

Essex County Council Productivity Plan

July 2024

What we mean by productivity and how we measure it

We are submitting this Productivity Plan for Essex County Council in line with a request from DLUHC Ministers for all local authorities to submit such plans by 19th July 2024.

Sustaining and increasing productivity is a key requirement for all public services, as it is for the private sector too. We know that demand for many public services is increasing and that with a growing and ageing population, we can expect the trajectory of rising demand to continue. There is also the challenge of dealing with demand pressures arising from growing inequality, which have been exacerbated by the pandemic and by cost-of-living pressures; and the rising cost pressures around supporting children and adults with special educational needs and learning disabilities. Public services need to be properly funded to deal with these and other cost pressures. Public sector productivity is not a “silver bullet” that will replace the need for adequate funding. Nonetheless, productivity is and will continue to make a vital contribution to being able to sustain effective public services within available resources.

Broadly, productivity is the ability of public services to meet required duties and outcomes cost effectively. Services are more productive if they can achieve better outcomes for the same money or achieve the same outcomes for less money. There are three main lenses through which to view productivity: (a) a single service lens, where we can assess how a single service is performing relative to input costs and benchmarked against the wider sector, (b) a whole Council lens – which considers the Council’s overall performance and brings in the added value of the Council working together to be more than just the sum of its parts, and (c) a system lens – which considers how partners are working together collectively to deliver better outcomes more cost effectively.

It is important that the productivity debate addresses the broader issue of the achievement of outcomes across public services rather than purely being focused on the single service or single organisation lens. This reflects the fact that many of the strategic challenges and opportunities we face cannot be addressed by single organisations acting alone – they require local partners working together collaboratively with the necessary powers and governance structures to support that. This has been well evidenced in local plans for devolution to boost economic growth and regeneration.

Measuring productivity therefore requires a multi-faceted approach, that is not overly simplistic, and it requires consideration of a range of indicators:

- At a service level, we assess service outputs and outcomes relative to unit costs, and there is a range of benchmarking data to enable sector-wide comparisons. Our spend per head of the population is lower than average compared to our nearest county neighbours, and we rank very favourably against the CIPFA Resilience Index. Service reviews and programme evaluations also help to ensure a focus on productivity and value for money.
- At the organisation level, we track delivery against the performance indicators in our strategic plan, Everyone’s Essex. These have more of an outcome focus but also track

significant operational indicators. We also monitor at the corporate level the delivery of major programmes and of the savings built into our Medium-Term Resources Strategy (MTRS). The most recent Impower Index (2018) ranked Essex in the top ten most productive councils nationally.

- At the system level, there is some joint monitoring of performance through the Better Care Fund and we are building a stronger focus on delivering collective outcomes through the work that we are doing at the Greater Essex level and with the North and South Essex Councils groupings on economic growth and regeneration. We also have a number of partnership strategies that drive the delivery of collective outcomes across the system, for example the Essex Health and Wellbeing Strategy.

Productivity is not just about data measurement but also about learning from feedback. We use learning and recommendations from external inspections and peer reviews to assess our progress, further improve our work and inform our leadership role within the wider sector. In 2023, our Ofsted inspection of children’s services rated us as Outstanding in all areas. We have a CQC inspection of adult social care later this year. Our most recent LGA peer review of Finance found “very strong financial arrangements” across the council and feedback from our LGA peer review of Procurement was extremely positive with some areas for further consideration.

We also listen to our service users, using what they tell us to drive service improvement, as well as consulting widely on plans and strategies for renewed service offers. We also conduct regular staff surveys to find out what our workforce value about working for Essex and ways in which we can improve.

Productivity in Essex County Council

Essex County Council (ECC) has the second largest net revenue budget of all English county councils, £1.13bn in 2023/24. We pride ourselves on a well evidenced history of robust financial and organisational management, focused on providing value for money services that improve outcomes for our residents. Our strategic plan, Everyone’s Essex, provides a clear strategic direction for the organisation focused on delivering outcomes across four strategic aims. And we have refreshed our plan this year to focus on five priority areas of focus, linked to productivity and delivering for our residents – financial competence, we care, we are on your side, we are proud of Essex, and trust.

We have consistently been ranked as one of the most efficient county councils in England. Since 2012, we have delivered £800m in savings, our Council Tax has remained in the lowest quarter of councils and our reserves strategy offers a good degree of financial resilience and foundation that compares favourably with other councils, as assessed through the CIPFA Financial Resilience Index.

Despite these savings and the demand pressures we are facing, we have managed to sustain investment in high quality services, as evidenced by the outstanding performance of our children’s services and also by our performance in rolling out care technology in adult social care. Prevention is at the heart of our approach to productivity, stemming demand for higher cost interventions before it emerges through our focus on early help support.

We are focused not only on delivering today's services, but in investing to improve the lives of our residents in the future. In 2023/24, we invested £291.7m in 345 capital schemes, including the new Beaulieu Park station (the first new station on the Great Eastern line in 100 years). We are also recognised as sector leaders in Levelling Up, where we have invested around £15m in projects to boost life chances for disadvantaged residents, as well as working with district partners to secure around £120m in Government funding for regeneration. We are also sector leaders on climate action, where the Council is implementing a £250m Climate Action Plan.

