

### Introduction

As part of the Local Government Finance Settlement in December 2023, the Government announced that councils would be asked to produce Productivity Plans. The Government recognised that local government has already done a huge amount of work in recent years to improve productivity and efficiency. In going further, it is understood that the aim of the Productivity Plan is to establish what is working well and what more the Government can do to unlock future opportunities.

In response to the request, this Productivity Plan describes what Mid Sussex District Council has done, or is doing, to:

- Transform the way that we design and deliver services
- Make better use of resources
- Take advantage of technology and make better use of data to improve decision-making, service design and use of resources; and
- Continuously improve value for money within the organisation and systems

This plan also identifies the barriers preventing progress which the Government can help to reduce or remove.

### About Mid Sussex District Council

Mid Sussex District Council is situated in the heart of the county of West Sussex. It hosts an incredibly high-quality natural environment and beautiful countryside located between the South Downs National Park and the High Weald AONB. The District provides for 3 main towns and 21 parishes, along with a number of smaller villages which each have their own unique characteristics.

Mid Sussex is one of the least deprived areas in the country, according to the Index of Multiple Deprivation (IMD) (ranked 321 out of 326 in 2015); crime levels are low; health levels are generally good; and there is a strong sense of community.

Whilst this is positive, the IMD data means that the District has been hit harder by cuts and is not considered for most grants and funding opportunities, making it more challenging to support our vulnerable residents and meaning, despite being recognised as making high-quality bids, the council has not been successful for bids such as Levelling Up. In addition, with the general loss of centralised funding, the council must operate within a requirement to be financially independent.

The council strives to deliver an ambitious but balanced budget each year. We work tirelessly to maintain financial stability; to continue to attract investment into the District; and to deliver ambitious projects despite the vast reduction in funding and the volatile and uncertain economic climate. The council has no borrowing.

Like all public sector bodies, the Council has been negatively affected by high inflation and interest rates over the last few years. This, together with the impact of the pandemic on our income, has meant that we have struggled to balance our budgets since 2020, without using some of our Reserves. This pattern is common for many local councils. However, we are making considerable progress in bringing our expenditure and income back into balance.

Mid Sussex has strong financial and corporate planning processes. Our ambition '*To be an effective council delivering value for money services and helping to create a strong economy, environment and community*' is illustrated by our stated priorities of:

- Effective and responsive services
- Sustainable economic growth
- Strong and resilient communities
- Financial independence

The headings below provide our response to the key themes requested in the letter.

### **How we have designed and delivered our services to make better use of our resources**

As part of normal business, the council regularly reviews how we design and deliver services, to ensure we are reflecting the changing needs of our communities. Our focus is to be financially responsible and sustainable in order to deliver the best quality services to our communities.

Across local government, the sector is facing unprecedented financial difficulties. We see many other local authorities failing to meet the needs of their residents whilst coping with these challenges but, with strong financial stewardship, we have been able to continue to support our most vulnerable, whilst also continuing to deliver significant ambitions across Mid Sussex.

Recent highlights from our work to constantly improve efficiency and support the local economy are:

#### **Contract Efficiencies**

Mid Sussex has a mixed economy of services provided in-house and through contractors. Decisions about which delivery model is right for us are always developed with the benefit of expert, objective advice and analysis and in partnership with elected Members. Transference of risk is a key consideration which has enabled the council to maintain high service levels, despite the economic challenges of recent years.

- **Leisure Contract:** To protect the ongoing future of our three leisure centres, the council outsourced the Leisure Management contract, to enable it to provide a valuable and tailored service to residents. As a result, the council has progressed from a leisure service that previously cost the council money, to a contract where the provider pays the council £800k per annum (plus a profit share on any over-achieved income) for running the service, protecting our local leisure centres, and enabling the council to generate a significant annual income. This is a sector-leading contract, and the council was highly commercial and robust in negotiating favourable contract terms.
- **Green Spaces Contract:** Despite current inflationary and cost pressures, the council has successfully procured a new Green Spaces contract with a focus on social value, commercialisation and innovation which will provide gains for the council and the ultimate benefit of our residents, without any significant cost increases when considered on a like for like basis. The new contract will help to generate new jobs, increase opportunities for our local supply chain and improve the service offered to our users. The contract includes a small grant programme, funded by the contractor, to support community groups involved in our green spaces. This leverages community skills and interests in supporting their local green spaces. The new contract has enabled the council to deliver better services without being impacted by a high inflation environment.

