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Rt. Hon Jim McMahon OBE MP
Minister of State
Ministry of Housing, Communities and Local Government
Sent by email

17 July 2024

H&F Productivity Plan

Dear Mr McMahon,

Congratulations on your appointment as Minister of State at the Ministry of Housing, Communities and Local Government.

The former Minister for local government, Rt. Hon Simon Hoare MP, wrote to all Chief Executive's of local councils on 16 April 2024 requesting a productivity plan. This letter sets out Hammersmith and Fulham (H&Fs) Council's response to this request.

We welcome government reviewing productivity across public services. 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.

I am also hoping that the Council will receive its agreed contributions from DfT and TfL for the works that are being completed to date to ensure the continued safe operation of Hammersmith Bridge. This pending agreement on a future plan for the full restoration of this important gateway in West London.

The Council has 'ruthless financial efficiency' as one of the Council's core values. This has been a driving force as we have delivered the third lowest council tax in the country and looked for new ways to deliver the services that our residents, businesses and visitors need.

Our productivity plan below follows the themes and questions provided for the exercise. H&F has mature management practices and governance arrangements that assure delivery of the various initiatives, programmes and approaches outlined. We will continue to use these mechanisms and associated processes to monitor our progress in delivering improvements and reporting on them to Cabinet and local residents.

The Cabinet Member for Finance and Reform, Cllr Rowan Ree, has endorsed this plan and Cabinet continue to set the overall strategic direction for the organisation as we seek to build a stronger, safer and kinder borough for everyone.

1. How we have transformed services to make the best use of resources

Our delivery of productivity improvements

The financial pressures on the Council have been significant over the past two decades (in line with other public sector services), with a 54% real terms reduction in government provided resources since 2010. Our 'ruthless financial efficiency' value is followed in the design and transformation 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).

We measure the productivity of external contractors by key performance indicators (KPIs) and industry benchmarks and through the procurement process. All services are actively involved with national or regional benchmarking clubs e.g. Housemark, Association of Directors of Adult Social Care Services (ADASS) and especially the Chief Finance Officer (CFO) Insights platform (we commissioned a report in spring 2024 and are holding separate workshops to actively progress the potential opportunities on services that appear to spend more than average benchmarks).

H&F has a number of programmes of work (see below) that are designed to improve services and we regularly consider the best options for the delivery of services. These are either delivered by external service providers through modern contracts (with clear specifications on standards, delivery of wider community social value, strong KPIs and break clauses) or service partnerships. Most of our major services are delivered by external contractors e.g. waste collection, street cleansing, waste disposal, adult social care services, school transport services, parks maintenance, highways, housing maintenance/ building new homes). The Council has ended ineffective contracts where necessary e.g. housing repairs, or has periodically reverted back to in-house delivery if this is considered more efficient and value for money e.g. facilities management, benefit services, a small housing direct labour organisation (DLO). All of these approaches are intended to maximise outcomes at the minimum spend.

Our transformation plans

We have in place cross-cutting improvement programmes relating to property, digitalisation, commercialisation and workforce planning. In addition, there are service specific transformation programmes for housing and homelessness. Collectively, these activities will continue to drive forward improving services for residents, visitors and local businesses. These activities have generated and will continue to generate both non-cashable benefits (e.g. increase in satisfaction levels, reductions in complaints) and cashable savings.

Looking forward, the use of modern, safe and secure digital platforms and technology have the potential to deliver further efficiencies across services (especially with regard to accessibility, eligibility decision making and administration). However, we will continue to ensure that this does not increase the marginalisation of disadvantaged groups and acts as a barrier to accessing help.

Enablers to secure further improvements

From a national perspective, there is considerable clarity on statutory services but less so on the 'quantum' that should be delivered. This leads to different service standards across local government in areas such as waste collection, street cleansing, library services and care services. Guidance on 'minimum' standards would be helpful and savings could be significant.

Capital investment makes a significant contribution to transforming services, promoting growth and unlocking opportunities. Our leading Industrial Strategy and four-year capital programme includes investment in new housing and green vehicles and investment in improving existing housing, schools, open spaces, public buildings and leisure centres. This targeted investment will reduce future maintenance and operational costs whilst also complying with modern safety standards and tackling climate change. This would be enhanced by the provision of more national funding, in particular funding to tackle the climate and ecological emergency.

