

Productivity Plan (for submission to Government)

Introduction and Context

The Government have committed to reviewing productivity across all public services. Through the 2024/25 Local Government finance settlement, it was confirmed that councils would be required to produce productivity plans.

For public sector organisations, productivity means how well public services use their resources to achieve relevant outputs and outcomes. With regards to improving productivity, this means either improving outputs and outcomes relative to resources utilised, or utilising less resources to achieve the same outputs and outcomes.

This document contains the productivity plan for the Council, and considers the actions and decisions; it has taken, is currently taking and plans to take in its drive towards continuous improvement, increased productivity and thereby helping to preserve the Council's strong financial position despite its challenging operating environment.

Strong Foundation

The Council is in a relatively strong financial position, enabled by a culture of strong financial management and supported by the following:

- Outstanding children social care services
- Strong commercial arrangements for contracted spend
- Strong emphasis on the importance of preventative services
- Proactive capital investment designed to meet anticipated future need
- Continuous requirement for services to continually identify efficiencies
- Dedicated transformation team leading a Councilwide transformation programme
- Strong ownership of the position by Members, Executive Directors and Leadership
- A proactive approach to economic development, growing the size of the taxbase
- Finance and commercial teams embedded in service delivery models
- Maintained an appropriate and adequate level of reserves/contingency

The above characteristics demonstrate that the Council places productivity at the centre of its planning processes, a necessity of its external environment for more than a decade. This is despite the Council having the third lowest rate of council tax out of all twenty one County Council's (incorporating fire precepts for Counties without fire responsibilities).

If the above factors did not apply, the Council's financial position would not be as strong and therefore some of the above factors represent key financial risks (e.g. demand).

Productivity Plan Themes

There are four themes to be considered as part of the Council's productivity plan submission to Government. There is a section for each theme on the following pages.

This considers how the Council has transformed, how the Council plans to transform in future based on technology and data, how the Council is reducing wasteful spend and the barriers preventing progress the Government can support with.

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

The Council has a single strategic plan across the organisation, with a One Council approach – having moved away from standalone departmental plans and commissioning framework. This has enabled better joins to be made across the organisation, and synergies to be made.

There has been a re-focus of leadership roles and implementation of smarter working to improve productivity and productive time. In addition, the Council has a specific Transformation team, which brings together: oversight of the transformation programme, Councilwide systems and process, and performance reporting. The Council measures productivity through the corporate success framework and financial management

Since 2011/12, the Council is estimated to have made savings and generated additional income of £406m. This has been necessary in order to keep the organisation in a financially sustainable position. This is also reflective of the Council having one of the lowest tax rates compared to all county councils (adjusted for fire precepts).

Some key transformation strands have been:

- Review of business support functions across the local authority
- Children in care transformation
- Property rationalisation and disposal
- Shift to digital and increased automation (including business intelligence)
- Early investment in an energy from waste plant
- Investment in alternative provision and special educational places
- Pathfinder / partner in practice with other local authorities
- Redesign of social care services following public health insourcing
- Waste partnership working to increase recycling
- Commercial approach embedded within service delivery models
- Benchmarking undertaken to support value for money considerations

The Council is currently progressing the following commercial transformation themes:

- Step change improvements within contract management practices
- Sustainable commissioning to drive value at no additional cost
- Cultural programmes to develop leadership capacity

As considered elsewhere, capital remains a key tool available to support the delivery of Council services. This includes invest to save and invest to avoid instances. The short-term funding certainty is an active barrier to this, as is the Council's longer-term affordability. There are also capital opportunities around artificial intelligence and machine learning to reduce the cost of service provision.

Working with partners, the Council is progressing aspirations for a Greater Lincolnshire Mayoral County Combined Authority. In addition to unlocking hundreds of millions of pounds of new funding for the area, this will also provide greater flexibility across key policy areas.

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.*

One key theme being led by the Council's transformation team is a programme of works which seeks to develop and enhance business intelligence, with a view to delivering high quality data and intelligence via a single front end portal.

This work is being delivered in conjunction with financial services, which seeks to map out Council spend and income against cost and income activity drivers, to then capture key activities and hold through a data warehouse. This would enable financial monitoring to focus much more on the core drivers of income and spend.

By making better use of financial systems and Power BI, the Council will undertake monthly financial reporting to support decision-making and use of resources.

There is an intention to take greater advantage of technology within social care, with a view to supporting with ongoing recruitment campaigns, statistical benchmarking, enabling smarter working to reduce travelling time, and a programme of business process engineering.

