

REPORT TO CABINET

14th May 2026

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Portfolio Title – Lead Cabinet Member – Councillor Paul Rowling

Powering our Future – Transformation Reviews Update

Summary

The Council's Powering Our Future Programme provides a framework to modernise ways of working, focused on improving outcomes for residents, whilst ensuring we remain financially sustainable and resilient in the context of rising demand, budget pressures and increasing complexity. Powering Our Future includes a Transformation Mission, and a series of reviews that seek to maximise use of our resources, whilst continuing to support strong, inclusive and resilient communities across the Borough. Phase 1 of Transformation activity has already identified £9.9m of savings, and a number of key projects are now in delivery.

The budget report to Council in February highlighted ongoing financial pressures arising from demand pressures and rising costs across several services, particularly Children's and Adults' Social Care, Home to School Transport and support for children with special educational needs. Demand is growing in both volume and complexity, while funding is not keeping pace with cost pressures, resulting in an estimated budget gap of £6.7m in 2026/27, rising to £13.8m in 2027/28 and £18.4m in 2028/29.

To address this, a second Phase of Transformation Reviews were introduced focused on day-to-day efficiencies, council-wide initiatives and outcome-based service reviews. This report provides Cabinet with an update on progress, and the contribution of activity towards closing the Medium Term Financial Plan budget gap. It focuses primarily on Efficiency Reviews, where savings are front-loaded. Separate reports will be brought to Cabinet on the detail of Outcome-based Reviews as part of a planned approach and key milestones that ensure robust options and impact analysis.

Reasons for Recommendation(s)/Decision(s)

To note the progress of Powering our Futures Transformation Mission and financial implications to date.

Recommendations

1. Cabinet note the progress of reviews to date and the activity towards closing the budget gap across the Medium Term Financial Plan.

Detail

1. The budget report to Council in February identified the ongoing financial pressures and growth in demand we are experiencing across many council services, in particular within Children's and Adult's Social Care, Home to School Transport and educational support to children with special educational needs. We continue to see significant rises in the number of residents requiring many of these services, with the complexity of support required for individuals increasing, and in some services an external provider market with significant price rises all of which are leading to greater costs for the council to pay, whereby funding is not growing at the same pace, leading to budget gaps. This has resulted in an estimated budget gap of £6.7m in 2026/27, rising to £13.8m in 2027/28 and £18.4m in 2028/29.
2. To close the Budget gap, we are taking a planned approach to transformation and change using the Powering our Future Framework. Work is well underway with the second phase of Transformation Reviews are focusing on day to-day efficiencies, alongside Service Reviews and cross-council transformation. We continue to ensure services are fit for purpose to address the challenges we face, so that we continue to be a high-performing, sustainable council that does our best for communities.
3. The first phase of the Transformation Mission within the Powering our Futures programme, consists of a number of reviews covering services such as Community Transport, Waste Collection, Supporting People to Live at Home Independently, Administration and Business Services, Fees and Charges and Children in our Care. These are now at varying stages of review with some now into delivery phase. These reviews have focused on delivering improved outcomes, with many also delivering financial savings. To date these have already identified £9.9m worth of savings and have supported the Council's position.
4. Building on the structure of Phase 1, and in response to the challenging financial position, the budget report in February 2026 identified a Phase 2 approach to the Powering our Futures Programme. Phase 2 covers three strands of work; efficiency reviews, council wide initiatives and outcome-based service reviews. Work is well underway across all three strands and updates will be brought back to members at relevant points in the review cycle.
5. The first strand of the Efficiency Reviews is being progressed through a structured and robust programme approach to identify opportunities to deliver services to residents in a more efficient and effective way. This work includes the implementation of smaller-scale service changes, systematic reviews of posts as they become vacant to assess ongoing need, the development of income generation opportunities, and the maximisation of digital solutions. Service delivery models are also being reviewed to ensure their long-term sustainability. Progress against this strand is being monitored through established project management and governance arrangements, with regular updates to be reported.
6. The second strand focuses on Council-wide initiatives designed to identify organisation-wide efficiencies and is being delivered through a coordinated programme of work supported by robust project management and financial analysis. This includes data-driven reviews of

corporate expenditure by type of spend, an assessment of procurement and purchasing arrangements, and consideration of more modern and efficient ways of working. Work is progressing to promote the appropriate use of the purchasing annual leave policy and to review working practices to minimise avoidable expenditure, including travel and other discretionary costs. In addition, opportunities to achieve financial benefits through the re-profiling of funding or delivery timescales for capital projects are being explored. Regular progress updates will be brought forward through the Council's established reporting processes.

7. The third area of focus will be Outcome Based Service Reviews. Each of these reviews will follow the well-established governance of the Phase 1 Transformation projects already in progress, with a focus on meeting outcomes including reducing costs. The list of reviews are:
 - Strategic Commissioning
 - Reablement Phase 2
 - Learning Disabilities Direct Care Provision
 - Opportunities for young people into employment
 - Review of Children's Support Services to ensure readiness for the Families First reforms
 - Libraries Service
 - Environment & Leisure
 - Customer Services
 - Asset Management Review
 - Reviewing the events service
 - Communication Methods
 - Review of Catering Services
8. Significant progress is being made on these reviews and Appendix A provides a summary update on savings identified and moving into delivery phase to date. This will complement other reports due to be brought to Cabinet in the coming months setting out progress against the larger reviews.
9. Regular updates will be brought back to Cabinet summarising the overall performance against the budget gap, supplementing the regular MTFP updates, as well as individual updates on the Outcome Based Reviews and other reviews as appropriate, this will include Community Impact and Equality and Poverty Impact Assessments.

