



PRODUCTIVITY PLAN 2024

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1. INTRODUCTION

- 1.1 At the time of announcing the final Local Government Finance Settlement for 2024/25, the Government also announced that it would require Local Authorities to prepare and submit Productivity Plans by July 2024. Local Authorities are also required to publish these plans on their website.
- 1.2 The final version of this Productivity Plan, once approved by the Council's Cabinet on the 8th of July, will be submitted to Government on or before the 19th of July to meet this requirement. The final version of the Plan will be published on the Council's website on the same date as it is submitted to Government.
- 1.3 In preparing Productivity Plans, Local Authorities have been asked to address several questions as follows:
- How you have transformed the way you design and deliver services to make better use of resources.
 - How you plan to take advantage of technology and make better use of data to improve decision making, service design and use of resources.
 - Your plans to reduce wasteful spend within your organisation and systems.
 - The Barriers preventing progress that the Government can help to reduce or remove.
- 1.4 As a Council, we believe that the way in which these questions are phrased does not acknowledge or take account of the significant reductions in core spending power and increase in responsibilities Local Authorities have experienced between 2010 and 2024 and the many difficult funding decisions that have had to be made locally as a result. In setting out our Productivity Plan, therefore, we have chosen to focus on:
- The regional and local context in which we operate.
 - How we have transformed services and delivered efficiencies to date.
 - Our future transformation plans.
 - Our asks of Government.

2. THE REGIONAL AND LOCAL CONTEXT

London

- 2.1 London boroughs have had to become more productive and more efficient over the past 14 years since the period of austerity began which saw significant reductions to funding. London Councils estimate **since 2010-11, London boroughs' Core Spending Power¹ reduced by £2.2bn (20%) in real terms** from £11.1bn to £8.8bn in 2024-25.
- 2.2 Over the same period, **London's population has grown by 884,000 (11%)** – larger than the entire population of Leeds - with significant associated increases in demand for services. This means **Core Spending Power per capita is now 28% lower than it was in 2010-11 across London.**
- 2.3 London boroughs have also taken on new duties and responsibilities without sufficient or sustained funding. Some examples include: the localisation of council tax support in 2013; the transfer of public health duties in 2013; duties resulting from the Homeless Reduction Act 2017; duties resulting from the 2014 Children & Families Act; changes to Youth Justice and Health policy that impact children's social care. In total, London Councils estimate **new duties and responsibilities and other new or underfunded burdens have added over £1bn of additional funding pressures to London boroughs.**
- 2.4 London boroughs have had to reduce employee numbers significantly as a result of these funding reductions. **London boroughs employ around 54,000 (29%) fewer Full Time Equivalent staff (FTE) than in 2010.**

Merton

- 2.5 Over the equivalent period from 2010 to 2024, our Core Spending Power excluding council tax has reduced by 20% from £93.9m in 2010-11 to £75.0m in 2024-25. Based on the same population estimates used by London Councils to calculate the population increase at 2.2 above, the boroughs population has increased from 200,542 in 2010 to 208,624 in 2024², an increase of 4%. In real terms, therefore, we have seen a reduction of 28% in Core Spending Power per capita over the period, equivalent to that experienced across London as a whole. While the rate of population increase is proportionally lower than for London as a whole, over the same period we have seen significantly increasing need, and spend, across a broad range of service areas including children's social care, special educational needs, adult social care and housing needs.

¹ Calculated on like-for-like basis with how HMG has defined CSP from 2015-16 onwards.

² GLA Population Projections (Housing Target based)

3. TRANSFORMATION AND EFFICIENCIES TO DATE

- 3.1 Over the period since 2010, we have undertaken or participated in a number of major transformation and efficiency programmes, including those undertaken in collaboration with other London Boroughs, both across London as a whole and with other South West London Boroughs.