The Council actively pursues strategies that prevent or minimise future financial pressures e.g. delivery of new homes directly, in partnership and through joint ventures (to reduce temporary accommodation pressures and future maintenance of historic worn out stock); our decarbonisation investment programme (to reduce future social costs); public health programmes (bringing financial and non-financial benefits to the National Health Service (NHS)); our dedicated Law Enforcement Team (LET) (preventing anti-social behaviour and generating savings for the Metropolitan Police Service); and the provision of free Home Care (reducing pressure on hospital discharges and more expensive residential/extra care services). It is complex to quantify the financial benefits across the public sector of these strategies.

The Council has implemented several locally led reforms (see above) that are reforming and improving the delivery of high-quality public services (at a regional and sub-regional level) e.g. free Home Care, LET, free school breakfasts, Clean Air Neighbourhoods, planning regulation, Industrial Strategy and private housing letting standards. These will have significant positive outcomes across the regional public sector and provide significant non-quantifiable benefits and financial efficiencies.

2. How we are taking advantage of technology and data to improve decision making, service design and use of resources

Data strategy

Data is an integral part of H&Fs operations, guiding the daily activities of front-line services, supporting service improvements and influencing strategic decisions and the use of resources. H&F has adopted a Data Quality Policy that sets the organisation's standard for collecting, using and improving the quality of data. This

recognises the critical role of data quality and data quality practices to delivering quality services to residents, businesses and visitors to the borough.

We make aggregated and non-personal data available to residents through numerous forums and channels. This includes as background to co-production and consultation exercises with residents on new policies and strategies; as part of decision reports which are subject to scrutiny and public engagement; via statutory and performance reporting to regulators, funders and government; and through publication on the Council's website. Subject to data privacy impact assessments and the General Data Protection Regulations, we also share data with partners where this supports shared priorities and joint service delivery. We only share data with other organisations where it is useful to do so.

Digital strategy

We believe modern, safe and secure digital platforms and technology can deliver further efficiencies across services. Our corporate plan reaffirms the Council's commitment to enhance data capabilities and internal expertise in technologies such as digital automation and artificial intelligence (AI) and apply these to support our ambitions. In an era of digital transformation, safely applying new technologies is imperative so we can drive efficiencies, gain deeper insights into residents' needs, improve service delivery and strengthen decision-making.

We prioritise digital platforms and operational technologies (OT) that provide agile and flexible capabilities as part of a multi-cloud strategy, irrespective of the physical location of the business applications and associated data. Our investment in cloud services provides lower costs than traditional infrastructure, allows us to store and process data more effectively and securely and allows us to quickly meet new requirements without substantial upfront investment. The associated governance arrangements including security, architecture and projects are aligned to support data-led decision making.

We continue to review our systems and applications through rationalisation to help avoid duplication, maximise the utilisation of technology assets, and ensure more efficient use of technology. Legacy systems can present barriers, but we invest in technology to integrate across systems and to automate business processes. We continue to explore new and innovative technologies, such as Generative AI. We also have a robust sourcing strategy and procurement processes to secure the most cost-effective digital platforms that meet our business needs.

3. How we have reduced wasteful spend

Accountability and responsibility

Accountability for spend is governed via the Council's Strategic Leadership Team (SLT) monthly Finance Board and supported through Departmental Management Team (DMTs). Member oversight is provided through Full Council, Cabinet, Audit Committee, external audit and scrutiny committees (these cover the annual budget, in-year financial performance reporting, treasury strategy and year-end financial statements). There are also specific service-user governance structures especially in

housing services through the Tenants Representative Forums (these periodically consider the finances of the HRA).

Driving further efficiencies

There are a number of ways how the Council identifies and reduces potential waste e.g. drawing on research and evaluations (from the National Audit Office), taking part in national/ regional benchmarking groups, active involvement in the work of professional associations e.g. Local Government Association (LGA)/ Chartered Institute for Public Financial Accounting (CIPFA)/ Chartered Institute for Housing (CIH) /London Councils and engaging our employees/ residents/ businesses/ visitors in the co-production of services. This contributes to our overall MTFS planning and progress is monitored through our in-year savings programme and trend analysis over the medium term.

