

Productivity Plan

Leicester City Council

JULY 2024



Foreword

Earlier this year we were informed by the then Government that they were reviewing productivity across the public sector, and local government was to be part of that exercise.

The Local Government Finance Settlement required all local authorities to develop Productivity Plans and submit them to the Department for Levelling Up, Housing and Communities by 19th July 2024.

The Government asked local authorities to consider the following four themes in these plans:

1. How the council has transformed the way it designs and delivers services to make better use of resources.
2. How the council plans to take advantage of technology and make better use of data to improve decision making, service design and use of resources.
3. The council's plans to reduce wasteful spend within the organisation.
4. What are the barriers that prevent local government making progress and what can the government do to help reduce or remove them?

Improving productivity, performance and efficiency has been a theme running through service delivery across the council for many years.

This Productivity Plan outlines many of the activities we are undertaking to ensure we continue to provide services to our communities whilst grappling with year-on-year budget reductions.



Alison Greenhill
Chief Operating Officer

How we have transformed the way we design and deliver services to make better use of resources

We are a well-run council with strong political and officer leadership. Through the Mayoral model we have a clear vision for Leicester – to be a proud, dynamic, diverse and innovative city; a city that unifies around a shared civic pride and identity; a city that works together to tackle the threat of the climate emergency and the injustice of social and economic inequality; and a city that is a safer, happier, fairer place to live and work.

This vision encompasses a number of key priorities that drive council activity - [My vision for Leicester](#). Our productivity is focused on delivering these priorities, with divisions expected to demonstrate how their activities help deliver that vision.

Good financial management arrangements run alongside this vision and council activity, and through our considered approach to our use of resources we have taken difficult decisions to ensure we can balance our budgets to date. We have built up reserve balances, used these balances to smooth the implementation of subsequent savings decisions and therefore avoided crisis cuts. We have managed with real term budget reductions of 50% in services other than social care between 2010 and 2020.

What's more, we have never adopted creative policies for the redemption of debt and have followed good practice on minimum revenue provision. We haven't bought property outside the city boundaries, nor have we borrowed money to invest purely for return. Our external debt is less than half of our net budget and we have been prudent in our approach to treasury investment. Ongoing savings will need to be found to ensure the longer-term financial stability of the council – a sustainable plan is being developed right now.

Effective scrutiny arrangements exist to ensure robust checks and challenges of council activity, along with independent oversight from the Governance & Audit Committee. Together these provide the necessary checks and balances when it comes to considering the appropriateness of our priorities, the fair and equitable use of public funds, tracking of transformational projects, and overall efficiency and performance.

Cuts to our budget of around £150m per year have forced us to fundamentally change our approach to how we operate. Amongst other things, this has led to a significant reduction in our workforce at all levels.

Current transformation plans

As well as the cuts we've changed the way we provide services so that we can continue to provide the things that our residents and communities rely on the most. Some examples include:

- Targeting key areas of difficult to control spend in children's placements and social work agency costs.
- We are opening new council run children's homes to reduce the high fees and excessive profits in the independent market and are producing a new sufficiency strategy which will lay out our future plans for delivery.

- We have a number of recruitment and retention initiatives for social workers, including plans for a social work academy launching this winter.
- Our large programme of work across our adult social care services to improve value for money through practice development and the use of operational and commissioning controls. Early forecasts indicate that this is reducing care package costs without compromising outcomes for those that draw on support.
- Utilisation data has enabled us to dispose of offices and other buildings that we no longer need and to terminate high costs leases.
- Staff and teams have been relocated into a smaller number of buildings that are in our ownership.
- Capital receipts have been generated from these building sales, and we've reduced our leasehold liability and ongoing expenditure too.
- Action to review the efficiency of services in communities, such as buildings, travel time, productivity use linked to technology, and consistent reviews of productivity linked to outcomes.
- We've created self-access library and community centre facilities so we can keep libraries open and operate them with fewer staff.
- By working with key partner organisations, we've been able to build better relationships and support services for communities.

And finally, the council's leadership team is restructured periodically as priorities and expectations adjust. The current structure can be found here – [Senior Management Structure — Leicester Open Data](#) – and compared to comparator councils it offers much better value for money.

Looking ahead

We continue to see significant increases in demand, mainly in social care, homelessness and SEND transport, as well as ongoing inflationary pressures including pay awards. As part of our future planning, we have begun to formulate a series of additional workstreams to address the budget shortfall. This work explores all services with the Council.

It is recognised that some of these plans may have adverse impact on our services and therefore the residents and our communities. However, even with our current and future transformation plans it is going to be difficult to balance without additional funding or substantive changes in legislation to remove the barriers identified later in this plan.

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 know that we need to keep on top of collecting and making better use of data and information so that we can provide better services and make informed decisions. We have recently conducted a corporate-wide review of how the council's insight workforce is structured, the work they do, the tools, techniques, and data they use, and their perceived impact on decision making.

As such we know more about our insight capacity and capability, the variation in quality of data/insight services available, and the need to create a direction of travel for insight-related skills, technologies, working practices and data standards.

We also know that we need to coordinate better between insight teams, where we can, to standardise the tools insight teams or non-specialists have access to and make use of, and to consider how we can put in place the right training or capacity to adopt newer data processing, analysis and insight tools and techniques.

