

# Productivity Plan

July 2024

**Sunderland  
City Council**

# Context

The [Final Local Government Finance Settlement: England, 2024 to 2025](#) announced that local authorities would be required to submit productivity plans to the then Department for Levelling Up, Housing & Communities. This was confirmed in a letter of 16 April 2024 from the then Minister for Local Government to all local authority chief executives.

This document comprises Sunderland City Council's Productivity Plan which is structured under the four themes of the Minister's letter. It has been endorsed by the Leadership of Sunderland City Council and is published at [www.sunderland.gov.uk](http://www.sunderland.gov.uk)

## How you have transformed the way you design and deliver services to make better use of resources

Protecting, supporting and working collaboratively with residents, communities, businesses and partners is of critical importance to Sunderland City Council in ensuring Sunderland continues its transformation into a great place to live, work, achieve and play and where people are proud to belong.

Since 2010, the city council has been operating in a context of increasing financial pressures arising from Government cuts, with budget reductions over the last 14 years placing services under considerable strain. This has been exacerbated by high levels of inflation, the Covid-19 pandemic, the cost-of-living crisis and pressures arising from Brexit and the war in Ukraine. Robust financial management is therefore at the heart of the city council's approach to delivering on ambitious plans and is fundamental to the design and delivery of effective services.

The [Medium Term Financial Plan \(MTFP\) 2024/25 to 2027/28](#) sets out the city council's commitment to providing services that meet the needs and aspirations of Sunderland's communities, representing excellent value for money. Its key objectives are to:

- Ensure the continued financial resilience of the city council
- Identify and draw together activities that will help the council to meet service needs within the budget available; and
- Facilitate investment in social and economic regeneration activity and the achievement of the City Plan vision that "[by 2035 Sunderland will be a connected, international city with opportunities for all](#)".

The [MTFP](#) therefore provides a robust, consistent, and sustainable financial base from which the city council can deliver services and provides the context for detailed budgetary setting. The revenue and capital budgets are monitored on a monthly basis, with [Cabinet](#) receiving an updated position on the achievement of the budget on a quarterly basis. Robust financial management within the council supports the achievement of a balanced outturn position and through regular monitoring, any mitigating actions required to bring the budget back into line during the financial year, can be swifty taken.

Although the financial context continues to be challenging and uncertain, Sunderland City Council has a track record of meeting its financial obligations and maintaining financial sustainability. In 2023/24 the council delivered an outturn within its original budget and was able to make a positive contribution towards its General Fund Balances of £1.5m, bringing the total level of General Fund balances to £13.5m. This is considered by the Chief Finance Officer to be an adequate level in relation to the overall level of risk and uncertainty that the council, along with all other local authorities, is currently operating within. In addition, the level of General Fund balances is also taken into consideration when the council considers the overall level of usable reserves available to cover financial risk. An organisation-wide approach to the budget, which is priority-driven and focused upon a medium-term planning horizon, will ensure that this continues to be the case.

The council's approach to capital planning in the context of the ambitions of the [City Plan 2024-2035](#) and the aforementioned vision for Sunderland is set out in the [Capital Programme 2024/2025 to 2027/2028](#).

A key priority of the [Capital Programme](#) is to support plans for the [regeneration of Sunderland](#). When the budget was set by [Full Council](#) in February 2024, the total [Capital Programme](#) to be delivered over the next four years was £492.824m with £214.819m to be delivered in 2024/25. This includes supporting transformative regeneration projects such as [Riverside Sunderland](#), the [International Advanced Manufacturing Park](#), and [Crown Works Studios](#).

The [Capital Programme](#) is kept under review, considering the delivery of savings plans and associated transformational costs. The [programme](#) is capable of revision to enable the utilisation of capital receipts flexibilities or realignment of earmarked capital reserves to meet transformational costs or to support the overall budget position.

The city council is therefore continuing to focus on securing capital investment in Sunderland to deliver growth and jobs and is working with partners to invest in the regeneration of the city, maximise the use of resources available and deliver improved outcomes. This in turn helps maximise income available through [Council Tax](#) and Business Rates.

In seeking to minimise the impact of funding pressures and deliver the scale of reductions required, the council is increasingly taking a Sunderland-wide approach with partners and communities to shift from delivering services to enabling individuals, communities, and other organisations to work together to address the needs of the city in new and innovative ways, and to encourage people to be more self-supporting.

