

8 March 2017

Productivity Programme

Purpose

For discussion.

Summary

This report updates the Board on the progress being made in the Productivity Programme as we approach the end of 2016/17, with a particular focus on the achievements of the programme over the second half of the year.

There will be a presentation by Staffordshire County Council on its work as part of the Design in the Public Sector Programme to develop a community-based approach to its work with 'at risk' families (paragraphs 18-21 of the report refer to this programme).

Recommendations

Members of the Improvement and Innovation Board are asked to;

1. Note the updates and progress on the Productivity Programme.
2. Provide such guidance as the Board considers necessary to ensure that the programme meets its objectives.

Action

Officers to pursue the activities outlined in the light of member guidance.

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Productivity Programme

Background

1. The Productivity Programme comprises a range of projects to help improve productivity and efficiency in councils through delivering savings, generating income and making better use of assets. The programme is devised by reference to the Memorandum of Understanding agreed with the Department of Communities and Local Government.
2. Local authorities can reduce their financial dependence on government and their call on local taxpayers in three ways;
 - 2.1. **Transforming services** either to make them more efficient and less wasteful or to find more effective ways of delivering to local people's needs.
 - 2.2. **Smarter sourcing** commissioning and buying the services, goods and works that contribute to local outcomes more effectively and, where possible, more cheaply, and managing the resulting contracts to optimise value from them.
 - 2.3. **Generating income**, which involves generating a greater proportion of funding locally, such as by commercialising the authority's existing skills, assets or commodities or investing to grow the local economy to generate wealth for the area.
3. The productivity programme contains work that will support local authorities in each of these three areas and several of our projects cut across more than one. Our programme complements and supplements the work of other agencies we work with such as the Cabinet Office, Crown Commercial Services and Local Partnerships.

Transforming Services

Digital work-stream

4. The LGA is working with councils to maximise the opportunities and better understand the risks that digitalisation creates. One of our digital work-streams is an annual grants programme which has had a different theme or focus each year.
5. The LGA Productivity Programme funded 27 Digital Expert council led projects early in 2015 to use digital tools and solutions to redesign and improve access to council services. We have captured and reported case studies for those projects as of the Autumn of 2016.
6. The funding was used in a number of ways including the implementation of a book and pay service; introduction of webchat or developing in-house agile project management skills to redesign services. Case studies include details of the issue the project set out to address; their approach; the tool or solution they applied, the impact this had for residents and the council, and the savings it helped generate. We also captured a summary for those small numbers of projects that had not completed their work, focusing on the underlying causes and drawing out the key lessons and learning for other councils. These are all available on the [LGA website](#).
7. An end of programme report will shortly be published on the LGA website, this highlights the benefits generated from these projects which includes over £2 million in savings and

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£0.5 million in income. It also draws out the learning from across all the projects and highlights the key elements to delivering a successful digital project.

8. Last year we funded 16 further council led projects to use digital tools and approaches to support their work on national programmes of transformation including: Troubled Families, the integration of health and social care and welfare reform. These Digital Transformation projects are due to complete their work over the coming months so we will shortly commission the evaluation to capture the impact, the assets and savings generated, to help share the learning from these projects.
9. For this year we recently invited bids from councils for funding to support work on 'channel shift' – using digital technology to ensure that residents who choose to can access council services more quickly and easily. The deadline was Friday 3rd February and 64 bids were received. These will be assessed with the successful bids receiving funding before the end of March. The focus for this funding is to help councils use digital tools and approaches to get more services online and get more residents or businesses carrying out their business online with their council.

Cyber Security

10. The LGA is working with the recently launched National Cyber Security Centre (NCSC) to help highlight the increasing risks of cyber-attacks as well as the guidance and support available to help councils. This includes: 10 steps to Cyber Security; protecting your organisation from ransomware; a weekly threat report available on the NCSC website.
11. The LGA has brought together the other sector representative bodies including, Solace, Socitm, ADASS, CIPFA, and LLP into the LG Cyber Security Stakeholder Group. This stakeholder group is working with the NCSC and Cabinet Office to help them better engage with the sector at a strategic level. A separate officer group with technical expertise is also being set up to work as an Advisory Board and to help the NCSC work directly with the relevant local and regional stakeholders, including Local Resilience Forums.

Shared Services and Collaboration

12. As previously reported, the popular LGA Shared Services map was updated for 2016 and relaunched in May last year and shows that the vast majority of councils are involved in shared service arrangements across the country. These arrangements are contributing to taxpayers saving more than half a billion pounds.
13. We have also launched a shared services "matchmaking" service to provide assistance to support councils who wish to share services and/or management teams with other councils. The offer includes access to funding for a dedicated shared service expert and/or paid for external mediation advice and support.
14. Since the launch of the "matchmaking" service in September 2016, 13 councils have contacted us to express an interest in accessing support from the LGA to extend their current shared service arrangements and support is being provided as appropriate.

