Productivity Plan
July 2024

Leicestershire County Council

1.) Introduction

Leicestershire County Council has a well-established Transformation and Savings Programme which has enabled it to stay ahead of the financial challenge since the start of the austerity period in 2010. That proactive approach has ensured that the Council has been able to maintain a sound level of financial resilience and manage the challenges from Covid-19, the Cost-of-Living crisis and other economic and political factors. The Council has needed to maintain a very strong focus on productivity and efficiency due to its very low-funded position, as Leicestershire remains **the lowest funded County Council in the country,** with funding significantly below many other authorities. Based on 2023/24 Core Spending Power (CSP), Leicestershire County Council had £865 of CSP per head, compared to £1,128 for the highest funded County.

2.) The Council's Transformation Journey to date

In the last four years, from 2020 through to 2024 the Council has achieved **savings of £79m,** implemented demand management initiatives to avoid future costs and has plans to deliver further savings of over £80m, including savings in High Needs. A summary of the savings by theme is shown in the table below:

	Commissioning & Procurement	Service Re-design	Other Efficiencies	Service Reductions	Increased Income	DSG/HNB Savings	Total	Gap	TOTAL
	£m	£m	£m	£m	£m	£m	**£m**	**£m**	**£m**
2020/21	-3.3	-5.8	-3.8	0.0	-3.0	-2.8	**-18.7**		**-18.7**
2021/22	-4.8	-10.9	-5.6	0.0	-3.8	-14.0	**-39.1**		**-39.1**
2022/23	-5.8	-17.8	-5.9	-0.1	-12.1	-18.5	**-60.2**		**-60.2**
2023/24	-10.0	-23.0	-6.2	-1.5	-14.3	-24.1	**-79.1**		**-79.1**
2024/25	-14.2	-28.2	-6.4	-3.4	-17.1	-30.4	**-99.7**	**-6.4**	**-106.1**
2025/26	-17.9	-32.2	-6.7	-4.4	-18.3	-41.1	**-120.6**	**-33.2**	**-153.8**
2026/27	-20.2	-37.5	-6.8	-4.6	-19.5	-53.2	**-141.8**	**-59.6**	**-201.4**
2027/28	-22.3	-39.9	-6.9	-4.6	-20.6	-65.6	**-159.9**	**-82.9**	**-242.8**

Despite this proven track record, the Council's latest MTFS shows a **budget gap of £83m by 2027/28**, meaning further savings or income generation opportunities will need to be identified. These are proving increasingly difficult to identify given the savings already made and statutory and other responsibilities of the Council.

The nature of the Council's low funded position means that it has systematically targeted efficiency improvements since before the start of the austerity period. Necessitated by the increasingly dire financial position, during the last financial year the Council introduced a range of escalated financial controls around recruitment,

procurement and other types of spend to ensure greater oversight over spending decisions. Controls include establishing a Corporate Procurement Board which reviews and approves all spend over £100k to ensure the Council is achieving Value for Money in its procurement decisions.

However, due to the Council's underfunded position and level of savings already achieved, further efficiency savings are not realistic and the Council is now in the realms of reducing services and stopping doing things, such as closure of Household Waste Recycling Sites.

The Council spends around 80% of its budget on social care and is acutely aware that managing demand and meeting need in a different way will need to be central to easing the financial challenge. The demand management programme is achieving positive results in Adult Social Care, with £225k of costs avoided through Fair Outcomes Panel from October 2023 to May 2024, reducing the service overspend from a peak of nearly £8m to £3m at the end of the financial year.

A key priority for the Council's MTFS is the **Transforming SEND and Inclusion in Leicestershire Programme (TSIL)** which aims to improve how we support children with SEND and their families - ensuring every child with SEND has the right support, at the right time, in the best setting for them to succeed and thrive in their education. Four key focus areas for the programme are Inclusive Practice, Service Transformation, Data and Information, and Communication and Engagement. Through reducing the number of starts in specialist provision, improved decision making and consistency in allocation of resources, the TSIL programme is forecast to **reduce cost by £3.8m in 24/25 rising to £27.7m in 2027/28.**

3.) <u>How the Council measures productivity</u>

The Council carries out a range of service reviews and efficiency assessments through its **Transformation Programme,** sometimes using external advice/support. We also make regular use of **comparative benchmarking** information to provide insight into performance and cost-efficiency, with a wide range of cost and performance measures monitored by the Cabinet, Corporate Management Team and Service Heads.

To make best use of the funding provided by taxpayers the Council has had to maximise spend onto core statutory and priority performance indicators and outcomes. This resulted in the Council being judged **the most productive authority** (pre the covid pandemic), in an analysis by management consultancy **Impower** for all three years that the analysis was performed. Their Index measured the performance of 149 councils against outcomes per pound invested, through seven different service lenses.

| Authority	Impower Productivity/ Efficiency Ranking
Leicestershire	1
East Riding of Yorkshire	2
Wigan	3
Gloucestershire	4
Havering	5
Redbridge	6
Essex	7
Windsor and Maidenhead	8
Rutland	9
Derbyshire	10

It has not been published since the Covid pandemic; however, we have continued to seek to replicate the efficiency approach using a more comprehensive and wider range of service metrics. The Council has also developed a **cost effectiveness index** which seeks to replicate the previous Impower analysis. This brings together input data in the form of core spending power per head 2022/23 and outputs/outcomes data from 208 performance indicators covering core council services.