H&F makes targeted investment in new areas supported by robust business cases where forward funding under invest to save principles will realise productivity improvements down the line. For example, this was done successfully in relation to the modernisation of mobile and desktop technologies and migration of IT managed infrastructure. This realised an annual cumulative saving of up to £1.4m and enabled the Council to be much more flexible and agile in providing services where they are needed, which was absolutely crucial during the Covid-19 pandemic. Through the resident experience and access programme, we are investing to transform the way residents interact with the council by centralising customer contact, bringing more services online and maximising use of technology. This is realising greater efficiency and financial savings of £0.835m to date, with further investments planned in areas such as robotics.

Strength of diversity

Local authorities across the country are involved in delivering services to diverse communities/ residents/ businesses/ visitors and this is equally reflected in their workforce. The Council has governance arrangements and training to promote equity, diversity and inclusion (EDI) as required in law and because these processes assist in the efficient and effective delivery of services. This should be regarded as an investment and is not significant within the context of the overall resources (estimated less than 1% of staff time and expenditure). The effectiveness of these strategies are monitored through resident feedback/ engagement, the success in the implementation of services changes and our ability to attract and retain key skills in hard to fill areas.

People strategy

It is important to use agency staff (to maintain service delivery during peaks and troughs) and consultants (where specialist expertise is required). All these costs are funded from the savings from budgeted employee posts. The Council has established key benchmarks and does not expect spend on agency to exceed 10% of all employee spend and consultants costs to be less than 2% of major projects. There are strong governance and approval processes in place and these are reviewed though a Resource Management Board (that meets monthly).

A number of back-office services are delivered through shared consortium arrangements with other local authorities e.g. managed services (Finance and HR transactional services with Hampshire County Council), Treasury, Pensions, Internal Audit, Insurance, Hospital Teams, Fostering and Adoption and Emergency Duty Team. These help to promote cross boundary learning/ innovation, reduce operational costs and allows sharing of investment/ development costs. However, there is a need to have shared values and aspirations as this can otherwise act as an impediment to the efficient, agile and timely delivery of services.

We continually review where we might incorporate arrangements to share training costs to reduce duplication and benefit from reduced costs through the power of negotiation. Where appropriate, this includes sharing training across partnerships. To keep costs to a minimum, we mostly design and run our own training in-house using internal subject matter experts (or subject matter experts through our partnerships). Our online learning platform is a shared cost across a number of public sector organisations through a managed services offer.

It is important to maintain strong partnerships with employee representation organisations as this assists in the development of new policies, implementation of service changes and maintaining service continuity. This is regarded by the Council as an investment in employee relations and the Council incurs less than 0.001% of its pay bill on these costs.

4. Barriers to productivity growth

Barriers to growth

The limited medium-term financial planning regarding local government finance settlements, wide ranging ring-fenced national programmes and delays in the strategic financial reforms (e.g. business rates, social care funding) creates uncertainty. This is consequently translated by our external service providers as 'risk pricing' in procurement plans/ partnership working and can inhibit long-term efficient service planning. Local authorities are subject to strong appropriate scrutiny that is not always replicated across the public sector e.g. public meetings/ governance. Local authorities are further subject to multi-layered service specific regulation (plus wider information provision). The discharge of these obligations is not without the need to set aside considerable resources (significantly more than spent in other matters covered in this response).

The delivery of public services is complex with multiple separate organisations (e.g. Health, Police, Fire); different regulatory bodies and legislative requirements; and separate government department responsibilities. These are very real complications, each seemingly operating to different rules and operational boundaries. This has led to complexities in the delivery of services and implementing change (often requiring new co-ordinating governance structures). The many different national funding programmes and specific restrictions are also not always helpful and create separate considerations.

Asks of government

A single regulatory framework for local authorities would be helpful (as with other public services) as this would be clearer to our residents/ businesses/ visitors and will be more efficient (financially) and effective (from a perspective of outcomes). Other matters are highlighted elsewhere in Section 4 of this submission, such as the need for multi-year settlements and addressing structural under-funding of local government, reducing ring fencing and reporting requirements associated with grant funding, and reducing the number of disparate and competitive funding pots.

These matters will require national government reforms. In general, the public sector aspires to work well in partnership but the different funding and governance frameworks can make matters more complicated to deliver outcomes. Again, this would require some element of national government intervention and reform.

The Council looks forward to working with you and your Department to progress and resolve the many challenges facing the public sector and to ensure the best possible services are provided to our residents, business and visitors.

Yours sincerely,

Sharon Lea
Chief Executive
Hammersmith & Fulham Council