Having better intelligence will enable better financial modelling and forecasting, which in turn will support better decision making.

With regards to key partners, the Council shares information with police and health colleagues to support service delivery and where appropriate to do so.

3. *The Council's plans to reduce wasteful spend within its organisation and systems.*

With regards to reducing wasteful spend, it is important to distinguish between specific actions that are available for the Council to take, and those that it has identified but requires Government intervention to facilitate (please refer to section four).

The Council's workforce is the biggest Council asset, and the Council places strong emphasis on 'grow your own' initiatives across the Council (i.e. apprenticeship programme), especially in difficult to recruit to areas like social care, legal and finance. This helps to minimise the requirement to utilise the use of more expensive agency staff.

The Council has successfully embedded a culture of continuous improvement. This ensures that marginal improvements can be made every year.

Within demand led services, the Council seeks to maintain a strong front door and early intervention services to reduce the risk of high specialist costs. This also extends to seeking to avoid costly external placements wherever possible. By extension, strengthening relations with partners ensures services intervene earlier to reduce the need to escalate to specialist support services

Options appraisals are completed on an ongoing basis and the commissioning cycle provides regular opportunities to ensure future services are aligned to current and future needs.

Where the Council is required to make a change, it will only engage with consultants where it is proportionate and appropriate to do so. This primarily relates to areas where different skills are required that are not value for money to permanently pay for. It also generally tends to be a means to an end (i.e. delivery of a project, linked to a business case).

With regards to equality, diversity and inclusion, the cost to the Council is minimal. Training is virtual as part of mandatory training suite. There is no ongoing cost to the training. The Council is piloting a £10k investment in wider EDI training to enable a wider understanding of the Council's statutory duties. One member of the HR team supports EDI initiatives as part of a wider role around projects.

The Council has governance structures to ensure accountability of spend. This includes:

- Council, Executive, Overview and Scrutiny Management Board(s), and other Council committees
- Transformation programme steering group
- Commissioning and commercial board (CCB)

The Council shares or provides services on behalf of other Councils. This includes commercial services (tendering and contracting), audit, coronial services, legal services to name a few.

The Council regularly utilises invest to save initiatives to improve services and save money (this is considered in other sections).

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

Best practice for the sector as a whole is for it to operate on the basis of outcome based accountability, which then informs how service delivery models are shaped and delivered, improving the resident experience. However, there are some constraints which actively undermine this, specifically short-term funding certainty and historic legislation.

The Council's cost base is driven significantly by demand factors across a range of services, including adult social care, children social care, transport (including home to school), waste and retained education duties. The Council places strong emphasis on prevention models within its services, with a view to better meeting the need of its residents, and also containing the level of demand and particularly the level of complexity.

However, despite the pro-active work which takes place locally, the Council is still seeing the cost of demand led areas increase quicker than funding, despite maximising council tax in recent years. This is not a model that can be sustained forever.

The succession of one year finance settlements is a key barrier to financial sustainability. This means that the Council's funding for 2025/26 could potentially be very different to the current central assumption, which could mean the Council has little time to react and adapt models accordingly which is not conducive to strong financial planning.

In addition, the short-term funding certainty has specific implications for capital planning. The Council is not able to commit to significant additional borrowing without the certainty that it could be afforded over the long-term. To an extent, this impacts upon further prevention activity that could take place which would reduce ongoing cost.

Furthermore, eligibility criteria for many demand led services is derived from historic legislation. In addition to meaning that legislation for areas like SEND and home to school transport are no longer current or potentially affordable at the national level, it also means that the level of demand has no upper limit, and the Council is statutorily required to meet this demand irrespective of cost. By its nature, this is not sustainable.

In addition, the Government need to robustly ensure there are processes in place to identify and resolve instances of market failure, relating to the delivery of local government services. The premium paid on external placement costs have reached unprecedented levels, and risk crowding out prevention spend which would further exacerbate cost base issues.

The funding regime has become significantly more complex over the last decade, with a reduction in non-specific funding and an increase in specific funding. At a Council and national level, there are clear opportunities on shifting the emphasis towards outcome based accountability, and removing grant restrictions enabling agreed outcomes to be met.

There are some major areas of national reform where further clarity is needed to ensure the correct models can be put in place locally. This includes adult social care reform and Extended Producer Responsibility (Packaging) reforms. There also needs to be strengthened data sharing across all public services to ensure the resident experience is maximised.