The model suggests we are the **most cost-effective county/county unitary** and also of our CIPFA statistical comparator group and of East Midlands authorities. The chart below shows the results for the top 10 county/county unitary authorities.

We also benchmark both service costs/spend and performance outcomes against other authorities to target maximum cost-effectiveness (outcomes divided by spend levels). We use a benchmarking analysis of Core Spending Power linked to Outcomes using **257 nationally produced and accepted performance outcome indicators** across a wide range of services. The analysis covers two-tier counties and some larger county unitaries (blue dots). This comparator group is used because it comprises large authorities which face similar challenges in delivering services across large geographic areas.

The analysis confirms the Impower conclusions of **Leicestershire being the most efficient County authority.** We would expect the results to be similar for Leicestershire if the analysis was expanded to cover all local authorities. The counties achieving the best outcomes at lowest cost are placed in the top right quadrant below.
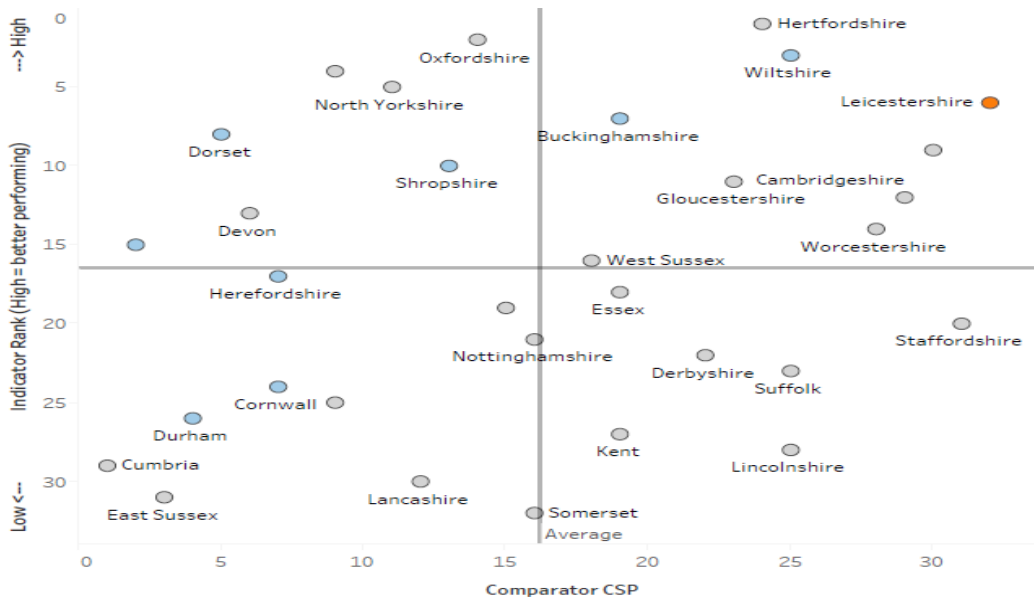
The Council's benchmarking approach, results and low spending have also been endorsed by Grant Thornton in the 2021/22 Annual Audit Report of the Council. An extract of the analysis provided by Grant Thornton is shown below:

Service	Total Budget Cost 22/23 £000	Units	Unit Costs £	Unit Cost Score
TOTAL PLANNING AND DEVELOPMENT SERVICES (RA) £/head	6,217.00	713,085.00	8.72	Very High
TOTAL EDUCATION SERVICES (RA) £/aged 0-18	275,323.00	151,256.00	1,820.25	Very Low
TOTAL CHILDRENS SOCIAL CARE (RA) £/aged 0-17	101,102.00	143,343.00	705.32	Very Low
TOTAL ADULT SOCIAL CARE (RA) £/aged 18+	216,615.00	569,742.00	380.20	Very Low
TOTAL SERVICE EXPENDITURE (RA) £/head	730,013.00	598,070.00	1,023.74	Very Low

Planning and Development makes up a very small proportion of the Council's overall net expenditure but includes some priority services, such as economic and community development and environmental initiatives.

4.) <u>Future Transformation Plans – MTFS 2024-28</u>

It is clear that the Council faces a significant financial challenge, as with many other local authorities, and focus continues to be given to identifying further opportunities for savings, cost avoidance and income generation.

The Council's strategic change portfolio is our transformation programme which currently encompasses more than **150 change initiatives, projects and programmes of varying size, scale, and complexity.** These initiatives collectively contribute to meeting the savings targets outlined in the existing MTFS (as shown in the table on page 1) but will need to go further, identifying, designing and implementing additional opportunities for change.