Community Impact and Equality and Poverty Impact Assessment

10. An EPIA has been completed for the individual decisions where appropriate.

Corporate Parenting Implications

11. There are no implications on the corporate parenting role.

Financial Implications

12. The table at appendix A sets out the savings identified so far towards closing the budget gap; £2.974m in 2026/27, £2.364m per annum for future years. Consideration has been given to wider, longer term financial implications as a result of each decision.

Legal Implications

13. Legal implications are considered as part of the decision making process for the individual decisions in the attachment.

Risk Assessment

14. Risks are considered as part of the decision making process for the individual decisions in the attachment. These will also form part

Wards Affected and Consultation with Ward/Councillors (refer to Concordat for Communication and Consultation with Members)

15. Consideration is given to wards affected as part of each individual decision.

Background Papers

16. Medium Term Financial Plan (MTFP) Update and Strategy February 2026.

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Appendix A

Directorate	Area of Saving	Description	Savings Identified 26/27	Savings Identified 27/28	Savings Identified 28/29
Adults, Health and Wellbeing	Public Health	<p>The Council receives a ring-fenced grant to deliver public health services and outcomes, investing in services delivered throughout the Council and by external partners to meet public health objectives. There are elements of the grant in 2025/26 that were committed to one-off expenditure, as well as an annual uplift in the grant. An outcome-based review has been undertaken considering the optimum use of public health investment, to realign to other areas of the Council. The work builds on existing joint working between Public Health and other services across the Council. The proposed Council areas to receive realigned funding have been identified:</p> <ul style="list-style-type: none"> • Trading standards, enforcement • Employment & training, inclusive growth, economic & place development • Parks & green space, active travel • Homelessness (complex lives) & communities, engagement & consultation • Workplace health <p>There is a more detailed report on this meeting agenda for Cabinet to note with more information.</p>	(735,000)	(670,000)	(670,000)
Adults, Health and Wellbeing	Public Health	<p>The Council currently funds a weight management programme delivered by Tees Active which allows residents to access support and advice on healthy weight. Residents can also find other support for healthy weight locally, such as through referral by their GP e.g. the NHS Digital Weight Management Programme.</p> <p>More broadly, the Council continues to invest in leisure services with partners including Tees Active as well as small grants to community groups for delivering physical activity support including for children and young people. The public health team leads a whole system approach to</p>	(65,000)	(130,000)	(130,000)

		healthy weight and physical activity across partners, including embedding opportunities for prevention.			
Adults, Health and Wellbeing	Public Health	As part of the review mentioned above, the discretionary areas of public health spending has also been considered. As a result, funding in two areas was reduced by £30,000 per annum each: the provision of sexual health prevention advice and outreach; and funding local community groups to address local health needs through small grants. Public health continues to fund £50k per year for community small grants; and funds £1,094,261 per year as part of a Tees-wide contract to deliver integrated sexual health services (genito-urinary medicine and community contraception).	(60,000)	(60,000)	(60,000)
Adults, Health and Wellbeing	Public Health	As part of the same review of discretionary areas within public health, the funding for Sporting Chance has ceased. As above, public health continues to provide a range of funding and support around physical activity (Tees Active contract, small grants programme, Sport England award, whole system coordination and delivery).	(30,000)	(30,000)	(30,000)
Adults, Health and Wellbeing	Adult Social Care	Savings are expected from managing growth in demand through a reduction in the use of residential beds. This will be delivered through strengthened pathway management and limiting reliance on discharge beds, resulting in fewer long term residential placements. Our priority remains keeping people safely in their own homes for as long as possible, this includes working with our partners to return people home safely when they leave hospital.	(230,000)	(230,000)	(230,000)
Children's Services	Social Care	We have been awarded additional funding from the Department for Education to support our preparation for the Families First Reforms. During 2026/27 this funding will be used to undertake an outcome based review to ensure Council services are organised in the optimum way to deliver the Families First outcomes.	(245,000)	0	0

Community Services, Environment and Culture	Leisure Services	A review of the management fee paid to Tees Active has been undertaken, this has resulted in a reduction in the management fee of £220,000 per annum.	(220,000)	(220,000)	(220,000)
Community Services, Environment and Culture	Events	A review of the events programme for 2026/27 has been undertaken to generate a reduction in the overall programme costs by £250,000. This includes a reduction in the number and scale of events delivered and a reduction in the financial support (including grants) for events delivered by third parties on Council Land. Further work is ongoing to consider future years events programmes.	(250,000)	(250,000)	(250,000)
Community Services, Environment and Culture	Highways	An efficiency review has been undertaken within the highways service focusing on maintaining levels whilst identifying efficiencies within the service. Through a combination of digital solutions, and optimising income streams the service has identified a recurring saving.	(200,000)	(200,000)	(200,000)
Council Wide	Optimisation of Grant Income	Through a series of efficiency reviews across council budgets we have considered the optimal use of grant funding to meet existing commitments. This has allowed us to identify alternative funding sources, using external funding where possible, freeing up Council resources.	(857,000)	(492,000)	(492,000)
Council Wide	Deletion of Vacant Posts	Through a series of efficiency reviews across council budgets we have considered existing staffing budgets and deleted a small number of vacant posts.	(82,000)	(82,000)	(82,000)
		Total	(2,974,000)	(2,364,000)	(2,364,000)