

DIRECTORATE SAVINGS APPROACH – DECEMBER – JANUARY 2023**1.0 Background**

- 1.1 Two rounds of saving initiatives have now been undertaken across the Council. The first round commenced in 2021 and is currently in the process of being audited by finance colleagues to determine if projected targets have been realised. Additional savings as part of round two have been identified with items now moving into the implementation phase. Both rounds asked senior managers to aim for a 10% reduction (20% overall) in their service/staffing budgets.
- 1.2 It is clear at this stage that forecasted net savings targets have not been fully achieved. This is due to a number of reasons which include external pressures such as inflation, energy costs, and economic downturn, as well as some savings proposals realising less than had been planned for.
- 1.3 Senior managers have been proactive in identifying savings options in their respective areas and have strived to manage within the reduced budgets. Focus has been on areas where the impact on service delivery is minimised and can be mitigated. General areas of efficiency have been offered and taken. A more systematic approach to service review is required. A corporately managed approach will provide consistency and also facilitate constructive independent challenge.

2.0 Suggested Process

- 2.1 It is important that each service review is delivered in a structured, transparent, and consistent manner and that the output of the work is of a standard to accurately inform the Corporate Leadership Team (CLT) as to what options are available. To this end it is recommended that the following approach is taken:
 - Each senior manager will be invited to attend a 2-hour workshop. At each session a range of questions, fact-finding, and friendly challenge will be initiated. A full list of questions and areas of investigation will be prepared in advance of the meetings and signed-off by the MTFs working group. In broad terms however, it is anticipated that the following areas will be explored:
 - Obtain a detailed understanding of whether the service is statutory. Many services in their current form will be comprised of a mix of statutory and non-statutory functions, so an understanding of which component parts make up a service and where these fall will be required. This area of investigation will provide a clear picture of what the Council must deliver as part of its statutory obligations.
 - Non-statutory / discretionary services will then be mapped. Areas of consideration at this stage would include: is there scope to reduce/rationalise such functions, what/who would be impacted should the service be removed, are there any SLA's or contractual commitments that would impact any decision?
 - Staffing will be mapped for both statutory and discretionary services. If a service has been deemed to be statutory, what is the minimum staffing required to sufficiently discharge the Council's responsibilities? How do the suggested minimum numbers of staff compare to other authorities of a similar size? If we have higher numbers what is the justification?
 - Budget analysis – are current service budgets projected to be overspent? If so, obtain a better understanding of the pressures facing the service and whether CLT intervention can help to focus service delivery and remove unnecessary spend.

- Each session will be formally written up and any insight/recommendations made to the respective Strategic Director in the first instance. A weekly report/presentation will be given to CLT to provide an update on progress.

2.2 The output of this work will be twofold (1) it will provide a clear picture of what services the Council *must* deliver and the minimum staffing that is required to deliver it and (2) identify what functions and associated costs could be removed.

2.3 Budgets will be projected for option 1 (statutory obligations only) to see what the leanest approach across the Council would look like – this would be the baseline. The budget for each non-statutory service would also be mapped to provide CLT and members with the necessary information to understand the respective costs of each function. Depending on how the baseline compares to the savings required, CLT and members can then make an informed decision as to where service cuts should be prioritised.

3.0 Communication

3.1 Effective communication will be essential in ensuring that this process is seen as a collaborative and worthwhile initiative.

4.0 Schedule and resourcing

4.1 The MTFS will be reported to Council on 23 February 2023. An update on progress however will be reported to a meeting on the Executive on 19th January 2023. These budget specific meetings will allow for greater focus and discussion to be had around the challenges facing the Council, as well as the recommendations from officers as to what steps need to be taken to address the budget deficit.

4.2 To inform the budget setting process, the review of each service will need to be completed, analysed, and signed-off by the end of January at the latest. Given the number of meetings to be held and the preparation required, it is estimated that work will need to commence by 12th December and be completed by 2nd February 2023. An overview of emerging themes will be pulled through for 9th January 2023.

4.3 A total of 33 senior managers will need to be met over a 7 week period (not accounting for additional Christmas leave and associated disruption). When considering preparation before each meeting and the writing up of each session, it is estimated that an average of 2 meetings can be held each day.

4.4 In terms of resourcing, it is recommended that the Head of Digital and Transformation with the corporate project office team will take the lead to facilitate and drive each session supported by the finance team.

REPORT ENDS