

Mid Devon District Council – Productivity Plan

Introduction

This statement has been produced in accordance with the guidance as issued by the Minister for Local Government to local authority chief executives on 16th April 2024, where it is made clear that member oversight and endorsement is required.

This council welcomes the Minister’s acknowledgement of the ‘huge amount’ that has already been done in local government to improve productivity and efficiency, and furthermore recognises that the Minister does not wish to impose excessive new burdens on the sector.

After 14 years of austerity and cuts, a lack of appetite to reform local government finance, and a stubborn refusal to grasp the challenges of how to fund social care meaning that 2/3rds of local council tax receipts are now spent on 3% of the population propping up an invaluable social care sector, we remain reassured that the government’s focus throughout this exercise is on such priorities as wasteful spend on equalities activity and union time. I look forward to a time when a government Minister approaches their local council leader counterparts with a request to learn from our collective experiences and agility, rather than seeking to set out the tune to which we must dance, or the nature of the bowls with which we must beg in upcoming bidding rounds to secure the favour of investment to deliver for our communities. More productive local communities are the building blocks for a more productive nation; invest in all our todays for a more productive tomorrow for the whole country. You could call it something like ‘levelling up’....

Cllr Luke Taylor, Leader of the Council

1. How you have transformed the way you design and deliver services to make better use of resources.

In recent years we have: reduced the costs of our senior management by £100k p.a., changed to 3 weekly waste collection saving around £0.5m p.a. (which has also increased our recycling rate by 5% - putting us in the top 10% nationally) and have nearly a 1/3rd of our residents on our paid for garden waste permit system generating £0.5m p.a. We are co-delivering some services with Town/Parish Councils (and have transferred some assets to them to operate directly), introduced a corporate review process for all fees/charges, and have reduced the running costs of our 3 leisure centres by £0.4m after robustly benchmarking and identifying efficiencies. We have improved our Council tax and Business rates collection back to above pre-pandemic levels and have recently identified further income by undertaking a review of all single person discounts as part of a regular fraud/assurance framework (work that has been done in partnership across the whole county using the Devon Audit Partnership).

We measure productivity by benchmarking our performance against local/national PIs (both cost and performance – we have a good number of services in the upper quartile of performance nationally), and by constantly seeking to learn from others and take advantage of operational alignment where possible. We actively and regularly participate in the LGA’s sector led improvement process and a number of our senior officers assist in undertaking reviews across the country.

Operationally, we have a monthly corporate performance meeting (this also looks at corporate/service risks/opportunities, staffing data and opportunities for Comms/PR messaging), to ensure that operational effectiveness and efficiency is at the heart of the way we run the organisation. Most of our member committees receive performance dashboards at regular intervals and are seen to substantially ‘own’ the performance imperative in terms of delivery for communities and opportunities for improvement.

Recent service improvement examples include making a further senior management saving of £50k, making efficiency changes to the delivery of our waste service – building on the success of our 3 weekly service – which has seen customer satisfaction rates increase by 3% since this new scheme was

introduced. Our new customer service portal in Revenues/Benefits has seen not only an increase in self-service functionality, but has also helped improve collection rates by over 1%. We have purchased 11 new housing units using the local authority housing fund to try and address housing and homelessness pressures, in the last 2 years have spent over £3.5m on decarbonisation works across our 3 leisure centres to remove our reliance on mains gas. We have secured additional tenants at our HQ – generating an additional annual rental stream of £55k, which is money that can be used to protect service delivery in light of ongoing funding cuts. We also continue to identify surplus assets for disposal – deploying the receipts for future property maintenance or invest to save schemes.

In our Housing Revenue Account (HRA) we have added around 50 new housing units in 23/24 to work towards reducing our housing waiting list, and have also have another few hundred units in the planning stage for delivery over the next 3 years to try and maintain or increase our social housing stock in the face of the damaging impacts of right to buy legislation.

