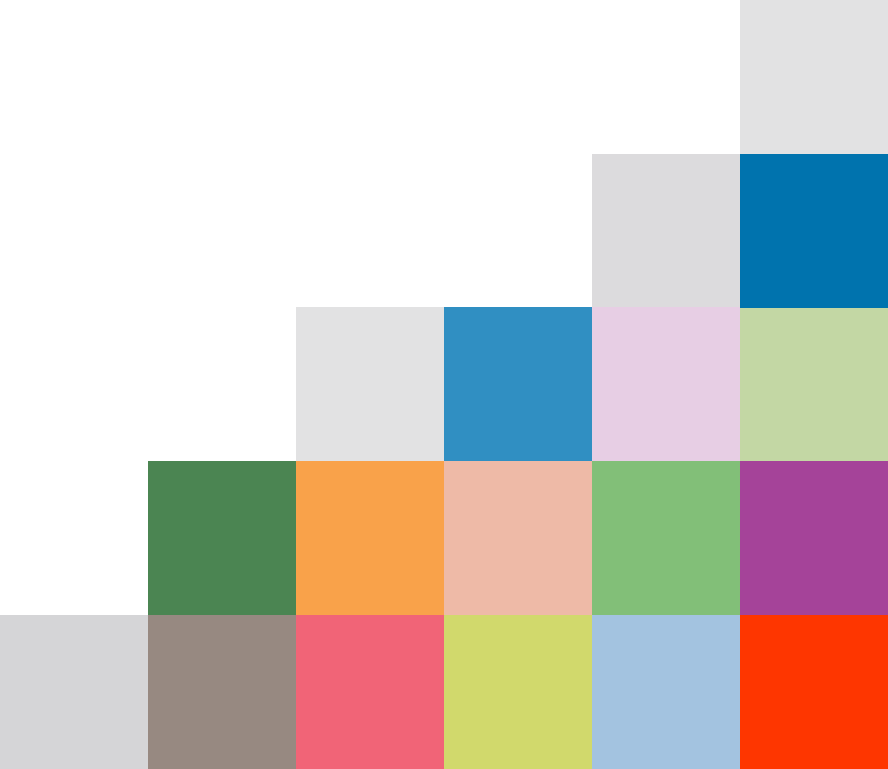
**Hertsmere Borough Council**

**Productivity Plan**

**2024/25**

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**PRODUCTIVITY PLAN 2024/25**

* 1. **Introduction**
  2. In February 2024, the Secretary of State for the Department of Levelling Up, Housing and Communities (DLUHC) laid before Parliament the final Local Government Financial Settlement for 2024/25. This followed a period of consultation on the provisional financial settlement announced earlier in December 20023.
  3. In a letter to local government leaders the Secretary of State advised that:

*“Having listened to your views, on 24 January I announced additional measures for local authorities worth £600 million, including £500 million of new funding for social care.”*

* 1. For Hertsmere this resulted in an increase of £131k in its total funding envelop or its’ Core Spending Power for 2024/25 to £13,814k from the provisional settlement figure.
  2. This additional funding does however come with additional governance and as part of the Government’s efforts to return the sector to sustainability in the future Local Authorities are now required to produce a Productivity Plan.
  3. There has been no specific guidance on how the productivity plan should be presented, other than plans should be short and draw on work councils have already done, identifying ways to unlock productivity improvements and set out the key implementation milestones. Plans should be published by July 2024 and must be agreed by Council Leaders and members and published on local authority websites, together with updates on progress.
  4. Productivity plans should cover four main areas:

*1) Transformation of services to make better use of resources;*

*2) Opportunities to take advantage of advances in technology and make better use of data to inform decision making and service design;*

*3) Ways to reduce wasteful spend within systems, including specific consideration of expenditure on consultants and discredited staff Equality, Diversity and Inclusion programmes – this does not include programmes designed to promote integration and civic pride, and counter extremism; and*

*4) Barriers preventing activity that the Government can help to reduce or remove.*

