North East Lincolnshire Council

Productivity in Local Government – 2024/25 Productivity Plan

Background

The Government is reviewing productivity across all public services and local government is, of course, part of this exercise. The 2024/25 Local Government Financial Settlement announced that councils would be required to produce productivity plans. The Department of Levelling Up, Housing and Communities (DLUHC) has written to Local Government bodies outlining its expectations.

Introduction

The Council has undertaken a range of activities in recent years to improve productivity and efficiency. However, the Council has also faced a range of significant issues over the past few years; responding to COVID, continued economic instability, the cost of living crisis, supply chain challenges and increases in social care demand. These challenges make it imperative that we look for new ways to improve our economy, efficiency and effectiveness and deliver best value for residents. This plan will help the Council to understand what is already working well, whether there are any gaps and what more we need to do to unlock future opportunities.

Monitoring, governance and oversight

The Council has robust monitoring and oversight arrangements in place to monitor its overall performance. A clear accountability framework exists with budget holders accountable for managing the performance of services, ensuring that spend is targeted at the Council's stated outcomes and delivering agreed service outcomes detailed within agreed business plans.

Key responsibilities of managers include:-

➢ Monitoring the budget (capital & revenue allocations) and performance on a regular basis
➢ Managing resources in line with Council procedures and requirements,
➢ Complying with Contract Procedure Rules,
➢ Delivering value for money through continuous improvement activity; and
➢ Identifying and reporting overspends and underspends and performance exceptions

Overall performance can be monitored via live performance dashboard. The dashboard enables the user to access further detailed information such as trends and comparison with statistical neighbours.

Next steps

The timeline below outlines the key dates in relation to the productivity plan:-

➢ Cabinet oversight and endorsement of the proposed plan (July 2024)
➢ Submission of the plan to DHCLG (19th July 2024).
➢ Publication of the plan on the Council's website (end July 2024)
➢ Monitoring and oversight of activity (24/25 ongoing)
➢ Engagement with Government re: sharing of best practice and barriers (24/25 ongoing)

Transformation

➢ The Budget Finance and Business Plan outlines how the Council will support the delivery of its strategic outcomes and priorities as detailed within the Council Plan.

➢ The Council plan has been subject to refresh in 2023/24 and a new council plan is to be developed in 2024/25 to reflect updated priorities.

➢ The business plans incorporated within the budget reflect the continued focus on transformation and change, designed to look at different ways of responding to demand.

➢ Historically short-term funding has not been an effective way of dealing with rising numbers, and it is imperative that these programmes continue, if we are to improve outcomes and provide support for local communities.

➢ The Council is continuing to use the Government Flexible use of capital receipts policy to support projects that reduce costs and improve efficiency. The policy has enabled a range of transformation activities within Children's services including additional case closure teams, support for the Sector Led Improvement Partner and service restructure.

➢ Despite the challenging financial and economic conditions and increasing demand within social care, the Council remains committed to the achievement of long-term financial sustainability by embracing the area's economic potential and by growing its local tax base. The Council's Financial Strategy is therefore closely aligned to the Council Plan, Local Plan, Economic strategy and housing ambitions.

➢ Public engagement through the Our Place, Our Future survey has sought the views and opinions of local people to find out about the services they use and the activities they do. Responses will help the council to measure where people feel things are improving or getting worse, and understand how it can work better with residents to tackle challenges and make the most of opportunities.

➢ Productivity is measured with reference to a range of external value for money and performance data. These include LGA VFM profiles, the OfLOG Local Authority Data Explorer and CIPFA / Grant Thornton CFO Insights Tool. Productivity data and analysis is shared with services as part of the annual business planning process to highlight areas where productivity can be improved.

➢ The Council is bringing together priorities, money, risk and targets in an overarching way so that the interdependencies are viewed and reported in one place, through an integrated finance and performance report.

➢ Where possible the Council is looking to share systems, services and resources to drive efficiencies and savings. For example, a shared service is operated in relation to Local Taxation & Benefits, a shared financial system is in place across Northern Lincolnshire and the council is also working with North Lincolnshire Council to maximise benefits arising from the Council's waste disposal contract.

