



City of Salisbury Values: Respectful, Accountable, Collaborative, Helpful

## Business Transformation Future Fund Policy

Adopted by:	Council
Responsible Division:	Financial Services
First Issued/Adopted:	25 July 2022
Last Reviewed:	27 March 2023 (Resolution No. 0175/2023)
Next Review Date:	December 2026

### 1. Purpose

- 1.1 This Policy establishes the funding and decision framework for the Business Transformation Future Fund (BTFF) to ensure that:
- There is minimal impact on the operating surplus from Business Transformation (BT) initiatives
  - Favourable budget amounts are identified and set aside to fund approved BT outlays;
  - There is a clear process for treatment of savings identified in this policy through budget reviews and end of financial year

### 2. Scope

This policy provides clear direction to management, staff and Council in relation to the establishment and ongoing management of the Business Transformation Future Fund. The fund is created to support the delivery of key business transformation initiatives.

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### 3. Legislative Requirements and Corporate Policy Context

*Local Government (Financial Management) Regulations 2011*

### 4. Interpretation/Definitions

**Financial Reserve** – an accounting treatment that reserves (sets-aside) part of Council's equity for a specific purpose.

### 5. Policy Statements

- 5.1 To modernise the organisation, it is imperative to update our ways of working. The City of Salisbury has three success factors being: (i) Exceptional Community Experience, (ii) Quality outcomes and (iii) Great Place to Work, and the Business Transformation Agenda is core to delivering on these success factors. Projects and initiatives associated with Business Transformation will align with one or more of these success factors and will include, but are not limited to, reviewing and implementing systems to better support community experience and service delivery.
- 5.2 One of the challenges with funding these projects is that solutions are increasingly cloud based, and consequently the initial configuration and implementation does not meet the criteria for capitalization. As a result, the cost of these initiatives cannot be spread across multiple years through depreciation, and instead have a one-off impact on the budgeted operating surplus in the year funded and potential to impact on rate increases. To be able to continue to transform how the City of Salisbury does business there is the need to develop a financial approach that supports funding these initiatives without an unnecessary burden on the community in the year of expenditure.
- 5.3 The policy provides for the creation and maintenance of the Business Transformation Future Fund (BTFF) through the identification and quarantining of budget savings not impacting external service delivery. The following types of expenditure savings and income gains are to be reviewed as part of the Quarterly Budget Review:
- Deprecation where actual depreciation is below budget
  - Interest Expense where actual interest is below budget
  - Interest Income where actual interest income is above budget
  - Rate Revenue from lower level of objections, or higher valuation growth where actual rate revenue is above budget

- Any surplus funds available within BT initiatives, budget bids, and operating budget
- Salary and Wages Provision subject to approval of the CEO
- Quantified efficiencies and savings gained through Business Transformation projects

Following review, a recommendation may be included in the relevant Quarterly Budget Review for endorsement of Council to transfer to the BTFF Provision, with the provision treated as an operating expenditure budget during the year of transfer.

- 5.4 At end of financial year (EOFY) the categories detailed in paragraph 3 will be reviewed and a recommendation to transfer to the BTFF Provision included in a relevant end of financial year report.
- 5.5 As part of the EOFY the balance of the BTFF provision will be transferred to the BTFF reserve account. This reserve account will be maintained for the express purpose of funding BT initiatives and BT projects as resolved by Council. Interest at the cash advance denture rate will be applied to the balance of the reserve account.
- 5.6 The BTFF provision balance and reserve balance will be reported on quarterly to Finance and Corporate Services Committee through the Quarterly Finance Report.
- 5.7 The Innovation & Business Development Committee will be provided BTFF Provision and Reserve balances periodically when considering BT initiatives and projects for funding. Where sufficient funds are available the funding decision will be referred to the Budget Review or EOFY and will be affected through a transfer from the Provision and or Reserve. If the initiative gives rise to ongoing operating expenditure, this will be referred to the next annual budget processes as a non-discretionary budget bid if there is no capacity to absorb these ongoing costs.

- 5.8 Where there are insufficient funds available in the Provision and Reserve to fund the BT initiative the balance of required funding will be included as a Budget Bid or Budget Review Bid and Council will have due consideration of
- Identified community need and benefit relative to other expenditure options;
  - Cost effectiveness of the proposal; and,
  - The affordability of proposals having regard to Council’s long-term financial sustainability (including consideration of the cost of capital and the impact of the proposal on Council’s Net Financial Liabilities).
- 5.9 This policy will be in effect for the 2021/22 Financial Year until such time as the provision and reserve are no longer required.

## 6. Related Policies and Procedures

N/A

## 7. Approval and History

Version	Approval Date	Approval By	Change
1	25 July 2022	Council 1409/2022	Initial Policy
2	27 March 2023	Council 0175/2023	The Business Transformation Futures Fund Policy which was first issued in July 2022 has been reviewed and in addition to utilising the revised format, the definition of Financial Reserve has also been included.

## 8. Availability

- 8.1 The Policy is available to be downloaded, free of charge, from Council's website [www.salisbury.sa.gov.au](http://www.salisbury.sa.gov.au)
- 8.2 The Policy will be available for inspection without charge at the Civic Centre during ordinary business hours and a copy may be purchased at a fee as set annually by Council.

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## 9. Review

This Policy will be reviewed within 12 months of a Council election and thereafter as necessary; or If deemed necessary by Council.

## Further Information

For further information on this Policy please contact:

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