* 1. The Government also intends to introduce a new productivity review panel, made up of sector experts including the Office for Local Government and the Local Government Association.
  2. Whilst this Productivity Plan is a new requirement from July 2024, the principle of reporting on productivity and efficiency is not a new concept having been preceded by earlier Value for Money (VFM) reporting following the Gershon Review of 2003/04 and more recently the requirement for Efficiency Plans as part of the four-year financial settlement in 2016/17.
  3. This Productivity Plan brings together all of these principles into this single document.
  4. **Delivering Value for Money (VFM)**
  5. The Council has a statutory duty for delivering value for money with public funds. It should keep its internal controls under continuous review in order to manage all its limited resources in an efficient and effective manner, taking into account guidance on good practice issued from time to time by the Councils auditors and appropriate advisory professional bodies.
  6. VFM is the term used to measure whether or not an organisation has obtained the optimum benefit from the goods and services it acquires and/or provides, with its resources. VFM not only measures the cost of goods and services, but also takes into account quality, whole life costing, best value, benchmarking and other criteria to see whether or not, when taken together, they represent good value for money.
  7. Achieving VFM may also be defined in terms of the ‘three Es’- economy, efficiency and effectiveness:

1. **Economy** – the most economically advantageous price paid to provide a service. i.e. doing more at the same or lower cost.
2. **Efficiency** – a measure of productivity – how much you get out in relation to what you put in. i.e. doing more than before, with the same resources.
3. **Effectiveness** – a measure of the impact achieved and outcome. i.e. providing a better quality service with the same resources as now.
   1. Achieving VFM is an integral part of the Council’s planning and budgetary processes at all levels and is considered as part of all new schemes, investments and projects. It is management’s responsibility to ensure that the relevant partnerships are in place so that members and officers, different departments and services and the Council as a whole have a common aim and understanding of achieving VFM.
   2. The achievement of VFM is dependent upon the existence of robust financial management (internal control and code of conduct), continuous improvement in performance management, benchmarking and the efficient and effective management of the Council within its limited resources.
   3. Policy and approaches to VFM:
4. To adhere to the Council’s constitution and code of conduct for good working practices.
5. To carry out procurement processes as per the Council’s approved procurement strategy.
6. To maximise opportunities to achieve the ‘three Es’ for all the Council’s activities.
7. To strictly monitor and manage the Council’s performance at all levels.
8. To benchmark the Council’s performance against similar organisations and aim to achieve performance within the top quartile.
9. To demonstrate to its external and internal auditors that the Council is achieving value for money for all activities undertaken.
10. To ensure the Council’s committee reports fully cover all relevant implications such as financial, legal, efficiency, risk management, corporate etc. prior to decision-making.
    1. All Council employees as well as members have a statutory responsibility to ensure that their decisions are taken in the context of VFM. Further, the Council’s external auditors have a duty to give judgement upon VFM and to inform all stakeholders whether the Council is delivering VFM at all levels of activity.
    2. **Delivering Efficiency and Improving Productivity**
    3. Hertsmere’s budget process for 2024/25 culminated in the Council approving the Council Tax and a Balanced Revenue Budget at its meeting on 28th February 2024. The Council also approved its Medium Term Financial Plan which at the time showed a budgetary gap of £670k over the period to 2027/28 which was a significant reduction from the £1,500k budgetary gap reported the previous year.

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| --- | --- | --- | --- | --- | --- |
| **Medium Term Financial Plan (MTFP) 2023/24 to 2027/28** | | | | | |
|  | **2023/24** | **2024/25** | **2025/26** | **2026/27** | **2027/28** |
| **£000's** | **£000's** | **£000's** | **£000's** | **£000's** |
| Net Budget Requirement | 13,130 | 13,814 | 13,882 | 14,200 | 14,532 |
| Funding | 13,130 | 13,814 | 13,397 | 14,095 | 14,452 |
| Funding Shortfall | - | - | 485 | 105 | 80 |
| **Cumulative Funding Shortfall** | **-** | **-** | **485** | **590** | **670** |
| **Cumulative Funding Shortfall as % of Gross Spend** | **0.00%** | **0.00%** | **1.48%** | **1.77%** | **1.98%** |

