Westminster City Council Productivity Plan

Background and Context

Westminster City occupies 21.4km2 in the heart of London, and is home to more than 200,000 residents, and 114,000 businesses, across 18 wards. Despite the public image of Westminster as prosperous, it is home to significant deprivation and inequality, with the highest life expectancy gap in the UK (18 years). In addition to Westminster's residents, the city hosts over 1m visitors every day, including large numbers of tourists; as the home of the Government and Sovereign, Westminster is custodian to some of the most famous landmarks and national events in the UK.

Westminster Council's Fairer Westminster strategy sets out its ambition for creating a vibrant, sustainable and inclusive city, where poverty and inequality are reduced. This is delivered through the Council's annual delivery plan and medium term financial planning process, and progress against the Council's strategic ambitions are regularly published.

The Council has a gross general fund budget of nearly £1bn which is funded by government grants, council tax, retained business rates, fees and charges and other income sources. Pressure on the Council's services outstrips its budget every year, and the Council has an annual process of identifying potential savings. As at the end of 2023/24 the Council had put forward £25m of savings, in addition to £70m of savings in the previous three years. But there still remains a budget gap of £48m based on future inflationary and demand pressure, up to 2026/27. The Council has up-to-date audited accounts and value for money report, to support its financial stability, which is a strong position when considered against the context of the wider sector.

Delivering the Council's ambitions is getting increasingly harder against a challenging funding backdrop that is failing to keep pace with demand and cost pressures from both residents and from tourists, visitors, and national events in Westminster. The Council's core spending power has fallen by 28% since 2010[1], and the Council is facing huge pressure from temporary accommodation costs (increasing from £38m to £51m from 23/24 to 24/25), from the challenge of meeting net zero climate targets, and from serving a resident population with increasingly complex social care and health needs.

This plan sets out the Council's past and future efforts to drive productivity, along with the approach to assessing performance and impact. The plan broadly aligns to the principles set out by the Productivity Institute[2], and first considers the enabling conditions or drivers for improved productivity, and then looks at how the Council measures its effectiveness and efficiency, its approach to assuring budget efficiency, and how it drives productivity through service improvement. Lastly, this report considers barriers to productivity gains.

Drivers of productivity: Staff and Organisational Culture

A productive workforce is a diverse and innovative workforce, where staff have high morale, understand customer needs, and have the right skills to deliver a high-quality service. The Council's commitment to its staff and culture is thus a key part of the Council's productivity and is a key factor behind the very high satisfaction rates amongst Westminster communities; in 2023 89% of residents were satisfied with the way the Council is running the City, some 33 percentage points above the LGA average.

Six years ago, the Council developed its people strategy in collaboration with staff, focusing on a culture of valuing talent and diversity and empowering staff, and supported by a progressive working

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[1] London Councils calculation from Local Government Finance Settlements DLUHC figures
[2] Making Public Sector Productivity Practical - The Productivity Institute

environment, policies, and technology. The people strategy has significantly improved staff satisfaction and engagement scores (+7% since 2018), whilst the percentage of global majority[3] employees in senior positions has increased by 18% over the same period. In addition, the Westminster Way index, which measures the Council's people strategy (questions aligned with feeling valued, line manager, and career development), has overall increased by 5%. This shows the progress the Council has made to creating an equitable, inclusive and positive organisational culture over the last five years. The Council is now taking the next step in cultural maturity to strengthen staff connection to a common purpose and embed productive ways of working, through an evolved culture framework and people strategy to drive high-performance.

Westminster Council adheres to the Public Sector Equality Duty, but beyond this seeks to promote diversity and inclusion as a key Council priority, in line with the substantial body of literature showing that staff diversity enhances organisational productivity through improved decision making, higher public trust, better operational efficiency, and improved employee engagement. The Council is seeking to ensure that its workforce is representative of the communities it serves at all levels, to understand and deliver the right outcomes for residents through more effective and efficiently-targeted services. The Council is therefore continuing to drive a community-led mindset through the recently established Communities team, and to drive co-creation. This approach is already delivering positive outcomes, e.g. through the North Paddington development programme.

Drivers of productivity: Organisational Agility

Westminster's annual approach to refining delivery plans and budgets (within a longer-term overall envelope) enables rapid responses to changing pressures and priorities, within the context of a stable strategic vision. The Council has the ability to re-target budgets mid-year for projects or programmes where there is a clear output that helps to achieve wider strategic goals, and is nimble in diverting resources to significant areas of challenge, supported by robust business continuity systems. This was demonstrated during Covid, when the Council rapidly pivoted to move staff into the core Public Health team, enabling the Council to e.g. support critical volunteering initiatives, provide practical support to vulnerable residents, and promote vaccine uptake. More recently the Council has created a new stand-alone Housing and Commercial Partnerships Directorate, supported by a change and transformation budget, to support a temporary increase in capacity into targeted areas of the Housing service over 12-18 months.