Our track record of prudent financial management and effective service delivery is recognised in the sector. We were one of only a handful of local authorities awarded funding from the national Partners in Practice Programme to develop and share strong practice, and deliver hands-on peer support to other councils, to help improve outcomes for more children and their families across the country.

Where evidence has emerged that other local authorities are in financial distress, we have played a leading role in supporting the Government's intervention activity. A number of our senior officers have been appointed as commissioners on behalf of the Secretary of State and our Chief Executive has led intervention work in Thurrock and Slough.

How we have delivered greater productivity

Achieving greater productivity in public services requires sustained focus on a number of elements which are mutually reinforcing. These are set out below with examples from the Council's work:

Sound financial management

We self-assess ourselves as fully compliant using the CIPFA Financial Management Code, and alongside this we have a budget holder framework and training programme supporting our strong financial management. We have agreed budget principles across the organisation, which require development of not only transformation savings, but also an ongoing focus on continuous improvement. This is a core accountability for all business areas and is tracked and reported using a strong assurance process, which was recently assessed as such by our internal audit team. These elements and our strong track record have enabled us to weather the national crisis across children's services and home to school transport – overspends in these areas and others during 2023/24 have been managed using a focus on recovery plans, and resulted in delivering within 1% of our budget.

Continuous service improvement

A good example here is the journey that our Children's Services have been on from being judged by Ofsted as Requiring Improvement to achieving Outstanding in all aspects of our 2023 Ofsted inspection. The Ofsted report described how this has been achieved as follows: "Strong and stable leadership, well-established governance systems, clear strategic aims and effective partnership arrangements are the cornerstones on which good practice is flourishing and children's experiences are being improved. Children's needs are at the heart of decision-making and the whole workforce is unrelenting in its commitment, passion and

determination to achieve even better progress for children. The continued investment in new service initiatives is making a significant and positive difference to many children. Leaders are outward looking and forward thinking, already anticipating and planning for future changes to ensure that continued high-quality and sustainable services are provided to children.”

Prevention and early interventions

This is essential to get ahead of demand pressures and therefore to contain cost growth. An example here is the North Essex Multi-Disciplinary Team to coordinate support for disengaged families with multiple problems, which has prevented 14 children from entering care and is now being rolled out in South Essex. We have taken a piloting approach to enable learning and evaluation to be built in as the programme is scaled up. The feedback we receive from children and families we work with enables us to design our support in way that meets their needs and aspirations and, crucially, that sustains these positive outcomes.

Adopting new technology

Adopting new technology is a key tool in driving public sector productivity. In adult social care, we have helped over 10,000 residents to live more safely and independently since the launch of our new Care Technology offer in 2021, achieving savings of almost £31m and reducing pressure on the GPs and hospitals.

Data use and sharing

We have set up the Essex Centre for Data Analytics to enable a collective approach to sharing and utilising data with local partners. Internally, we have migrated 800gb of social care data over to the cloud and redesigned over 100 reports, making it 80% more efficient and improving real time data. In 2023, we were awarded Best Public Sector Organisation 2023 at the British Data Awards.

Invest to save

Over the last three years we have invested £47m in ‘invest to save’ projects with a further £25m in 2024/25. An example is replacing 115,000 streetlights with longer-lasting, energy efficient LEDs, saving 6,500 tonnes of carbon each year and significant financial savings over 25 years.

Procurement

Essex spends around 70% of its budget in the external market. Essex remains the only County Council to have achieved and maintained over a number of years the Procurement Excellence Award as assessed by the relevant professional body (CIPS). There is a strong focus on alignment of corporate priorities and value for money, both in our strategic review of markets/categories, our approach to sourcing and the manner in which we drive continuous improvement throughout the contract term, being one of the few public sector organisations to have invested in a centralised contract management capability. We have equally put increased emphasis on Social Value in recent years; £111m of social value commitments have so far been made, with £97m having been delivered to date.

System leadership

Essex has a complicated public sector geography with three Integrated Care Boards, 12 districts, and two neighbouring unitary councils. We work closely with partners to overcome the challenges of this complexity and to deliver cost-effective outcomes for residents. An example is the work we have been doing at the Greater Essex level and with the North and South Essex Councils groups to grow the local economy, develop skills, support regeneration, and strengthen business engagement through the new Greater Essex Business Board.

Operating model

We keep service operating models under review to ensure they provide best value for money. For example, we have brought the management of our recycling centres and waste transfer stations in-house, avoiding cost increases of potentially up to 30%; we have re-established in-house children's residential care provision and have plans in place to create two group homes and 4 solo provisions, reducing costs, and ensuring provision meets the needs of young people.