This involves transforming service delivery, reviewing service standards and commissioned activity and prioritising resources based on a programme of activity to reflect the city council's future role, and following the principles of:

- Targeting resources on statutory and front-line services and protecting priority services
- Managing demand and facilitating those services which make a difference
- Being customer focused - understanding needs and maximising the use of technology
- Redesigning and reshaping services to deliver value for money and maximise productivity

- Strategic commissioning based on outcomes, using an intelligence-based approach
- Maximising income opportunities where there is a market and business case
- Ensuring opportunities for collaboration with partners to deliver key outcomes
- Ensuring internal, support services respond appropriately to the changing shape and size of the city council
- Collaborating with residents, businesses, partners, and the voluntary and community sector to ensure the best outcomes; and
- A continued focus on regeneration and inward investment.

Within this context, the city council's Target Operating Model (TOM) vision is to create a leaner and standardised council structure, driving change and improving the customer experience. The TOM is based on a customer centric model and nine design principles to guide its activity.

The customer centric model aims to make best use of the council's resources, empowering customers with the tools and knowledge to access services in the most appropriate way.

The following nine design principles provide a consistent approach as the council continues its journey of service improvement:

1. Customer voice is heard
2. Right service and staff in the right place, at the right time
3. Intelligence, insight, and evidence led
4. Enable people to be independent and resilient
5. The council doesn't always have to be at the centre of things
6. Grow community resources and enable people to use them
7. Make best use of technology
8. Innovative and bold; and
9. Work together as one organisation.

The council has continually transformed the way it works, allowing it to operate more efficiently, and successfully develop new ways of working.

# How you plan to take advantage of technology and make better use of data to improve decision making, service design and use of resources

The vision and ambition for the council itself align with those for the city as a whole, with the development and deployment of digital technologies central to the design and delivery of the best services possible to residents and businesses.

Residents' views and insights are gathered in a range of ways, including an annual residents survey run by Ipsos to allow the council to understand residents' priorities and areas for improvement, with the results fed into the service planning process. A refreshed approach to resident engagement is underway which will include a digital platform to allow better tracking and reporting on the resident voice. Demographic and customer service data is analysed on an ongoing basis alongside a regular performance monitoring and reporting cycle based on both corporate health indicators and City Plan delivery metrics.

Outwardly, Sunderland City Council, in partnership with [Boldyn Networks](#), is working to build the UK's smartest city. With a focus on urban innovation to create the city of tomorrow, the partnership is harnessing technology and creating opportunities for all. This UK-first public-private partnership is underpinning Sunderland's transformation – a city setting new standards in smart city development, economic progress, and global competitiveness.

Sunderland's [Smart City](#) programme is estimated to deliver a £500m Gross Value-Added increase over 10 years and has, to date attracted almost £25m in Government and partner match funding and over £100m in private sector investment.

Key impacts of the programme include:

- Doubling the number of city properties with full fibre broadband connectivity in two years and providing an expansive, well used free Wi-Fi network
- A LoRaWAN covering 153km<sup>2</sup> of the city driving productivity improvements with sensors for smart bins, air quality, legionella water monitoring, lifebuoys, and rain buckets
- A growing 5G footprint fuelling city-wide innovation from advanced manufacturing to healthcare and autonomous shuttles
- An energy efficiency and carbon reduction plan on track to deliver 22,000 tonnes of carbon reduction by 2039
- Assistive Technology enabled in more than 5,000 properties across the city enabling people to live safe and well at home and reducing traditional social care provision
- Supporting over 90,000 residents in the first two weeks of their operation; through 24 community digital hubs enabling the most vulnerable, disconnected residents to access skills and learning opportunities

- The city's data platform identifying the 10,500 most vulnerable residents to deliver person-centred services and support and underpinning real-time management and long-term planning
- A digital twin informing urban planning, assessing the impact of traffic and carbon emissions
- A digital careers programme reaching 2,500 students, 300 teachers and 3,000 businesses

## Your plans to reduce wasteful spend within your organisation and systems

The council has concerns about the use of the term "wasteful spend" and considers that the responsibilities of local authorities and their critical role in providing community leadership, protecting the most vulnerable and leading regeneration, have not been well understood or supported by the Government previously.

Sunderland City Council's overall budget position shows a balanced budget for 2024/25 taking account of [Council Tax and Adult Social Care Precept](#) increases and which is reliant upon the use of £9.000m of reserves. There remains a [MTFP](#) budget gap of £44.691m for the period 2025/26 to 2027/28.

