

# Productivity: Should it be the focus of council performance?

To: All local authorities in England

## 1 Introduction

In early 2024, the Government announced new government-mandated productivity plans alongside the final local government finance settlement for 2024-25 for local authorities in England. The final settlement confirmed the additional £600m in funding for local government, £500m of which is for social care. Of course such figures could change post the General Election. It has been cited that in return for this funding, councils were told they would need to set out how they will “improve service performance and reduce wasteful expenditure” in productivity plans, which need to be submitted by 19 July. With the newly announced general Election date of the 4 July, it is of course now questionable if such plans would survive a change of Government at Westminster. However, the announcements provide a useful insight into issues of public sector productivity and the debate as to public sector performance measures.

Notably the proposals included the following statements of intent and please also note that this is the wording extracted from the Government announcements, and not APSE’s views: -

- Transformation of services to make better use of resources.
- Opportunities to take advantage of advances in technology and make better use of data to inform decision making and service design.
- Ways to reduce wasteful spend within systems, including specific consideration of expenditure on consultants and discredited staff equality, diversity and inclusion programmes.
- Barriers preventing activity that government can help to reduce or remove.

The Government also announced a productivity review panel would be established made up of “sector experts” which APSE will be seeking representation on. The panel will review productivity plans and advise the government on best practice, which will be monitored to inform funding settlements in the future. This briefing focuses on what measures could be considered by APSE members as ‘productivity’ measures in a local government context.

## 2 Defining productivity

This includes the following:

*‘The rate at which a worker, a company or a country produces goods, and the amount produced, compared with how much time, work and money is needed to produce them.’ Oxford English Dictionary*

*‘Productivity is the efficiency of production of goods or services expressed by some measure.*

*Measurements of productivity are often expressed as a ratio of an aggregate output to a single input or an aggregate input used in a production process, i.e. output per unit of input, typically over a specific period of time.* **Wikipedia**

### **3 Benefits of productivity growth**

Productivity growth means more value is added in production and this means more income is available to be distributed. This can then be distributed in a number of ways including to the workforce through better wages and conditions, to customers through lower prices, to the environment through more stringent environmental protections, etc.

The Office of National Statistics (UK) states that business productivity is a key determinant of living standards in the long term. Higher productivity means that a business produces more output for each worker it employs. Increasing productivity over time allows businesses to produce more goods and services per unit of input. This ultimately enables higher wages, aids economic growth, increases profitability, and boosts tax revenues.

However, such measures tend to apply in a private sector context and a much more nuanced approach is needed to assist understanding in a public sector context, though some of the principles such as the ratio of input to output measures, can in some circumstances, hold well.

### **4 Drivers of productivity growth**

Productivity can improve from the following factors:

- available technology or know-how for converting resources into outputs.
- the way in which resources are organised to produce goods and services.
- evolution as processes with poor productivity performance are abandoned and newer forms are exploited.
- process improvements such as organisational structures, management systems, work arrangements.

The Office for National Statistics UK (ONS) identifies five drivers that interact to underlie long-term productivity performance: investment, innovation, skills, enterprise and competition.

1. Investment is in physical capital — machinery, equipment and buildings. The more capital workers have at their disposal, generally the better they are able to do their jobs, producing more and better quality output.
2. Innovation is the successful exploitation of new ideas. New ideas can take the form of new technologies, new products or new corporate structures and ways of working. Speeding up the diffusion of innovations can boost productivity.
3. Skills are defined as the quantity and quality of labour of different types available in an economy. Skills complement physical capital, and are needed to take advantage of investment in new technologies and organisational structures.
4. Enterprise is defined as the seizing of new business opportunities by both start-ups and existing firms. New enterprises compete with existing firms by new ideas and technologies increasing competition. Entrepreneurs are able to combine factors of production and new technologies forcing existing firms to adapt or exit the market.
5. Competition improves productivity by creating incentives to innovate and ensures that resources are allocated to the most efficient firms. It also forces existing firms to organise work more effectively through imitations of organisational structures and technology.

## 5 The historical productivity picture

Productivity is influenced by the wider economic context including levels of funding and availability of a skilled workforce. According to an Article by the Office of National Statistics (ONS) (2015) called 'What is the productivity puzzle?', historically, productivity has trended upwards over time: more goods and services have been produced per hour worked. This has allowed living standards to rise. Economies are subject to cyclical fluctuations and it is not unusual for productivity to fall during downturns, as happened in 2008-09. What is unusual is the flat-lining of productivity since 2010. This is unprecedented in the post-war era and has come to be referred to as the "productivity puzzle". The productivity puzzle is not unique to the UK. Other countries, especially in Europe, have also experienced similar. Many economists have tried to explain the productivity puzzle but a full explanation remains elusive. Among the many reasons suggested are low levels of investment and the ability to retain staff.