➢ A review of the centrally managed business support model will deliver and embed a professional service which is locally deployed, flexible and resilient to meet the changing demands of services across the Council.

➢ The Council has entered into an extended pooled budget arrangement with the NHS with the aim of joining up Health and Social Care provision in a way that provides better support and care and makes best use of resources.

Technology and data

- The Council's ICT and digital strategy acknowledges that ICT is fundamental develop, commission, and deliver our services across the Place and our work with wider public sector services, the private sector, the voluntary sector, and wider community. It sets out how we will work collaboratively to prioritise, manage demand, design and shape digital services and to respond to digital inclusion challenges in North East Lincolnshire.
- Failure to embrace the risks and opportunities associated with technology could have a major impact on the performance of the Council with associated costs.
- Our Information Governance framework sets out the way we handle information, in particular the personal and sensitive data we hold about our customers and employees. Good quality information supports more informed decision-making and the Council's drive for improved productivity. North East Lincolnshire Data Observatory provides a single information source for the Council.
- Children's Service have agreed an improvement plan bringing together the findings of Ofsted inspections and recent diagnostic work undertaken by our strategic partners to improve outcomes for children and young people. To support this transformation, the Council is investing in a new Children's Services ICT platform to support improved decision making and compliance.
- The Council operate a shared cloud-based Financial Management System in conjunction with its neighbouring council. Key developments include the introduction of management information dashboards, the increased utilisation of automated transactional processing and improved governance and internal control.
- The Council has developed a new customer and service management IT platform (CSMP) to enable the development of links between its service applications, enabling better understanding of customer needs and help inform strategy development and service improvement.
- The Council has taken a decision to invest to improve the security and functionality of its website. The website is an important asset that allows 2-way information and reporting for our customers, residents, businesses, and investors. The new cloud-hosted platform provides an opportunity to meet on-going user expectations, particularly relating to the speed of loading website pages, and accessing relevant and up to date information.
- The Council is also developing its approach to the use of predictive analytics and AI to help it meet demand and improve the experience for staff and service. The Council has started to use Microsoft Co-pilot to support it with its transformation journey and support creating capacity and efficiencies across the organisation
- The support transparency and openness the Council aims to provide as much information as it can for its residents. Freedom of information requests are support through the provision of a wide range of data sets.
- In collaboration with our partners in the Humber region we have developed and agreed a Humber Information Sharing Charter.
- The Council is driving efficiencies through new processes and ways of working across Business Support and the services supported through automation, digitalisation and system enhancements which will create financial savings.
- A successful trail of electronic signing and sealing has been undertaken and plans in place to roll out further across the organisation. The aim of the project it to reduce administrative burdens, drive new programmes and workflows, meet internal requirements, and cut costs.