## Operational Efficiencies

- **1-2-3 Waste Collection Service:** To address new national recycling targets of 55% by 2024 and 65% by 2035, a new 1-2-3 Waste Collection Service trial model has demonstrated a vast increase in recycling waste. This model provides a fortnightly dry recycling and 3-weekly residual collection, alongside a weekly food waste collection. This has exceeded performance targets, with households participating in the trial now showing a recycling rate of 73%. The trial has become universally popular, very well supported by our residents and has enabled us to demonstrate to other local councils the benefits of a 1-2-3 collection. As part of our approach to a sustainable economy, it has been a great success.
- **Planning Performance:** To maintain our excellent performance when compared nationally, the planning team focuses on providing a professional service through Planning Performance Agreements and growing professional talent from within. Opportunities for progression are filled internally where possible, allowing for external recruitment at the more junior level. This helps business continuity and staff retention and has proved to be a successful strategy in a highly competitive market where other councils are struggling to recruit and retain skilled staff, forcing them to pay significant amounts in agency fees.

## Attracting Inward Investment

In addition to driving efficiency within our own services, the council also has a track record of bidding for and securing huge inward investment for the District and its residents:

- ✓ **£200m** from Homes England
- ✓ **£24.2m** to improve water/sewerage infrastructure
- ✓ **£22m** road improvements
- ✓ **£9m** to improve outdoor sports provision
- ✓ **£21m** to improve Active Travel

The council has also secured **£10m** to lay 90km of fibre throughout our rural district and link Mid Sussex to Crawley (and London) in the north and Brighton in the south. This fibre is held in a cooperative, rather than owned and controlled by a private provider, and, alone, will generate £154.3m of GVA and create over 1600 new jobs.

## Service Review and Redesign

- **The Three E's – Efficient, Economic, Effective:** This is an explicit requirement tested annually and in detail by our External Auditors, Ernst & Young, to set a balanced budget annually meaning that the council has the governance and disciplines in place to work economically, efficiently, and effectively and has done so continuously against the various economic challenges of recent years.

## Taking advantage of technology and making better use of data to improve decision-making, service design and use of resources

We recognise the opportunities to use data more effectively to improve service delivery and productivity across the council. The ability for data sharing and use of data to design and improve services and outcomes for our residents is extensive.

- **Redesigned digital team to be sector-leading in approach:** The Council has redesigned its digital team to face the challenges of a modern council, focusing on developing skills in key areas such as cyber security, service redesign, data management and user experience. This gives the Council the flexibility and skills it needs to design services to use data effectively whilst focusing on the user experience and eliminating digital exclusion.

- **Making the best use of technology:** We have implemented policies and processes to improve finance and HR systems and processes. For finance, this includes the automation of invoice scanning and bulk payments to ensure the process is more efficient and effective, resilient to fraud, and enables our Officers to focus on other priorities. For HR this has reduced the use of paper, enabled higher levels of self-service and created a single secure repository of employee data and lifecycle services.

## Continuously Improve Value for Money within our Organisation and Systems

The council's spending is carefully aligned to annual budgets and priorities, and therefore we do not embark on anything that could be considered wasteful. Due to the need to respond to increasing financial pressures and funding cuts, we have been ruthless in improving the efficiency of our processes, utilising technology and data and changing the way in which we work.

