

Newham Council Productivity Plan

19 July 2024

WE ARE NEWHAM.

Newham Council Productivity Plan – 19th July 2024

1. We Are Newham: Our Borough Context

We are one of the fastest growing, youngest, and most diverse boroughs in the country, with over 362,000 residents¹ and over 70% of our population coming from Black, Asian, and ethnically diverse communities. We also have amongst the youngest population, with 34 percent of our residents under the age of 24-years². Our inclusive growth approach to our local economy, featuring major investment areas like the Royal Docks and Stratford Town Centre (which is home to the Queen Elizabeth Olympic Park and has one of the busiest stations in the UK), boasts a top quartile job growth rate in London³.

However, we face deep-rooted inequalities. A quarter of our neighbourhoods are among the UK's most deprived, and nearly half of our residents live in poverty after housing costs are taken in account. Additionally, over 60 percent of our residents live in the private rented sector making them vulnerable to increasing rents, despite the protections we have in place through our landlord licensing scheme.

Although our population has grown, our Core Spending Power (CSP) has decreased by 26%, from £459.7 million in 2010/11 to £341.8 million in 2024/25. In real terms, CSP per capita dropped by 39%, from £1,537 in 2010/11 to £944 per person in 2024/25. To address these challenges, the Council has pursued an efficiency-focused, and since May 2018, an additional outcomes-based transformation agenda.

Despite these efforts, growing demand for services like temporary accommodation, children's services and adult social care continues to strain our limited resources and workforce.

Despite the significant cuts since 2010, Newham Council has made substantial improvements in productivity and service delivery over the last six years. Prior to May 2018, the Council lacked essential infrastructure, clear strategic plans, robust financial strategies, good governance, digital strategies, staff performance frameworks, and community trust. Progress over the past five years includes:

- Launched Newham's first Corporate Delivery Plan '[Towards a Better Newham](#)' followed by the '[Building a Fairer Newham](#)' Corporate Plan in 2022.
- Developed Newham's first strategic Corporate Operating Model, initiated the HEART Values organisational cultural-change programme, and conducted the first staff survey in a decade.
- Embedded a culture of good governance and transparency, informed by recommendations from the Democracy and Civic Participation Commission and the Internal Controls Commission, significantly improving accountability, transparency and internal compliance in the Council.
- Accelerated delivery of business-critical digital and technology capabilities to improve hybrid and collaborative working, enabling the delivery of millions of pounds of savings and organisational efficiency.
- Improving our Children's Social Care Performance from 'Inadequate' in 2019 to a 'good' rating with 'outstanding' leadership in the [2022 Ofsted Inspection](#), evidencing one of the most remarkable improvement journeys in the sector over that period.
- Developed tangible programmes like Inclusive Growth, Community Wealth Building, and a comprehensive housing programme, delivering over 1,500 houses over the course of the last six years, supported by our Council-owned housing delivery company, Populo Homes; with thousands more in the pipeline.
- Established a robust and evidence-based Medium-Term Financial Strategy, enabling the delivery of significant service savings and efficiencies in order to enable the Council to continue to work to meet rising demand from our residents, communities and businesses.

¹ ONS Mid-Year Estimate 2023.

² ONS Mid- Year Estimate 2023

³ ONS Job Density 2021/22 statistics (7th highest); Annual Population Survey 2022-23 (3rd highest)

2. Measuring Productivity in Newham

At Newham Council, our improvement journey focuses on productivity to re-invest in critical services that meet community needs. We go beyond fiscal efficiency by evaluating productivity and effectiveness through outputs, outcomes, and quality improvements. Our robust performance and outcomes-based framework and performance management infrastructure monitor and evaluate our Building a Fairer Newham Corporate Plan, using data to drive delivery and track productivity. The framework not only collates internal information on delivery, such as monthly tracking of performance, outcomes, and our Corporate Delivery Plan commitments, but also includes resident-led measures of our effectiveness through our Residents Survey. This survey includes measures on resident trust, resident experience of key aspects of our delivery including public realm, resident satisfaction, economic indicators, and resident health, happiness, and wellbeing.

Our existing infrastructure ensures productivity is a key focus for decision-makers. Organisational performance and productivity are central to our internal governance arrangements, with regular reporting to the executive through the Mayor and Cabinet Accountability Model in place. Monthly meetings between Cabinet Members and Corporate Directors involve line-by-line reviews of performance and activities at risk; which in turn are reported to the Mayor in monthly meetings with portfolio leads and at the Mayor's Strategic Advisory Board.

To ensure value for money, we benchmark spending and productivity against other local authorities using [value for money profiles](#), helping us identify efficiency improvements and resource reallocation opportunities. For instance, Newham demonstrated lower costs per head for 2017/18 – 2022/23 in adult social care, children's services, environmental services, and council tax and housing benefits administration compared to national averages, reflecting our commitment to efficient resource use and financial management. We have also used the IMPOWER Index tool to assess and compare our services with similar Councils based on [CIPFA's nearest neighbour model](#). A snapshot from May 2023 indicated that Newham is productive in Children's Social Care and Children with High Needs, while Older Adult Social Care, Housing & Homelessness, and Waste & Recycling need improvement in some areas.

