

Cabinet

10 July 2024

Productivity Plan



Report of Corporate Management Team

John Hewitt, Chief Executive

Councillor Amanda Hopgood, Leader of the Council

Electoral division(s) affected:

Countywide.

Purpose of the Report

- 1 To seek approval of the council's productivity plan which demonstrates how the council plans to improve service performance and reduce waste.

Executive Summary

- 2 This year the government introduced a new requirement for all local authorities in England to produce a productivity plan.
- 3 Productivity plans are not intended to be onerous. They should be short and reference pre-existing plans and strategies.
- 4 Councils are required to approve and publish a productivity plan on its website, forward a copy to the government by 19 July and monitor these plans regularly.

Recommendation(s)

- 5 Cabinet is recommended to:
 - (a) approve the attached productivity plan for Durham County Council contained within Appendix 3.

Background

- 6 The Secretary of State for Levelling Up, Communities and Local Government issued a written parliamentary statement on 5 February 2024 setting out the final Local Government Finance Settlement for 2024-25.
- 7 He used this statement to also set out a number of issues outside of the Local Government Finance Settlement, some of which related to efficiency and reform.
- 8 One of these measures was a new requirement for all councils in England to develop and publish a productivity plan.

Content

- 9 Productivity plans should set out how local authorities will improve service performance and reduce wasteful expenditure. The Government expects plans to cover four main areas:
 - (a) transformation of services to make better use of resources;
 - (b) opportunities to take advantage of advances in technology and make better use of data to inform decision making and service design;
 - (c) ways to reduce wasteful expenditure; and
 - (d) barriers preventing activity that Government can help reduce or remove.
- 10 The Secretary of State specifically references expenditure on consultants and on staff equality, diversity, and inclusion programmes as areas to consider when looking at ways to reduce wasteful expenditure. However, programmes to promote integration and civic pride, and counter extremism should not be included in this.
- 11 Arrangements to introduce a 'four day working week' are also highlighted in the statement as initiatives which reduce the potential capacity to deliver services by 20% and which do not provide value for money. There are no plans to introduce this in Durham County Council.

Approach

- 12 The Minister for Local Government wrote to all local authority chief executives on 16 April, explaining that he was not going to issue a formal template or detailed list of criteria to meet but he did set out a series of questions to consider when developing out plan (see Appendix 2).
- 13 The Secretary of State has said that he expects plans to be three to four pages in length and set out what we have done in recent years alongside current plans to transform the council and services. We are not required to specify a list of metrics, but readers of the plan do need to understand how we will monitor and assess our plan and assure ourselves and residents that they will be delivered.

- 14 Plans also need to reference the work that the council undertakes alongside other public services such as the NHS and police.
- 15 Plans need to identify ways to unlock productivity improvements and set out key implementation milestones. The council is required to publish our productivity plan on the website together with regular updates on progress.
- 16 The plans made and the progress against them will inform future spending reviews although it is not the Government's intention to use the plans to decide individual allocations. Findings will be used to move councils towards a sustainable financial footing.
- 17 The Government will also be establishing a new productivity review panel made up of sector experts including the Office for Local Government and the Local Government Association.
- 18 In response to a letter from the Chair of the Levelling Up Select Committee, asking how the Government intends to use these plans, the Permanent Secretary has stated that it is not the intention of Government to issue any specific targets but that they will ask local authorities to include their own relevant key performance indicators within their plan so that progress can be tracked in a transparent manner.
- 19 The government does not recognise the requirement to produce a productivity plan as a new burden. It is expected that productivity plans will integrate with other reporting arrangements required under the Best Value statutory guidance such as the Council Plan, Medium-Term Financial Plan and Transformation programme.
- 20 Productivity plans must be approved by council leaders and members before publication and published on our website. They must also be sent to the government by 19 July.
- 21 There has been some speculation on the future of productivity plans following the announcement that a General Election will be held on 4 July. However, since the announcement, the Minister for Local Government has reiterated that he still expects all English councils to prepare and submit productivity plans by the stated deadlines.

Conclusion

- 22 The productivity plan is intended as a short guide which defines our approach to improving productivity and should reference other corporate documents which evidence our approach.
- 23 Progress against this plan will be monitored in accordance with the council's existing performance management arrangements.

Background papers

- None

Other useful documents

- [Parliamentary Statement made by the Secretary of State for Levelling Up, Housing and Communities, 5 February 2024](#)
- [Levelling Up, Housing and Communities Committee. Oral evidence: Departmental Annual Report and Accounts 2023-24, 29 January 2024](#)
- [Letter from the Chair of the Levelling Up, Housing & Communities Committee to the Permanent Secretary regarding the Committee's Inquiry on the Departmental Annual Report and Accounts 2023-24 dated 01 March 2024](#)
- [Letter from the Permanent Secretary for the Department for Levelling Up, Housing & Communities in reply to the Chair of the Levelling Up, Housing & Communities Committee regarding the Inquiry on the Departmental Annual Report and Accounts 2023-24 dated 22 March 2024](#)
- [Best value standards and intervention: A statutory guide for best value authorities \(8 May 2024\)](#)
- [Office for Local Government: Local Authority Data Explorer](#)

Author(s)

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Appendix 1: Implications

Legal Implications

The requirement for English councils to develop, publish and monitor annual productivity plan is made under the Best Value Duty which requires all local authorities to secure continuous improvement having regard to a combination of economy, efficiency and effectiveness. (Local Government Act 1999, s3)

Finance

The Government will monitor productivity plans and has stated that future funding settlements will be informed by performance against these plans.

Consultation

None

Equality and Diversity / Public Sector Equality Duty

None

Climate Change

None

Human Rights

None

Crime and Disorder

None

Staffing

None

Accommodation

None

Risk

None directly, though the use of these plans and the justification for some form of productivity drive / further austerity measures to applied to Local Government remains a key risk.

