

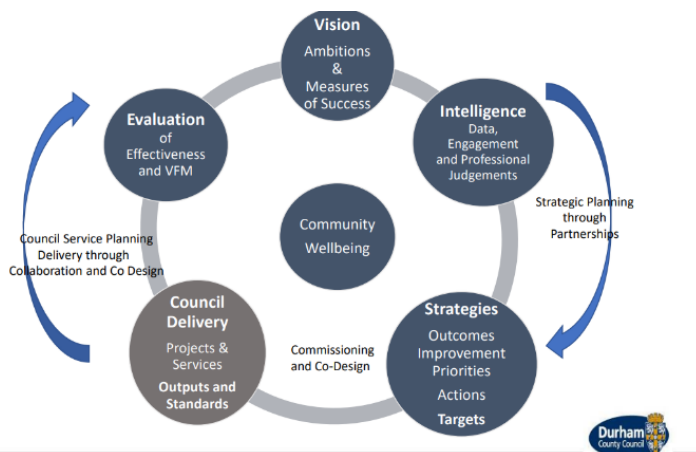
# Appendix 3: Durham County Council Productivity Plan On A Page 2024

We are a large unitary council, created in 2009, and believe that this is the most efficient, effective and cost-effective form of local governance. We have a long standing and proven approach to delivering financial savings achieving £260 million and headcount reductions of 3,000 posts since 2010. We were LGA Council of the Year in 2014.

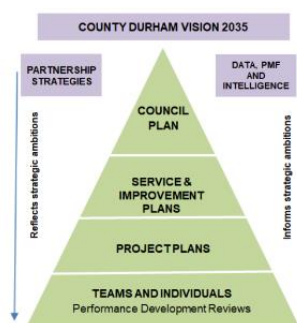
This plan consists of a framework of related and published documents. Examples of how our framework contributes to the questions set out by the Minister for Local Government are set out in the appendix to this plan.

Our approach is based around a strategic core of key activities which serves to provide strategic vision, a framework for delivery and strong local assurance. Through this approach we ensure proper arrangements to secure the “3 E’s” of Value for Money on behalf of our residents and communities - **Economy, Efficiency and Effectiveness**.

- **County Durham 2035** - sets out how the council will work in partnership to deliver improved outcomes
- **Council Plan** - refreshed annually, focuses on priority actions over the same time period as the MTFP
- **MTFP** – a four-year plan, reviewed annually and developed with senior managers and elected members and delivered in line with public sector equality duties
- **Service Planning** - plan, do, review undertaken annually with focus on actions for coming 12 months including financial benchmarking
- **Intelligence & Prioritisation** - data driven approach and assessment of needs
- **Workforce development** - programme to enable workforce optimisation and transformation
- **Performance Monitoring** - corporate framework tailored to meet service specific needs:



- Regular performance reporting processes in services
- Quarterly performance reporting linked to Council Plan – Cabinet and thematic scrutiny Boards
- Focused “deep dive” activity
- Reporting through long standing, well embedded partnership board arrangements with our statutory and other partners



- Council Plan & aligned MTFP
- Detailed Service & Improvement Plans aligned to service budgets
- Major Project Plans
- Major Projects Assurance through Boards
- Quarterly assurance report to CMT
- Quarterly Performance Reports to CMT, Cabinet and Scrutiny
- Supported by Transformation and Performance Teams

- **Qualitative review** – e.g. Ofsted & CQC inspections and peer reviews  
[Ofsted inspection of local authority children’s services](#)  
[CIPFA Finance Review](#)
- **Scrutiny** – ensuring public scrutiny that our strategy and delivery is effective and based upon community needs.
- **Audit & Assurance** – internal and external opinion that we are delivering in a way that is consistent with expected standards

Our estimates for savings requirements to set a balanced budget over the next four years (after assuming annual 2.99% increases in council tax) are currently circa £60 million including our transformation programme which is based around:

- **Targeted rapid improvement events based on lean/Six Sigma methodologies**
- **Service specification reviews where we will be looking to redesign the service to a fixed price**
- **Service transformation through demand management**

# Durham County Council Productivity Plan 2024

## 1. How the council has transformed the way it designs and delivers services to make better use of resources.

In 2010, the council agreed a new medium term financial planning strategy in response to the government's public spending reduction plans. This approach involved the prioritisation of savings from management, support services and from targeting efficiencies wherever possible, plus looking to maximise income from fees and charges. This was to minimise the impact on frontline services, particularly in those areas that protect basic needs and support vulnerable people. This approach, now in its 15<sup>th</sup> year, has delivered £262 million of savings to date and a leaner, more efficient workforce with 3,000 fewer employees engaged now than compared to 2010.