If productivity is influenced by levels of investment and funding, then the 40-50% cuts experienced by local government since the global financial crash of 2008, which was followed by a deep period of austerity will have an adverse impact on increasing productivity levels. APSE research has found the devastating effect which underfunding is having on local government front line services including the following:

- APSE's State of UK Public Parks 2021 Report found that a total of £690 million was lost from parks budgets 2010-2021. 85% of parks managers are expecting further cuts of up to 30% in the next 5 years ([State of UK Public Parks 2021](#)).
- Sport England estimate that 63 per cent of main sports halls and 60 per cent of swimming pools are past their expected lifespans or overdue refurbishment. As a result, the public leisure estate is not energy efficient and currently accounts for between 10 to 40 percent of council's direct carbon emissions. A lack of investment is costing the facilities more in energy ([Securing the future of public sport and leisure services. A report on behalf of APSE, the LGA and CLOA 2021](#))
- Due to Meals on Wheels not being a statutory requirement and the absence of funding for the provision, many local authorities are taking the decision to no longer provide financial support for these services and closing them permanently. This service has reduced from 66% of councils providing the service in 2014 to 29% of councils having some form of provision in 2023 with indications that this could reduce further in the short term ([National Association of Care Catering Meals on Wheels Report 2023](#)).

In recent years, the UK has witnessed difficulties in recruiting and retaining staff post-Covid and the loss of workers due to departure from the EU in 2020, which led to an increase in immigration from non-EU countries, but not enough to compensate for the loss of workers from neighbouring countries, according to the joint findings of the thinktanks Centre for European Reform (CER) and UK in a Changing Europe. Brexit has led to a shortfall of 330,000 people in the UK labour force, mostly in the low-skilled economy.

In addition, data from the ONS suggests that more than a fifth of working-age adults in the UK are deemed not to be actively looking for work. The UK's economic inactivity rate was 21.8% between November and January, marginally higher than a year earlier. It means 9.2 million people aged between 16 and 64 in the UK are not in work nor looking for a job. The total figure is more than

700,000 higher than before the coronavirus pandemic. Concerns have been raised over worker shortages affecting the UK economy. Long-term illness has been cited as the main reason for about a third of the working-age inactive population not being in the labour force. All these employment issues compound the challenges facing local government in trying to increase productivity levels.

APSE data has evidenced some of these financial and resource/staffing challenges and the latest trends on local services can be viewed in this paper:

[APSE’s latest publication on performance](#)

It clearly shows recruitment and retention problems across the front-line local government services. High levels of vacancies for 2022-23 across the job roles below are with leisure recreation assistants and building maintenance services. We can also evidence the difficulties retaining staff with building cleaning especially, with only 76% of new staff staying at least 12 weeks.

	<b>% vacancies</b>	<b>% filled</b>	<b>% stayed beyond probation, induction and training</b>	<b>% stayed at least 12 weeks</b>
Parks	9%	*78%		
Refuse drivers	11%	75%		
Refuse loaders	14%	80%		
Street cleansing	12%	77%	99%	
Cemetery and crematorium	4%	81%	94%	
Leisure recreation assistants	34%	91%	92%	
Building cleaning	9%	56%		76%
Building maintenance	18%	67%		

## 6 Measuring productivity at a local level

Over the last 25 years, APSE has measured productivity in front line services through performance networks, a voluntary public sector benchmarking service in the UK, with almost 200 councils in membership. The measures produced are decided by local authorities involved in the service rather than being led by national governments and assemblies. Examples of productivity measures contained within the service which could assist councils with their productivity plans are shown below:

Parks, open spaces and horticultural services



- Number of hectares maintained per FTE front line employee
- Number of FTE non front line employees per 100 hectares maintained
- Number of green space quality inspections per annum
- Number of playground quality inspections per annum

Cemetery and crematorium services



- Number of burials per FTE employee
- Number of cremations per FTE employee
- Number of burials and cremations per FTE employee
- Percentage of memorials inspected per year

Refuse collection and recycling



- Number of collections per FTE (drivers and loaders)
- Number of FTE non front line employees per collection
- Incidents of fly-tipping dealt with within target time

