

GUILDFORD BOROUGH COUNCIL

PRODUCTIVITY PLAN – JULY 2024

BACKGROUND

The 2024-25 Local Government Finance Settlement included a request that, as part of a package of additional funding, local authorities produce 'productivity plans', setting out how service performance and productivity will be improved.

SUMMARY

The uncertain local government finance environment, economic difficulties caused by the Covid-19 pandemic, followed by geopolitical crises, surging inflation and a cost-of-living crisis, have created conditions of unprecedented challenge.

This council has not been immune to these challenges and has experienced its own. During 2022 and 2023, a number of issues emerged which revealed weaknesses in the governance and management of the council, including its housing landlord function.

The leadership of the council recognises the critical need for improvement and the request for the compilation of a productivity plan is timely. As this document sets out, considerable activity has taken place to improve organisational performance and productivity, with substantial activity underway and planned.

Productivity for this council means the efficient and effective use of budgets to derive best value from spending. This plan sets out a summary of our plans for improvement, which, in so doing, will establish a clear strategic direction for the authority, underpinned by strong governance and leadership. Our decision making will be open, transparent and robust and supported by evidence and data. We will innovate and collaborate in maintaining outcome-focused services for the residents and businesses of Guildford borough.

PRODUCTIVITY IMPROVEMENTS TO DATE

Guildford, like many authorities across the country, faces a period of sustained financial challenge. These challenges crystallised in the summer of 2023, where the Medium-Term Financial Plan (MTFP) presented to Full Council in July forecast an in-year deficit of £1.7 million and a budget gap of £18.3 million over the MTFP period to 2026/27. Serious consideration was given to the issuance of a Section 114 notice.

A financial recovery programme was initiated in response to the scale of the financial challenge. Through a fundamental review of service revenue and capital budgets, as well as the introduction and

ongoing development of robust financial controls and policies, the latest MTFP reports that the budget gap has been reduced by £15.9 million, to £2.4 million. Further, improvements to financial systems and processes have allowed the council to close its 2023/24 accounts on time, the first time it has done so for a number of years. This represents significant progress and is indicative of the improvement that the council has made.

A (non-exhaustive) list of examples of productivity and efficiency benefits included within the 2024/25 budget (as well as in-year savings) include:

Productivity measure	£ benefit
Reviewing and reprofiling the capital programme, reducing borrowing costs.	£2.25m approx.
A review of central budgets, including for staff travel, training and expenses as a result of post-pandemic changes continuing.	£420k
Retendering the management contract for the operation of a council owned music venue, safeguarding its future as a valued community asset, generating a revenue budget betterment for the council as well as eliminating liability for capital maintenance costs.	£275k
A review of external consultancy costs charged to capital projects, allowing a reduction in the cost of staffing within the major projects revenue budget.	£124k
Renegotiation of the management agreement with the operator of the council's leisure centre.	£90k
Renegotiation of the customer relationship management system's support contract.	£65k
A rationalisation of recycling bring sites, as well as charging for discretionary services in accordance with the council's wider approach to fees and charges.	£52k
Pausing town centre hanging baskets, with a view to the utilisation of sponsorship to deliver the service in the future.	£50k
Renegotiation of the management agreement with the operator of the council's theatre.	£36k

The council also continues to invest in back-office systems and processes to heighten productivity, allowing staff resource to be most efficiently used while also improving the experience for residents and service users. Recent examples of success include:

Description	Benefit
Investment in back-office car parking enforcement systems and technology.	Improved enforcement efficiency, ensuring that our car parks support the local economy.
A new vulnerable person reporting system.	Improved speed in identifying and supporting vulnerable residents in an emergency.
Improved processes for online payments.	A reduction in manual payments processing, saving staff time and improving the user experience.
Improved processes for online bookings.	A reduction in manual processes, saving staff time and improving the user experience.

Collaboration with Waverley Borough Council

In July 2021 Guildford and Waverley Borough Councils agreed to work together. Financial benefits arising from the efficiency gains of collaboration were noted as being the principal aim of the collaboration.

Through the establishment of a shared management structure, the collaboration has resulted in financial savings of £780k/year across the two authorities.

In addition to financial benefits, however, the business case for collaboration also anticipated improvements to service delivery at both authorities, with the increased scale of the two councils helping to overcome shared challenges and offering the opportunity for the sharing of learning and best practice, as well as heightening service resilience.

