

TITLE OF REPORT: **Productivity Plan**

REPORT OF: **Darren Collins, Strategic Director, Resources and Digital**

Purpose of the Report

1. To request Cabinet to approve the Council's Productivity Plan.

Background

2. As part of the Local Government Finance Settlement 2024/25, the Government announced the requirement of all local authorities to produce productivity plans setting out key plans to improve efficiency in their operations.
3. The Government stated their intent to identify consistent themes and challenges across the sector, to share learning and best practice. It was prescribed that the plans should cover four main themes; the transformation of services, opportunities in data and technology, ways to reduce wasteful spend, and barriers to productivity.
4. The Government has made a commitment to the creation of a *Long-Term Sustainability Panel*, to discuss the themes emerging from productivity plans. The panel has the following objectives:
 - Consider the key themes emerging from productivity plans;
 - Identify opportunities for further productivity gains across the local government sector by summer 2025;
 - Identify the key barriers to transformation across the sector, and advise how to overcome them;
 - Consider initiatives that could lead to greater sustainability within the sector;
 - Consider the financial considerations to achieve productive outcomes; and
 - Identify examples of good practice or areas of work that have the potential to lead to transformative change.

Proposal

5. Cabinet is asked to approve the Council's Productivity Plan prior to submission to Government by the deadline of 19 July 2024. Following submission, the plan must be uploaded to the Council's website.

Recommendations

6. Cabinet is asked to approve the Council's productivity plan and agree that it is uploaded to the Council's website.

for the following reason(s)

- (i) To meet the requirements set out as part of the Local Government Finance Settlement 2024/25.
- (ii) To contribute to good governance and financial management of the Council.

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Policy Context

1. The proposals in the report are consistent with Council priorities and in particular ensuring that effective use is made of Council resources to support the framework for *Making Gateshead a Place where Everyone Thrives* and delivery of the Corporate Plan 2023-2028; *The strength of Gateshead is the people of Gateshead*.

Background

2. As part of the Local Government Finance Settlement 2024/25, the Government announced the requirement for all local authorities to produce productivity plans setting out key plans to improve efficiency in their operations. The Government will monitor these plans through a *Long-Term Sustainability Panel*, and funding settlements in future years will be informed by performance against the plans.
3. The Government expects the plans to be three to four pages in length setting out what the Council has done in recent years, alongside current plans, to transform the organisation and services.
4. There is no prescribed format for the productivity plans or detailed list of criteria to meet. However, the Government have advised that the plans should consider the themes below, referencing work the Council has undertaken alongside other public services such as the NHS and police:
 - **How local authorities have transformed the way they design and deliver services to make better use of resources;**
 - **How local authorities plan to take advantage of technology and make better use of data to improve decision making, service design and use of resources;**
 - **Plans to reduce wasteful spend with the organisation and systems; and**
 - **The barriers preventing progress that the Government can help to reduce or remove.**
5. The Council's proposed Productivity Plan is attached at Appendix 2.

Consultation

6. The Leader of the Council and Finance Portfolio have been consulted on this report.

Alternative Options

7. There are no alternative options, the Council is required to submit a productivity plan in line with Government deadlines.

Implications of Recommended Option

8. Resources:

- a) **Financial Implications** – The Strategic Director, Resources and Digital confirms that there are no direct financial implications arising from this report.
- b) **Human Resources Implications** – There are no direct implications arising from this report.
- c) **Property Implications** - There are no direct implications arising from this report.

9. Risk Management Implication - None

10. Equality and Diversity Implications - None

11. Crime and Disorder Implications – None

12. Health Implications - None

13. Climate Emergency and Sustainability Implications - None

14. Human Rights Implications - None

15. Ward Implications - None

16. Background Information:

Local Government Finance Settlement 2024/25

Gateshead Council Productivity Plan

The Local Government Finance Settlement requires the Council to produce a productivity plan and submit to the Department for Levelling Up, Housing and Communities (DLUHC), and publish on our website. There is no set content to the plan, but DLUHC guidance outlines suggested themes based on four main questions.

➤ How has the Council transformed the design and delivery of services to make better use of resources?

