

# LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Full Council

**Date:** 17/10/2024

**Subject:** H&Fs Productivity Plan

**Report of:** Councillor Rowan Ree, Cabinet Member for Finance and Reform

**Report author:** Matthew Sales, Assistant Director, Assurance, Programmes and Analytics

**Responsible Director:** Sukvinder Kalsi, Executive Director, Finance and Corporate Services

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## SUMMARY

In July 2024, H&F published a productivity plan. This sets out how our ruthless financial efficiency (RFE) value has driven past and future efficiency and effectiveness improvements and makes suggestions on how government can help local government to secure further productivity gains. This followed a direction from the former Minister for Local Government of the Department for Levelling Up, Housing and Communities (DLUHC) for all local authorities to produce a productivity plan.

Last month, the new Minister of State for Local Government and English Devolution wrote to all local authority Chief Executives setting out what the government intends to do with the productivity plans. We look forward to working with the new government to show how H&F has realised productivity gains through taking a RFE approach and to finding further solutions with public and private sectors to overcome barriers to productivity, such as through the greater use of new technology.

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## RECOMMENDATIONS

1. For Full Council to note and comment on the report.

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**Wards Affected:** All

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Our Values	Summary of how this report aligns to the <a href="#">H&amp;F Corporate Plan</a> and the H&F Values
Building shared prosperity	Financial efficiencies has allowed the Council to invest in services to support residents to prosper – for example, our free school breakfasts programme, free Homecare and a generous Council Tax Reduction Scheme.
Creating a compassionate and inclusive council	The council actively pursues strategies which are compassionate, particularly for residents with additional support needs, and prevent or minimise future financial pressures for residents, the council and our partners, such as delivering new homes directly, our unique free home care model and our dedicated Law Enforcement Team.
Doing things with local residents, not to them	Co-production is a key commitment of the council and central to the way we work. Being productive means designing services that work for residents and helping people in the right way, at the right time when they need it.
Being ruthlessly financially efficient	RFE is central to how the Council operates. This report sets out just some of the ways we have transformed and modernised to maintain our services to residents, including cross-cutting improvement programmes in property, digitalisation, commercialisation and workforce planning.
Taking pride in H&F	We are proud of the innovative work that the council does to make more of our existing resources. We are always striving to improve services, to be a council our residents can be proud to call home.
Rising to the challenge of the climate and ecological emergency	We are promoting growth and unlocking opportunities. Our Industrial Strategy and four-year capital investment programme includes investment in new housing and green vehicles, improvements to existing buildings including homes and schools and we are targeting job growth in emerging green technologies.

## Financial Impact

This report outlines LBHF's response to Government's direction to produce a Productivity Plan. The plan includes information relating to the Council's finances, but there are no additional decisions required and as such there are no direct financial implications emanating from this report.

*Alex Pygram, Head of Finance, Finance and Corporate Services, 7 October 2024*

*Verified by James Newman, AD Finance, 7 October 2024*

## Legal Implications

This report recommends that Full Council notes and comments on the Productivity Plan which was submitted to the Ministry of Housing, Communities and Local Government in July 2024. The letter from the former Department for Levelling Up, Housing and Communities referred to in this report sets out those matters which must be addressed in the Plan.

The appropriate decision maker is Full Council.

*Angela Hogan, Chief Solicitor (Contracts and Procurement) 7<sup>th</sup> October 2024*

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## Background Papers Used in Preparing This Report

None.

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## DETAILED ANALYSIS

### Proposals and Analysis of Options

1. The final Local Government Finance Settlement published on 18 December 2023 announced that all councils would be required to produce a productivity plan. On 16 April 2024, the former Minister for Local Government wrote to Sharon Lea, Chief Executive, with directions to produce the plan (see Appendix 1).
2. In July 2024, H&F submitted its productivity plan to government ahead of the deadline and published it on the Council's website (see Appendix 2). The plan responded to four areas prescribed by the former government, namely:
  - How we have transformed the design and delivery of our services to residents, to make better use of resources
  - The Council's use of technology and data to improve decision-making, service design and use of resources
  - How we have reduced wasteful spend
  - Barriers preventing further progress in productivity and what is needed by government to remove those barriers.
3. Last month, the new Minister of State for Local Government and English Devolution wrote to all local authority Chief Executives setting out what the government intends to do with the productivity plans (see Appendix 3).
4. H&F welcomed the opportunity to publish our productivity plan and describe how we have secured improvements in the value for money and the provision of services for residents. Local government's productivity improvements have been in the context of over a decade of austerity. For H&F, this has meant a 54 per cent reduction in government funding since 2010. This was further exacerbated by the recent economic fiscal turmoil caused by the previous government in September 2022. The latter caused significant on-going

inflationary cost pressures for the Council (estimated at almost £14m from 2023/24) and not mentioning the cost of living impact on our residents.

## **H&Fs Productivity Plan**

5. The Council's RFE value has been a driving force as we have transformed the design and delivery of Council services. This has allowed H&F to maintain low council taxes, relatively modest external debt, generate significant income from chargeable services and developer contributions and maintain adequate reserves. Since 2013/14, the Council has generated savings of £131m from changes in operating models (across procurement, commissioning of services, property services, shared service partnerships and re-design of management structures).
6. Most of our major services are delivered by external contractors. We measure the productivity of external contractors by key performance indicators (KPIs) and industry benchmarks and drive efficiencies through the procurement process. We actively pursue strategies that prevent or minimise future financial pressures in partnership and through joint ventures. We also have in place cross-cutting and service-specific improvement programmes to drive forward improving services for residents, visitors and local businesses.
7. We are taking advantage of technology and data to improve decision-making, service design and the use of resources. Data is an integral part of H&Fs operations, guiding the daily activities of front-line services. We believe modern, safe and secure digital platforms and technology can deliver further efficiencies above those already achieved. The Council's H&F Plan for 2023-26 reaffirms our commitment to enhance data capabilities and internal expertise in technologies such as digital automation and artificial intelligence (AI).
8. We have driven out wasteful spend utilising leading research and through active participation in sector and professional bodies. Targeted investment in new areas is supported by robust business cases to realise productivity improvements down the line. For example, this was done successfully in relation to the modernisation of mobile and desktop technologies and information technology infrastructure, which realised an annual cumulative saving of up to £1.4m. Robust management arrangements and controls ensure we achieve value for money in the use of resources, including investment in the Council's staff and workforce.
9. To unlock barriers to further productivity, local government needs more medium-term financial planning. We welcome the new government's commitment to do so. Longer-term, government must look at the structural under-funding of local government and necessary strategic financial reforms to areas such as business rates and social care funding. A single regulatory framework for local authorities, though not without its challenges, would be clearer to our residents/ businesses/ visitors and will be more efficient (financially) and effective (from a perspective of outcomes).

## **LIST OF APPENDICES**

Appendix 1 – Letter from former Minister for Local Government

Appendix 2 – H&Fs Productivity Plan

Appendix 3 – Letter from Minister of State for Local Government and English  
Devolution