Our Transformation Programme has conducted targeted assessments for deeper insights and efficiency opportunities. Recently, we commissioned PwC to review our operating model, providing a comprehensive evaluation of our operations and highlighting key areas for potential savings and transformation. The activity analysis provided a comprehensive evaluation of our operations, highlighted key areas for potential savings and transformation, and established a robust evidence base for the next phase of our Transformation Programme.

Additionally, an LGA Corporate Peer Challenge provided valuable insights and recommendations, helping us identify areas for improvement and further enhance our productivity.

3. How we have transformed the way we design and deliver services to make better use of our resources.

In 2018, Newham Council began a major transformation with the vision of '*Putting People at the Heart of Everything We Do*'. Key changes included restructuring staffing and operating models to align with council priorities like housing, children and young people, and community wealth building. A comprehensive Transformation Portfolio was established, supported by professional transformation teams. This portfolio aimed to deliver significant programmes across the Council's operations, achieving considerable transformation by introducing mobile and hybrid working, rationalising our asset base, and improving digital infrastructure. We also deployed online and automated service delivery methods, resulting in significant savings and efficiencies.

In 2022, further changes were implemented through our '*Building a Fairer Newham*' corporate plan, which strengthened the corporate centre by reviewing and creating leadership roles focused on digital technology and transformation. The Council has matured its approach to transformation by developing key enabling infrastructure, such as the Council's change framework and service co-design framework. These tools have significantly reduced reliance on external consultancies and interim resources.

The refreshed service provides the core capability to support rapid change and integrate performance and insight into current and future transformation plans. The Corporate Transformation service covers the following key functions:

- Resident Experience
- Service Design and Insight
- Transformation Delivery
- Business Systems Management and Information (Performance and Business Intelligence)

These functions work closely together to ensure comprehensive transformation capability, with a focus on resident experience. Service design teams use BI data and insights to identify areas of efficiency, while transformation delivery resources ensure changes are implemented effectively.

Over the next two years, our transformation efforts will be guided by our refreshed Target Operating Model (TOM) and the Newham Transformation Plan. The transformation plan includes eight key programmes focusing on resident experience, service efficiencies, change capabilities, data strategy, technology transformation, workforce culture, commissioning, and integrated service delivery models. One of our key priorities as part of our transformation plan is to unify the disparate transformation capabilities across the organisation into a single transformation portfolio, approach, and capability. This programme and the associated investment and savings it will deliver will be presented to August Cabinet for approval.

4. How we plan to take advantage of technology and make better use of data to improve decision-making, service design and use of resources

Newham Council is dedicated to leveraging technology and data to transform decision-making, service design, and the use of resources. The successful delivery of the new Operating Model and transformation plan will significantly depend on the digital and technology enablers identified as part of the PwC review, which includes establishing a robust enterprise data platform, enhancing digital capabilities, and overcoming legacy system barriers.

Our key focus over the next two years will be on identifying and maximising opportunities to rationalise and reduce human effort in data management and quality, bringing the Council in line with comparators in terms of their overall staffing investment in reporting and data administration. Additionally, we plan to develop a comprehensive data strategy to review and enhance our data standards and governance practices. This strategy will focus on improving our data governance framework and standards to address key aspects of data quality, data security, data ethics, data compliance, and data value. Where applicable, we will make more data available through open data portals and analytics hubs, enhancing transparency and engagement with our residents and communities.

Newham and Havering Councils share IT infrastructure through the OneSource IT service, which is outdated and hampers modernisation efforts. In April 2023, a Cabinet decision was made to separate from the OneSource IT service and invest in new, modern cloud platforms. By separating from the legacy infrastructure and investing in new, sovereign, modern cloud platforms, services, and infrastructure, the councils aim to significantly enhance their technological capabilities and user experience. This will establish the foundational technology and core infrastructure needed to support the councils' future corporate and strategic initiatives.

5. Our plans to reduce wasteful spend within the organisation and systems

The PwC assessment of our current state has provided clarity and direction across various areas including staff, third-party spend, spend recovery, and planned transformational changes. The assessment revealed significant opportunities to deploy digital technology, including automation and AI, to enhance efficiency and maximise resource use in service delivery.

A notable finding from the activity analysis is that a considerable amount of staff time is spent on administrative tasks, with enquiry handling efforts 7% higher than in other London boroughs. Additionally, 36.7% of staff spend 5% or more of their time on enquiry handling, and 31.2% on recording and data entry. This fragmentation indicates areas where efficiency can be improved. General administration and data entry efforts in Newham are higher than in the comparator group, suggesting potential for streamlining processes to free up resources for more critical tasks. By reducing administrative burdens, staff time could be optimised, enhancing overall efficiency. This data highlights the need for targeted improvements to achieve these goals.