Since the Government's austerity measures commenced in 2010, the Council has faced unprecedented cuts to funding while at the same time experiencing increased demand for support, particularly in social care, with an increasing percentage of its budget spent on social care to protect the most vulnerable residents in the borough. The Council has risen to the challenge, developing our over-arching [THRIVE](#) strategic approach and [Health and Wellbeing Strategy](#), and continuing to deliver high quality services, and invest in the borough through our [Capital Programme](#). Inevitably though, the Council has had to make increasingly tough choices over this period to enable it to deliver a legally balanced budget and since 2010 has needed to make cuts totalling £207.5m which represents 68% of the Council's current [Net Budget](#) of £306.277m, and the workforce has reduced by 40%. The process has been underpinned by strong leadership, sound governance arrangements evidenced through a [Local Code of Governance](#), an annual review of the [Annual Governance Statement](#), and a robust [Medium Term Financial Strategy](#) and [Budget Approach](#), enabling the Council to remain financially sustainable. The Council must comply with its best value duty to make arrangements to secure continuous improvement in the way our functions are exercised, having regard to a combination of economy, efficiency, and effectiveness. The Council has received positive [Value For Money](#) assessments from its independent external auditors outlining our arrangements to deliver economy, efficiency and effectiveness in our use of resources. Setting a balanced budget is more challenging each year, however, we've adopted a longer-term approach to our strategic and financial planning to give us the best opportunity to minimise the impact of our reduced budget on our residents, manage our debt and replenish our reserves.

Corporate Plan

In November 2023, Council agreed our refreshed [Corporate Plan 2023-28; *The strength of Gateshead is the people of Gateshead*](#). The plan sets out our priorities for the next five years and shows what we believe we can deliver to support the people of Gateshead and provide the conditions for the opportunity for everyone to thrive. Our priorities will undoubtedly change over time and as this happens, we will work with our communities and stakeholders to ensure they are right for the council and for the borough. The corporate plan sets out the priority actions we will take under the five Thrive pledges:

- **People Gateshead** – putting people and families at the heart of everything we do.
- **Fair Gateshead** – tackling inequalities so people have a fair chance.
- **Communities Gateshead** – supporting our communities to support themselves and each other.
- **Prosperous Gateshead** – investing in our economy to provide sustainable opportunities for employment, innovation, and growth.
- **Future Gateshead** – working together and fighting for a better future for Gateshead.

The plan sets the strategic approach and priorities for 2023-2028 so that all stakeholders understand:

- The strategic priorities of the Council, so that resources, delivery plans, strategies and operational activity can be aligned to them; and
- How the Council will continue to transform and drive improvement in services to deliver our priorities and operate as an organisation and partner in the most effective, productive, and impactful way.
- The plan outlines interconnected priorities of:
 - Inclusivity;
 - Customer experience;
 - Financial sustainability;
 - Culture;
 - Continuous improvement; and
 - Good governance.

and is underpinned by numerous supporting strategies and plans including:

- [Health and Wellbeing Strategy](#)
- [Local Plan](#)
- [Medium Term Financial Strategy](#)
- [Housing strategies and policies](#)
- [Workforce Strategy 2022-2025](#)

Our plan will be subject to annual review and an annual performance report will be made available. The Corporate Plan will be underpinned and delivered through Group wide and Service Plans which are aligned to the high level priorities.

Transformation

The estimated costs and demand pressures in social care are the biggest element of the estimated funding gap in the Medium Term Financial Strategy. A fundamental part of the approach to financial sustainability will be to manage demand through interventions and service transformation in both Adults and Children's services.

The [Integrated Adults and Social Care Strategy 2023-28](#) sets out a five year strategy focussing on:

- Prevent, reduce and delay:
 - Through information and advice;
 - Promoting independence through enablement;
 - Promoting independence through technology;
 - Strength based practice through community assets; and
 - Home first through developing housing options, and a vibrant domiciliary care market
- Caregivers
 - Commitment to improving and developing services to better support unpaid carers.
- Workforce
 - Continue to be a good employer to retain but also attract new colleagues. Create a culture of continuous learning and create opportunities for development.
- Commissioning

- Effective commissioning driven by data-led, evidenced-based approach, promoting collaboration, integration, and innovation across the Gateshead System
- The Voice of People and Communities
 - The ambition to be a learning organisation that views people and communities as experts in their care and how they can be best supported to improve and maintain their wellbeing.

Partnership Working

Organisations and systems can be complex and difficult to navigate. By working in partnership with others we aim to make accessing support and services as easy as possible. In Gateshead we have developed a vehicle for integrated partnership working across health, housing and social care partners, known as the [Gateshead System](#). Local health and care partners come together as a system board to deliver change, by working together to achieve better outcomes and reduce health inequalities for local people. The Gateshead System board is accountable to the Health and Wellbeing Board, and Boards of individual organisations.

There is a focus on reducing the need for children to come into the care system with a range of strategies and approaches focused on children on the edge of care.