Procurement

None

Appendix 2: Letter from the Minister for Local Government

Department for Levelling Up,
Housing & Communities

Simon Hoare MP
Minister for Local Government
2 Marsham Street
London SW1P 4DF
16 April 2024

Dear Chief Executive,

Productivity in Local Government

As you know, the Government is reviewing productivity across all public services and local government is, of course, part of that exercise. The recent [Local Government Finance Settlement](#) announced that councils would be asked to produce productivity plans. This letter formally begins that process.

May I first thank you for your very helpful engagement with my officials. Your views and thoughts have been valuable in shaping this approach to make it as useful as possible for all of us.

Local government has already done a huge amount in recent years to improve productivity and efficiency. However, lockdown and post-lockdown has proved challenging, and you are looking for new ways to go further. These new plans will help us understand what is already working well across the whole country, what the common themes are, whether there are any gaps and what more we need to do to unlock future opportunities. We will share these important lessons across the sector.

Productivity is not one-dimensional, and I would encourage you to consider the various facets that encompass the drive for greater productivity. When developing your plans, please think broadly and include reference to not only how you run your organisation, but also how you run the public services you provide and how you provide place leadership. It is with this wide view that we can ensure we are providing value for money for residents.

I am not looking to impose excessive burdens. I am not issuing you with a formal template or a detailed list of criteria to meet. I expect your plans to be three to four pages in length, and to set out what you have done in recent years, alongside your current plans, to transform your organisation and services. I do not want to specify a list of metrics you must report, but I do want to understand how you will monitor and assess your plans to assure yourselves and your residents that they will be delivered.

The plans should consider the below themes and where appropriate, should reference the work your council undertakes alongside other public services, such as the NHS and police.

1. How you have transformed the way you design and deliver services to make better use of resources.

Questions to consider:

- how has the organisation changed in recent years to become more productive? You may wish to consider what you have done around staffing, structures, operating models etc.
- how do you measure productivity in your organisation?
- what changes have you made to improve services, and what effects have those had?
- what are your current plans for transformation over the next two years and how will you

measure the effects of those changes?

- looking ahead, which service has greatest potential for savings if further productivity gains can be found? What do you estimate these savings to be?
- what role could capital spending play in transforming existing services or unlocking new opportunities? If you have already used capital spending to boost growth or improve services, we would be interested in learning more.
- what preventative approaches you have undertaken and can the value of these be quantified?
- are there wider locally-led reforms that could help deliver high quality public services and improve the sustainability and resilience of your authority?

2. How you plan to take advantage of technology and make better use of data to improve decision making, service design and use of resources

Questions to consider:

- what are your existing plans to improve the quality of the data you collect; how do you use it and how do you make it available to residents?
- are there particular barriers from legacy systems?
- how often do you share data with other organisations, and do you find this useful?
- Are there opportunities to use new technology to improve workflows and systems, such as predictive analytics and AI?

3. Your plans to reduce wasteful spend within your organisation and systems.

I know we will share the aim to reduce waste wherever we can and, while you have all made huge strides in recent years, no organisation is ever 100% efficient. You should set out your plans to reduce wasteful or "gold-plated" spend.

Questions to consider:

- how do you approach identifying and reducing waste in the organisation? How do you monitor progress?
- where have you followed invest to save and what was the result?
- how much time and money do you spend on staff EDI training (internal and external), networks, and other programme? How many EDI Champions do you have as an organisation? How do you log and report the time and money spent on EDI related activity? How do you assess the effectiveness of that training?
- what percentage of total staff budget is spent on a) agency and b) consultants? How do you assess value for money on agency & consultancy spend and what are your plans to reduce use / costs? How many of those consultants or agency staff have been in place for over a year?
- what governance structures do you use to ensure accountability of spend?
- do you share office functions with other councils and if so, how useful do you find this?
- if you share external training costs with neighbouring councils, how do you factor out duplications of service between your council and your upper-tier council (if you have one)?
- if you have one, what is your assessment and experience, of working with an elected mayor, combined authority, or devolution deal?
- what proportion of your pay bill is spent on trade union facility time?

4. The barriers preventing progress that the Government can help to reduce or remove.

There will be barriers preventing you from going as far or as fast as you would like to. I would like your plans to set those out, so that we can understand how government, or the market, can help you overcome these barriers to go even further.

Questions to consider:

- what are the barriers preventing you from improving productivity further within your

organisation?

- what are the barriers preventing you from improving services further?
- are these barriers consistent across multiple services?
- what would you need to remove those barriers? What do you need from government, the market or elsewhere?

Your plans must be returned by 19 July 2024, by email to productivityplans@levellingup.gov.uk

You must ensure that there is member oversight and endorsement of the plan before it is submitted, and the plan must also be uploaded to your website so that residents can see it. You should consider how you will update the plans and report on progress on a regular basis. The plans should also contain relevant metrics and key performance indicators to allow you and your residents to monitor progress.

Once received, we will review the plans to identify common themes and issues across the sector. We are keen to highlight best practice that others can learn from.

Individual plans will not be rated or scored, and we will not produce any kind of league tables. We are interested in understanding what is happening across the sector.

We are setting up a panel to consider the themes and evidence that comes from the plans. I will chair the panel and bring together experts from the sector and beyond, including Oflog-and the LGA. They will consider the issues emerging from the plans, the implications for future national policy design, the role of government in supporting further change and the role of the sector in going further. The panel will advise national government and local government, and I believe this collaborative approach will ensure the most effective outcomes.

I look forward to updates on your publication and progress.

Simon Hoare MP
Minister for Local Government