Prioritisation

Essex remains an ambitious Council, but no council can or should try to do everything. Everyone's Essex gives us a robust strategic framework against which to prioritise our work. An example of this is that we have reviewed our four-year £1bn capital programme to contain emerging cost escalation pressures, mitigate against the impact of higher interest rates on borrowing costs, while maintaining a focus on supporting the delivery of Everyone's Essex.

Addressing root causes

This builds on prevention/early intervention but goes deeper in addressing the root causes of rising demand. Our Levelling Up programme was developed on the back of data analysis showing that inequality has been rising in Essex over the last 20 years. The programme is targeted on addressing disadvantage and promoting life chances in 6 priority places in Essex and 4 priority cohort groups across the county. So far, we have invested around £15m in projects reaching 68,000 residents; and working with our colleagues in district councils, we have together secured around £120m in Government funding to support regeneration.

Workforce productivity

Staffing costs are a significant part of the Council's budget, therefore supporting a productive workforce is a key part of overall organisational productivity. Our People Plan sets out how we are investing in our workforce to ensure they have the right skills and capability to support effective service delivery, continuous improvement, and transformation. Alongside this, our workforce, technology, and estates planning ensures that our staff have the tools and the working environment they need to support effective and flexible working in the hybrid world we are living in post the pandemic.

A learning organisation

Our approach to productivity is underpinned by our commitment to being a learning organisation, which is shared by our senior leadership team. Being a learning organisation means living the values of being self-aware and humble, open and curious, evidence-based, and learning from failure. This is essential as it drives our desire to improve and to learn from our own experience, from our residents and service users, and from the best practice of others.

Next steps in driving productivity

As the above sets out, the Council has a strong track record on productivity, but we are not and cannot rest on our laurels. Despite significant savings found already, rising cost and demand pressures means that the Council is currently forecasting a budget gap of £120m by 2027/28. As highlighted earlier, councils need adequate funding to meet these significant budget gaps, but productivity can and will make a valuable contribution alongside this.

In the next phase of our approach to productivity, we will continue to drive forward on all the elements outlined above. But we will also take some more systemic actions in particular through the following:

Whole Council Transformation (WCT)

The WCT programme, which was launched earlier this year, is enabling us to address transformation in a more systemic, whole Council way, rather than just transforming individual services in a siloed way. It is based around three central goals – delivering the aims and outcomes in Everyone’s Essex, responding to the changing world in which we live, and securing financial sustainability. WCT is structured around six delivery portfolios and has a savings target of £100m by 2030. We are taking an agile and flexible approach to WCT, based around a series of transition stages. We have already launched a series of initial programmes as part of the first transition stage, and programmes for the second transition stage will be launched shortly.

Devolution and whole system working

Over the last couple of years, we have been working with Southend City Council, Thurrock Council, the Essex Police Fire and Crime Commissioner, and district council partners on progressing a devolution deal for Greater Essex. This resulted in a Greater Essex devolution bid being submitted to Government in 2023. The bid was paused on the Government side, but we remain very keen to progress our devolution ambitions after the general election. As experience has shown in places that already have deals in place, devolution is a key plank of public sector productivity because it enables public sector partners in a place to come together and deliver services and outcomes much more effectively than when delivery is designed at a distance from local needs and is fragmented across multiple agencies. In the meantime, we are working with local partners to manage the delivery of Local Enterprise Partnership powers that have been returned to Greater Essex and to drive forward our work on economic growth, business engagement, skills, and regeneration.

Caring Communities Commission

Ten years ago, the Council set up an innovative Social Care Commission – Who Will Care? – to address the long-term needs of our communities and find community-based solutions to the pressures on social care. That commission produced some useful recommendations which have been implemented both within Essex and nationally – for example, the introduction of social prescribing to give people access to local community activities to address issues of social isolation and wellbeing.

Ten years on those pressures are even more acute and our Leader, Cllr Kevin Bentley, has recently announced the setting up of a new Caring Communities Commission. This will seek to identify the next phase of community-based solutions that will enable us to improve outcomes and address the demand and cost pressures facing social care. The commission's work will link in both to the national policy agenda and to local social work practice and community capacity on the front line.

Artificial Intelligence

Like other councils, we will be focused on making the most of the opportunities that the AI revolution offers to improve service delivery and productivity, while also balancing this with a robust approach to risk management. We have already identified a package of early pilot areas which we believe would be suitable for initial testing and learning, and we are keen to work with central government, the sector, and other partners on this important area of work.

Working with Government

Public sector productivity cannot be delivered by local authorities acting alone. Central government has a significant opportunity to support public sector productivity through a number of actions it can take.

We will be writing to Government in more detail about how they can support increased productivity in local government and across public services. Broadly we are looking for action from Government on:

- Securing a devolution deal for Greater Essex and supporting greater whole system working across local and central government bodies.
- Reforming local government funding so that it is fairer, more flexible, and multi-year.
- Grant funding simplification to improve effectiveness and reduce administrative burdens.
- Supporting whole system approaches to tackle the drivers of cost and demand across children's and adult social care and special education needs.
- Supporting the effective use of technology and data to improve public service

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