Efficiency and effectiveness is a never-ending journey and in the next 2 years we have already initiated a few areas of transformational gain: we have just gone live with a new CRM system – we have already captured current customer contact to use as a baseline to measure against. This will enhance our journey to move more service/customer interactions on-line and promote digital by default/design by enabling increasing customer self-service while freeing up human interactions to focus on the more complex cases to continue to help our customers who need it. We are also moving forward with an ambitious improvement plan to reduce cost and increase income at our 3 leisure centres (part of this project has a new digital customer platform). This is planned to reduce the taxpayer subsidy required, however this is one service area where value is measured by service availability for our communities, not just be income gained. As a rural area we don't have the critical population mass to generate the incomes of our more urban counterparts, but strongly believe that communities should not lose out because of this. We will also be continuing our successful dialogue with our neighbouring District Councils, the County and our Town/Parish councils to consider further cost sharing ideas.

It is fair to say that our area for greatest potential operational gains has been taken – as our highest cost service the move to 3 weekly waste collection has delivered the biggest saving while also seeing satisfaction rates and recycling rates improve. To that end we despair at the recent announcement by DEFRA to try and standardise service to deal with the lowest common denominator of poor performing councils. We our focusing on reducing the subsidy at our leisure centres (our 24/25 budget has already seen a £0.4m improvement in the cost of running this discretionary service). Most of our other main services have gone through regular efficiency reviews – which mean there is little left to make more productive. Any further financial 'savings' effectively mean service cuts/reductions. The greatest potential for strategic productivity gain will come from addressing the continued physical and digital infrastructure deficits in Mid Devon, but here we are reliant on the vision of government to see the need for unlocking housing growth or enabling digital connectivity – Mid Devon was referenced in the levelling up white paper for its poor broadband coverage, and OFCOM's Connected Nations report in 2020 revealed Mid Devon as having the 6th worst average download speeds in the country.

We continue to deploy capital funds where possible to maximise efficiency and reduce revenue pressures: over the past few years we have made major investments in leisure, both in terms of building extensions and state of the art equipment. This has helped increase revenue by circa £0.3m. We have also purchased 11 housing units as a proactive measure to reduce the Council's growing B&B expenditure. This is more of a cost mitigation rather than a saving measure.

On local reforms, the Council continues to build on success in partnership working across Devon in areas such as, building control, procurement and audit. In addition, Devon now looks forward to taking full advantage of the increased freedoms/flexibilities of the new Devo deal, which will hopefully allow for increased investment in a range of areas alongside better targeting of investment in areas such as skills and training; areas that are key to improving the productivity of our area.

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.

The implementation of our new CRM will see more services have an on-line customer access offering and most fees/charges will be able to be ordered/paid for on-line. We publish all performance data quarterly for member visibility and public transparency, and will continue to utilise performance benchmarking data such as the LGA Inform to compare our performance and learn from best practice elsewhere. We will also be mindful of the burgeoning OFLOG intent and the extent to which that may prove helpful or a hindrance depending on how it is used by government or any third parties.

Barriers from legacy systems can include having few suppliers in the Local Govt. system market (Capita, Northgate, Advanced, Orchard, etc.) thus making it very difficult to drive down costs. Also the sheer cost in transferring from systems is well known by the suppliers. However, by consolidating our offer by grouping together to make one procurement/market bid can drive out some efficiencies (both price and implementation costs).

Sharing data: there are a number of barriers to this, however we do share data wherever possible with other authorities to achieve shared outcomes. One example of sharing data is where we work with the County Council regarding care leaver exemptions for CTax and the arrangements around the Ukrainian support schemes.

Opportunities of new technology: the most obvious service areas that will be able to make the most benefit here are: our new CRM, Ctax/Benefits, Democratic Services, and planned investment in updated technology underpinning leisure centre memberships and activities.