Collaboration across London

- 3.2 **Freedom Pass** – the annual administration of and negotiations regarding the Freedom Pass is undertaken by London Councils on behalf of the boroughs. At a cost of £1.7 million, it is 20% of the cost of boroughs undertaking this activity individually (c. £8.5 million).
- 3.3 **Parking and moving traffic appeals tribunal** – London Councils provides a statutory tribunal for the boroughs. This includes an outsourced managed service. Since 2015, London Councils has saved boroughs 40% on the cost of this service (c. £18 million).
- 3.4 **London Lorry Control Scheme** – This permitting scheme restricts the movement of heavy goods vehicles (HGVs) at night on London's roads so that Londoners can get a good night's sleep. The scheme is run at no cost to the London boroughs. Since implementation in 2017, the number of vulnerable road users killed on London's roads by HGVs has fallen by 49%.
- 3.5 **GULCS and LEVI schemes** – Working in collaboration with the boroughs and TfL, these schemes install electric vehicle charging points on residential streets in London. By working collaboratively and creating a market for EV charge point manufacturers at a pan-London scale, the Go Ultra Low City scheme installed more than 3,000 charge points with its successor scheme, LEVI, due to deliver more than twice this number in the next two years.
- 3.6 **London Office of Technology & Innovation (LOTI)** – Helping boroughs save time and money, LOTI has substantially improved digital collaboration across London since 2019. Examples include a recruitment project which saved member boroughs at least £300k compared to market rates and a project to deliver Data Sharing Agreements which has the potential to deliver £1.4 million in savings compared to individual agreements between all parties.
- 3.7 **London Innovation & Improvement Alliance (LIIA)** – the LIIA works to improve outcomes for London's children and young people by promoting learning, collaboration, improving governance, leveraging investment and sharing best practice. Examples include: the London Pledge, which caps the price of agency social work fees and saved boroughs £4.5 million in its first year (2022-23); and the £100 million pan-London Secure Children's Home project - a new welfare secure facility in London that will prevent high-cost placements that can be hundreds of miles away from London and improve outcomes and value for money.

- 3.8 **London Councils Grants Programme** – funded by London’s 33 local authorities. Between 2022 and 2026, this is investing over £6 million each year to tackle two of the most serious issues facing the capital - homelessness and domestic sexual violence. The programme commissions services where it is economical and efficient to deliver services on a London-wide basis.

The South London Partnership and sub-regional collaboration

- 3.9 The South West London boroughs have a strong history of working collaboratively to add value and drive efficiencies.
- 3.10 The South London Partnership is a cross-political party sub-regional collaboration of five London boroughs: Croydon, Kingston upon Thames, Merton, Richmond upon Thames and Sutton. Working together and with partners in and beyond our area, SLP champions and seeks to build on the many strengths of South London as a place for people to live, work and thrive. The Partnership is ambitious for our future – for the opportunities it can offer people and businesses and for the contribution it can make to London and the whole of the UK. Building on many years of collaborative working, SLP focuses on issues where working together can add value to what individual boroughs could achieve on their own.
- 3.11 Most recently this has included the launch, in February 2024, of a Retrofit Skills Centre: a one-stop-shop for retrofit training and qualifications which aims to support the goal of making 635,000 South London properties more energy efficient over the next decade.
- 3.12 We as a Council also host two South West London Shared Services: the South London Legal Partnership (with the same member boroughs as the South London Partnership); and the Regulatory Services Partnership (with Wandsworth and Richmond Upon Thames). Both of these shared services are designed to deliver a more efficient, resilient and higher quality service than the individual Councils would be able to deliver individually. Our innovative Air Quality Team has also led work with the Mayor of London and all London boroughs since 2015 to improve the lives of Londoners through the operation of the Cleaner Construction for London scheme, which has cut construction machinery pollution by 48%. Our work on climate action as a local authority has been rated as being the fourth best in the country.

Other local transformation and efficiency programmes

- 3.13 Over the five financial years from 2019 to 2024 we have incorporated efficiencies with a total value of £15.4m into our Medium Term Financial Strategy. Without these efficiencies the Council would not have been able to set balanced budgets over that period. The table below sets out the annual efficiency programme in more detail.

| Year | Total value of efficiencies included in budget. |
|-------------|--|
| 2019/20 | £0.2m |
| 2020/21 | £5.6m |
| 2021/22 | £4.3m |
| 2022/23 | £2.8m |
| 2023/24 | £2.5m |
| Total | £15.4m |