The strategic change portfolio aims to deliver change and ultimately savings through a variety of avenues:

- **Cheaper Provision** - exploring alternative service delivery models and reducing commissioned spend
- **Increasing Efficiency** - reviewing structure, function and importantly business process redesign to maximise efficiency
- **Income generation** - seeking to exploit new opportunities for commercial income, as well as increasing existing income and further grant funding sources
- **Demand Reduction** - Through preventative investment, invest to save models, and changes to service eligibility

Of the 150 change initiatives, some large transformational programmes are underway. These include:

- **Demand Management and Commissioning Programmes** across Adults and Childrens Social Care - aiming to reduce/control demand and optimise how services are commissioned
- **Prevention Review** - taking a systemic approach to optimising investment in preventive services to reduce service users falling into more complex and expensive service provision
- **Data Strategy** - aiming to improve our services by making decisions based on reliable data, educate our staff to understand the value of data and make Improvements to our processes and technology to support data accuracy.
- **Ways of Working Programme** - full embedding of hybrid working and changes to how LCC offices are used to support increased productivity, improved recruitment and retention, and deliver savings and income generation

- **Customer and Sustainable Support Services -** Development of a future target operating model for both customer interaction and back office support. Seeking to maximise processes and efficiency through process redesign, channel shift, and automation.

More information can be found in the Council's latest Medium Term Financial Strategy.

5.) <u>Use of Technology to improve decision making and service design</u>

The council has a centralised Business Intelligence Service that oversees an enterprise deployment of Tableau Server, accessible to all staff accounting and used daily to drive both operational and strategic decision-making. An automated data pipeline eliminates, where possible, the use of manual spreadsheets and off-system working. A council-wide Data Strategy is currently under development to support the existing BI, IT and Digital strategies, to optimise how data is used to drive business decisions across the council.

A key element of the Council's transformation programme is **Customer and Automation.** We are using customer insight data to inform future design of customer related processes; for example understanding who is making contact with us and why, how they are making contact and what the outcome of a contact is. This is enabling our services to address failure demand/avoidable contact whilst also improving the customer experience. The programme has developed a repeatable approach as part of a council wider "Customer Programme". Within the programme, technology and digital solutions are enablers for such change. For example, we have implemented automated telephony solutions which deflects customers to online self-serve offerings where appropriate, freeing up our telephone lines for those customers unable to go online; call deflection rates have varied from 25% right up to 70% depending on the service area. This channel shift approach has so far resulted in £200k worth of cashable efficiencies but also reduces queue times, freeing up telephone lines for those customers who are unable to use our digital offering; over 50 external facing processes have been identified in terms of opportunity for improving customer efficiency. As a further example, following improvements made in our school admissions service during 2023/2024, we have seen a demonstrable drop in call volumes; in March 2023 the council received a total of 4276 for this service, reducing to 1333 calls in the equivalent period of 2024.

The Council is also **trialling automation technologies and assessing the use of Artificial Intelligence.** We are working closely with Microsoft to develop a Large Language Model AI foundation that can be used to support customer interactions. Alongside this we are also conducting limited pilots of the Microsoft Co-pilot technology with a view to increasing productivity at an individual level.

A number of proof of concept pilots associated with robotic process automation (RPA) have been trialled across the council, to determine where RPA may facilitate a reduction in cost base associated with manual, high volume and repetitive tasks. The

pilots have saved on average 18 hours of officer effort associated with 3 processes thus far (as well as various other benefits including improving response times), helping to build the case for other similar activities where RPA may be beneficial.

The Council is also making use of **Assistive Technology in Adult Social Care.** We have utilised care technology that assists in sustaining unpaid/informal carer relationships and can avoid or delay admissions to hospital or care homes. As well as falls protectors, examples include GPS trackers and door detectors that can allow a person to remain in their own home and continue to be cared for by the carer. Sustaining such a relationship, even for 6 months, can avoid a residential care cost of £20k.

For younger adults, we have utilised care technology targeted to enable people to live independently, being confident that help can be called when needed. Seizure monitors, falls detectors and mobile applications are all in use that have contributed to improving confidence and feelings of safety when out in the community. This can help reduce the support required both for the council, health and other community resources but still providing reassurance for the person who can ask for assistance when required. In one example, the installation of an epilepsy monitor and falls detector package reduced care packages by an estimated 13.5 hours per week, saving nearly £61k p.a for just one resident.

6.)   **Barriers preventing progress – our ask of government**

- **Multi-Year Settlements**, to include council tax referendum limits, to enable local authorities to plan for the longer term. Settlements should be rolling, extended each year so there is never a single year.
- **Deliver funding reform** with immediate support for authorities with the lowest level of funding. Leicestershire County Council met with the Chancellor in May 2023 to set out a simple solution to Fair Funding that could have been implemented quickly, but this has not been progressed by government.
- Compel DWP to **share their data** to enable more automated processing in areas such as blue badges, benefit claimants etc.
- Allowing greater **freedom to spend ringfenced grants** to allow more local decision making.
- Stop the **'begging bowl'** culture of bidding for funding.
- Address **SEND** issues – increase funding to meet eligibility criteria or reduce eligibility criteria to match available funding.
- Reform **home-to-school** transport entitlement to make it more proportionate and affordable.
- Clarification of **Social Care Reforms**, including charging and ensure adequate funding is provided.
- More notice of significant policy changes which will impact on the Council's costs, such as the unfunded increase in the **National Living Wage**