Drivers of productivity: Innovation and Digital Transformation

Digital transformation is a key driver for innovation and productivity, by simplifying, streamlining, and enhancing delivery of products and services. The Council has invested in a Digital and Innovation service which not only works to improve productivity in specific services, but also drives a culture of innovation, experimentation, and strategic thinking across the organisation. The Digital and Innovation Service has adopted Product ways of working, bringing multi-disciplinary teams together, including from the services, to take a user-centred approach to developing and iterating products.

Westminster Council has recently focused on channels for reporting street-based issues, in response to community feedback. A new reporting tool, using AI image recognition and Natural Language Processing has more than halved the time it takes residents to make a report (of dumped waste). This is freeing up time for users, leading to more accurate reports getting to the front-line teams and over time will improve productivity, especially as the tool is expanded (across other public realm services). Applying the use of AI in this way has upskilled staff, and the Council is exploring more

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[3] In 2022 the Council stopped using the term BAME (Black, Asian and Multiple Ethnic), moving instead to use "Global Majority" as a more accurate and empowering way of referring to people who are Black, Asian, Brown, dual-heritage, indigenous to the global south, and/ or have been racialised as 'ethnic minorities

opportunities to use the evolving technology to improve services for customers and deliver efficiencies for services. The platform built will enable users to receive updates on reports they have made in their *MyWestminster* account, reducing manual intervention and ongoing contact with services and the Contact Centre.

The team is trialling some of this technology in the way that the Council monitors and respond to noise issues from construction sites, which reduces manual intervention by staff. This is more efficient for sites who don't have to produce a monthly report, and ensures officers have the data to make decisions without searching multiple systems. This provides a time saving, as well as enabling prioritisation and rationalisation of complaints.

The Council has also implemented a Waste ChatBot in the Corporate Customer Contact Centre, which is handling over 300 queries a month, with less than 10% needing to be referred through to an Agent. This is freeing up time in the Contact Centre for call handling. Further, the Council has implemented a digital platform called "Common Place" to standardise the public consultation process. This has reduced the need for services to make their own arrangements for statutory and non-statutory surveys and speeds up the assimilation of data and reporting.

The Council has recently embarked on a 'problem-based' approach to identifying further opportunities to use digital technology to deliver efficiencies, increase productivity and improve services. This work has identified 18 areas where there are identified digital solutions which could deliver benefits, including financial. These are being worked up as business cases, and work will progress throughout 2024 to develop these and implement new solutions/improved ways of using existing technology and data to deliver benefits and improved outcomes.

Strategic governance: Budget Efficiency

Westminster Council has a robust, budget management process, with a collaborative annual Medium Term Financial Plan process, up-to-date audited accounts and value for money report from the auditors[4], which shows strong financial efficiency and internal controls. Budget holders have clear roles and responsibilities, with monthly monitoring and effective quarterly reporting to the Audit and Performance Committee.

The Executive Leadership Team work closely with members to ensure the Council sets a balanced budget annually, and the Council's Capital Review groups ensure that the outcomes of the capital programme are aligned with the Council's overall strategic priorities. MTFP focuses on the key budget drivers in services – staffing, contracts and income potential. These are all reviewed annually and early engagement with members is a key factor to ensure political buy in. Over the last 3 years savings have focused on:

- Efficiency savings (£20m)
- Income Generation (£20m)
- Transformation Activity (£10m)
- Staffing and contract efficiencies (£10m)
- Contract efficiencies (£7m)

Some specific examples of planned savings through efficiencies over the next three years include:

- Enhanced integration between housing and adult social care (£0.8m)
- Reviewing service configuration in e.g. fostering and support for care leavers (£0.9m)
- Right-sizing services such as street cleansing (£0.28m)

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[4] Annual Audit Report 2021-22

- Contract efficiencies across multiple services e.g. SEN support, ASC, maintenance of public realm (approx. £1.5m in total)

Westminster also has an invest-to-save fund to review up-front investment that could lead to cost avoidance or saving in the future. Examples of this include the electrification of the waste fleet, potentially saving around £1m over three years. Similarly, the corporate estate retrofit and work on Heat Networks are anticipated to reduce energy costs in the long run, as well as providing climate benefits.