We have done much in recent years to enable the adoption of organisation wide and individual digital approaches to work. For example:

- We have made much more use of cloud technology to host a large number of key council systems.
- Our OpenData platform is used to collect raw datasets from numerous external sources, such as the Office for National Statistics (ONS) and the Department for Work and Pensions (DWP). This data is then cleansed, made more specific to Leicester and made available for council officers and the public to access.
- We have created a new digital skills capability within our digital, data & technology (DDaT) service and are working closely with the Department for Levelling Up, Homes, and Communities (DLUHC) to create a digital skills framework.
- We're exploring the potential for utilising Microsoft Digital Contact Centre technology to help transform our customer service operations and overall customer experience when contacting the council.

We are also planning to develop and introduce a new and up to date digital operating model and are adopting the National Cyber Security Centre '10 Steps to Cyber Security' guidance as a basis for the model.

This model will also bring focus to our efforts to transform what we do through the most effective and secure use of technology when it comes to things like transferring, storing and sharing data to improve decision making and service delivery, using digital to improve customer experience and access, creating a digitally enabled workforce, and collaborating digitally across the council and with key partners.

Our work to reduce wasteful spend within organisation and systems

Much has been done to identify and then reduce areas of potentially wasteful spend.

In relation to our workforce and staffing arrangements, we have adopted numerous governance controls to control spend. This includes an overtime ban on anyone over Grade 7, additional honorarium and job re-grading scrutiny and authorisation requirements, and additional controls on recruitment approvals, especially for growth posts. Agency use is also strictly restricted and additional controls have seen us make much less use of more temporary arrangements.

The council has introduced additional financial controls, some replicating those that would be introduced under a S114 notice. Examples include additional governance arrangements around spend, as well as those already mentioned around recruitment.

As landlord, we have made changes to our corporate landlord function. Doing this has resulted in the centralisation of our land and property functions so that we can better manage and control performance and activity.

This means that we're more aware of the condition of our assets, can perform much more proactive and preventative maintenance, know more about the functional suitability of our assets and how they are (or aren't) utilised, and have a better approach to disposing of surplus assets and releasing the council from unnecessary lease arrangements.

Through our Strategic Asset Management Board, we are also able to drive the alternative use of land and buildings so that they better align with council priorities across service areas (such as the redevelopment of buildings and assets for housing and so on). This programme has also enabled us to identify assets which have increased revenue opportunity.

To balance our budget, we are beyond removing waste and need fundamental changes to our funding arrangements and legislation.

What are the barriers that prevent local government making progress and what can the government do to help reduce or remove them?

Finance

The current system of local government funding doesn't work.

- Quantum of funding. Local government funding is insufficient to fund the obligations placed on it, and annual increases have not kept pace with increased demand. Past funding cuts have disproportionately affected deprived authorities. Without change, more councils will reach crisis point.
- Stable, multi-year finance settlements are required to assist our planning and enable us to take a longer-term view.
- Put in place a funding system that is rational, transparent and follows need. The “fair funding” review has been continually postponed, and current settlements rely on data that is at least 10 years old and has been subject to ad hoc modifications such as pro-rata cuts. Indeed, the Institute for Fiscal Studies has described allocations as becoming “essentially arbitrary.”
- Remove multiple funding pots, bidding and ringfencing. Multiple funding pots make financial planning difficult and impose bureaucratic requirements. The requirement for councils to bid also creates unhelpful competition, added cost and reduced productivity. Continued ringfencing of the public health grant works against holistic planning and diverts scarce resources to satisfying Government agencies that grant has been spent appropriately.
- Resolve the overhanging problem of negative ‘dedicated schools’ grant. The treatment of which could impact our general reserves but for which a resolution has been continually deferred.

The current system of health and care is unsustainable and unaffordable. Government should learn from and act on recommendations coming from experienced voices in the sector, including the LGA.

Supporting Children and Adults

Government should:

- Urgently reform our SEND position. The 2014 SEND reforms have not delivered the intended system change, leaving individual councils to struggle on alone. The current reform will not address demand or escalating costs.
- National intervention in the residential children's home sector is required. The government needs to intervene in the children's residential care market to ensure

that public money is being spent on improving the care of children and not enhancing shareholder dividends or paying down commercial debt.

- Address escalating home to school transport costs, which driven by the current statutory guidance. The core legislation dates to the 1944 Education Act and is no longer fit for purpose. Collective action is needed to address escalating councils as local councils are subject to varying local market conditions and demands.
- Prevent wasteful and expensive agency provisions in social care. Councils often have little choice but to waste money on significantly more expensive agency staff, despite them undertaking the same work as the directly employed workforce.
- Clarify the implementation of adult social care reforms so that they include a full impact assessment and commitment to full funding.

Supporting Communities

Communities currently rely on the council to make their lives better. Government should:

- Prioritise funding for new affordable homes, therefore helping to reduce our increasing spend on tackling homelessness.
- Consider new funding models so that we can accelerate housing growth.
- Review the current housing revenue account model, specifically to consider the impact of the new regulatory framework.
- Regulate private sector landlords and rent levels – where councils and social landlords have significant waiting lists and limited housing stock, people often have no choice but to rely on private sector landlords who charge significantly higher rents.
- Standardise and make more coherent asylum and migration schemes and funding.