Initial achievements include:

- **Shared functions:** Private Sector Housing Management; Disabled Facilities Grant Management; Procurement; Facilities Management; Business Support Team; and Emergency Planning.
- **Shared learning and best practice:** Electoral Services policies and procedures; secondment of Housing staff between the councils to meet capacity gaps; and sharing of finance staff to assist with key deadlines; and, shared approach to risk and performance management.
- **Shared service provision:** mutual ICT support given during outages; recharging of benefits processing to share capacity and maximise productivity; joint grants administration, e.g., energy support grants.
- **Shared or aligned policies:** Community Asset Transfer Policy (2023); Annual Pay Policy Statements (2023 and 2024); Equality, Diversity and Inclusion Strategies and action plans (2024); Schemes of Delegation (2022, revised 2024); People Strategies (2024, in progress); Corporate Strategies (2024); Performance and Risk Management Strategies (in progress); Customer Charters (2024); a new Joint Officer Scheme of Delegation (due to be adopted in July 2024); and, a shared staff values framework (2024).

A Joint Governance Committee – comprised of elected members of both councils – oversees the collaboration and receives regular reports on progress. An internal officer programme governance board manages day to day matters under the council’s programme management framework.

The next steps for the collaboration are summarised in a later section of this plan.

GOVERNANCE ISSUES AND IMPROVEMENT PLAN

During 2022 and 2023, a series of issues emerged which exposed serious – and in many instances long-standing – weaknesses in the governance, leadership and management of the council, including within its landlord function.

Reviews subsequently commissioned by the council and undertaken by Solace (the Society of Local Government Chief Executives and senior managers) shed further light on these governance and leadership issues, with the review team from Solace concluding that the council is at risk of failing in its statutory duty to deliver Best Value.

The council takes its duty to deliver Best Value seriously. To this end, a comprehensive [Improvement Plan \(hyperlink\)](#) has been created that systematically addresses the identified weaknesses. The plan reaches across the council and its actions offer a significant opportunity for renewal, change and improvement, restoring sound governance and leadership.

The section that follows summarises the most salient tenets of the council’s improvement journey; it includes core elements of the Improvement Plan as well as other areas of improvement that align with the request to compile a productivity plan.

NEXT STEPS FOR IMPROVEMENT

Action	Timescale
<p>Continue to collaborate with Waverley Borough Council</p> <p>Several further opportunities for collaboration that could result in cashable financial savings and service delivery benefits for both councils have been identified and will be pursued, subject to full business cases being developed and endorsed by the appropriate governance board and with elected member oversight. These include shared services for building control, off-street parking enforcement and the management of leisure centre contracts.</p>	Ongoing
<p>Appointment of an independent Improvement Assurance Panel</p> <p>In accordance with the council's Improvement Plan, the Panel will act as a critical friend in supporting and overseeing the council's improvement journey. The Panel will provide independent advice to the council's senior leadership and will provide an external view to the council and our residents on our progress on delivery of the Improvement Plan every six months.</p>	Panel appointed, subject to Full Council endorsement.
<p>LGA peer review</p> <p>A Local Government Association (LGA) peer review is scheduled for 2025/26. The peer review will facilitate sector led learning and improvement and will provide further external scrutiny to the process and outcomes of the council's improvement journey.</p>	Peer review scheduling complete
<p>Review and update of the constitution</p> <p>The council's constitution is being reviewed and updated to make sure that it supports efficient and effective service delivery, decision-making and governance, as well as ongoing collaboration with Waverley Borough Council. A joint Guildford and Waverley Constitution Review Group has been appointed to drive this work forward.</p> <p>Aligned to this work is a review of the council's scrutiny function, with scrutiny recognised by the council as being crucial to effective decision-making. An additional scrutiny committee has been created and members will receive appropriate training and development opportunities to support them in their crucial work.</p>	April 2024 – September 2025
<p>Adoption of a new Corporate Strategy and staff values</p> <p>The new Corporate Strategy and staff values will clearly articulate the council's purpose, priorities and values. It will set the tone and tempo for the council and will provide a sound basis for strategic and service and financial planning, ensuring that the council's resources are allocated and aligned with our priorities. To that end, the Corporate Strategy will be underpinned by an annual delivery plan, with progress reported quarterly to the Overview and Scrutiny and the Executive alongside usual council performance reporting, including capital and revenue budgets and treasury management.</p>	Adoption in July 2024

