



# Scottish Borders Council

**CHANGE FUND**

**February 2025**

## How did we establish the Change fund?

The £20m Change Fund was established through the retrospective financial benefit from a change in accounting practice allowing debt associated with PPP contracts to be repaid over the life of the assets rather than the life of the contract.

## Where is the fund held?

The Change Fund is held within allocated balances. It is important to note that the fund is not cash backed and deployment of the fund requires careful cash flow management, which, in line with a very ambitious capital plan may result in additional Council borrowing with associated costs.

Around £1m of the fund has been deployed in 2024/25.

## What will we use the fund for?

The Change Fund is a crucial part of the Council's long term revenue strategy and transformation programme. Having the ability to invest in change sets SBC apart from many other Scottish Local Authorities. The fund will be used to:

- Invest in modernising the Council, including digital advancements which, with appropriate upfront investment, can deliver permanent, recurring revenue savings, supporting the Council's ongoing financial sustainability
- Invest in spend to save opportunities which may include early intervention measures aimed at containing costs
- Invest in opportunities which can deliver an ongoing income to the Council
- Reduce the Council's carbon footprint with benefits in reduced energy consumption and the use of cleaner forms of fuel eg the conversion of oil based boilers which are used in a number of Council buildings

Crucially the Change Fund should be used to improve the Council's short, medium and long-term sustainability. The fund aims to be self-replenishing which will allow ongoing upfront investment in delivering change and modernisation.

## External validation from Accounts Commission

As part of the Audit Scotland Best Value report on SBC during 2024/25, the Accounts Commission in their report noted that:

'Following successful delivery of 'Fit for 2024', the council has set out a refreshed transformation programme, SBC Way, supported by a "self-replenishing" change fund approach. The Commission will watch with interest as to whether the change fund approach delivers the required payback and recurring savings at the pace required.

## Projects which can deliver financial and business benefits which require drawdown from the Change Fund to provide up-front one-off funding

- Overall Council programme delivering on efficiency and increasing productivity including overtime, agency, printing, vehicle hire, transport arrangements
- Support to identified projects within Transformation programme
- Maximisation of benefits from existing systems and technologies including Business World, Office 365, copilot
- Early intervention to reduce out of area placements – Vardy Foundation
- Live Borders transformation
- Building Energy Management system
- Investment opportunities in revenue generating projects eg EV charging, parking and wind farms
- Continuation of IT developments including process improvements and system transfers to the Cloud environment