Transport operations and vehicle maintenance



- Number of weighted vehicles (units- adjusted for direct maintenance) maintained per fitter per annum
- Labour input hours (fair wear and tear) per weighted vehicle

Street cleansing



- % of reported incidents responded to within target time
- % of all incidents responded to/dealt with within target time
- Number of nuisance (including abandoned vehicles) responded to in target time
- Incidents of fly-tipping dealt with within target time
- Incidents of urgent graffiti removal dealt with in target time
- Incidents of non-urgent graffiti removal dealt with in target time
- Days of operation per week for primary retail/high footfall areas
- Days of operation per week for secondary retail
- Frequency of visits in weeks for high density residential estates
- Number of street cleansing quality inspections per annum

Roads, highways and winter maintenance



- Cat 1 defects repaired within target time (carriageways)
- Cat 1 defects repaired within target time (footways)
- Km of carriageway and footway safety inspections per FTE inspector
- Percentage of safety inspections completed on time (carriageways)
- Percentage of safety inspections completed on time (footways)
- Percentage of faults rectified within target time (traffic management)
- Percentage of faults rectified on first visit (traffic management)
- Percentage of principal inspections completed on time (bridges/structures)
- Percentage of general inspections completed on time (bridges/structures)

Street lighting



- % lamps restored to working condition within 7 days
- % lamps restored to working condition within 21 days
- % lamps restored to working condition within target time
- % emergency call outs responded to within 2 hours
- % of columns with a valid structural certificate
- % of street lights with a valid electrical certificate

Environmental health-Scotland



- Total number of food premises per FTE
- Number of inspections, revisits and other interventions per FTE for all premises
- Number of inspections, revisits and other interventions for Group 1 and Group 2 premises only per premise
- Number of inspections, revisits and other interventions for all Band E premises per premise
- Number of inspections, revisits and other interventions for all Group 1 and Group 2 Band E premises per premise
- Number of inspections, revisits and other interventions for all Band D and E premises per premise
- Number of inspections, revisits and other interventions for all Group 1 and Group 2 Band D and E premises per premise
- Number of proactive and reactive inspections and non-inspection interventions per FTE (health and safety)
- Average time in days to respond to service requests where a visit was necessary from the date of receipt (noise excluding anti-social behaviour noise)
- Average time in days to respond to service requests where a visit was necessary from the date of receipt (anti-social behaviour noise)
- Incidents of fly-tipping dealt with within target time

Environmental health – England/Wales



- Total number of food premises per FTE (food hygiene)
- Total number of food premises per FTE (food standards)
- Total number of inspections, revisits and other interventions (category A – E premises) per FTE
- Number of proactive and reactive inspections and non-inspection interventions per FTE (health and safety)
- Average time in days to respond to service requests where a visit was necessary from the date of receipt (community protection and anti-social behaviour including noise)
- Incidents of fly-tipping dealt with within target time

## Trading standards



- Consumer complaints: total number of notification responded to within target time
- Total number of business requests completed within target time
- Percentage of tobacco and NVP retailers from whom at least one test purchase was made

## Sports and leisure



- Number of FTE employees per 50,000 user visits
- Staff hours per opening hour
- Usage per staff hour
- Opening hour per FTE employee
- Usage of the facility per opening hour
- Energy consumption per facility user

## Building cleaning



- Number of paid staff hours per measured square metre of buildings cleaned
- Total square metres of all buildings cleaned per FTE employee
- Number of schools cleaned per FTE employee (primary schools)
- Number of schools cleaned per FTE employee (secondary schools)
- Number of offices cleaned per FTE employee (all offices)
- Number of quality inspections per annum

## Building maintenance



- Average time taken to complete a routine repair
- Day to day housing jobs completed per full time operational employee
- All housing jobs completed per full time operational employee
- All day to day jobs completed per full time operational employee
- All jobs completed per full time operational employee
- Average time taken to turnaround a void property

## Catering



- Primary school lunchtime meals served per staff hour
- Special school lunchtime meals served per staff hour
- Primary and special school lunchtime meals served per staff hour

*Please note, % of complaints dealt with within target time is a performance indicator which is collected across most of the above service areas.*

## 7 APSE Comment

Measuring productivity is nothing new; local councils have been creating and measuring performance for over 2 decades. For members of APSE performance networks, productivity levels will be easy to evidence at a service level. There is, though a real danger in measuring productivity levels in isolation from:

- Resources/costs
- Service standards
- Quality
- Outcomes achieved

Local government services are complex with multiple customers/users and productivity is very different to industries such as manufacturing. In addition, policy decisions will affect performance levels and these drivers need to be taken into account.