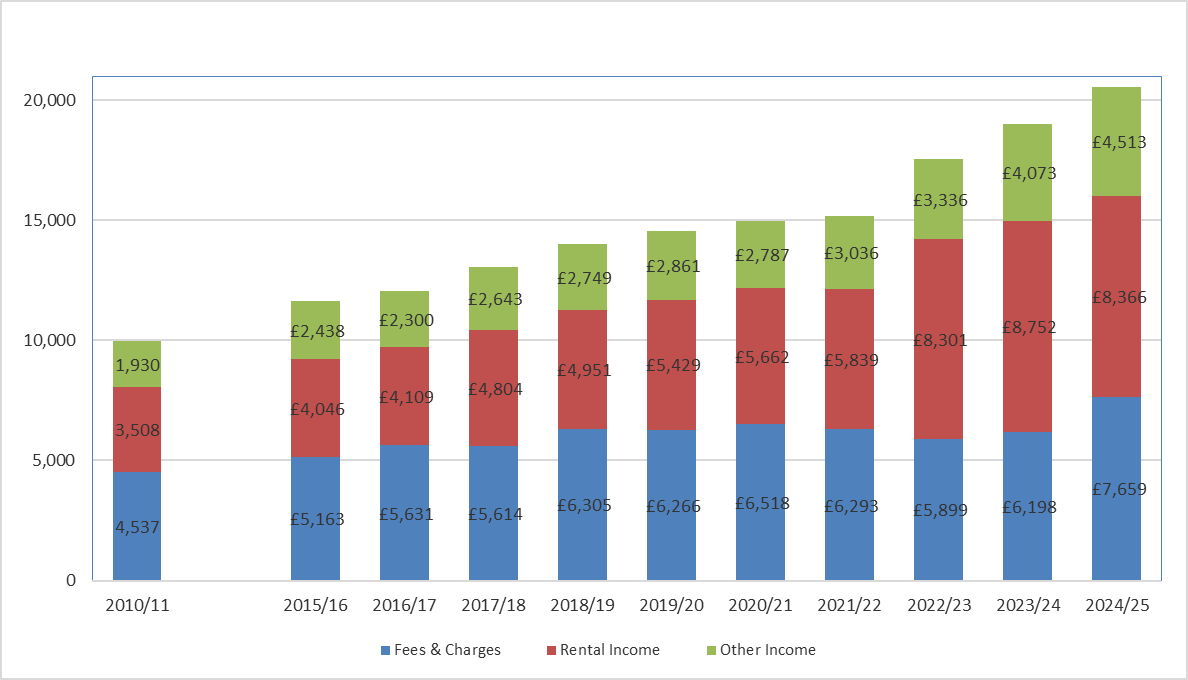
* 1. Hertsmere prides itself on its commercial and innovative approach to service delivery and income generation and recognises that it needs to continue on this path to bridge its budgetary gap over the medium term and maintain a balanced budget for the long term. This approach has also been driven by the Council’s aspiration for Financial Self Sustainability whilst also taking a prudent approach and being mindful of affordability.
  2. For many years right back through the previous Value for Money regime and then the period of austerity Hertsmere has continually met efficiency targets and delivered a balanced budget. The table below shows the annual and cumulative efficiencies delivered since 2010 which have been achieved through a structured and formal approach to budgeting that has ensured that focus has remained on how best to get the most from taxpayers’ money and continues to be achieved through the adoption of leading edge management practices, exploiting the potential of new information and communication technologies, and developing more focused delivery vehicles with private, voluntary, community and other public sector partners:

|  |  |  |
| --- | --- | --- |
| **Efficiency gains since 2010/11**  **(A: Actual) (E: Estimate)** | **Year on Year Efficiency Gains** | **Cumulative Efficiency Gains Relative to 2004/05** |
| **£’000** | **£’000** |
| 2010/11 (A) | 124 | 124 |
| 2011/12 (A) | 1,802 | 1,926 |
| 2012/13 (A) | 376 | 2,302 |
| 2013/14 (A) | 187 | 2,489 |
| 2014/15 (A) | 489 | 2,978 |
| 2015/16 (A) | 438 | 3,416 |
| 2016/17 (A) | 358 | 3,774 |
| 2017/18 (A) | 362 | 4,136 |
| 2018/19 (A) | 287 | 4,423 |
| 2019/20 (A) | 547 | 4,970 |
| 2020/21 (A) | 687 | 5,657 |
| 2021/22 (A) | 271 | 5,928 |
| 2022/23 (A) | 2,098 | 8,026 |
| 2023/24 (A) | 720 | 8,746 |
| 2024/25 (E) | 817 | 9,563 |

* 1. As demonstrated above a significant level of efficiencies has already been delivered by the Council over a prolonged period. These have been delivered through a mix of service transformation and improvement, including more efficient ways of working, adopting best practice and removing waste, partnership working, use of new technologies, maximising return from the Council’s assets and generating new income streams through commercial ventures as well as provision of value added services.
  2. Through its rigorous budget process the Council has also recognised the current challenges, uncertainties, risks and pressures facing the Council and will closely monitor these challenges on an ongoing basis.