- **Value for Money Audit:** Mid-Sussex is already being continually assessed against wasteful spending on an annual basis. We, as with all authorities, are required to undergo rigorous external audits annually that assess our performance on value for money, and which are readily accessible for review. Our annual Value for Money Audit demonstrates that we continuously perform well. Taking our latest 2022/23 audit, the auditors noted that there are 'no significant weaknesses in the Council's value for money arrangements', with no significant matters identified across all three of the reporting criteria. It is worth noting that this annual process has a financial cost attached to it that in recent years, through the Public Sector Audit contract, has been significantly increasing year on year and is, additionally, a significant draw on resources.
- **Well-developed Corporate & Financial Planning:** This is one of the ways in which the council continually monitors, reviews and addresses any issues arising throughout the year. The continued pressures placed on councils as a result of reductions in funding, pressures in housing, and ongoing inflation to name a few, require the council to be rigorous in its planning and agile in its ability to address issues as they arise. This work is wholly cross-organisational. Therefore, one-year funding settlements notified at Christmas are an impediment to this process.
- **Equality Diversity and Inclusion:** The council takes its commitment to equality and diversity extremely seriously and this stretches beyond legal minimums. However, as this commitment is core to all our work and is embedded throughout everything we do, consequently, we do not have a specific budget or cost base.
- **Agency and Consultancy Staff:** The skills shortages and challenges to recruitment in our sector are well documented. In an attempt to help address them, we have rolled out a graduate scheme to provide a comprehensive approach to supporting and developing new staff. We also invest in our existing staff and support their professional and personal development. The council has a track record of recruiting and developing apprentices and has adopted a targeted approach to our hard-to-reach roles. However, it remains a challenge to compete with the market for certain skills and positions, and agency and consultancy staff will continue to be used efficiently and where justified, particularly as there is often a strong value for money-argument for using highly specialist skills sparingly. This is often exacerbated by recruiting on national terms and conditions when the cost of living is comparatively higher in the South East.
- **Trade Unions:** These are a legal requirement, and the Council has a positive working relationship with local Trade Unions. We work closely with them on identifying and driving the need for change, which is welcomed. As requested, we can confirm that 0.2% of our payroll is spent on facility time.

## Barriers Preventing Progress

There remains ever-increasing uncertainty in local government finance across both the short and medium term. With funding reform continually being delayed, multiple one-year settlements, the economic downturn, and unprecedented levels of inflation, planning for the future is almost an impossible task. Funding opportunities are becoming more and more competitive as opportunities are stripped back, but there needs to be adequate funding and resources made available for councils to deliver against the requirements placed on us by the Government.

- **Lack of Multi-Year Local Government Financial Settlements:** Lack of clarity over the medium term persists. The settlement continues to be for single years only, preventing the ability to plan effectively into the medium to long term. In addition, the added complexity that there is no further clarity in relation to Business Rates reform, combined with a volatile economic and financial climate, means that medium to long-term planning remains challenging. Should Business Rates Reform be implemented, this will represent a cliff edge for our finances, as indicated in our Medium-Term Financial Plan.
- **Local Flexibility:** Making local evidence-based service decisions will greatly improve our ability to design and adapt the services delivered to meet local needs. For example, despite overwhelming advice to the contrary, the Government has required authorities like us to collect residual waste fortnightly. This prevents the ability to be efficient and innovative. Our 1-2-3 Waste Collection trial has clearly demonstrated that offering a 1-2-3 waste collection service is more efficient and achieves better recycling rates. The 1-2-3 trial is a proven concept and is demonstrably cheaper, leading us to question why the last Government did not promote it.
- **Clarity on Direction of Travel:** Early guidance on policies and practices which will ultimately need to be implemented by local government will greatly improve our ability to plan for the longer term and avoid abortive work. For example, following the announcement of the Environment Act, there have been continual delays by the Government which have prevented the Council from acting on things in the knowledge that more information is to be issued. When proposals are eventually introduced, the market is then swamped with councils working to implement the policies and procedures which leads to further challenges and delays.
- **Abolish bidding systems for grants:** Whilst Government grants are welcome, the bidding system can be very lengthy and time-consuming. Abolishing the bidding system for grants will avoid burdensome and potentially abortive time spent on bidding. Multiple funding pots result in an uncoordinated and fragmented approach to service and project delivery, and the lack of certainty reduces the ability to forward plan effectively. Time spent on funding bids, often with minimal notice and short deadlines, would be better spent focusing on delivering our core services.
- **Funding to enhance skills and make best use of data:** Skills in disciplines like data science are in high demand, which makes it challenging for local authorities to attract high-quality candidates to roles. This usually means that councils will acquire these skills through consultants, which can be expensive. Funding to help address this problem directly, or through funded post-graduate placements or similar would help councils to acquire these skills more easily.

## Conclusion

As the above has demonstrated, the council maintains tight control over budgets and performance.

Despite the significant funding cuts and the challenges created by the current economic climate, we have been able to achieve savings across the council that enable us to continue to balance our budgets, provide quality services to our residents and deliver very ambitious infrastructure projects. In addition, Mid Sussex is innovative and effective in attracting inward investment.

However, our approach to date will become increasingly challenging if we continue to face uncertainties concerning future policy direction, funding cuts, the availability of and access to grants, and onerous processes that restrict us from providing our services to the standard that we strive to deliver.

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