

## Savings & Transformation Strategy 2023/24 – 2032/33

### INTRODUCTION

By way of context, since 2010/11 the Council has seen its Settlement Funding Assessment (core funding) decrease by some 62% or £4.1m (from £6.6m in 2010/11 to £2.5m in 2023/24).

The fall in core funding is, in part, negated by the grant award under the New Homes Bonus (NHB) scheme and other grant income. However, the future of NHB or a replacement remains the subject of discussion, but at the very least will not continue in its current form leaving one of two options. The scheme is withdrawn and not replaced or is replaced, but where the funding stream and sum awarded is much reduced (our working assumption). The future of other grant income more generally is also uncertain.

We are fortunate that we do not have to make all the required savings and transformation contributions in one year and can spread the challenge into ‘tranches’ as set out within the Council’s Medium Term Financial Strategy (MTFS). Nevertheless, the Council have acknowledged that we need to balance customer expectations with the need to make these savings and transformation contributions and achieve as much as possible in the earlier years to provide the best long-term financial sustainability.

In the latest iteration of the MTFS it is assumed government grant funding and increased business rates income to be retained will reduce from circa £5.96m in 2023/24 to £3.11m in 2027/28 before seeing a modest increase year on year thereafter and that the reductions in income and increased costs seen as a result of the pandemic in large part **will return** to pre Covid-19 levels in the short to medium term; where the latest projected funding gap between expenditure and income is **circa £1,700,000**. In updating this Strategy, it is noted that the ‘tranches’ assumed within the MTFS are: *Tranche 1* – £500,000 by April 2024; *Tranche 2* – £600,000 by April 2026; and *Tranche 3* – £600,000 by April 2028. **Plus** the initiative already built into the MTFS, scaling back of office accommodation in the sum of **£200,000** by April 2024.

### OBJECTIVES

In developing this Strategy, the Council has set the following objectives:

1. To deliver sufficient savings and transformation contributions in order to bridge the funding gap identified in the MTFS, and to deliver as much as possible in the earlier years in order to minimise risk to the Council’s finances.
2. To direct resources in line with the principles of the Council’s Corporate Strategy.

3. To maintain the Council's reputation of good front line service provision.
4. To adopt a 'mixed' approach to addressing the funding gap through a series of 'themes'.
5. To be open to accept 'cultural' change/transformation in the ways we work and offer services to the public in order to release efficiencies and savings.
6. To engage, as appropriate, with stakeholders when determining how savings and transformation contributions will be achieved.

## **THE STRATEGY**

It is recognised that there is no one simple solution to addressing the financial challenge faced. The Council will need to embrace transformation in a multitude of ways in order to deliver the savings and transformation contributions within an agreed timescale.

This Strategy sets out a measured structure and framework for delivering the necessary savings and transformation contributions through a series of 'themes'. Each theme has a deliverable target within a timeframe.

Whilst the framework includes some major areas where savings can be made without direct effect on services, by adopting this Strategy the Council has recognised that it may need to decide that some service areas should change/transform to accommodate saving requirements. That might mean doing things differently, with even greater efficiency – for example, with the help of new technology – and with increased income opportunities where circumstances allow this. It will in all likelihood also mean that services will simply need to be run with fewer resources, downsized or cease. All these approaches will require a shift in culture for the organisation so that we can be focused and flexible in the way in which we deliver services to our communities.

The Themes, Targets, and Timeframes for the Strategy are set out in the table below, and will be the subject of review at least annually.

Progress on identifying and implementing savings and transformational opportunities across the various themes will be regularly reported to and reviewed by Management Team and in-year update reports presented to Members as appropriate. The Council is committed to engagement with relevant stakeholders as proposals are brought forward.

Julie Beilby  
Chief Executive

Sharon Shelton  
Director of Finance and Transformation

Matt Boughton  
Leader of the Council

Martin Coffin  
Cabinet Member for Finance, Innovation and Property

### Savings & Transformation Strategy 2023/24 - 2032/33

| Savings and Transformation Contributions in Previous Years of STS<br>£000 | Theme                             | Indicative Years | Target<br>£000 | Savings and Transformation Contributions Identified after Setting of 2023/24 Budget<br>£000 | Balance of Target to be Achieved<br>£000 |
|---|-----------------------------------|------------------|----------------|---|--|
| 844   | Income Generation & Cost Recovery | 2023 - 2028      | 250            | 0   | 250                                      |
|   |                                   |                  |                |   |  |
| 621   | In-Service Efficiencies           | 2023 - 2028      | 75             | 0   | 75                                       |
|   |                                   |                  |                |   |  |
| 441   | Service Change & Reduction        | 2023 - 2028      | 750            | 0   | 750                                      |
|   |                                   |                  |                |   |  |
| 866   | Contracts                         | 2023 - 2028      | 50             | 0   | 50                                       |
|   |                                   |                  |                |   |  |
| 270   | Organisation Structure Change     | 2023 - 2028      | 250            | 0   | 250                                      |
|   |                                   |                  |                |   |  |
| 433   | Partnership Funding               | 2023 - 2028      | 25             | 0   | 25                                       |
|   |                                   |                  |                |   |  |
| 313   | Asset Management                  | 2023 - 2028      | 300            | 0   | 300                                      |
|   |                                   |                  |                |   |  |
| 3,788   | TOTAL                             |                  | 1,700          | 0   | 1,700                                    |

Note: This Strategy will be updated on at least an annual basis to reflect challenges set out in the Medium Term Financial Strategy.

Savings & Transformation Strategy updated February 2023