- 3.14 Over the same period, we have sought to sharpen our commercial focus, with additional investment into our Commercial Services team that has helped deliver £16.7m in cashable and non-cashable procurement savings over the period 2019 to 2024. During 2023 we also completed the sale of a wholly owned Local Authority Trading Company to a multi-national commercial organisation. As well as delivering a very significant capital receipt, that has enabled us to make early repayment of a number of loans and to generate revenue income from investment, we were able to negotiate a number of community benefits as part of the deal, including that the purchasing company sited their European headquarters in the borough.
- 3.15 As the country emerged from the pandemic in late 2020 and into 2021 we developed a ‘Recovery and Modernisation’ Programme that was designed both to help us to capture and consolidate the new ways of working that developed during the pandemic (including new ways of working with VCS partners to provide direct support to residents and households), and to assist in addressing the fundamental changes in our financial position that the pandemic created (for example in relation to parking income).
- 3.16 This Recovery and Modernisation Programme included the following key priorities, developed in 2021:
- Developing a long term set of priorities for the borough informed by resident and business feedback.
 - Understanding and delivering the required changes to our future service provision as a result of the pandemic.
 - Embedding the new ways of working that emerged from the pandemic that balance service to our residents and communities with the flexibility of smart working.
 - Modernise the way we deliver services, in particular to utilise the opportunities that digital technology offers.

- Meet the ongoing budget challenges facing us as we aim to deliver these improvements.
- 3.17 The Programme was formally closed in April 2023, with a closure report being provided to the Corporate Management Team. This coincided with the development, led by the Chief Executive, of a new Corporate Management structure and recruitment to the new Executive Director posts in that structure. The recruitment of the new Executive team has given us the opportunity, working closely with the Leader and his Cabinet, to develop a new set of ambitions for the organisation designed to enable us to deliver the administrations ambitions, as set out in our Council Plan 2023 to 2026, in a way that is financially sustainable.

4. FUTURE TRANSFORMATION PLANS

- 4.1 During the second half of 2023, we developed a new set of change priorities to support the delivery of our ambitions as outlined at 3.17 above. Recognising the talent that we have in our organisation, the Change Team set up to drive the delivery of the new programme has been recruited internally on two year secondments funded from reserves. From our perspective this is a better value option than had we gone to the market for an external partner to lead the delivery of the programme. 'Growing our own' will also help ensure that the skills and expertise that is developed over the life of the programme will not be lost to us when the programme closes and sends a positive message to our workforce about our confidence in them, and our willingness to invest in development opportunities.
- 4.2 The Change Programme was formally launched in February 2024 and is built around four key themes, which we believe closely correlate to the themes set out in the Ministerial letter of April 2024:
- Customer and Digital: A council that serves its customers well, that makes the most of data and technology to enable all aspects of the business, to make best use of resources, and to innovate in service delivery.
 - People and Culture: An engaged workforce that is ready for, and contributing to change, with the skills to meet the challenges ahead.
 - Story and Reputation: An organisation that confidently tells its story and that of the place that it serves and is well recognised for its strengths and achievements.
 - Financial Sustainability: An organisation with a stable long term financial outlook, that provides great value for residents, spends its resources wisely, invests well in the future of the council, and the borough, is innovative and commercially astute, and makes the most of its assets.
- 4.3 Delivery of a first tranche of key projects, including a mix of 'quick wins' and projects that set the groundwork for longer term transformation and delivery of efficiencies are now in delivery and include:
- Our Future Workspaces
 - Invest to Save-Grant Funding opportunities
 - Commercialisation-Innovation
 - Customer Journey-Members Casework System
 - Training, Skills and Apprenticeships-Work Experience
 - Council Brand-Corporate Peer Review

- Resident-Centric Workforce-Customer contact
- Workforce EDI: Inclusivity and Respect in Workplace
- HR/OD Service for the Future: HR Service for Schools
- Values: WPI Workforce Assessment
- Administration and Business Support Review

- 4.4 During the second half of 2024 we intend publishing, via our website, more detail on the Change Programme, including more detailed explanations of the projects listed above and an explanation of their intended impact.
- 4.5 A cross cutting Change Programme Board, co-chaired by two Executive Directors and attended by the Cabinet Member for Finance and Corporate Services is in place to oversee progress against our Change Programme. This in turn reports to an Oversight Board which draws together our Council Plan with the Change Programme to ensure consistency across the piece. This Oversight Board is chaired by the Chief Executive and attended by the Leader of the Council.
- 4.6 Over the three years of our recently set Medium Term Financial Strategy covering the three years from 2024 to 2027 we expect to deliver, via the Change Programme and other efficiency programmes, efficiencies with a total value of £1.9m. The table below provides an annual summary of the planned scale of delivery:

| Year | Total value of efficiencies included in budget. |
|-------------|--|
| 2024/25 | £0.3m |
| 2025/26 | £1.4m |
| 2026/27 | £0.2m |