Action	Timescale
<p>New People Strategy – joint with Waverley Borough Council</p> <p>A new, joint People Strategy is in the process of being developed for both Guildford and Waverley. The new strategy will recognise that our staff are our greatest asset and will articulate how we will invest in them so that they have the skills and expertise needed to deliver on our priorities as set out in our Corporate Strategy, as well as the specific initiatives defined in this productivity plan. The strategy will foster, promote and nurture a positive, high performing culture that encourages and supports staff to innovate, challenge and achieve for our residents and businesses.</p> <p>The strategy will also set out specific initiatives for how the council will manage recruitment and retention challenges faced in certain service areas.</p>	Autumn 2024
<p>Improve financial resilience and value for money</p> <p>The council is improving its financial resilience and improving value for money in a number of core areas, including:</p> <ul style="list-style-type: none"> • Investment in financial systems, processes and staff to ensure robust financial management and reporting; • The replenishment of reserves by at least £2 million by April 2025, providing a financial buffer to address any future financial risks (this action also falls within the Improvement Plan); • The establishment of an invest to save budget for capital and revenue to support the realisation of collaboration benefits; • Completion of an asset disposal programme, aimed at generating £50 million in capital receipts by 2026/27 to reduce debt and borrowing costs; and, • Monitoring of budget performance monthly, reported to members as part of usual quarterly financial and performance reporting. Any variances of significance are escalated and managed as necessary and in accordance with the council's financial procedure rules. 	Ongoing
<p>ICT and digital</p> <p>In line with our pillars for digital delivery, we will continue to invest in our ICT and digital capability across our services in the coming years to heighten efficiency, increase automation and improve the user experience. We will develop a clear strategic framework that guides our decisions on systems use, improvement and process design, supporting the ambitions articulated in our new Corporate Strategy.</p> <p>Initial examples of improvements that are currently being progressed include an upcoming investment in parking payment infrastructure, making it easier for users to pay for their parking and also ensuring that our car parks support the local economy. We are also rolling out a new system to manage our pre-planning advice service, improving the experience for residents and developers who use the service.</p>	Ongoing

Action	Timescale
<p>Service and financial planning – 2025/26</p> <p>The annual service and financial planning process is the means through which the council manages and allocates resources in pursuit of its objectives and ensures that value for money and productivity is achieved from expenditure. Budget challenge sessions are core to this process, where the Joint Leadership Team collaborate to achieve best value from spending and to overcome challenges faced, financial or otherwise. Regular budget monitoring, reported to a scrutiny committee, ensures officer and Lead Councillor accountability for budgets and the delivery of savings and income targets.</p> <p>Further to the adoption of the new Corporate Strategy noted above, annual delivery plans will be produced and which will form the basis for quarterly reporting on progress.</p> <p>The process and outcomes will:</p> <ul style="list-style-type: none"> • Align with the new Corporate Strategy and MTFP; • Ensure that appropriate resources (staff and budgets) are allocated to collaboration with Waverley to achieve the identified objectives and benefits; • Identify savings opportunities through budget efficiencies and productivity improvements through invest to save initiatives; and, • Manage budget growth in areas where this is unavoidable. <p>The 2025/26 budget will also include a detailed and thorough review into fees and charges to ensure costs are fully recovered in line with national guidance and best practice.</p>	<p>July-December 2024</p>
<p>Housing improvement</p> <p>Following the completion of the initial actions arising from Solace’s review into the council’s landlord function, a housing transformation programme will be initiated. The programme will secure improvement through investment in people and systems, as well as fostering a mature, performance-based culture underpinned by evidence, data and insight that guides decision making.</p> <p>The four major workstreams of the transformation programme are: (1) housing management system replacement supported by service and process reviews to ensure efficiencies and a smooth client journey; (2) culture change to ensure effective system replacement and process optimisation underpinning service delivery; (3) development of effective data management principles and an overarching structure for its management and use; and (4) embedding project management and project teams to deliver change.</p> <p>Significant work is also planned to improve engagement with our tenants, while the council will undertake an independent assessment against the Regulator of Social Housing’s consumer standards.</p>	<p>September 2024</p>