These reductions have been made against unprecedented increasing demand and increasing complexity of support requirements and public expectations in the face of a radically changed public service landscape. This follows prolonged periods of public spending restraint. For example, but not limited to:

Measure	Baseline Period	Baseline	Current	Increase
Children receiving support with home to school transport	2019	9,307	10,306	11%
Children in need	2010	2,869	3,827	33%
Children looked after	2010	491	1,213	147%
Children with a statement of special educational need	2010	2,292	4,837	111%
People presenting to the council as homeless	2014	80	218	172%
Residential care long-term support clients	2014	2,015	2,200	9%

To manage this increase in demand and the scale of the budget reductions/pressures we have faced we have transformed service delivery. Initiatives that were implemented in pursuit of this strategy include:

- Reconfiguring previously distributed support services such as finance, HR, and policy, planning and performance into centralised and streamlined functions.
- Rationalising council buildings including one of the largest community buildings asset transfer programmes in the country.
- Large scale voluntary transfer of council housing stock to a registered provider to free up capital and reduce the council's debt burden.
- Rationalisation of IT systems and investment in the digitisation of services including channel shift and the introduction of self-service pathways. A significant investment has also been made in transforming our data.
- Introduction of new models of partnership working with other public and voluntary sector providers on a range of services such as housing and homelessness, community safety, children's safeguarding, poverty alleviation and the integration of health and social care services.

Productivity improvements alone won't balance the budget. Complex savings proposals require service cuts, and most services operate at or near statutory minimum standards. The council struggles due to low tax revenue and insufficient income to meet inflation and growing demand.

Our [Council Plan](#) sets out how we will deliver the outcomes in our shared [Vision for County Durham](#). This is based on a strategic assessment of need using our intelligence platform [Durham Insight](#) which includes our [joint strategic needs and assets assessment](#). The plan sets out a comprehensive set of measures including Oflog indicators which we use to monitor our progress, though the council opposes the use of Band D comparators and advocates the use the average actual council tax paid in each area as a much more relevant. The council benchmarks itself against other organisations and identifies areas for improvement and is subject to rigorous challenge as part of our [scrutiny](#) arrangements. Performance is published through the council [website](#). Rigorous service planning is in place across the council which includes value for money profiling which are used to identify good practice and improvement opportunities.

We work closely with the NHS and have an [integrated strategic commissioning](#) function between the council for social care and public health and with NHS North East and North Cumbria Integrated Care Board. We have several joint council/NHS appointments and long standing integrated teams of NHS and council staff based in the same offices and working together with health and social care clients.

Our [Multi-Agency Safeguarding Hub](#) is made up of professionals from a range of agencies including the council, the police, health agencies, education, [Harbour](#) and [Humankind](#). All these agencies work with the council and sit alongside our social workers in a single location.

We have strived to make savings, both as a single agency and across systems within the county, from back-office functions and management posts and minimise the impacts on the front line. We have had to make changes to eligibility criteria and managed reductions in some services which will have impacted on residents and client groups. We have asset transferred a number of facilities to community groups and to local parish councils.

After 15 years, we recognise that there are no easy savings to achieve. All future transformation plans will be complex. We have set out our savings programme in our four-year [Medium-Term Financial Plan](#). Areas of high demand and cost are prioritised for 2026/27 savings. High complexity transformation projects, such as community-based and system wide demand management are scheduled for 2027/28 and beyond. We will consider new delivery models where it makes sense to do so. We have set out what the government can do to help manage demand through reform to the current system which has baked in increased demand or suboptimal ways of working.

We will build on our transformation track record, monitoring success through savings, demand reduction, and improved productivity. We have robust governance mechanisms in place to ensure the delivery of our [transformation programme](#).

Areas that we have prioritised for exploration for 2026/27 and 2027/28 include:

- Targeted rapid improvement events based on lean/Six Sigma methodologies
- Service specification reviews where we will be looking to redesign the service to a fixed price
- Service transformation through demand management
- The use of transformation enablers such as new technologies and AI

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

We have an ambition to become a more data-driven organisation which is set out in our [Data and Insight Strategy](#). We have a programme to create a cloud-based data and analytics platform that ingests data from our business systems. This will provide us with a single version of the truth through a series of automated analytics products providing information and analysis to managers to support better decision-making and targeting of resources. We will also be able to link together previously disparate datasets and provide single views such as a single view of the child, the adult, the family and of debt.

The implementation of our strategy will help us move towards diagnostic and predictive analytics and inform our approaches to prevention, demand management and system redesign with partners.