Managing Demand & Service Design

Behavioural Insights Programme

15. Behavioural insights have been used across public services to generate low cost interventions to improve service outcomes. The approach is based on the idea that interventions aimed at encouraging people to make better choices for themselves and society will be more successful if they are based on insights from behavioural science. As behavioural insights continue to be applied to increasingly complex issues in local government, the LGA is looking to build an evidence base of what works.
16. Funding for phase 1 of the LGA's Behavioural Insight programme was awarded earlier this financial year and the following trials are currently taking place:
 - 16.1. Liverpool (public health): reducing sugar consumption in the local population.
 - 16.2. Lincolnshire (skills and enterprise): how to motivate employers (particularly SMEs) to encourage their staff to attend skills training.
 - 16.3. Leeds (adult social care): improving efficiency and outcomes during initial contact with adult social care services.
17. Funding has recently been awarded to four further projects:
 - 17.1. Reducing sugar consumption in schools – Brighton and Hove Council.
 - 17.2. Reduce incidents and impact of domestic abuse – Kent County Council.
 - 17.3. To increase the uptake of online STI testing – LB Lambeth and Southwark.
 - 17.4. Reduce demand on Housing service – Tunbridge Wells and 5 neighbouring district councils.

Design in the Public Sector

18. We have been working with the Design Council to support councils to examine the ways in which they deliver services and how they can be redesigned to save costs and improve their effectiveness. The project has been pursued on a region-by-region basis.
19. In this financial year to date a total of 15 councils have received support through this programme. The West Midlands cohort of 7 councils (Coventry, Wolverhampton, Staffordshire, Lichfield, Herefordshire, South Staffordshire, Shropshire) has finished the Design in Public Sector programme.
20. The 8 councils from the East Midlands (Northamptonshire, Hinckley and Bosworth, Cambridgeshire, Blaby, Ashfield, South Kesteven, Leicestershire and Milton Keynes) started in Nottingham in September. They have now just completed Day 5 of their programme.
21. The application process for the final cohort for this financial year - London - was launched in December. In addition we have produced a [webpage](#) to share the learning from the programme so far.

Smarter Sourcing

Procurement

22. The National Procurement Strategy sets out our objectives in relation to national category strategies in local government's main spend areas: Construction, ICT, Social Care and Energy. Councils can use the category strategies to test themselves against best practice in order to procure more effectively in these areas.

22.1. **Construction.** Since the last update we have commissioned a new category strategy for construction which will outline developments in the construction and Facilities Management markets, consider the implications for councils' procurement teams on developments such as Brexit, living wage, the new government Industrial Strategy, devolution and wider public sector collaboration, the apprenticeship levy and wider social value implications.

22.2. **ICT.** Collectively, Local Government spends around £2.5 – £3bn per annum on IT, with £1bn of this spent on sourcing and supporting all software applications, but this sum does not reflect the total financial influence that new technology and digital services can have. This new strategy, which is expected to be published this month, sets out how the sector can leverage this spend to enable real digital transformation - meaning councils can save significant amounts, not just in terms of IT expenditure, but more importantly deliver savings across their business operations.

22.3. **Social Care.** We have been working on implementing the recommendations in the social care category strategy and following feedback from the local authority stocktake on social care, we are working with the Whitehall in Industry Group and Public Sector Transformation Academy as our delivery partners on a social care market shaping workshop to be held in April. Depending on the success of the event we will look to roll out similar events in a number of regions.

22.4. **Energy.** We have recently commissioned sector experts to produce a new category strategy for energy which will focus on energy procurement in a rapidly changing market. This will include areas such as energy efficiency and demand management, energy storage and collaboration with partners (such as other councils, housing associations, businesses) and how savings can be measured. We envisage that the energy category strategy will be launched in Summer 2017.

23. In addition to the work outlined in the 2014 national procurement strategy we have identified a number of other important work-streams relating to procurement:

23.1. **Encouraging Innovation in LG Procurement.** The research phase for this work is now complete and we are in the process of writing a guidance document based on what we have learned. Our report will be published in Spring 2017

23.2. **Strategic Supplier Management.** We have identified a number of key suppliers to local government and are in the process of undertaking a detailed analysis of potential variations in cost, operating models and service levels, with a view to identifying differences in contracts with councils for exactly comparable unit costs and service levels. In parallel we also want to achieve a better understanding of issues facing the market, to identify barriers to suppliers being more innovative and

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ultimately to form a fundamentally different more transparent relationship with suppliers.

- 23.3. **Skills.** Councils are currently duplicating effort across procurement which could be delivered more effectively through better use and sharing of resources. We have started to map out the skills and competencies that we believe a '21st Century Procurement Officer' might need and our plan is to identify existing good quality provision of skills training currently being delivered, this will help us to identify the gaps and we can focus on how to fill these gaps, through formal and informal training.