[Reducing the number of children in need of care Strategy](#)

[Early Help Strategy 2023-26](#)

Support is available through [Gateshead Family Hubs](#) and we also offer a [Virtual Family Hub](#)

Devolution

The North-East agreed a [North-East devolution deal](#) with the Government in December 2023. This was deepened in March 2024 to give more funding and flexibilities to deliver the region's priorities in areas including skills, transport, and business support. In May 2024, the North-East elected its first Mayor, Kim McGuinness, to deliver manifesto commitments. Mayor McGuinness has further outlined an economic plan with three priorities: improving the foundational economy, delivering on the green revolution, and boosting regional through investment in arts, culture, and sport. Gateshead is working closely with the Elected Mayor to achieve the three priorities.

As part of the wider governance arrangements for the North-East Combined Authority, Gateshead is working with the seven portfolio leads to deliver the wider devolution priorities. This will help ensure that local priorities dovetail in the delivery of the wider regional priorities.

Gateshead has identified four priorities to ensure that devolution delivers for local people and local businesses: securing regional and national financial support for the Gateshead Quays Arena and Conference Centre; growing the visitor economy; River Tyne renaissance; and influencing programmes to support sectoral growth, innovation, and investment, particularly the Digital Economy, Green Economy, Visitor Economy, and Local Economy.

The Gateshead priorities will in part be achieved through the delivery of the [Gateshead Economic Development Strategy](#). The Strategy aims to deliver a fairer,

greener, and more resilient economy that enables everyone to thrive and delivers good jobs, growing businesses and great places.

Measuring Productivity

Productivity is a measure of how efficiently inputs are used to create outputs and in the case of the Council can be defined as how well we use our resources to achieve our strategic objectives and outcomes. Due to the diverse nature of the services delivered by local authorities, a one-size fits all measure of productivity is not possible. However, the Council has developed a [Performance Management and Improvement Framework](#) outlining a suite of performance metrics with a clear focus on policy and priorities, delivery, measurement, and analysis of impact to support effective resource allocation and is based on Thrive and the Health and Wellbeing Strategy.

The reports outline the challenges, achievements, actions, and resources for each policy objective. It also contains performance data including strategic and operational measures and is informed by qualitative and quantitative assessment to inform policy and resource decisions.

➤ **How does the Council plan to take advantage of technology and make better use of data to improve decision making, service design and use of resources?**

The Council have signed the [Local Digital Declaration](#) and we are committed to:

- Putting users first - Our services will be tailored to fit our users' needs, prioritising users above professionals and the organisation.
- Creating technology that connects - Our IT systems will join up effectively, using simpler and more reliable software with open standards to give our data a common structure.
- Building trust in data practices - We will only ever share information safely and securely, building trust among our partners and users, and better supporting the most vulnerable members of our communities.
- Leading digital transformation - We will demonstrate digital leadership, creating the conditions for organisational transformation, and ensuring all those we work with embrace this Digital Declaration.
- Fostering open and collaborative working - We will champion an open working culture that helps every colleague to succeed with working digitally, through sharing our plans and experience, working collaboratively with other organisations.

Our I.T. services continue to work with services to enhance the Council's digital offer on an ongoing basis.

Since the pandemic employees have embraced the opportunities technologies, such as Microsoft 365 with its array of collaboration tools, have offered and where the role permits employees now work in a hybrid manner across the organisation. The introduction of a cloud based telephony solution enables services to be contacted on a variety of devices wherever they are working, in the office, in the community or at home. This has enabled us to rationalise our office space, introducing hot desks, touch down spaces and meeting pods, freeing up valuable space in which to host external and partner organisations.

We use cloud based solutions and storage where possible with the intention to reduce the requirements in relation to our datacentres, contributing to the Council's carbon reduction commitment, whilst enhancing resilience.

We have invested in technologies to secure the Council's data both on premise and in the cloud and have delivered multiple workshops and awareness sessions to ensure our workforce are aware of the risk of cyber-attack, enabling a level of cyber resilience across the organisation at all levels.

We recognise that data is one of our most valuable assets and are reviewing the Council's approach to data, how we use it and how we manage and maintain it to make the right decisions for our residents and businesses. This approach will be underpinned by technologies that enable the efficient sharing of data across systems, enhanced analytics and use of AI supported by a strong governance framework, all of which are required to provide the confidentiality, integrity and availability of the data in our care.

Challenges exist in relation to the improved use of data, we have a number of legacy solutions which do not lend themselves to data sharing through lack of Application Programming Interfaces, solutions which are costly to replace, contractual matters can prevent the extraction of data without great cost, and capacity and skills to facilitate enhanced use of data are scarce, with the ability to attract staff to public sector proving problematic.

The move to subscription based pricing for core technologies, technologies that we rely on to secure, transmit, store and process council data, coupled with steep price rises proves to be a further budgetary challenge.

