

NEWARK AND SHERWOOD DISTRICT COUNCIL

PRODUCTIVITY PLAN

2024-2025



FOREWORD

This is the Council's first Productivity Plan, which sets out how we intend to improve the productivity and performance of our Council. We recognise the challenges and opportunities that lie ahead, and we are committed to delivering high-quality services and outcomes for our residents, businesses, and partners.

Productivity is not just about efficiency and cost savings. It is also about innovation, collaboration, and value creation. It is about making the best use of our resources, our people, our assets, and finding new ways to meet the needs and aspirations of our communities.

WHERE ARE WE NOW AND WHERE ARE WE GOING TO:

Newark and Sherwood is a diverse and dynamic district, with a rich heritage, a vibrant economy, and a strong sense of community. We have a population of over 122,000 in a mix of urban and rural areas throughout an area of 251 square miles. Our district includes the historic market town of Newark the ancient Sherwood Forest, and it boasts access to numerous green spaces, including 5 green flag parks and several green space visitor destinations.

We are a responsive and innovative council, with a track record of delivering efficient and effective services, improving customer satisfaction, and investing in our infrastructure and assets. The Council's Community Plan, which covers the period through to 2027 sets out to achieve the following 8 objectives:

- Improve Health and Well-Being
- Increase the Supply, Choice and Standard of Housing
- Raise peoples' skills levels and create employment opportunities for them to fulfil their potential.
- Reduce crime and anti-social behaviour.
- Protect and enhance the district's natural environment and green spaces.
- Reduce the impact of Climate Change
- Celebrate and invigorate community spirit, pride of place and a sense of belonging.
- Be a top performing, modern and accessible Council.

Our performance management framework ensures regular challenge of our progress, and this is led by our Transformation Business Unit who work closely with our scrutiny committee - the Policy and Performance Improvement Committee and Tenant Engagement Board. The transparent delivery of quarterly service performance and financial reports to our senior leadership, involved tenants and elected members provides the opportunity for scrutiny and drives performance across the council.

The Council prides itself in having a firm, shared understanding of its finances. Like many other District and Borough Councils we await the long overdue Local Government finance reform and the business rates re-set. The reset to the business rates baseline is now anticipated for 2026/27, but it is more than likely going to be further delayed due to the Parliamentary elections to take place on 4th July 2024.



We are in a strong financial position to deal with the financial challenge of dealing with the funding gap shown in our latest approved MTFP through, in the short term, utilising our MTFP reserve which has been built up for this specific purpose of cushioning us from the anticipated reduction in funding, and in the medium to long term by savings through efficiencies, service reviews and through additional income from plans that we already have in place. Whilst the attention, invariably, tends to be on the funding of General Fund Services, we do not lose sight of the fact that we are a housing authority with over 5,500 council owned homes, with a gross total income from dwellings and non-dwellings of £30.226m and total expenditure of £22.6m. The HRA has its own pressures of maintaining our homes to a decent standard, building new homes and addressing the decarbonisation agenda. The 30-year [HRA business plan](#) demonstrates the need to set future rent levels to as close to the maximum permitted by government. The HRA has a significant capital programme related to programmed replacements, energy improvement works and decarbonisation of our housing stock. At present the assumption is that we will need to expend circa £80m on decarbonisation with 50% of this being funded by government grant. The 30-year business plan is fully funded. Further re-modelling is going to be undertaken in September 2024.

The Council's Value For Money strategy is reviewed annually centres on three key principles. These are Efficiency, Effectiveness and Economy. The balance between these principles is key and relies on us being able to sustain the funding arrangement whilst demonstrating the most appropriate use of resources.

We have made significant progress in the past few years, but we know there is more to do. We have identified six key themes that will guide our actions and priorities for the next year and beyond: Service Transformation; ICT and Digital Transformation; Organisational Development (Reward and Retention); Commercialisation; Arkwood Developments Limited; and looking Beyond Core Funding.

1. Service Transformation

Our in-house Transformation team was established in 2020 with the aim of supporting the organisation in monitoring service performance and carrying out targeted reviews to drive improvements in service delivery and thereby deliver productivity gains.

Internal service reviews are an effective way to guide improvement and change. We have conducted reviews in several service areas in the past year. The review of our Council Tax and Housing Benefits service, for instance, not only enabled us to streamline processes and upskill staff resulting in an efficiency saving of 1x FTE, but also our performance in the speed of processing council tax support applications and housing benefit claims improved significantly from 18 days to 11 days.

A review of our Administration Business Unit resulted in team structure changes which saved 0.83 FTE in addition to a range of process improvements which will make further savings. This will allow further scrutiny on spending patterns and ensure that spending is done in the most efficient manner.

A further example of a successful service review is the review of our Legal Services Business Unit. To minimise overspend on agency solicitors and outsourcing of work, an additional permanent post has been added to the establishment. This has also facilitated recruitment to a trainee post that had been left vacant to utilise budget for agency solicitors.