3. Plans to reduce wasteful spend within the organisation.

Our approach: All of our senior managers sit on pan-Devon and some national networking groups to share and learn from best practice. Our monthly corporate performance meetings discuss; service/budget performance, risks, H&S, key employee data and comms/PR opportunities. Leadership Team and our corporate managers regularly discuss organisational performance and improvement ideas. These are then fed into Cabinet considerations and are explored further in all of our service reviews and budget setting meetings which involve: Cabinet, the Council's Policy Development Groups, Audit and Scrutiny Committees. We also encourage staff feedback to capture front line suggestions on efficiency as part of budget discussions.

Invest to save: over the past few years we have made major capital investments at our leisure centres to enhance and improve the facilities to drive up our customer numbers and overall income. This has seen us achieve market penetration rates exceeding those forecast by industry experts. We have also invested significant funds in IT (including the new CRM) to embed "digital by design" across a number of services that have high customer contact levels. In addition our recent property purchases under the LAHF scheme are beginning to offset the escalating costs of B&B to accommodate growing homeless numbers.

Regarding time/money spent on equality, diversity and inclusion (EDI): we don't have any specifically/solely employed EDI champions, one officer spends about 20% of their time on this area of work (circa £10k). We have also recently set up an EDI working group that meets quarterly to embed good practice across the Council. We feel our current measures ensure compliance with the Equalities Act and respectfully suggest that seeking to address inequality is a fundamental role of local councils. Portraying the tackling of inequality as 'waste' is an uncomfortable narrative and one that central government has a duty to distance itself from.

Spend on agency/consultants: it should be noted that the majority of the Council's agency spend is in frontline service provision to cover short term sickness (e.g. waste and leisure). In 23/24 the Council reduced its spend on agency staff by £0.4m from £1.1m down to 0.7m – these percentages equate to 5.08% to 3.07% respectively. The 24/25 budget is based on an estimate reduction of a further £0.1m or

0.45%. We have already taken proactive steps across the organisation to reduce this expenditure – which is clearly already resulting in a reduced level of spend. However, it would be remiss not to point out that successive years of below inflation pay rises for local government staff has meant that retaining a fully-resourced staffing structure is not always easy. Sometimes agency or consultant use is absolutely the most effective way to deliver or procure an outcome. Other times it comes down to the necessity of keeping services running against a backdrop of recruitment and retention, exacerbated by the national drive for financial efficiency often meaning real-terms pay cuts for the majority of staff.

Governance structures to track spend: our budget monitoring systems/reporting to all service managers and then on to various Council meetings to track this expenditure. The Council has a demonstrable track record of delivering to budget and receives positive feedback from its external auditors on the delivery of VFM and timely/clean sets of accounts.

Shared office functions: we currently share our HQ with Devon County Council (library, social and education services) and the DWP – this brings in a valuable rental stream and also makes our offices a local public services hub. We are in current discussions with other potential tenants to further maximise this income stream. We also collocate our building control services with a neighbouring District.

External training costs: we work with neighbouring Councils/organisations to maximise economies of scale in our purchasing power. This also fosters enhanced shared learning and the imparting of best practice arrangements.

Experience of elected mayor, CA or Devo-deal: Devon is currently about to go live with its Devo-deal and is already looking to enhance collaboration within this new governance framework as well as putting existing 'Team Devon' partnership working on a more formal footing through the establishment of a statutory joint committee. However, we will be seeking to ensure that greater investment flows from government as a result of this deal and that we continue to press for actual devolution on a far wider and deeper spectrum of issues than is currently the case.

Regarding the query on trade union facility time: we don't budget for this as it's such an immaterial sum, the costs were circa £2k in 22/23 and £3k in 23/24 – even in 23/24 this is about 0.00015% of our paybill. We have an excellent working relationship with our union representatives and indeed our other employee groups and, as with our comments earlier on EDI, would call on the government to distance itself from unhelpful narratives about such activity being 'wasteful'.