Reducing wasteful spend

- ➢ The Council is progressing with its ambitious property rationalisation programme which will deliver not only efficiency savings, but reduce the carbon footprint and support new ways of working. SALIX funding has been accessed to deliver energy efficiencies across the Council's estate.
- ➢ The Council continues to focus on activities to promote and deliver improved value for money. The most recent VFM annual report outlines how the Council has been supporting financial sustainability through transformation and change in targeted areas.
- ➢ The CIPFA Financial Management Code sets out the standards of financial management expected for local government bodies. The Code is designed to support good practice in financial management and to assist local authorities to demonstrate financial sustainability. The most recent assessment indicates that the Council is largely compliant against the underlying principles of the code and has developed an action plan to support continuous improvement.
- ➢ The Council is to maintain a vacancy factor of 5% over the financial planning period, which is effectively an efficiency target to achieve staff cost savings and to maximise the benefits from turnover of staff and utilising the remaining workforce.
- ➢ Controls to reduce discretionary expenditure will continue into 2024/25, and will support delivery of the medium term financial plan. It remains a budget manager's responsibility to limit this type of expenditure and to ensure governance and internal controls are implemented and adhered to.
- ➢ The Council has a robust business development framework to review all capital investments and proposed service changes. The framework follows HM Treasury's 5 case model, taking into account strategic, economic, commercial, financial and governance considerations.
- ➢ Capital programme investments are reviewed throughout to ensure spending remains affordable, sustainable and prudent. Capital challenge meetings hold project managers to ensure stated outcomes are being delivered. In addition post project appraisals are undertaken to ensure any lessons learnt are understood.
- ➢ In relation to equality, diversity and inclusion (EDI), a recent peer review recommended that the Council raise the profile and understanding of EDI, internally and externally, to enable better business. The Council has subsequently created an inclusivity network, strengthened equality impact assessments and introduced an e-learning package at no direct cost.
- ➢ The Council is developing a new framework for the engagement of agency workers, with considerations of cost, maintenance, quality, and assurance of compliance. The final model will consider internal process enhancements to ensure we have a complete record of our workforce which will highlight any areas of risk or high reliance of temporary workers. The new model will ensure tighter financial control within contracts, cost savings and governance of safer recruitment practices.
- ➢ Information on Union facility time is published on the Council's website to ensure openness and transparency. Actual spending on Union facility time represents just 0.19% of the total wage bill and has fallen in real terms when compared to 2013/14.

Barriers to progress

- The [2024/25 Local Government financial settlement](#) only covered a single year. There is still no clear timetable for reviewing longer term changes to the local government financial model, that would be expected to include a fair funding review and business rate retention.
- Whilst the Government has confirmed that, the Review of Relative Needs and Resources ('Fair Funding Review') and the business rates reset will not be implemented until the next Parliament, these reforms could have a significant impact on the Council's overall funding profile during the medium-term financial planning period.
- Over the past few years, the sector has seen a continuous transfer of responsibilities with limited funding attached, stretching capacity and resource still further.
- The Council is having to plan and commission adult social care services against a backdrop of fragmented and uncertain funding. The provision of short-term and multiple funding pots is frustrating and it is vital the Government explore ways to provide more confidence over long-term funding. Moreover, there needs to be parity in funding increases between the NHS and social care. This issue just creates shifts in pressures rather than resolving underlying issues.
- The Council is committed to working with Government on a long-term plan to fund local services and supporting [wider devolution](#) where local leaders have sustainable funding and greater freedom to take decisions on how to provide vital services in our communities.
- Whilst the Council has been very successful in attracting external funding over recent years, it has invested significant resources producing bids for levelling up funding. Competitive bidding for funds, which has been used to distribute cash to councils for special projects as part of the levelling up agenda, does not always reflect actual need.
- Better [Data sharing](#) holds the potential to revolutionise the accessibility of public services and information. The Council has identified the need to share data, particularly in the area of social care, but this can be both challenging and complex. The Data Protection Act, while beneficial to the security of data-sharing networks, frequently act as barriers for governmental organisations that refrain from data sharing for fear of breaching the General Data Protection Regulation (GDPR).
- In terms of sector oversight, the role of [OfLoG](#) needs to be more clearly defined to ensure that it is effectively supporting delivery of improved productivity within the sector. This may be through more detailed studies, sharing of best practice and guidance.
- In addition, the audit Code of Practice and the role of external audit need to be redefined to ensure that the system is supporting improved value for money and adding value. There may well be a role for OfLoG as system audit leader.
- Recent economic instability and rising interest rates have impacted on the Council's willingness to enter into long term investment decisions that would support improved productivity across a range of services. Stability in terms of long-term borrowing costs is vital to support affordable, sustainable and prudent investment decisions.
- Both local and national skills gaps are providing challenges to the Council's ability to drive improved productivity. This is across a range of disciplines including technical and professional services. Overall capacity within UK to support levelling up agenda is limited.
- Locally the [Council is working with partners](#) to raise awareness of the opportunities within health and social care, as well as working collectively to bridge the skills gaps and enable health and social care employers to thrive. At a national level, a continued focus on and investment in skills and apprenticeships is required.