

11 July 2017

## Productivity Programme

### Purpose

For information.

### Summary

This report briefs the Board on the progress being made in the Productivity Programme confirming the main achievements of 2016/17 and setting out plans for 2017/18 and progress made in delivering them in the first quarter of the year. **Appendix 1** provides a summary of the main outputs for the quarter.

There will be a presentation by Tim Pearse, Head of Local Government at BIT (the Behavioural Insights Team) on our work with them and a number of councils on using 'nudge' techniques to influence service demand. (Section 6 and **Appendix 2** of the report refer to this).

### Recommendation

That the Improvement & Innovation Board note the updates and progress on the Productivity Programme and to 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 (MoU) agreed with the Department of Communities and Local Government (DCLG).
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.

### **Issues**

#### **Transforming Services**

##### **Digital workstream**

4. The LGA is working with councils to maximise the opportunities and better understand the risks that digitalisation creates, to ensure that Councils are well prepared to make effective, efficient use of digital technology and play a full part in digital aspects of various government strategies.

**Achievements in 2016/17**

Objective	Achieved
Funded 27 Digital Expert council led projects early in 2015 to use digital tools and solutions to redesign and improve access to council services.	Case studies for these projects were published in Autumn of 2016.  An end of programme report was published in February. This highlights the benefits generated from these projects which includes over £2 million in savings and £0.6 million in income generated. It also draws out the learning from across all the projects and highlights the key elements to delivering a successful digital project.
In 2016, funded a further 16 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 projects are due to complete their work during 2017/18 so we will shortly commission the evaluation to capture, the impact, the assets and savings generated to help share the learning from them. The estimated savings generated by these projects is £2 million.
In February 2017, awarded 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.	Funding has been awarded to 23 councils and delivery will be monitored and evaluated throughout the year. The case studies and final evaluation will be carried out in 2018. The projected savings are £1 million.

**Plans and Progress**

5. We will continue to develop resources and good practice (including case studies) from our digital transformation and channel shift projects and data programmes and share these widely with councils. We will also provide tailored support to councils promoting ambitious use of digital to provide efficient public services.
6. We plan to apply the same model used for the Productivity Experts (see section 10 below), enabling councils to access expert support in ways that unlock larger savings.

**Cyber Security:**

7. Cyber security is an issue of growing importance to the nation and we have worked for some years with councils to ensure that the sector is addressing the challenge appropriately.

**Achievements in 2016/17**

<p>Proactively support the widening of digital and cyber resilience awareness across local authorities and their active participation in the national Cyber - Security Information Sharing Partnership (CiSP)</p>	<p>Drafted a sector wide response the National Cyber Security Centre's prospectus which set out the work councils are already doing to mitigate against cyber-attacks, the sector's concerns and recommendations as well as how we would like to work with the NCSC.</p> <p>Set up and running the LG Cyber Security Stakeholder Group which brings together various sector representative bodies including, Solace, ADASS, CIPFA, Socitm alongside the NCSC, Cabinet Office and DCLG. The aim of this group is to get cyber security onto the agenda at a strategic level in councils. We have hosted four meetings and agreed a number of actions.</p> <p>Sarah Pickup spoke about Cyber Security at a number of conferences including a DCLG National Cyber Resilience conferences in December and February, the Health and Social Care cyber security conference and a Tech UK IT suppliers workshop.</p> <p>Hosted a cyber security workshop at the LGA Conference with NHS Digital a keynote speaker drawing on the lessons of the recent NHS cyber-attack.</p>
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**Plans and Progress**

8. We are continuing to support the delivery of the National Cyber Security Strategy by widening digital and cyber resilience awareness across local authorities; hosting the Cyber Security Stakeholder group; and developing by 31<sup>st</sup> July 2017, and then helping coordinate the delivery, with others, of a plan of support on cyber security work

**Shared Services and Collaboration**

**Achievements in 2016/17**

Refresh the LGA Shared Services map in 2016	The LGA Shared Services map was updated for 2016 and relaunched in May and shows that the vast majority of councils are involved in shared service arrangements across the country. These arrangements are contributing to accumulated savings of more than half a billion pounds.
Launch a matchmaking service for councils interested in sharing services	We have also launched a shared services match making 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.

**Plans and Progress**

- The 2017 refresh of the shared services map was published in June showing that a total of £619 million of savings has now been delivered by councils through shared services since the map was inaugurated in 2012. We will continue to support councils to increase the level of savings achieved through shared services by continuing to run a matchmaking service for councils contemplating making greater use of shared services or to expand their existing arrangements and explore the extension of the matchmaking principle to other areas e.g. digital collaboration.