As the 'productivity puzzle' may suggest nationally, productivity can be heavily influenced by factors such as levels of investment and the availability of a skilled workforce. External challenges such as levels of underfunding and difficulties in recruiting and retaining staff will impact on the extent to which the public service can be productive.

Whilst many will welcome the additional support package of £500 million to be added to the Social Care Grant, the additional £100 million will not significantly change the remaining pressures on frontline local services. APSE welcomes changes to the funding guarantee of 3% to 4%. However, local councils are still experiencing exceptional times in local government finance, including the ongoing pressures on adult and children's services, homelessness and asylum support, alongside the squeeze that these pressures place on all other frontline services. Local government needs radical and meaningful financial reforms that will allow transformational change at a local level and secure long-term financial stability.

The criteria on '*ways to reduce wasteful spend within systems*' needs to be viewed in the context of historical unprecedented cuts to council services and increasing demands on resources. The capacity for local government to deliver in this context isn't due to 'waste' but instead is due to inadequate funding to meet the demands of the public. The main '*barriers preventing activity that government can help to reduce or remove*' are financial. Local government has been productive but is coming to the end of the road in ways it can be more efficient.

Local councils will be supportive of a renewed emphasis on performance management and process reform; this has evolved over the last 20+ years. Data should be the means of reviewing services and for effective management and the management of change; data enables decisions to be based on fact rather than opinions.

However, APSE is disappointed that recent reporting on the OFLOG data was presented in terms of a very unhelpful league table approach. The nuances of comparing different types of councils, different delivery models, and differing service options, as may be democratically agreed by elected member must all be considered as part of the lexicon in measuring both productivity and how performance data and performance management tools are utilised across local government and the wider public sector.

## **8 What is APSE performance networks?**

It is the largest voluntary public sector benchmarking service across England, Scotland, Wales and Northern Ireland and leads the way in local government benchmarking. APSE performance networks is recognised as a trusted and robust source of performance data within local government. The model met all criteria in an assessment of consistency, reliability and comparability of data required by the Audit Commission. The Department for Culture, Media and Sport reported "APSE methodology meets all the Audit Commission criteria" in relation to using the data for the national leisure CPA indicators. The model has also been described as "well established and trusted to deliver information" by an independent validation by the Institute of local government studies (Inlogov) at the University of Birmingham. Performance networks' data undergoes a rigorous error checking and three stage validation procedure to ensure that its data is robust. To find out more, please email [performance.networks@apse.org.uk](mailto:performance.networks@apse.org.uk)

**Debbie Johns**

**Head of performance networks**

**Email** [djohns@apse.org.uk](mailto:djohns@apse.org.uk)

## Sign up for APSE membership to enjoy a whole range of benefits

APSE member authorities have access to a range of membership resources to assist in delivering council services. This includes our regular advisory groups, specifically designed to bring together elected members, directors, managers and heads of service, together with trade union representatives to discuss service specific issues, innovation and new ways of delivering continuous improvement. The advisory groups are an excellent forum for sharing ideas and discussing topical service issues with colleagues from other councils throughout the UK.

Advisory groups are a free service included as part of your authority's membership of APSE and all end with an informal lunch to facilitate networking with peers in other councils. If you do not currently receive details about APSE advisory group meetings and would like to be added to our list of contacts for your service area please email [enquiries@apse.org.uk](mailto:enquiries@apse.org.uk).

Our national advisory groups include:-

- FM and Building cleaning
- Catering (School Meals)
- Cemeteries and Crematoria
- Cost of Providing/Cost of Living Network
- Highways and Street Lighting
- Housing, Construction and Building Maintenance
- Local Authority Commercialisation, Income and Trading Network
- Parks, Horticulture and Grounds Maintenance
- Recovery and Renewal
- Renewables and Climate Change
- Roads, highways and street lighting
- Sports and Leisure Management
- Vehicle Maintenance and Transport
- Waste Management, Refuse Collection and Street Cleansing

Visit [www.apse.org.uk](http://www.apse.org.uk) for more detail



Association for Public Service Excellence  
3rd floor,  
Trafford House,  
Chester Road, Manchester M32 0RS.  
telephone: 0161 772 1810  
fax: 0161 772 1811  
web: [www.apse.org.uk](http://www.apse.org.uk)

**NEW MUNICIPALISM**  
Delivering for local people and local economies