The Council has a continuous improvement approach to ensuring efficiency of procurement and contracts, with good practice that is acknowledged by the external auditors. Last November Westminster Council refreshed the Contract Management Framework, which aims to increase productivity by providing a structured approach to managing contracts effectively throughout their lifecycle. Through proactive and consistent contract management and adhering to the principals of the framework, it helps ensure value is not lost from contracts and the Council drives high quality service delivery. The Council has also developed an organisational approach to considering whether services can be more efficient and provide better value by being delivered in-house or partially in-house. All major projects are tested against the Insourcing Framework through internal officer processes, that seek to highlight the strategic, financial and operation considerations of service planning.

Strategic governance: Effectiveness & efficiency

Understanding effectiveness – whether the Council is having the intended impact – is critical to productivity, as is the quality and efficiency of Council outputs and services. To drive progress and ensure accountability, Westminster Council has a corporate performance management approach centred around a balanced suite of Key Performance Indicators (KPIs) and targets. The Council produces comprehensive Quarterly and Year-end Performance Reports, providing a panoramic view of the Council's performance to the Executive Leadership Team, Cabinet, and the Audit and Performance Committee – covering progress on statutory targets, operational services, risks faced by the Council, and advancement towards strategic outcomes. In response to the most recent Auditors' report, the Council is introducing benchmarks for its KPIs against relevant comparators to understand relative performance and assess value for money.

Westminster Council has a robust but un-bureaucratic approach to assuring the timeliness, quality, and cost effectiveness of delivery. For major cross-cutting projects and programmes there are internal officer processes and governance to conduct cost-benefit analyses and reporting and review progress against intended outcomes, costs and timelines.

Resident perception is also an integral part of the Council's performance management approach. The Council monitors a core set of satisfaction and perception measures annually through robust research, and monitors the effectiveness of complaint handling, both corporately and in areas where improvement is a particular focus, such as its housing improvement programme. The Council places strong emphasis on continuous dialogue with communities, actively seeking their feedback and measuring satisfaction levels to understand the on-the-ground impact of its initiatives.

Organisational Productivity Improvements

Westminster Council is continuously seeking ways to improve service efficiency and quality. In addition to the efficiency savings examples cited, the Council has improved productivity through:

Preventative intervention: Adult Social Care and Health services prioritise preventing people from becoming ill or from their needs escalating. For example, the Community Champions Programme recruits resident volunteers who support their neighbours' wellbeing by running activities, hosting

events and public health campaigns, and coordinating with NHS and other voluntary sector partners to signpost residents to appropriate services.

Streamlining service delivery: E.g. Westminster's Community Hubs provide key services in one place, creating efficiencies in provision costs, and making it easier for residents to access support, potentially preventing costlier support in future.

Use of analytics for prioritising resource and optimising outcomes: WCC takes a proactive approach to using innovative techniques and data across services, to effectively target resources. An example of this is the award-winning Environmental Justice Measure, which has combined measures of poverty with data on the environment to identify where in the City the need is greatest and focus interventions (e.g. increasing biodiversity) in those areas.

Collaboration to drive better products, services, and outcomes: WCC is strongly focused on a community-led approach, working in partnership with external partners on cross-cutting priorities to drive improved outcomes in an efficient and sustainable way. For example:

The North Paddington programme is a place-based programme to address inequalities through the coordination of multiple services and agencies internally and eternally, with partner organisations and residents across seven strategy delivery groups. Each of the seven Strategic Delivery groups have identified ideas for evidenced adding value, creating sustainable change that can continue when funding stops; building capacity within the community and/or informing wider systems change.

WCC has taken an evidence-based and partnership approach to tackling the cost-of-living crises, using modelling to identify the 33,000 households most at risk from the increase to cost of living. Working with partners in the voluntary and community sector, the Council has co-designed a comprehensive package of support measures targeted at those most in need. The Council created a Healthy Communities Fund because it recognises the importance of supporting voluntary sector organisations to design and deliver targeted health-interventions.

The Council's early help model operates through a well-established integrated leadership team – bringing different key agencies and voluntaries together. This has extended to co-located statutory health visiting services, speech and language delivery, midwifery access etc. This ensures more effective early identification and intervention, with shared language and understanding of local need.

WCC commissions YWF as an umbrella voluntary organisation who coordinate and distribute grant funding to the smaller voluntary organisations, providing a unified approach to standards, training and bids.

As part of the "Designated Family Judge Trailblazer" pilot representing 12 boroughs, WCC and RBKC are working to standardise regional approaches and improve data sharing to decrease hearings and divert more cases from court where appropriate.

Shared services with other LAs: Westminster Council runs Childrens Services, Adult Social Care and Public Health as bi-Borough services with RBKC. As a bi-Borough this allows the Council to achieve some economies of scale, for example around school admissions, school standards, shared SEND service etc. The Council shares MASH, Fostering Service and Out of Hours service on a three-borough footprint. As a bi-borough, Westminster Council and RBKC also have a shared Operations and Programmes offer, delivering some economies of scale in relation to commissioning, grant funding, policies and procedures, inspection readiness.