Income Generation

Commercialisation

24. Local Government's interest in commercialisation continues to grow and this is reflected in the response to the LGA's support offer to councils' commercial activities. The Advanced Commercial Group has met on 4 occasions this year and includes representatives from 25 councils. In addition experts have been commissioned through the LGA's Commercial Experts programme to work with 6 councils so far this year to contribute towards £7.6 million additional income for these councils.
25. In partnership with the Institute of Directors (IOD) we have launched our Commercial Skills training for senior officers. This offer has proved popular with all 20 places for the first cohort starting in February 2017 have been taken and so a second cohort starting in April in the North West has been released.
26. The LGA Commercial Skills Procurement Solution (CSPS) has been launched to provide councils with a place to procure commercial skills at a competitive rate to make the delivery of commercial projects easier. 40 councils have already registered an interest.

Economic Growth Advisers

27. Councils have been invited to submit project proposals to receive a £7000 grant and access to our 'pool' of local growth experts to help them deliver economic growth in their area. So far this financial year, three experts are working with five councils to implement local economic growth priorities.

One Public Estate

28. January 2017 saw the announcement of an expansion to the One Public Estate Programme (OPE). A further 79 councils in 17 partnerships have joined the One Public Estate programme. The 17 partnerships have been allocated over £2 million funding for 2016/17 to work collaboratively on land and property initiatives, generating new jobs and homes, creating more joined up public services to local communities, and delivering savings for the taxpayer. A further £2.45 million has been earmarked to these partnerships for 2017/18 with a formal announcement anticipated in the new financial year.
29. In addition to new areas joining the programme, the 43 existing OPE Partnerships also had the opportunity to apply for additional funding to expand their current OPE programmes. A further £1.6 million has been allocated to councils across 21 existing partnerships in 2016/17, with a further £2.36 million earmarked for 2017/18.

Cross-cutting Offer

Productivity Experts

30. The Productivity Experts Programme provides an opportunity for councils to access expertise that will provide them with the skills they need to realise ambitious efficiency savings and income generation. The programme offers bespoke support, brokered by the LGA, on a specific project or initiative. The LGA also provides £6,000 grant funding towards this support for each project. Productivity Experts are currently working with 34 councils to deliver £26.5million efficiency savings, against a target from DCLG of working with 25 councils to deliver £25 million efficiency savings. The experts provided support around a wide range of areas, including economic growth, procurement, asset management and specific service efficiency reviews. In August 2016 we commissioned an external evaluation of the Productivity Experts programme from its launch in 2012 through to January 2016 when the evaluation began. The evaluators found that during this time the programme had contributed to efficiency savings/income generation in the vicinity of £133 million.

Innovation Zone

31. At its November meeting the Board agreed to a small, informal Board advisory group to provide strategic direction to the Zone's development. Vicki Goddard, Improvement Support Adviser, has since been working with the Board's innovation lead Cllr Peter Fleming OBE, and the Political Group Offices, to organise and work with the advisory group, which comprises Cllrs Fleming (Conservative), Judi Bulling MBE (Labour), Bob Jennings (Independent) and Mayor Dave Hodgson MBE (Liberal Democrat). The group's role includes advising of examples that could feature in the Zone, commenting on the developing programme and participating in the Zone itself. Additionally:

- 31.1. Newton Europe, who sponsored the Zone last year, has been confirmed as this year's sponsor.
- 31.2. Officers have been widely promoting opportunities to showcase in the Zone from all sectors on any subject, as suggested by the Board, and have collated over 80 ideas.
- 31.3. Officers are now in the process of assessing those ideas and will seek the views of the Board's Innovation Zone advisory group before inviting the strongest examples and structuring the programme.
- 31.4. With Cllr Fleming, we are exploring a general Zone theme of "positive disruption" as a way of linking all showcased examples.

Financial Support to Councils.

32. Individualised support on financial issues has been provided throughout the year in the form of Financial Reviews and Financial Health Checks and bespoke support to councils facing challenging financial circumstances. Since financial issues rarely stand on their own, this is usually as part of a wide package of sector led support. We have additionally funded CIPFA to develop a range of fraud awareness tools for elected members which are expected to be available before the end of the current financial year. A procurement exercise began in January to recruit, as a pilot, a small number of Finance Improvement

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& Sustainability Advisers to enhance our capacity to support councils on financial matters. These will work alongside regional teams to ensure that we are proactive in supporting councils with financial challenges.

Implications for Wales

33. There are no implications for Wales contained in this report.

Financial Implications

34. The Productivity Programme for 2016/17 be funded from grant provided by DCLG under our Memorandum of Understanding with the Department.

Next Steps

35. Officers will pursue the activities outlined in the light of member guidance.