2. ICT and Digital Transformation

The Council has already invested in technologies such as Microsoft Copilot, Power BI and Engage Process which will not only enhance our outputs but also release much needed officer time. This has been especially useful in our customer service area whereby utilising technology such as the 'MyAccount' self service area of our website has not only resulted in a reduction in call volumes but also increased notifications to residents, improving service delivery and customer satisfaction. These are the first steps in embracing Artificial Intelligence (AI) and will take us to the next revision of our Digital Strategy and Plan.

Efficiency savings are being evidenced through the work of our digital transformation team. Savings have been achieved across the digital sphere such as, a reduction in the mobile phone budget by £20k p.a., reflecting a strategic decrease without compromising service quality by allowing laptops and tablets to be used anywhere in the district. Also, transitioning to Software Defined Wide Area Network (SDWAN) enabled a budget reduction of £60k p.a., and ensured more efficient network management. Additionally, by implementing Microsoft Always On Virtual Private Network (AOVPN) a budget reduction of £20k p.a was achieved, enhancing remote access capabilities while maintaining fiscal responsibility. We have also implemented an on-line digital service for our Careline customers. These initiatives and others have allowed us to maintain the current budget for digital technology and to realign budgets to critical technologies.

3. Organisational Development

Without doubt our most valuable asset is our fantastic workforce. The savings gained in our digital services have enabled the ongoing service that supports our hybrid working model. This approach has been well received by our staff since its introduction and it not only allows for savings on infrastructure costs to the council but also limits travel costs and associated environmental impact such as our wider carbon footprint.



Our Workforce Development Strategy is a 5-year plan to ensure we have a workforce that is equipped to deliver the existing and future needs of the council, transform our HR & Training Services and put our people at the heart of everything we do. This includes key workstreams such as recruiting and attracting new employees, the employee journey and retention. This commitment is evidenced further in our ongoing support to Learning and Development. Here we encourage our managers to evaluate their teams' learning needs 3 times a year and submit requests for funding under the pillars of legal requirement, skills gaps, CPD and succession planning. In 2023/4 we invested around £160k in this area. This approach not only enables the improvement of our services due to better trained staff, but it also demonstrates to our staff the council's commitment to supporting their development.

The Council's Reward and Retention (R&R) project seeks to address the challenge of recruiting, developing, and retaining suitably qualified and experienced staff. The project is taking a route and branch approach of revising pay grading structures, reviewing the current Job Evaluation process, reviewing and revising job descriptions as well as implementing immediate measures to incentivise staff, including salary sacrifice plans such as private health care and car purchase schemes.

4. Commercialisation

Imbedded in the council's budget and decision-making processes is our approach to commercialisation i.e., the identification and realisation of efficiency savings and/or additional income; thereby providing value for money services to our residents. Over a period of years, several actions have resulted in increasing the income from our services. The primary objective has always been to provide improved services to our residents and businesses; with the biproduct being an increase in our income base.

This Council as many other councils has been anticipating since 2021 a "cliff edge" funding reduction following the business rates baseline re-set. As part of our response to this funding challenge, the Council has an active commercial strategy that is underpinned by a plan that identifies areas where additional income can be made and/or savings could be achieved without impacting the quality-of-service delivery. The progress on the delivery of the targets set out in the plan are tracked as part of the budget monitoring process and are reported twice a year Cabinet as part of the annual revision to the Medium-Term Financial Plan and as a separate report. Additional income of £100,000 has been built into the current 2024/25 budget, an additional £100,000 in 2025/26 and an additional £200,000 in 2026/27.

5. Arkwood Developments Limited

In May 2018, the council incorporated Arkwood Developments Limited to develop open market housing for sale. The key objectives of the company are to support housing growth that meets existing and emerging needs of Newark and Sherwood District Council, to bring forward sites that other private sector developers are not interested in developing, develop mix of house types to meet local demand, to prevent land banking, and to provide additional income stream to the council to fund its services. The income from the company takes three forms: interest on arms-length loan facility, provision of support services and year-end dividend. Since inception the Council has generated, non-dividend income from Arkwood of £287,000.

Arkwood has completed its first development of 87 homes and is scheduled to complete a further 253 homes by the end of 2026/27. The Company's Business Case demonstrates that the company will be able to pay a dividend of £500K in 2025/26, and £650K in each of the following two years. These target dividend levels are incorporated in the Council's MTFP. The performance is closely monitored by the Shareholder Committee and by the Council's s151 Officer who is a Board member. The Council's Chief Executive also attends all Board meeting as an observer and link to the Shareholder Committee.