➤ **What are the Council's plans to reduce wasteful spend?**

The Council is committed to continuous improvement and transformation, striving to always achieve value for money when delivering services to our residents. The Council has robust governance, risk management, and scrutiny arrangements in place to challenge decision making and expenditure. The Council has been resilient and made tough choices, but the triple impact of years of austerity, pandemic response, and now the cost of living crisis is reaching a crisis point in many local authorities. Against the backdrop of reduced funding and increasing demand, a strong track record of delivering within [budget](#) for the last 12 years is testament to a cost conscious culture of financial resilience.

The [Budget Approach](#) agreed by Cabinet in October 2023 includes a set of principles to underpin the approach to financial sustainability. As a Council, there is a need to focus scarce resources on priority areas which will deliver the biggest impact and achieve the best possible outcomes for residents of Gateshead. Important and increasingly difficult decisions need to be made about the relative priority of different services and the balance between what can be afforded using the scarce resources at our disposal. The Council will continue to challenge not only how services are delivered but also what is being delivered. Crucially, these decisions need to be taken in the context of ensuring that they meet the Council's strategic aims, but also with a clear understanding of the statutory requirements of service delivery. The approach seeks to mitigate the estimated funding gap through cost and demand interventions, reassessment of priorities, service redesign and better targeting of resources.

Transparency is fundamental to the Council's approach to decision making. Publication of [expenditure over £500](#) is freely available on the Council's website and is published in line with the [Local government transparency code 2015](#).

As a council we have legal duties to comply with and deliver under the Equality Act and Public Sector Equality Duty. As such Equality, Diversity and Inclusion is a core part of the council's business and we have committed to this in our [Corporate Equality, Diversity and Inclusion Policy](#). We report on our work in this area through our [Equality and diversity report 2023 - Gateshead Council](#).

➤ **What are the barriers preventing progress that the Government can help to reduce or remove?**

The Council's ability to mitigate the impacts of unfair funding and increasing demand is hampered by a financial framework that is characterised by single year and late funding settlements, costly competitive bidding, and continuing delays to long overdue funding reforms.

As a sector we're preparing our MTFS plans against a backdrop of funding uncertainty. The evidence of financial strain on councils has been growing steadily with the pressure on the sector now manifesting in Section 114 notifications, with the potential for more to follow. Although Gateshead Council is not in this position, the burden of further savings is a continuous strain on service delivery to a level expected by residents. Although there has been some additional resources for social care pressures in recent years funding, the Local Government Finance Settlement fails to significantly address the long-term funding crisis faced by councils, with the connection between need and funding lost because of an outdated formula and the move to localisation. Short-term solutions, described as 'exceptional financial support' such as increases to council tax and capitalisation directions, are not the solution.

Short-term funding runs counter to effective strategic planning resulting in short-term decisions. The sector needs multi-year settlements as transformation and preventative interventions to suppress future demand require upfront resources and longer time frames to address the underlying cause rather than the symptoms. And crucially, that investment needs to enable transition to a steady state while interventions are embedded. The continuing delays to the reform of local authority funding is a concern with the settlement distributed on an outdated formula, increasingly complex business rates funding, and deeply regressive council tax based on outdated property values.

Specifically, the Council would ask for:

- Multi-year and timely settlements.
- An end to fragmented funding pots and onerous competitive bidding.
- A commitment from the Government to implement the long-delayed Fair Funding review.
- A reset of the business rates baseline.
- A review of New Homes Bonus.
- Local flexibility over council tax referendum principles
- Consider options for wider reform of local taxation, which currently disadvantages councils with low tax bases.
- An increase to the quantum of local government funding.

- Regulate the children's social care market impacting on spiralling placement costs.
- Review Home to School transport entitlement.
- Reform the social care precept, which is unfair for the most deprived authorities, and not linked to need.

The Local Government Association [White Paper](#) outlines 5 priorities to drive changes:

- An equal, respectful partnership between local and national government;
- Sufficient and sustainable funding;
- Backing local government as place leaders;
- A renewed focus on prevention and services for the wider community; and
- Innovation and freedom from bureaucracy.

The paper estimates that local authorities are facing a £6 billion funding gap over the next three years, just to maintain services at their current levels. We know the way in which central Government finances local government is unsustainable, and yet at the same time demand for our services continues to grow. Multi-year settlements can be transformative, allowing local authorities to plan long-term programs and invest in much needed early interventions, particularly those needed in social care. As place shapers, local authorities are key to solving some of the biggest challenges. The support that we give to local communities is vital, but to respond effectively, grow our economies and community wellbeing, we need to be properly resourced to provide the services needed by our residents. Greater certainty on funding through multi-year settlements and more clarity on financial reform will enable us to plan effectively and maximise the impact of spending over the medium-term.