Data is routinely shared between partners such as police, NHS, fire and registered housing providers to pursue multi-agency solutions to issues such as safeguarding, community safety and SEN. However, this could be further improved if data protection legislation made data sharing less complex across public service providers.

The council has used both robotic process automation to improve the efficiency of a range of business processes. Use cases include supplementing the functionality of and providing integration between core systems and with external organisations, and carrying out high-quantity, low-complexity data entry tasks at times of peak demand.

The council has also embarked on a programme to explore three proof of concept projects around using artificial intelligence to improve productivity in the workplace. These include automated minute taking and recording actions, automating processes and translating documents into foreign languages.

## **3. Our plans to reduce spend within our organisation and systems**

We have governance structures in place to ensure openness, transparency and challenge around accountability of spend and performance. Our budget, MTFP and Council Plan are robustly scrutinised before approval by Council. We monitor progress against these plans through regular reports to scrutiny committees on budget, performance and progress in making savings. We have a long history of strong financial management, evidenced by a consistently publishing our draft accounts by 31 May each year and by [unqualified opinion on our financial statements](#) including favourable commentary around value for money arrangements. We are open to challenge and support and commissioned CIPFA to carry out an [independent finance review](#) in August 2023 resulting in a final score of 3.25 against their four-star rating system. We have also committed to undertake an LGA corporate peer challenge in 2025. Ofsted graded the council as good overall and outstanding in the leadership category on our last [inspection of local authority children's services](#) in May 2022. We have voluntarily undertaken a number of peer challenges and reviews including accreditation with the Chartered Institute of Payroll Professionals, a suicide prevention peer review, ADPH sector-led improvement around drugs and physical activity, CLear review of alcohol and tobacco, a rapid review of local outbreak management plans, Newton Europe deep dive into adult social care, North East and Yorkshire Region NHS Discharge

Taskforce assurance visit, No.10 Delivery Unit visit looking at best practice, strategic review of enablement services, LGA peer review of communications and marketing, LGA peer review of community safety partnership and a planned LGA peer review of highway service.

Our estimates for savings requirements to set a balanced budget over the next four years are provisionally over £60 million including our transformation programme, are set out in our [Medium-Term Financial Plan](#). However, increasing demand could increase this figure substantially.

How the council uses capital spending to transform existing services and unlock new opportunities is set out in our [capital strategy](#). Bids for inclusion in our capital programme are assessed against a range of criteria linked to the Council Plan and prioritised accordingly. A major consideration is affordability which takes into account the availability of capital financing, the impact of borrowing and increased running costs on revenue budgets.

Investment is targeted towards supporting our [corporate priorities](#) and we have the largest capital programme in the council's history which is delivering better facilities and economic opportunities across the County e.g. new and refurbished leisure and cultural venues which are forecast to generate additional income to the council and contribute to the prevention agenda around mental and physical health.

We have also focussed our capital projects at delivering revenue savings which over time can be re-invested back into frontline services. For example, we have delivered numerous schemes around retrofitting council buildings with renewable energy sources, more efficient heating systems, insulation and LED lighting to help contribute towards our target to reduce the council's carbon emissions to net zero by 2030. This is also an example of a self-financing scheme where the £40 million investment is more than paid for by reductions in energy costs.

A key priority of the capital programme also continues to be regeneration and job creation within the local economy. Investment in town centres, business parks, highways schemes and our decision to demolish County Hall to free up prime business space to create up to 4,000 new jobs and relocate our headquarters are all examples of schemes to support this corporate priority. Examples, which are also self-financing, include Jade Park with 2,500 jobs, the extension of NETPark creating 1,700 new jobs, Salvus House and the purchase of Newgate Shopping Centre which all have a payback through increased rental income and have made a significant contribution to our carbon targets.

Some schemes are aimed at cost avoidance such as building of eight children's homes which have lower placement costs than the private sector or the buying houses to be used for temporary accommodation of homeless people.

Our revenue spend also has a strong focus on preventative approaches which reduce or delay the need to invest in more expensive interventions. Our edge of care support service provides intensive social care interventions to young people, parents and carers where there has been a relationship breakdown to avoid young people unnecessarily entering the care system or undergoing a placement move. Successful interventions can be quantified in terms of cost avoidance using average placement costs and placement move costs.

Our Stronger Families Programme provides stability and support for people to overcome complex issues including worklessness, debt, anti-social behaviour, and truancy. Durham is one of a small number of councils that has earned autonomy status which rewards the council for each family on the programme achieving significant or sustained change.

Our [Homelessness and Rough Sleeping Strategy](#) focuses on prevention and early intervention. We can prevent homelessness and also the need for, and the cost of alternative accommodation or temporary accommodation by providing financial incentives and support to help people remain in their current home.