***Service Transformation***

* 1. Over the past decade Hertsmere has established various partnership working models. This has included working in partnership with other public bodies for example sharing its Civic Offices with the Police and NHS. Hertsmere is also party to a number of well-established public sector partnerships including Hertfordshire Building Control Limited, Herts CCTV Partnership, the Shared Internal Audit Service, the Shared Anti-Fraud Service and also has SLA’s with other local authorities for Risk Management and Procurement.
  2. The Council has partnered with the charity and voluntary sector including Citizens Advice who provide debt advice and counselling services for Hertsmere’s residents and Communities 1st who connect with and support local voluntary and community organisations, helping to improve the quality of people’s lives.
  3. Hertsmere has also entered into private partnerships for its leisure provision and grounds maintenance as well as for some professional services such and Insurance Brokers, Treasury Advisors and Funding Experts where it is inefficient to provide these services in house.
  4. Historically the Council went through a major restructure in 2011 which achieved significant savings through staff reductions, amounting to £1.3 million per annum. Whilst there is no intention to repeat such an exercise in the medium term as it is recognised by senior management and members that a small authority such as Hertsmere, whilst it needs to be efficient, it also needs to retain resilience in its workforce, Service Heads are requested to carefully consider opportunities for cost savings within their staffing structures in response to the budgetary pressures the Council is facing.
  5. The Council’s commercial ventures have included establishing subsidiary companies such as Elstree Film Studios Limited (EFS) to manage the Council owned Elstree Studios (the Studios) purchased by the Council in 1995 to protect a significant heritage site and ensure the future of TV and Film in the borough. The Studios are managed by EFS under a 30 year lease from which the Council receives an annual rental income.
  6. The Council have further invested in the Studios site building the new state of the art Platinum Stages completed in July 2022 and aptly named after Her Majesty’s Platinum Jubilee. The new stages which were part funded through the Government’s “Get Building Fund” have created many new job and training opportunities locally, have supported new start up business, have had a significant positive economic impact locally and also delivers a significant income stream back to the Council part of which is reinvested back into local creative industries.
  7. The Council has established Hertsmere Developments Limited (HDL) to deliver much needed new housing across the borough whilst also generating an ongoing income stream. Whilst HDL is still in its infancy it has already delivered 15 new quality housing units, all at discounted market rent with a further 11 units due to be completed later in 2024 and further developments in the pipeline to commence later this year.
  8. Most recently Hertsmere have entered into a joint venture stock holding company, Hertsmere Homes Limited (HLL), with Watford Community Housing, an example of another public sector partnership. The purpose of HLL is to hold and manage stock developed by both the Council and HDL as well as market acquisitions and to ensure that this stock remains available for Hertsmere residents in perpetuity.
  9. As demonstrated in the following chart, the Council’s commercial and innovative approach has also seen income generation more than double since 2010 now funding almost 60% of Hertsmere’s gross expenditure compared to just 33% in 2010/11.



***Technology***

* 1. Hertsmere’s ICT Strategy 2018 to 2023 recognised the crucial role that technology plays in the delivery of services and the need to keep pace with residents changing needs. This strategy also set out a pathway to Cloud technologies which is steadily being progressed with core applications and telecommunications now fully Cloud Hosted along with much of the Council’s electronic storage. Some core systems also now run in the Cloud and projects to move other core systems are in train.
  2. The new ICT Strategy is expected to be brought forward for approval later this year and will build on the current Cloud pathway with a vision for a more efficient, resilient and secure ICT infrastructure and systems for the future.
  3. Council staff have been equipped with mobile devices, laptops, iPads etc. to support agile working making for a more efficient workforce for example by reducing travelling time to meetings across the County and freeing up office space which has since been let to other public bodies.
  4. The Council has also invested in digital service delivery through its Customer Relationship Management (CRM) system. This now includes a compliant accessible website with many self-service options for making payments and reporting incidents, an online complaints and FOI system and online forms for services such as Council Tax and Benefits.
  5. A successfully trail of AI has supported users to navigate our planning service (Chatbot) and may now also be rolled out to other services further improving customer accessibility. Further AI work on improving the planning process, such as validation of applications and summarising consultation comments are also being explored.
  6. The Council also uses digital technology to stay in touch and actively engage with the community through various social media platforms, its email alerts “News for You” and have recently launched an online consultation and customer survey software (Zencity) which has resulted in improved customer engagement and feedback. The Council are currently looking into implementing a Citizen’s Account.

