uk