We set out our clear focus on prevention in our [Joint Local Health and Wellbeing Strategy](#). We commission many preventative public health interventions which are designed to reduce wider costs to the public purse in areas such as smoking cessation, drug and alcohol treatment services, smoking in pregnancy and breastfeeding initiation.

Our 14 [Area Action Partnerships](#) give local people and organisations a say on how our services are provided. These partnerships consist of members of the public, councillors, town and parish councils, police, fire, health, housing, business and voluntary organisations. They identify local priorities and actions required to tackle them and provide funding and support to communities.

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

- **Return to multiple financial year settlements** - this would provide stability and certainty and allow councils to effectively plan their budgets and capital programmes.
- **End the costly funding regime** - we spend £millions preparing bids for funding pots and on complex monitoring and reporting arrangements. It is inefficient and unfair. We spent over £1 million on five levelling up bids only to be

told later that we were not eligible for this funding due to a rule change. Ending this 'begging bowl' approach by mainstreaming funding into a single grant distribution reducing cost and giving flexibility through the removal of ringfencing which allow more local decision making.

- **Reform the adult social care precept** - children's social care costs are growing at an unsustainable level. Changing the adult social care precept to a social care precept would allow councils the flexibility to use funding to tackle these growing pressures.
- **Business rates reset** - the business rates retention scheme needs to be reset to reduce some of the complexity that has built up within the system. Delaying this reset that was promised in 2020 has allowed some of the least deprived areas in the country with high growth in their business base to retain millions of pounds that could more effectively be used to redistribute it in the system.
- **Increase the quantum of local government funding** - funding to maintain services at current levels does not address existing underfunding, nor does it include funding to improve or expand council services. Local government has seen their funding cut in real terms by more than 18% since 2010 and at the same time, demand in children's social care, SEND and home to school transport has grown significantly.
- **Fair Funding Review** - the formulas used to distribute local government funding are out of date and have gradually shifted over time to distribute less funding on a needs-basis. The data and formulae used to distribute funding need to be updated to ensure that distribution of funding to local authorities is fair, takes account of deprivation and need and does not further widen the gap between poorer and wealthier authorities.
- **Consider options for wider reform of the local taxation system** – The council is restricted in how much local taxation it can generate due to low local property prices and a low council tax base and having a large university student population who are exempt from paying council tax.
- **Regulate the children's social care market** - spiralling social care placement costs are placing huge pressures on our finances. Market regulation could relieve the pressure on council budgets and prevent profiteering.
- The system for **supporting homeless people** placed outside of the area to ensure that the hosting authority does not suffer financial detriment in terms of housing subsidy and increased costs of demand for other local services.
- **Reform home to school transport entitlement** to make it more proportionate and affordable.
- **Address issues in the system for children and young people with SEND** created by the Children and Families Act 2014 by increasing funding to meet eligibility criteria or reducing eligibility criteria to make it more proportionate and affordable.
- **Reform adult social care funding** - the current funding mechanism for adult social care is neither sustainable nor fair for the most deprived local authorities. Social care funding needs to be reformed so that it is based on social care need in a local authority area and not based on residents' ability to pay the social care precept.
- **Data protection regulations** around DWP and NHS data are too restrictive and prohibit data being shared which would be beneficial to our residents and service users. For instance, compelling DWP to share data would enable automated processing and aid productivity in areas such as blue badges, benefit claimants etc.
- Remove the requirement for Mayors to access the **highest devolution benefits**.

## 5. Other information

In the minister's guidance around content of productivity plans, there were a number of specific questions around equality, diversity and inclusion; agency workers; consultants and trade union facilities time.

- **Equality, Diversity and Inclusion** - our spend on EDI is to meet requirements of the Public Sector Equality Duty including programmes designed to promote integration and civic pride, and counter extremism and our requirement to pay due regard to equality obligations around policy and service change. We have two mandatory employee e-learning courses on discrimination and harassment and victimisation taking 20-30 minutes each to complete. These set out employees' legal responsibilities. We have a corporate director who is also EDI champion for our staff networks and a councillor who is the portfolio holder for equality and inclusion whilst also helping to improve employment opportunities for disabled people.
- **Agency workers** - the council spends the equivalent of **1.5%** of its paybill on agency staff to supplement its workforce and smooth over peaks in frontline demand and planned absences and vacancies.
- **Consultants** - the equivalent of **5.4%** of our paybill is spent on consultancy where we lack either the capacity or the capability in-house to carry out the work ourselves.
- **Trade union facility time** - **0.0711%** of our paybill is spent on [trade union facility time](#).