***Reducing Wasteful Spend***

* 1. As discussed above, service transformation and the use of new technologies has already led to the delivery of significant efficiencies and as such has removed potentially wasteful spend.
  2. The Council is also very mindful of the use of agency staff and expensive consultants and as such this spending is regularly reviewed by Chief Officers. However the Council do recognise that there are instances when it must engage agency staff for example one-off project work or where permanent recruitment poses a significant challenge particularly in professional services such as planning and asset management as Hertsmere’s close proximity to London means it is having to compete with London Boroughs and London based professional practices who are able to pay higher salaries.
  3. Whilst Hertsmere actively promotes staff Equality, Diversity and Inclusion it has not invested in any discredited programmes.

***Barriers***

* 1. Some of the barriers that the Council have faced and continue to face are in relation to funding and the uncertainty of the financial settlement. A significant frustration over recent years has been the delays in planned funding reform leading to many successive single year settlements causing funding uncertainty. Looking forward the Government could certainly help remove this barrier through the delivery of multi-year financial settlements.
  2. Additional burdens for example the recent requirements placed on local authorities in relation to the registration of XL Bullies and inspection of funeral directors adds additional pressures to already stretched resources particularly when these are not always supported by additional or ongoing funding.
  3. Specific grant funding, whilst very welcome, can also be a significant challenge for a small local authority with limited resource. It can be extremely difficult to quickly resource a funding bid and deliver projects within sometimes quite limited timescales. The UK Shared Prosperity Fund is an example of specific funding that has required additional temporary resource which did take some time to secure and also comes with higher risk due to shorter notice periods. Hertsmere has recently welcomed the Local Authority Housing Fund although it has been a significant challenge to meet the required delivery timescales. More lead in time for such specific grants and realistic deliver timelines would open the door to further funding bids.
  4. Statutory fees for Planning and other regulated services don’t currently recognise the different demographics across the country and the varying costs of providing such statutory services. This is exacerbated under the current decision target system (8, 13, 16 weeks), which doesn’t recognise the increasing technical nature of planning submissions and the reliance on technical specialists (e.g. flood risk and Biodiversity Net Gain), many of which are external to the Council. Furthermore, Hertsmere has for some time struggled to recruit professional planning staff as, due to its close proximity to London, it is having to compete with London Boroughs and London based professional practices who are able to pay higher salaries and offer more attractive working conditions. Not being able to appoint permanent staff has resulted in the need to recruit more expensive agency staff to manage workload and meet planning targets which the Council recognises is inefficient. A more localised fee structure would enable local authorities to be more competitive in their offer to staff whilst enabling the recovery of more of the costs of providing such statutory services.
  5. **Approaches to Delivering Value for Money and Efficiencies and improving Productivity**
  6. Hertsmere continues to draw on its achievements to date and look for further opportunities to fulfil the Council’s aspirations of financial self-sustainability. Although it is also recognised that as the Council becomes more and more efficient, the challenge of achieving further efficiency savings will become more difficult to realise. Some of the approaches the Council is taking to improve efficiency and productivity are set out below:
  7. **Procurement:**
     + Competitive tendering.
     + Updating of contract procedure rules has standardised procedures and documents with regards to all types of procurement.
     + Adoption of new technologies in the form of e-procurement.
     + Considering partnership contracts as the first approach to all procurements. This could either be by utilising existing framework contracts (such as the Office of Government Commerce) or collaborating with other Hertfordshire / Regional public sector bodies.
     + Introduction of the e-market place resulting in economies of scale and reduction of process costs.
  8. **Personnel:**
     + Embedding the new Flexible Working Time Policy that provides benefits to the Council and employees alike including:
       - to ensure that the Council can provide flexible working arrangements in line with best practice and remain competitive in its recruitment and retention;
       - to meet its statutory obligations to consider and meet requests for flexible working.
     + Developing a pay and workforce strategy that will work towards addressing some of these challenges with key work streams to include:
       - a focus on recruitment and retention and consideration of measures to improve outcomes;
       - a focus on a review of pay and benefits and
       - close monitoring and effective management of sickness absence.
     + Widespread adoption of new technologies.
     + Review of bureaucratic burdens faced by front-line staff.
     + Cost-effective recruitment.
  9. **Corporate plan and policy framework:**
     + Adopting a new Corporate Plan.
     + Peer review challenge.
     + Continuous service improvement.
     + Partnership and collaborative working.
     + Shared infrastructure and back office processes.
     + New technologies and realising the benefits from investment in ICT.
     + Best use of E-government National Projects.
     + Strategic procurement.
  10. **Asset management plan:**
      + Maximising returns from our existing asset portfolio and developing the Council’s land to deliver residential dwellings to meet the Borough’s housing needs and to either generate an ongoing income stream or achieve a capital receipt for further reinvestment.
      + Promotion of home and flexible working has also reduced the need for office space and has generated additional rental income.
  11. **Productivity Plan Programme**
  12. On 28 February 2024 Hertsmere’s full Council meeting approved the Council Tax and set a balanced budget for 2024/25, it also approved the Medium Term Financial Plan (MTFP), the Capital programme and Treasury Strategy to 2027/28.
  13. The approved MTFP looks forward over the medium term to 2027/28 and takes into account known and anticipated budgetary pressures and efficiencies whilst also making assumptions in relation to inflationary pressures and potential funding levels. The MTFP shows a current budgetary gap over the next three years on £670k, a reduction on the previous year’s MTFP funding gap of £1,500k.
  14. The Council’s Financial Strategy (to which this Productivity Plan will be appended) is currently under review. The strategy will look forward over the medium to long term and will set out the pressures the Council anticipates it may face over this period and how it intends to tackle them.
  15. The Productivity Plan programme below sets out the planned actions Hertsmere is taking to manage current challenges, risks and uncertainties and to ensure delivery of a balanced budget over the medium term:

**Productivity Plan Programme**

| **Description** | | **Responsible Body** | **Action** | **Date** | |
| --- | --- | --- | --- | --- | --- |
| **2024/25 Financial Monitoring** | | | | | |
| Revenue Monitor  Capital Programme  Treasury Management  Debt Management | | Finance Service / Budget Managers | Budget management, monitoring and performance reporting | Revenue monthly from July 2024, capital, treasury, debt quarterly | |
| Chief Officers/ Portfolio Holder/ Financial Monitoring Member Panel | Performance monitoring, scrutiny and challenge | Revenue monthly from July 2024, capital, treasury, debt quarterly | |
| Operations Review Committee | Performance monitoring, scrutiny and challenge | Quarterly | |
| **Financial Strategy 2024/25 to 2027/28 (incl. Productivity Plan)** | | | | | |
| Develop a new Financial Strategy planning the Council’s financial resources in the short to medium term (3 to 5 years) that align with the Council’s new Corporate Plan priorities, that identifies current challenges, uncertainties and risks and sets out the framework and principles on which the Council will plan and manage its finances going forward | | Senior Management Team, Portfolio Holder, Management Board | Review and update Financial Strategy to reflect new Corporate Plan priorities and identify current challenges | June to September 2024 | |
| Cabinet | Review and Recommend for Consultation | September 2024 | |
| Policy Committee | Consultation | November 2024 | |
| Cabinet | Recommend for Approval | December 2024 | |
| Full Council | Approval | January 2025 | |
| **Revenue Budget 2025/26 and Medium Term Financial Plan to 2027/28** | | | | | |
| Initial brainstorming session to identify potential efficiency proposals | | Senior Management Team | Budget and MTFP Presentation and Brainstorming session | June 2024 | |
| Develop efficiency and productivity proposals | | Management Team in consultation with Portfolio Holders | Work up efficiency proposals into realistic options | June to August 2024 | |
| Service budget review | | Budget Holders / Finance Service | Line by line budget review and review of fees and charges | June to August 2024 | |
| Service Budget Challenge | | Star Chamber Panel | In depth peer review of service budgets including new pressures and efficiency proposals | September 2024 | |
| 1st Member Budget Panel | Budget presentation and challenge | October 2024 | |
| Management Board | Budget presentation and challenge | October 2024 | |
| Service budget update and further review | | Finance / Budget Managers | Fully develop efficiency proposals business cases and implementation timetable. Review and implement budget challenge feedback. | October / December 2024 | |
| Budget update and review | | 2nd Member Budget Panel | Presentation, challenge and feedback | December 2024 | |
| Management Board | Presentation, challenge and feedback | December 2024 | |
| Consultation and approval of Revenue Budget 2025/26 and MTFP 2024/25 to 2027/28 | Cabinet | | Recommend for Consultation | | January 2025 |
| Policy Committee | | Consultation | | January 2025 |
| All Stakeholder | | Consultation | | January to February 2025 |
| Cabinet | | Recommend for Approval | | February 2025 |
| Full Council | | Approval | | February 2025 |
| **N.B.** – The Capital Budget follows a similar but separate timetable, please refer to the Capital Strategy | | | | | |