Hillingdon Productivity Plan

Introduction

The Minister for Local Government asked local authorities to submit a Productivity Plan by 19 July 2024 based on four themes and related questions. Hillingdon's response is set out below.

1. **How have you transformed the way you design and deliver services to make better use of resources?**

The Council has delivered savings of £180m, or 68% of net expenditure, since 2010/11 against a backdrop of a reduction in core spending power of 21% and an increase in population of 16% over the same period. The legacy of COVID-19, the impact of the cost-of-living pressures and high inflation has significantly contributed to increased demand pressures on local services e.g. children's social care demand up 30% and housing needs/homelessness up 27%. These challenges are further intensified by an out-of-date and inequitable financing system that disproportionately impacts outer London boroughs.

Due to the ongoing funding constraints alongside these increasing pressures, there has been a strategic shift in the Council's approach to transformation. The Council has intensified and accelerated its work on service redesign and delivery, aiming to use resources more efficiently and to further enhance productivity. The Council has applied an outcomes-based approach to all service redesign and delivery, putting residents at the centre of these processes.

Hillingdon's 2022-2026 Council Strategy outlines the five key themes which form the basis for the transformation programme:

- Safe and Strong Communities
- Thriving, Healthy Households
- A Thriving Economy
- A Green and Sustainable Borough
- A Digital-Enabled, Modern, Well-Run Council

In practice, the key strands to this approach include a fundamental review of service delivery and operating models, a scaling up of digital transformation and making best use of the land, buildings and other assets the Council owns. These will be articulated within the Council's business planning framework with a priority focus on the demand-led services that present the most significant financial challenges.

Some recent examples of this transformation work and development of high quality and innovative service provision include:

- Hillingdon was the first authority to deploy an automated voice and web chat solution at scale working in partnership with PWC – generating a return on investment of 5:1.
- Delivery of new in-house children's residential care. The recent Ofsted inspection judged Hillingdon's Children's Social Care service as 'outstanding' highlighting areas of innovation and exceptional practice.
- Similarly, Hillingdon is undertaking acquisition/development of Care Home provision to mitigate market pressures for Adult Social Care.
- A major refurbishment of the Council's Civic Centre with implementation of green technology estimated to deliver a 2,000 tonnes/year reduction in CO_2 emissions.

- Collaborative working – close working with partners to ensure joined up service planning, commissioning and delivery – building resilience and making best use of resources.

Hillingdon has underpinned the delivery of its Council Strategy and transformation strategy on an end-to-end Council wide Zero-Based Budget review. This is a method of budgeting that starts from the assumption that every function and activity needs to be justified and aligned with the strategic objectives and outcomes of the Council. By applying this approach, Hillingdon will aim to identify and eliminate any unnecessary or inefficient spending and optimise the use of its resources in delivering its transformation programme.

2. How you plan to take advantage of technology and make better use of data to improve decision making, service design and use of resources

The technological landscape is evolving at an unprecedented pace, driven by relentless innovation and a collective push towards a more interconnected and efficient future. The emergence of AI is revolutionising industries, offering tailored solutions that evolve in real-time to meet changing needs and challenges. Alongside other technology available to automate and integrate processes, local government is beginning to understand and harness the tools for change.

The advent of advanced technologies and the exponential growth of data have presented unprecedented opportunities for local government to elevate operational efficiency and strategic insights. By adopting a data-driven approach, Hillingdon can deliver change, foster innovation, and achieve efficiencies, and the Council has invested £10m of capital over the next three years in digital, data and technology to drive this forward.

In the current financial and digital landscape, the strategic use of technology and data is pivotal in enhancing the decision-making processes, refining service design, and optimising the use of resources. The Council's Digital and Intelligence (D&I) department is using data to inform and influence decision making and service design. Business Intelligence is already one of the five core D&I programmes, and for example, the Customer Experience programme is already using technology and data to design a new single point of access.

Data-Driven Decision Making:

1. Establishing a single view of the customer: Creating a unified platform where all organisational data is accessible, ensuring consistency and accuracy and reliability in decision-making.
2. Data Governance Framework: Developing a robust data governance policy to maintain data integrity, security, and compliance with local and national policy and legislation.
3. Training and Development: Investing in employee training to cultivate a data-literate workforce capable of interpreting and utilising data effectively.

Service Design Enhancement:

1. User-Centric Approach: Incorporating user feedback and behaviour data to tailor services that meet customer needs and expectations.

2. Continuous Improvement: Implementing a feedback loop for services, utilising data to make iterative improvements based on performance metrics.

3. Cross-Functional Collaboration: Encouraging collaboration between departments to integrate diverse perspectives and expertise in service design.

Resource Optimisation:

1. Predictive Analytics: Applying predictive models to forecast resource requirements, enabling proactive allocation and reducing waste.

2. Real-Time Monitoring: Using IoT devices and sensors for real-time tracking of resource utilisation, ensuring optimal deployment.

3. Sustainable Practices: Integrating data insights to support environmentally sustainable resource usage and reduce the organisation's carbon footprint.

3. Plans to reduce wasteful spend within the organisation

Like other local authorities, Hillingdon undergoes an annual value for money evaluation as part of the external audit process. The most recent provisional assessment for the fiscal year 2022/23 affirmed that the Council had established proper arrangements, and it is anticipated that this evaluation will be maintained in future years through a combination of the measures outlined in this plan.

The Council's Counter Fraud team ensures value for money and fosters a counter fraud culture. The team saved £7.4m in 2023/24 and won the Fraud, Prevention Detection and Recovery and the 'Grand Prix' award in the 2023 Public Finance awards.