4. Barriers preventing progress that the Government can help to reduce or remove.

The barriers preventing productivity are largely ones that the government has continuously failed to address: it is hard, if not impossible, to make strategic medium term investment decisions set against a one year funding deal. Every year the government says it recognises this and every year we see the same. The continued delays/uncertainty on fair funding, business rates review, the future of NHB. Every year the government says it recognises this and every year we see the same. The insidious move to a bid funding system where outcomes can only be achieved through the favour of government. Lots of officer resource tied up in complex and often opaque processes, with little or no feedback if unsuccessful. Every year the government says it recognises this and every year we see the same.

The DHLUC revisions to right to buy receipts – a 2 year amnesty allowed Councils to keep 100% of the receipts ended on the 31/3/24. Surely if the delivery of increased numbers of affordable housing is a national priority this would have continued, as so many commentators have called for.

Uncertainty breeds inefficiency as we wait for the fog of government deliberation to clear. Uncertainty on extended producer responsibility (EPR) and funding for weekly food waste. EPR has already been delayed for a few years – when the promise of a £1.3bn national scheme was being outlined. After years of delay, councils who failed to deliver are now being awarded significant capital sums to introduce weekly food waste collection. The councils, like ours, who did the "right thing" some years ago to comply with

national recycling PIs will receive zero funding. Against such a backdrop of financially rewarding failure, it is unclear how to make decisions in the medium term – go for efficiency/productivity as early as possible, or wait for the government to instruct it along with the funds to do so.

The support from national bodies is inconsistent – HE has become a complicated and uncertain partner on all key infrastructure delivery. This is intrinsically linked to the uncertainty on bid-related processes. The need for capital investment to achieve productivity is a point recognised in theory by government, but one which rarely materialises in practice.

The current audit regime seems likely to prove a barrier – a circa 200% in audit fees (not matched by any new burdens funding) and no recognition what value added is derived from the audit process. Too often this is overly technical and complex when it could be a lot more focused/prescribed – in a way that our residents/customers would understand; pages and pages in the accounts on asset and pension valuations mean nothing to our public, and are likely to act as a barrier to understanding the real value that councils do provide for their communities.

A barrier to progress is also the sheer volume of new burdens and additional requirements that have come with little/insufficient funding – that have therefore had to be subsumed as part of the day job – e.g. Ukraine, homelessness, CTax support fund, delivery of covid support, and migration to UC, extra FOI/SAR burdens, election boundary changes, changes to regulatory regimes etc.

Barriers to improving services: there is no medium term certainty of direction provided by Govt. – e.g. EPR and Food Waste delays – how much financial support and when? And now the recent untimely DEFRA announcement on Simpler Recycling, which might force Councils who have invested large sums to collect residual waste 3 weekly in order to; reduce cost, reduce carbon footprint and significantly increase recycling rates – precisely what Govt. departments should be encouraging (we were actually asked to Chair an OFLOG webinar on our successful transition about 6 months ago). The irony of this decision being made at a time when Councils are completing productivity plans is surely worthy of reflection....

With regard to how Council services are paid for, it would be useful to see some agreement nationally on whether some service fees/charges can fully recover cost. Why should the council tax payer subsidise planning applications? Is there a recognition that some services should be subsidised by the CTax payer – e.g. leisure, parks, play areas etc. - ones that have health preventative benefits? How prescriptive does government intend to be in this space; for all the talk of devolution we are still seeing national commentary on types of bin collection, for example.

How could these barriers be removed? Government needs to:

- reflect on how fair local government funding is, especially to sparsely populated rural authorities
- give some medium term financial certainty
- consider whether certain services shouldn't be funded by council tax
- work out what it is that it thinks local government exists to deliver
- address the challenge of social care so that it is clear to the public what the majority of council tax receipts are actually being used for
- ensure that national bodies support local delivery rather than frustrating it
- plan for the long-term health and wealth of individuals, places and the nation, by recognising the value of preventative investment rather than choosing to bear the (greater) societal cost of dealing with avoidable outcomes, and
- create a compelling vision of public services for the future alongside a well-understood funding regime for the delivery of that vision, and secure appreciation across government of such ambition and intent.