



Business Transformation Future Fund Policy

Policy Type:	Policy		
Approved By:	Council	Decision No:	1409/2022
Approval Date:	25 July 2022	Last Reapproval Date:	
Review Date:	November 2023	Internal Reference No.:	
Department:	Business Excellence	Division:	Financial Services
Function:	7 - Financial Management	Responsible Officer:	Manager, Financial Services

A - PREAMBLE

1. 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.

C – POLICY PURPOSE/OBJECTIVES

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

E - POLICY STATEMENT

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.
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.

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:

- Depreciation 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.

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. 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 projects as resolved by Council. Interest at the cash advance denture rate will be applied to the balance of the reserve account.
6. The BTFF provision balance and reserve balance will be reported on quarterly to Finance and Corporate Services Committee through the Quarterly Finance Report.
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.
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).

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, noting the policy will be reviewed as required by the Act.

Document Control

Document ID	Business Transformation Future Fund Policy
Prepared by	Kate George
Release	1.0
Document Status	Endorsed
Date Printed	11/08/2022