Training and technology to drive staff efficiency: E.g. Westminster are an early adopter of Microsoft Copilot and have been using this technology across the organisation for 10 months, with early research indicating that two-thirds of respondents felt Copilot had helped improve the quality of their work and was saving 30-60mins a week per individual. The Council has also been using Copilot

in the Contact Centre for case summarisation and support in responding to queries, which has improved productivity across Customer Service Advisors. The business case is currently being developed for any continuation of licences, and the learning from the pilot is supporting the further understanding of WCC's approach, skills development, and organisational impact of AI.

Barriers to Productivity

There are several areas where Government could support Local Authorities to deliver services more effectively and efficiently; most crucially, by ensuring that Councils have sufficient and predictable funding to meet rising pressures.

Funding

- **Multi-year settlements** – the uncertainty driven by one-year settlements is a huge barrier to becoming more productive and enabling boroughs to plan services strategically and take invest-to-save decisions. Three or four-year settlements would go a long way to solving this.
- **Sustainable funding** – there should a holistic review of the current funding model and potential tools to raise revenue directly going forward – minimising additional costs to taxpayers. This should include primary legislation to enable Local Authorities to introduce an overnight levy (but not compel them to) based on the rationale that visitors contribute towards the services they consume, rather than residents subsidising those services - creating a fairer system.
- **Reduce ringfencing** – remove ringfences and reporting requirements associated with grant funding to empower and trust councils to get on with delivering services.
- **Reduce the number of funding pots** – reduce the number of specific funding pots and arduous bidding processes, particularly in economic development and skills.
- **Ensure funding reflects need** – many councils are unable to put resources into driving further productivity gains because they are being overwhelmed by demand pressures due to structural underfunding and a system that no longer reflects local needs. The Government should review and update the funding formulae for all the major grants that councils receive from government.

Housing

- The new National Planning Policy Framework should give **express support for capturing affordable housing contributions from mixed-use developments**;
- There should be a **root and branch review of the funding system for affordable housing**, to reduce dependency on private-sector housebuilding.
- Remove barriers **preventing councils from combining Right to Buy receipts with grant funding** to deliver affordable housing.
- **Remove the cap on the proportion of individual sites that can be funded through Right to Buy receipts**.
- **Make the increase in LHA rates from Autumn Statement 2023 a permanent** measure and programme for consistent upgrading rather than fixed and step regime
- **Remove the cap on LHA payable for Temporary Accommodation** in Housing Benefit subsidy (set at 90% of January 2011 LHA rates).
- Provide funding to **help councils buy accommodation sold by private landlords.**
- Increase **localism and flexibility** for local authorities to set their own rent policies and Right toBuy discounts.
- The BRMA (Broad Rental Market Area) for Central London should be brought in line with Market Rates for the LHA (Local Housing Allowance) Rate to reflective of the market;
- The Collection rates for Local Authorities should be brought forward from 90% of the 2011 LHA rates to present LHA rates and lifting the BRMA Cap;

- The Homelessness Prevention Grant should be set on a longer funding period to enable services to appropriately plan and implement as effectively as possible;
- There should be an immediate end to section 21 evictions in order to provide more security to tenants where eviction from the private rented sector is the main reason for Homelessness and subsequently the need for TA provision.

<u>Adult social care</u>

- **Deliver the adult social care funding reforms** which are crucial to providing long-term financial certainty for the sector.
- **Baseline all existing ASC grants** and consolidate them into one fund.
- Implement the **Hewitt Review recommendation of 1% of ICB budgets towards prevention.**

<u>Children's services</u>

- **Ensure the Social Care Grant reflects children's social care needs** (rather than only adult social care relative needs).
- Urgently **reform the children's social care market** to reduce profiteering.
- **Introduce a mandatory register for all home educated children** and statutory visiting and checks to ensure that children are safeguarded and educated properly.
- **Extend the DSG statutory override to provide financial certainty for councils** – otherwise at least a quarter of councils risk running out of general fund reserves.
- Consider **writing-off accumulated DSG deficits.**
- Ensure CCGs are contributing consistently to care packages for continuing health care and complex needs.
- Reduce short term grant funding initiatives – i.e. try to secure cross-party agreement for **long term funding for early help initiatives** such as Family Hubs.

<u>Regulation</u>

- **Simplify the regulatory framework**, including developing a coordinating role for Oflog. One London borough had three regulators in within the same month. While hugely important, servicing multiple inspections limits capacity and hinders productivity.
- **Ensure regulators have the appropriate capacity** and understanding of councils and local places, including their financial context.