Action	Timescale
<p>Improvement and productivity gains will be measured against the pre-transformation programme state. It will include the measuring of time efficiencies from process enhancements and automation, improvements in stock maintenance and health and safety, compliance with all statutory and governance frameworks, and improvements in tenant satisfaction with the council as a landlord, as well as with their homes.</p> <p>Further improvement measures include the (recent) recruitment of a Housing Fraud Officer to reduce the impact of fraud on the public purse, as well as new, robust procurement and contract management processes to drive value from expenditure.</p>	
<p>Procurement strategy and review</p> <p>Review the procurement function to ensure that best value is achieved from council expenditure, that appropriate contract management practices are in place and that contract procedural rules are fit for purpose given the changing public sector procurement environment. The review will also consider whether systems and processes are optimally configured and support the council's framework of risk management and internal control.</p> <p>A procurement review programme will also be developed to ensure compliance with procurement and contract procedural rules and the upcoming Procurement Act. Underpinned by a new procurement strategy, it will drive efficiencies as contracts come up for renewal and are relet. There is clearly an opportunity here for alignment with Waverley Borough Council where joint procurement exercises allow for the realisation of savings and other service benefits resulting from economies of scale.</p>	September 2024
<p>Performance, data and insight</p> <p>In accordance with the new Corporate Strategy's commitment to using evidence and insight to support decision making, the council will develop its performance, data and insight capability to:</p> <ul style="list-style-type: none"> • Understand the impact and benefits of services, including from engagement with our residents and businesses; • Identify opportunities for improvement and further productivity gains; • Test and verify hypotheses and theories of change for realising improvement and improved value for money; • Understand and evaluate the benefits of change and improvement initiatives; • Where appropriate, test alternative service delivery models; and, • Benchmark services and outcomes with other comparable authorities to support decision making and service delivery. <p>The council's performance reporting will be fundamentally linked to the new Corporate Strategy and the annual service and financial planning cycle, culminating in the creation of service plans, annual delivery plans and an</p>	Ongoing

Action	Timescale
<p>annual budget. Our annual delivery plans will use key metrics as well as other evaluative techniques to demonstrate progress; this will include updates on initiatives included within this productivity plan.</p>	
<p>Use of interim staff</p> <p>Given the challenges faced, the council has been required to utilise interim staff and consultants to meet pressures and to stabilise and improve services at pace. In 2023/24, for instance, £3.8 million was spent on interim staff, representing 14% of the council's total staff budget.</p> <p>While the council does not regard the use of interim staff as a 'waste', it does recognise that interim staff are often more expensive than those directly employed. Accordingly, and as part of the Improvement Plan, a policy will be developed on the use of interim staff while ensuring that the council is sustainably and appropriately resourced.</p>	December 2024

BARRIERS PREVENTING FURTHER PROGRESS

The request for the compilation of a productivity plan was accompanied by a request that barriers to preventing progress be noted.

At a national level, there are several areas in which support and clarity from the Government would be welcome. For instance, this council, along with many authorities across the country, faces significant financial pressure, due to inflation and a rising cost base, coupled with an increased demand for services. Our ability to mitigate these pressures is made more challenging by one year funding settlements, announced late in our budget setting cycle, as well as the use of one-off, competitive funding agreements that require considerable time and officer resource to bid for.

We thus require greater clarity on future funding, with a move to multi-year settlements being supportive of longer-term planning and effective financial management. More fundamentally, however, greater certainty is required on the status of planned financial reforms and how the sector will be sustainably funded in the future, including reforms to local taxation and funding received from central government for the delivery of services.

Indeed, in many instances the services provided by local government are determined by policy set at the national level, including local planning and waste collection. Recent years have seen considerable delay and uncertainty in national policy making in these areas, as well as in several others. Uncertainty is not conducive to long term decision making or maintaining appropriate investment levels in plant, machinery, equipment and staff – all of which drive productivity.

We have also seen other areas where nationally taken decisions have had adverse impacts on local government. For instance, the crisis in the local audit regime and the government's solution of qualified audit opinions for accounts not signed off by 30 September 2024 risk an increase in this council's borrowing costs as lenders are unable to accurately price risk, hampering our ability to deliver capital schemes and compounding the aforesaid budget pressures.

Should audit delays result in a qualified opinion of this council's accounts, we request that – in line with the Local Government Association's response to the recent consultation – a sector wide explanatory statement be issued to make clear that modified opinions are the result of these exceptional circumstances. We also look forward to receiving the outcome of the recent consultation on addressing the local audit backlog, and particularly how the local audit regime will be placed on a sound footing going forward.