6. Beyond Core Funding

We look beyond our core funding and take opportunities to secure government funding to regenerate and develop our towns and communities. This funding has a multiplier effect of attracting other public/private sector funding to support new infrastructure enabling housing and employment growth and providing new educational opportunities. Over the last 3 years we have secured or are in the process of securing just over £90m of government funding via Newark Town Fund, Levelling Up Fund One, Levelling Up Fund Three, Shared Prosperity Fund, Rural Prosperity Fund, Brownfield Land Regeneration Fund, Heritage High Street Fund, etc.

We have also been instrumental in partnership working across the County and the Region to secure over £16m from the Non-Strategic Road Network Funding (the A614/617 improvements) and the National Road Investment Strategy 1 (RIS1) project of the A46 Newark Bypass, a £500m+ project to dual the last remaining section of this important corridor. This will have a further beneficial effect on our local economy.

There is the added, indirect beneficial impact of this growth on the finances of the council through increases in the council tax base and increases in business rates growth that can be retained locally via the Nottinghamshire Business Rates Pool.



BARRIERS

We recognise that there are some barriers and risks that may hinder or prevent us from achieving our vision and objectives. These include:

- A major barrier towards financial sustainability relates to lack of certainty of medium-term funding of the General Fund. Since 2020 local government finance reform and re-set of business rates baseline funding has been in abeyance and councils have been receiving one year finance settlements. This makes it impossible to plan effectively, efficiently, and economically and all councils have been forecasting a “cliff edge” impact at the point of the anticipated reset of business rates reset. This “cliff edge” has each year successively been pushed back when developing the MTFP; presently this point has been moved back to 2026/27 when it was last muted that the re-set would take place. However, with the Parliamentary election on 4th July 2024, it is once again unlikely that this will happen for the 2026/27 financial year and once again, we will only be able to effectively plan for one year. The ask of government is to provide local government with some certainty over the medium term with multi-year draft settlements.
- Long term rent settlement and securing additional government funding for additional burdens on the Council through the Social Housing (Amendment) Act including the significant additional costs around building safety, asset investment, tenant engagement and improving our systems to manage tenant and stock data.
- Another major barrier towards financial sustainability the funding of the Internal Drainage Boards. Newark and Sherwood District Council contributes almost £950,000 annually to assist the IDBs with funding their responsibilities. Over the last four financial years, the IDB levy for Newark and Sherwood has increased by 59% from £595,400 in 2020/21 to £949,800 in 2024/25, far outstripping the increases in Council Tax which is allowed to be charged (a maximum of 10.3% over the same period). As annual increases in the levy have outweighed the additional yield in Council Tax generatable, budgets available for front line services have had to be diverted to contribute towards the cost of the imposed levy. The impact on service delivery is compounded with inflationary costs (such as pay awards and cost inflation) that are not able to be raised through Council Tax as the whole of the Council Tax increase is being consumed by the increase in the levy. Our ask of government is for IDBs to be centrally funded through a separate precept.
- The current referendum limit for Council Tax limits the ability for the Council to raise local funds to deliver against our key priorities and objectives. Council Tax increases should be limited to the minimum where appropriate, whilst should be sufficient to deliver against Council objectives. Increases in fees and charges are limited to ensure that profits are not made, albeit this would not be appropriate to overcharge service users to deliver against other Council priorities, and the ability to raise funds through other means is limited. Our ask of government is to remove the cap on council tax increases.
- A lack of consistent data with which to benchmark costs of services against performance inhibits the ability to improve quality and reduce cost. Most returns are not audited and hence cost comparison is not necessarily possible. A greater clarity of reporting would ensure that comparison could be made to enable better quality service improvement potential. An example of this is the data collected and published by OFLOG which has some serious flaws, regarding the debt matrices, which are misleading and harmful to the reputation of councils. Our ask of government is to remove layers of reporting and replace with one consistent model, which could be audited through the Statement of Accounts process to aide cost comparison.

- Reward and Retention is a particular barrier, in that it is difficult to employ and then retain quality staff in key professional disciplines. This is further exasperated by increases in the national minimum wage - linked to the lower spinal column points within the NJC pay structure. As the lower points have previously received larger increases in annual pay awards than higher graded staff, this erodes the differential between posts meaning it is less attractive to take on more responsibilities. Thus, meaning there is a requirement for the Council to appoint costly agency staff or consultants to fill technical roles with specialist knowledge. This is further exacerbated by shortages in the labour market driving up cost. The ask of government is to provide funding support to the sector to resolve the “squeeze” effect caused by annual increases in the national minimum wage and the limitation on being able to increase spinal column points above the national minimum wage to maintain differentials.
- The communities in Newark and Sherwood are badly affected by the floods that have become more frequent over the past few years. Storm Babet and Storm Henk caused a great deal of devastation, and our residents and businesses required a great deal of support. Despite us meeting the threshold for financial support via the Bellwin scheme and despite several chasing communications, we still have not been compensated for the eligible costs incurred. This places a further unnecessary burden on us and therefore our ask of government is to be more responsive in making timely payments to affected authorities.