The Council has robust governance structures in place to track and challenge spend. The new Oracle ERP platform strengthens procurement compliance and transparency in conjunction with monthly budget monitoring reports on the Council's general fund, housing revenue account and capital expenditure to Cabinet. There is a robust capital release mechanism that drives additional scrutiny of capital project spend.

The majority of the Council's agency spend is on frontline service provision to cover short-term resource issues. It can also be more cost effective to hire agency workers in some service areas. In some professional services Hillingdon faces a challenging recruitment market and agency usage is difficult to avoid, although where possible the Council will seek to appoint to fixed-term contracts. Recruitment and agency usage is subject to scrutiny and control including member sign-off for senior roles.

The Council's invest to save programme is managed with and linked to the Transformation Programme – bids for funding must be matched to the business planning priorities and Council objectives. Examples include investment in property acquisition to enhance housing provision and offset escalating homelessness costs, provision of capital investment into our leisure contract to reduce energy costs and increase income as well as the range of digital projects outlined above. Throughout and after implementation, the project is evaluated through a benefits realisation process to ensure its alignment with business objectives and cost-saving targets.

Hillingdon continues to work collaboratively with other London boroughs, engaging in multiple projects designed to cut costs and enhance results for residents. These initiatives span

several sectors, including transportation, environmental services, technology, child welfare services, and funding programmes. The joint management of London's business rates in the fiscal years 2018-19 and 2019-20 illustrates such collaborative efforts.

At a local level, Hillingdon works closely with the West London Alliance and neighbouring authorities. This includes a shared Public Health Director resource, joint initiatives on asylum funding and using our refurbished civic space to consolidate services from across the Council and other partners - including the NHS - to make more efficient use of space and generate further efficiency savings.

Hillingdon allocates EDI resources and Trade Union facility time in line with organisational needs and to ensure the necessary compliance with relevant legislation.

4. The barriers preventing progress that the government can help reduce or remove

The increasing complexity of the regulatory environment encountered by local government provides opportunities for streamlining and enhanced coordination, often stemming from an absence of a medium-term strategy. Areas such as extended producer responsibility (ERP), food waste collection, and DEFRA's announcement on simplified recycling highlight the need for clarity. Furthermore, the multitude of new obligations and additional demands coupled with limited or insufficient funding presents further barriers. The specific issues are outlined below:

Finance and Resources

- Provide credible multi-year settlements. The 2024 local government settlement was the sixth successive year that the sector has received a single-year settlement.
- Fully fund local government pay awards.
- Reduce the number of funding pots, grants and integrate these into the annual settlement as far as possible. This should also include minimising the number of competitive bidding processes.
- Streamlining of the statutory accounting and reporting processes.
- A sustainable and practical plan for reform of the local government finance system.

There are a range of policy challenges within demand-led services that in conjunction with the appropriate funding mechanisms could assist in supporting effective service delivery:

Housing: The removal of various barriers and caps that limit councils' ability to deliver affordable housing, use of Right to Buy receipts, LHA rates increase to match market rental rates, removal of benefit caps and Housing Benefit subsidy. A revised HRA debt settlement that reflects the changes in government policy since 2012. Providing full cost recovery funding for homelessness and resettlement costs for national policy initiatives applied locally by government departments e.g. accelerated prison release, placement of asylum seekers by the Home Office in local authority areas, and acceleration in assessing asylum claims.

Adult Social Care: delivering the funding reforms, baselining and consolidating the existing grants, and implementing the prevention measure recommended by the Hewitt Review on ICB funding. There remain significant challenges with managing demand because of the NHS elective surgery recovery programme, which has significantly increased adult social care demand as well as the pressures from the interface between health and social care funding.

Children's Services: The Council would urge the government to address the policy and funding challenges within children's services, such as: ensuring sustainable multi-year funding, to reflect local context, population and levels of need. Undertake further review of Section 17 of the Children Act, ensuring Family Help is embedded in statute, aligning with Adult Social Care. Embrace the integration of heath and children's social care, delegating resources and responsibilities for commissioning and provision of all children's community and mental health services to place based integrated partnerships, using flexibilities of Section 75 of NHS Act 2006. Integrating Supporting Families funding, removing the need to justify need on monthly basis; move responsibility for youth services from Dept. Digital and Culture, Youth Justice from MOJ and the leadership of the NTS from Home Office all to DFE to enable coherent and consistent policy decision making for children; reforming the market to prevent excessive profits; enabling Councils to run special schools; creating a register for home educated children.

Special Educational Needs & Disabilities (SEND): The challenges in SEND warrant specific mention given the scale of national deficit being carried within local authority Dedicated School Grant accounts, which is a direct result of the 2014 Children & Families Act. Whilst a full review of the SEND system and unintended consequences of the 2014 Act is undertaken the government should extend the DSG statutory override and consider writing-off the accumulated deficits.

Hillingdon's status as a port authority: The current funding regime for local government does not recognise the additional pressures created by Hillingdon's proximity to Heathrow Airport. This is most acutely felt in the pressures created by unaccompanied asylum-seeking children. Despite an ongoing dialogue with both DLUHC and the Home Office, both Hillingdon and Hounslow have incurred, and continue to be affected by, unsustainable, unfunded financial pressures as a direct consequence of the practice employed by the Home Office to place an unfair and disproportionately higher number of asylum seekers into our respective boroughs, compared to other London boroughs. In addition, partner organisations, such as local health services and schools, as well as voluntary sector organisations are experiencing related, unfunded financial pressures.