- 4.7 A note on Equality, Diversity and Inclusion – as a Council we fundamentally believe in ensuring that our workforce is equipped to deliver services to our residents and communities in ways that are sensitive and appropriate to individuals’ characteristics. Additionally, in the extremely competitive London recruitment market we know that being able to demonstrate our attractiveness as an employer to the widest possible talent pool is critical to enabling us to recruit the best talent and to reduce our agency worker costs.
- 4.8 Our external and internal facing E,D&I leads (two FTE posts) are critical to enabling us to achieve these goals as well as in ensuring that we comply with our statutory duties under the Equality Act 2010 and associated Public Sector Equality Duty. We are actively enhancing our E,D&I learning and

development programme, including for the most senior leaders across the organisation, alongside developing a range of other initiatives to enhance our overall approach to equality. We celebrate this commitment.

5. OUR ASK OF GOVERNMENT

- 5.1 Our ask of Government is focused on five key areas: funding; housing; adult social care; children's services; and regulation.

Funding

- 5.2 Multi-year settlements – the uncertainty driven by one-year settlements is a huge barrier to becoming more productive and enabling our Council to plan services strategically and take invest-to-save decisions. Three or four-year settlements would go a long way to solving this.
- 5.3 Reduce ringfencing – remove ringfences and reporting requirements associated with grant funding to empower and trust councils to get on with delivering services.
- 5.4 Reduce the number of funding pots – reduce the number of specific funding pots and arduous bidding processes, particularly in economic development and skills. Either simplify this funding into fewer, easier to access pots, or move the funding into the core Local Government Finance settlement calculation.
- 5.5 Ensure funding reflects need – like many councils we have a limited ability to put resources into driving further productivity gains because we are having to manage increasingly unsustainable demand pressures due to structural underfunding and a system that no longer reflects local needs. The Government should review and update the funding formulae for all the major grants that councils receive from government.

Housing

- 5.6 Remove barriers preventing councils from combining Right to Buy receipts with grant funding to deliver affordable housing.
- 5.7 Remove the cap on the proportion of individual sites that can be funded through Right to Buy receipts.
- 5.8 Make the increase in LHA rates from Autumn Statement 2023 a permanent measure.
- 5.9 Remove the cap on LHA payable for Temporary Accommodation in Housing Benefit subsidy (set at 90% of January 2011 LHA rates).
- 5.10 Provide funding to help councils buy accommodation sold by private landlords.
- 5.11 Deliver a new HRA debt settlement based on updated assumptions, as government policy changes have altered the existing 2012 agreement beyond recognition.

Adult Social Care

- 5.12 Deliver the adult social care funding reforms which are crucial to providing long-term financial certainty for the sector.
- 5.13 Baseline all existing ASC grants and consolidate them into one fund.
- 5.14 Implement the Hewitt Review recommendation of allocating 1% of ICB budgets towards prevention.

Children's Services

- 5.15 Ensure the Social Care Grant reflects children's social care needs (rather than only adult social care relative needs).
- 5.16 Urgently reform the children's social care market to reduce profiteering.
- 5.17 Allow local authorities to open and run special schools – this would reduce placement costs, help meet rising demand more quickly and ensure greater local oversight of places.
- 5.18 Introduce a mandatory register for all home educated children – this would improve identification of children at risk of harm.
- 5.19 Extend the DSG statutory override to provide financial certainty for councils – otherwise at least a quarter of councils risk running out of general fund reserves.
- 5.20 Consider writing-off accumulated DSG deficits.

Regulation

- 5.21 Simplify the regulatory framework, including developing a coordinating role for Oflog to avoid the risk of multiple overlapping regulator visits to individual Councils. While hugely important, servicing multiple inspections limits capacity and hinders productivity.
- 5.22 Ensure regulators have the appropriate capacity and understanding of councils and local places, including their financial context.