**Managing Demand & Service Design - Behavioural Insights Programme**

**Achievements in 2016/17**

Collaborate with the Behaviour Insights Team to work with 5 councils aimed at piloting new ways of managing demand and improving outcomes in adult social care, public health and adult skills	The behavioural insights pilots for phase 1 of the programme are about to finish with reports to be published on each of them - managing service demand into Adults Social Care in Leeds, Reducing sugar consumption in hospitals in Liverpool and increasing skills training take up amongst employers in Lincolnshire. Support for a further eight councils has been agreed for phase 2 looking at issues including: reducing domestic violence, reducing demand on housing services amongst under 35's and increasing take-up of online sexual health testing services.
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**Plans and Progress**

10. Towards the end of 2016/17 funding was awarded to four further projects:
- 10.1. Reducing sugar consumption in schools – Brighton and Hove Council
  - 10.2. Reduce incidents and impact of domestic abuse – Kent County Council
  - 10.3. To increase the uptake of online STI testing – LB Lambeth and Southwark
  - 10.4. Reduce demand on Housing service – Tunbridge Wells and 5 neighbouring district councils.
11. These projects will be supported and monitored during 2017/18 with a view to publication of outcomes and lessons learned towards the end of the year.
12. We will support a further eight councils during 2017/18 and develop a ‘top tips’ guide to the use of behavioural insights to manage demand and run a national conference on the use of behavioural insights in local government later in the year.
13. **Appendix 2** Provides more detail on the behavioural insights schemes that have been funded.

**Design in the Public Sector**

14. 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.

**Achievements in 2016/17**

<p>Equip 10 councils to use design techniques to improve services and or manage future demand.</p>	<p>To date a total of 15 councils have received support through this programme. The West Midlands cohort of seven councils (Coventry, Wolverhampton, Staffordshire, Lichfield, Herefordshire, South Staffs, Shropshire) has finished the Design in Public Services programme.</p> <p>The eight councils from the East Midlands (Northamptonshire, Hinckley and Bosworth, Cambridgeshire, Blaby, Ashfield, South Kesteven, Leicestershire and Milton Keynes) started in Nottingham in September 2016</p>
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**Plans and Progress**

15. In addition work is underway on the next cohort which will be supporting the following councils in London; Brent, Hackney, Haringey, Islington, Kensington & Chelsea, Redbridge and Westminster. We have also produced a webpage to share the learning and impact from the programme so far.

16. For 2017/18 we will run two further cohorts focusing on the themes of public health and prevention, collaborating with the Care and Health Improvement Programme (CHIP team) on these projects.

**Smarter Sourcing**

**Achievements in 2016/17**

<p>Develop opportunities for local authorities to enter collaborative procurement opportunities.</p>	<p>We have issued national category strategies for the largest areas of local government spending - ICT, construction, energy and social care- with estimated savings of some £13.2 million.</p> <p>We have negotiated with Crown Commercial Services to access procurement and commercial training opportunities within the skills workstream. We will be able to report savings on skills training next year.</p> <p>The Supplier Management project has identified the cost to councils for goods, works and services in Social care, ICT and construction. The report is being drafted with our pilot suppliers outlining a number of potential benefits, including cost savings, by working together on a national basis.</p>
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**Plans and Progress**

17. In line with the recommendations of the Local Government National Procurement Strategy we are:

17.1. Refreshing category strategies and/or supporting councils in implementing good practice in the high spend areas: Information Technology, Social Care, Energy and Construction. Within each category tools and products will be developed to help councils achieve better value (including social value and better outcomes) through procurement.

17.2. Supporting nine experts to strategically manage relationships, on a national basis, with local government’s key suppliers, informed by spending analyses to provide robust data on which to base the work.

17.3. Supporting councils to encourage innovation in local government procurement practice and in responding to change in the procurement and commissioning environment.

18. By agreement with the National Advisory Group for Local Government Procurement we will also be working with that group to refresh the National Procurement Strategy which will be four years old in 2018 to ensure that it remains up to date, relevant and fit for purpose.

19. In the first quarter of this year we have;

- 19.1. Developed and hosted a 'market shaping' event which was attended by representatives from 27 different councils and providers, to share good practice in market shaping
- 19.2. Worked with councils to produce guidance on the use of dynamic purchasing systems for goods and services (published 9 June)
- 19.3. Refreshed the ICT Category Strategy which will be launched on 12 July
- 19.4. Completed a large scale diagnostic of implementation of the national procurement strategy, the results are being interpreted and will inform our new strategy and work going forward.

**Income Generation**

**Commercialisation**

**Achievements in 2016/17**

<p>Support councils to become more commercial and to help them achieve savings or generate additional income of £10 million</p>	<p>Commercial experts have been commissioned to work with 10 councils this year to contribute towards an estimated £12.2 million in additional income for these councils.</p> <p>In partnership with the Institute of Directors (IOD) we have launched our Commercial Skills training for senior officers. The programme is suitable for both those wishing to explore commercial approaches for the first time and also those who wish to expand and enhance current knowledge and skills.</p> <p>The programme modules are: Creative Approaches; Marketplace Understanding and Engagement; Financial Approaches and Modelling; Effective Operational Delivery; Commercial People Management. This offer has proved popular with all 20 places for the first cohort starting in February 2017 have been taken as well as half of the places on the second cohort starting in Leeds.</p> <p>The LGA Commercial Skills Procurement Solution which we have launched enables councils to procure commercial skills and advice at a competitive rate to make the delivery of commercial projects easier and already 50 councils have registered an interest with two councils purchasing commercial skills through it.</p> <p>The Advanced Commercial Group has now met on four occasions this year and includes representatives from 25 councils.</p>
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**Plans and Progress**