Our Transformation Newham for the Future Plan will address these findings with initiatives to enhance early intervention, improve resident experience, and yield savings over the next three years by reducing failure demand, improving digitalisation, enabling internal self-service, automating processes, and increasing query resolution efficiency. For more details, refer to the detailed transformation plan. The recent Corporate Peer Challenge (CPC) Review highlighted key improvement opportunities to ensure efficient and effective use of resources. One key recommendation was to refresh the council's corporate governance which has involved establishing clearer leadership accountability and coherence in organisational governance, making the best use of officer and member time.

A key CPC recommendation focused on Equality, Diversity, and Inclusion (EDI). As one of the most diverse boroughs in London, it is vital that our organisational practices reflect and support this diversity. The Peer Review report emphasised the importance of our ongoing work in this area and highlighted the need for continuous efforts to ensure inclusivity.

While we have mainstreamed EDI initiatives within our current resources, critical short-term investment is needed to accelerate delivery. The business case for EDI investment is strong, as addressing disparities can lead to better outcomes and efficiencies. For instance, according to Adoption England's Ending Racial Disparity in Adoption Report, Black children are overrepresented in the care system. Additionally, they wait longer for adoption than white children and are the least likely to achieve the lifetime stability and permanency of a loving family through adoption, which generates significant financial costs. This highlights the urgent need for focused efforts to reduce such inequalities.

Central to our EDI commitment is our Tackling Racism, Inequalities, and Disproportionality (TRID) programme. This programme promotes a more inclusive and equitable environment within our organisation. Our total investment in the TRID programme stands at £140,000 per annum. For the 2023/24 financial year, our spending included £22k on reciprocal mentoring, £25k on organisational development delivery support roles, and £83k on programme management costs. Initiatives like reciprocal mentoring and diverse leaders' development programmes have been effective in developing strong leadership and management capabilities. Better leaders and better managers ultimately result in a higher performing and efficient organisation, contributing to improved productivity and quality of service delivery.

Additionally, we plan to reduce reliance on agency workers by a further 15% by the end of July. This includes converting long-term agency workers to permanent roles and reducing overall spend on agency and consultancy fees. Currently, 12.5% of our workforce comprises agency workers, slightly exceeding our target of 12% but below the London Councils' average of 14.8%. A detailed report on agency assignments is provided to Corporate Directors monthly, allowing them to review and take action. Any agency

assignment costing more than £250 per day requires approval from a Corporate Director, ensuring tighter control and scrutiny.

6. Key barriers preventing progress that the Government can help to reduce or remove

To remove barriers and improve productivity of our services, we require a series of policy changes from the government. These include:

- Multi-year funding settlements to enable better planning and stability. The current model of single-year settlements prevents meaningful financial planning and hampers councils' financial sustainability.
- Continued funding beyond the six-month extension of the household support fund in the Spring Budget. In Newham, the funds have supported over 30,000 households impacted by the cost-of-living crisis. Continued funding will allow us to innovate and improve services for those in need.
- Allowing councils to set their own discounts or decide on the Right to Buy scheme's application. This will increase available council housing stock, reduce waiting lists, and decrease homelessness rates, while generating much-needed income to improve services.
- Providing the funding and powers to build new affordable social housing at scale to address housing needs and reduce pressures on temporary accommodation.
- To tackle the immediate challenge of housing, ring-fenced funding to end rough sleeping and reduce temporary accommodation numbers, alongside lifting the cap on housing benefit subsidy rates for temporary accommodation.
- A broader shift to empower local leaders with more decision-making authority to ensure resources are invested where they are most needed, improving service provision.
- Increasing funding to reflect inflationary pressures and growing demand in Adult Social Care and SEND funding.
- Overhaul of current funding schemes to help deliver much needed social housing retrofit. In Newham alone, our circa 17,000 social housing homes require an investment of £800m-£1b to prepare them for a net-zero future whilst delivering co-benefits around increased health, reductions in fuel poverty and ability to drive an incredible new market in green skills and construction. Current schemes such as the Social Housing Decarbonisation Scheme are highly competitive, with incredibly limited eligibility and therefore impact, and do not deliver the scale and pace required to address this issue.
- Similarly across our corporate estates, schemes such as the Public Sector Decarbonisation Scheme require incredible amounts of resources to complete bid submissions which are highly competitive, not guaranteed and fall significantly short of the funding required to hit net zero targets and invest in our public estate which delivers so many key services.
- Newham has positioned our climate action planning through the lens of a Just Transition which connects the need to deliver a net zero future with one that is also resilient against current and future climate shocks whilst ensuring this transition is one that directly benefits people and reduces existing inequities. More is required and welcomed from all government agencies to connect these narratives and funding to remove the siloed nature of these works currently.



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