The continuing focus for the city council is on providing all residents in Sunderland with the best possible services and support and generating long-term benefits for the city's children and young people beyond 2035. As a community leader, the city council is committed to working effectively with partners to ensure city residents are enabled to achieve their true potential. Everything that the council does and delivers is aligned to the organisational values of [We Innovate, We Enable and We are Respectful](#) and in the context of the commitment to creating [community wealth](#) and working within the principles of a [co-operative council](#).

Building on the budgetary and transformation work referred to above, the council is continuing to transform itself in the context of the resources available to it and its areas of spend.

Future Council is the organisation's process of examining how it does things, not only to address financial pressures but to:

- Better serve residents
- Improve performance and reach efficiency targets; and
- Ensure the council pays its part, alongside partners, in delivering the City Plan.

Improvement activities have been identified for the Future Council programme and are a mix of directorate-specific and cross-cutting reviews, including:

- **Refuse and recycling:** Redesigning the customer journey to optimise service delivery, align with the TOM and invest in the workforce
- **Housing landlord:** Developing an options appraisal on the landlord service aligned to value for money and regulatory compliance
- **Council Tax:** Maximising opportunities to increase income

- **Improving pathways into social care:** Streamlining the customer journey, triaging at early intervention to ensure the most appropriate level of support
- **Financial inclusion:** Reviewing the strategic advice service to inform the redesign of the function with a core focus on financial inclusion and debt support
- **Leisure services:** Reviewing the council's leisure offer and partnership to ensure it is fit for purpose and delivering value for money
- **Home to school transport:** Leveraging best practice and optimising logistics and route planning
- **ICT:** Refining in-house delivery where appropriate to ensure ICT is cost effective, achieving best of breed, addressing succession planning challenges and reducing ongoing capital investment
- **Workforce:** Ensuring the workforce is fit for purpose, future-proofed and supports opportunities for efficiencies; and
- **Commissioning:** Gaining an understanding of all commissioning activity across the city council, [Together for Children](#) and [Sunderland Care and Support](#) to identify synergies, opportunities, and clarify governance arrangements that support the different models of commissioning.

Future Council is being realised as a range of different projects. To meet financial targets and hold true to the resident-focused, continuous improvement ethos, the council is ensuring that all options are considered when looking at how it could do things differently and make improvements.

## The barriers preventing progress that the Government can help to reduce or remove

In November 2023, the leaders of Sunderland City Council's three political parties wrote to the then Chancellor of the Exchequer. They called for extra funding to continue work on supporting struggling communities and outlined how, in common with other local authorities, the council is facing significant cost increases in:

- Children's social care because of rising costs and demand pressures
- Home to school transport for children with special educational needs and disabilities
- Adult social care, driven by higher demand and rising costs resulting from inflation; and
- Homelessness services.

The city council fully supports [SIGOMA](#) (as a member authority) in respect of the asks of Government in terms of removing barriers to productivity.



## Short-term - stabilisation

Local government finances are on a knife edge and require immediate action to stabilise them and avoid a surge in Section 114 notices:

- **Multi-year settlements:** The 2024/25 financial settlement was the sixth single-year settlement councils have had to use to plan their budgets. This provides no stability or certainty and makes financial planning reliant on assumptions and predictions. Future settlements must be multi-year, covering three years with regular updates to the data, providing local authorities with the figures they need to accurately plan their budgets.
- **Greater grant flexibility:** Strict grant conditions ringfence funding, preventing local authorities from targeting funding to specific areas of need, placing further pressure on their budgets. Loosening grant conditions would enable councils to direct funding to where they are experiencing the greatest pressure, bringing stability to their budgets.
- **Changes to the Adult Social Care Precept:** The Adult Social Care Precept is welcomed, enabling local authorities to raise additional money on top of Council Tax for their adult social care services. However, the demand and cost of children's social care is now growing to an unsustainable level. By either reforming the Adult Social Care Precept to become a Social Care Precept for both adults and children or by introducing a new Children's Social Care Precept, local authorities would be able to access more funding to help with these growing pressures.
- **Reset business rates baseline:** Failure to reset Business Rates growth in 2020, has seen the least deprived authorities with high growth in their Business Rates base, retain income which would have been distributed to more deprived authorities with low growth in their Business Rates base, had growth been reset. SIGOMA calculates that its members have lost £150m in funding for every year of this delay. The Business Rates baseline needs to be reset with any accumulated growth distributed on a needs-basis. Resetting Business Rates growth would ensure that the most deprived authorities receive more funding to support the delivery of their front-line services.
- **Review the Council Tax referendum principles:** Council Tax referendum limits exist to protect local taxpayers from high Council Tax increases, yet this comes at the expense of councils' financial viability. Over recent years, councils subject to a Section 114 notice have increased Council Tax by percentages greater than the referendum principles. Councils finding themselves in financial distress should not be the trigger allowing them to increase their Council Tax by greater amounts. In the most recent local government finance settlement, councils were given the option to ask the then Department for Levelling Up, Housing and Communities for a relaxation of these principles should they find themselves in financial distress. Local authorities should be trusted to set their Council Tax levels at a value that will keep them in a position where they can continue to provide residents with the services they rely on, rather than having to wait until they're in desperate need.
- **Increase the quantum of local government funding:** Since 2010, local government has experienced the largest budgets cuts in the public sector, experiencing a 18.1% real-terms cut to funding up to 2024/25. This figure is even greater for more deprived authorities. SIGOMA members have seen an average real terms cut of 23.3% since 2010/11 and Sunderland City Council has seen a 25.6% cut. This comes at a time when the demand for council services is far higher than 2010 levels,



particularly for adults and children's social care. Local government needs to see its quantum of funding returned to 2010 levels to truly be stabilised and to avoid more councils issuing Section 114 notices. This would mean providing local government with above inflation increases on their settlements until real-term 2010 funding levels are restored.

- **Regulate the children's social care market:** The children's social care market is broken, and spiralling costs of children's social care placements are placing immense pressure on local authority finances. Regulating the children's social care market to prevent excessive profiteering would help relieve some of the pressure on local authority budgets and would ensure the most vulnerable children in society remain protected.

## Medium term - distribution

In the medium term, local government funding needs to be made fairer, with more funding distributed on a needs basis, including a number of reforms to ensure that the gap between the most deprived and least deprived areas does not grow wider:

- **Detach Business Rates from local government funding:** The current system of using Business Rates to fund local authorities is unfair and prevents the Business Rates system from being reformed. Business Rates should be detached from local government funding whilst ensuring local authorities have the funding they need.
- **Fair Funding Review:** The data and formulas used to distribute funding need to be updated to ensure that distribution of funding to local authorities is fair and does not further widen the gap between poorer and wealthier authorities.
- **Independent grant allocations:** The only way that the distribution of local government funding can be set fairly, without political influence, is through an independent body.
- **Reform of social care funding:** The current funding mechanism for adult social care is neither sustainable nor fair for the most deprived local authorities. The current system creates a postcode lottery of care, and every year it continues, the gap between the most and least deprived local authorities widens. Social care funding needs to be reformed so that it is based on social care need in a local authority area and not based on residents' ability to pay the social care precept.
- **Move away from local taxation:** Since 2013/14, there has been a gradual move away from government grant towards local taxation, and fees and charges, to fund local services. This disadvantages the most deprived local authorities whose residents are less able to afford inflationary increases to fees, charges, and Council Tax. The Government must ensure that the funding allocated to local authorities is sufficient to provide these services without relying on residents paying increasing amounts for them.

## Long term – sustainability

In the long term, there needs to be a focus on sustainability for local government finances, to ensure that there is not a return to the current situation, where the system is broken and requires reform:

- **Independent academic review:** There should be an independent academic review of local government finance exploring what additional alternative income streams local government could raise without more deprived areas being left behind or increasing the tax burden for local taxpayers.
- **Review and reform Council Tax:** Council Tax is regressive and an unfair way to fund local services. The Council Tax and Council Tax benefit system need to be reviewed and reformed to create a fairer and more equitable way to fund local services that does not punish the most deprived households. This could be done as part of the independent academic review.

## Conclusion

Sunderland City Council hopes that this Productivity Plan along with those produced by other local authorities will assist the Government in helping (from the previous Minister's letter) "understand what is happening across the sector" and support the shaping of:

- future national policy
- the role of Government in supporting further change and
- the role of the local government sector.

The city council would welcome the opportunity to engage further with the new Government in respect of the productivity and funding of the sector.

# Sunderland City Council