



Productivity Plan – Chelmsford City Council

Introduction

Chelmsford City Council is a district council in the East of England and the principal employment centre for Essex. It is one of the largest and most affluent retail centres in Essex, with a thriving economy, more than 11,000 businesses and 50,000 jobs.

Since 2010, the council has experienced a real-terms reduction of £10.5m in ongoing core government grants. At the same time, it has also faced additional financial pressures arising from Covid-19 which lowered the council's income, alongside an increasing demand for services due to the cost-of-living crisis. Additionally, nationwide inflation has significantly added to council costs.

The government's funding settlement for 2024/25 required all councils to produce a productivity plan. The plan below follows the content and format of the guidance provided by the government.

Productivity Plan

1) How we have transformed the way we design and deliver services to make better use of resources

Recent examples of how the council has reviewed and changed service provision:

- i. **The council has experienced an increase in demand for temporary accommodation.** The number of households in temporary accommodation has risen by 26% in 2021/22, 27% in 2022/23 and 18% in 2023/24. The budgeted cost in 2024/25 has increased by £3.7m. However, an additional £0.2m of staffing and process changes made in 2023/24 has slowed the upwards trend, helping to avoid some £1m of ongoing additional costs that were expected in 2024/25 and later years. The savings would have been greater had not the average cost per case to the council risen from £8,500 in March 2023 to £13,700 in April 2024 (for the most common form of accommodation).

- ii. **Housing procurement.** The council has sought to limit increases in the cost of temporary accommodation by undertaking a procurement to bulk-buy a large proportion of its required accommodation for the next 2 years.
- iii. **Implementation of hybrid and flexible working.** The gains to the council have been two-fold:
 - a. The council cannot compete on pay with the private sector when trying to attract crucial professional staff in areas such as legal, planning, and digital. The council believes the use of hybrid working has been crucial in retention and recruitment.
 - b. The use of hybrid office working will enable the medium-term repurposing of part, or all of, the council's main Civic Centre site.
- iv. A significant digital programme to consolidate systems, processes and digital complexities. This has allowed us to develop hybrid working and roll out new services quickly and more cost effectively.
- v. A close working relationship with other public sector bodies in Essex when it comes to IT and digital programmes, allowing us to reduce the burden on individual councils, i.e. working together on joint development programmes.
- vi. A programme of reviewing council land and property assets. Over the period 2002-2020, some £76m of asset proceeds were released, and funds reinvested in the local area. Since the pandemic, the unsettled nature of the economic environment has slowed the asset disposal programme. The council has been active in the marketing of two brownfield sites which are likely to start redevelopment in the next few years.

2) How we plan to take advantage of technology and better use of data to improve decision making, service design and use of resources

The council is committed to the development of a council-wide digital system for holding the majority of its data; this is an ERP system which will improve efficiency of the council in the long run. The current strand of ERP development is to implement a single database to help manage all the Council's assets.

The council established a joint Essex system to review data held by authorities looking for potential council tax error or fraud. This agreement, between ECC, Essex Police, Essex County Fire and Rescue, the 12 districts and 2 unitary authorities in Essex, provides financial assistance to billing authorities to investigate fraud and error, particularly with respect to incorrectly claimed discounts, benefits, residents' parking permits and blue badges. This has led to the procurement of a data-matching engine, with rules designed by the billing authorities and which identifies mismatches across

internal and external datasets containing tens of thousands of records. Over the 7 years of the contract so far, data-matching has identified more than £3m in additional liabilities to be collected.

We are a member of the Essex Digital Partnership, which focuses on collaborative working with other authorities. We have several subgroups, including technical and GIS groups, letting us share tips and lessons learned. We are currently working on two big projects: CAF (for which all 15 authorities are signed up) and Microsoft Dynamics Development (which has 7 authorities signed up).

3) Our plans to reduce wasteful spend in the organisation and systems

The council accepts that some unproductive spend may occur in an organisation of its size, however, the financial difficulties all local authorities face are not a result of wasteful spend, or poor productivity. They are a consequence of rising demand and higher costs, with funding rising at a much slower rate.

The council will continue its process of identifying budget reductions every year. Some £11m has been repurposed in the last decade. Recently, however, the scope to deliver efficiencies has become more limited, and easy wins are no longer available.

Procurement strategy: the overriding procurement policy requirement is that all procurement must be based on value for money principles and undertaken fairly, openly and transparently.

4) Any barriers to progress, that government can help reduce or remove costs

- I. **The lack of a partnership ethos from central government in its relationship with local government.** This restricts innovation and local freedom to act in local and national interests.
- II. **Funding arrangements that are outdated and stifle innovation:**
 - Homelessness: the government funding arrangements for temporary accommodation costs could, unless changed, bankrupt a number of councils. The council receives only 90% of the 30th percentile of 2011 local rents. This needs to be updated to current rent levels which are considerably higher than they were 13 years ago.
 - Housing benefit paid to claimants is currently calculated through the Broad Rental Market Area, however, this does not reflect the very high cost of housing rents in Chelmsford as less expensive areas in neighboring authorities are included in the calculation and bring down the amount available for Chelmsford

residents. This contributes to making housing unaffordable and adds to the number of households who are homeless.

- The business rate retention scheme is far too complex. Any extra funding is considered a windfall as it is both unpredictable and volatile. Councils cannot borrow to meet shortfalls in annual revenue income, so they need consistent and predictable government funding to operate effectively.
 - Government funding settlements are currently determined on an annual basis. These need to be extended to 3-4 years for effective planning to take place.
- III. **Supported housing.** This is an upper-tier function, but lack of provision results in additional costs for lower-tier authorities.
- IV. **Borrowing rules restrict councils' ability to carry out place making.** The definition of regeneration is too rigid; it does not allow long-term strategic asset investment, or strategic acquisitions.
- V. **Unnecessary administrative burdens.**
- a. The statement of accounts is too complex in terms of its accounting and audit requirements and is unfit for achieving public scrutiny of district councils. The failure of audit firms to complete their annual audits has created a heavy burden on local government.
 - b. DWP requirements for housing benefit audits are too rigid and unnecessarily burdensome.
- VI. **Local plans are expensive** and the cost of producing them is not recoverable from developers who are the prime beneficiaries. Planning authorities should be allowed to set their charges to recover the full cost of local planning services.
- VII. **Social Housing site viability.** Post-planning site financial viability tests which cancel agreements to deliver social or affordable-rent properties should be prevented.
- VIII. **A lack of joined-up thinking** between central government departments on issues including housing, homelessness prevention and asylum dispersal.
- IX. **Competitive bidding for funding.** Cease the separate one-off revenue and capital grant pots with onerous, costly and counter-productive bidding processes. Council resources could be better used.