- 20. Working in partnership with the Institute of Directors (IOD) we have launched a Commercial Skills training offer to provide officers with the skills and confidence to undertake larger scale income generation activity. We also plan to design a commercial skills training offer for elected members.
- 21. With the Advanced Commercial Group of council chief executives / senior commercial directors we are;
  - 21.1. Sharing different approaches to commercialisation to enable mutual learning
  - 21.2. Enable councils already advanced in their thinking to move further, faster
  - 21.3. Identify possible barriers to commercialisation to inform LGA policy work on behalf of the sector
  - 21.4. Identify potential synergies/ opportunities for collaboration/ partnerships/ joint ventures where appropriate.
- 22. We have updated the Enterprising Councils guidance released in 2012 in recognition of the fact that local authority practice and ambition in commercial activity has moved on substantially since this the original release. We have also updated the commercial page of the LGA website to include a map of council commercial good practice, the refreshed Enterprising Councils guidance and links to the LGA's commercial skills support offers.
- 23. We will continue to promote the LGA's commercial skills procurement solution (CSPS) making the delivery of commercial projects easier and ensuring councils pay a competitive price for specialist expertise. We will share the case studies of councils who have used and benefited from the CSPS.

**One Public Estate**

<p>Work with the Cabinet Office to extend the One Public Estate Programme</p>	<p>Phase 5 of the programme launched on 27 January 2017 with an additional 89 councils joining the programme. The programme is now supporting 249 councils (70 per cent of the country) working in 60 partnerships to work with their public sector partners to deliver public land and property initiatives. New and existing partnerships received a share of £3.6 million funding.</p>
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- 24. The LGA continues to work with the Cabinet Office to finalise a schedule for a further expansion to the One Public Estate programme. Due to the recent election and following changes to government there have been delays to the expected Spring launch for the next funding round of the programme. It is expected that further details will become available over the Summer months and we will keep Members informed of progress.

**Cross-cutting Offer**

**Productivity Experts**

**Achievements in 2016/17**

<p>Productivity experts to work with at least 25 local authorities, saving the councils in total at least £25 million</p>	<p>Productivity Experts have been commissioned to work with 34 councils on projects estimated to deliver £26.5 million in efficiency savings. An external evaluation of the programme estimates that the programme has contributed to efficiency savings/income generation of £133 million across the lifetime of the programme.</p>
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**Plans and Progress for 2017/18**

- 25. 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 has recruited a 'pool' of productivity experts who can provide support across a range of issues. All of the experts have a proven ability to work with councils and deliver results. Councils are invited to apply to the programme to access £6,000 grant funding to commission support from one of the pool.
- 26. We are committed to work with a further 25 councils to deliver savings or generate income of another £25 million.
- 27. So far this year experts are working with 11 councils contributing towards efficiency savings and/or income generation of £7.3 million.

**Innovation Zone**

**Achievements in 2016/17**

<p>Run the Innovation Zone at the LGA Annual Conference</p>	<p>The Innovation Zone ran successfully in July 2016. Over 30 council areas directly showcased, five international sessions and approximately a further 40 councils involved in national organisations' projects presented.</p>
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**Plans and Progress**

- 28. At the time of writing, plans are well in hand for the Innovation Zone at the Birmingham Conference, which will have taken place by the date of this meeting. Many members of the Board will have been at the Conference and participated in the Zone and there is a separate report elsewhere on the agenda.

**Financial Support to Councils.**

**Achievements in 2016/17**

Provide expert financial advice and assistance to 30 councils	Support was provided to 35 councils ranging from financial reviews and health checks to practical support on financial matters and governance. Additional tailored support has been provided to authorities with particular financial challenges.
Support up to 30 councils to explore multi-year settlements	25 councils were provided support through the workshop in June 2016 which resulted in a joint publication of 'top tips' for councils considering submitting an Efficiency Plan. 'Helpline' support has also been provided and it is estimated that in total some 40-50 councils have been advised. The top tips has been published on the LGA website and publicised widely. Supported by these efforts, 97 per cent of Councils have submitted Efficiency Plans and have been accepted for multi-year settlements.
Help Councils to be more proactive with dealing with Fraud	Programme agreed with CIPFA to deliver a range of activities to support councils to deal with fraud. A workbook and e-learning materials have been published on the CIPFA and LGA websites. Two workshops for elected members took place in February and more are planned for 2017/18.
Public sector audit procurement	<p>Public Sector Audit Appointments Ltd, (PSAA) the Company set up by the LGA as a sector led body to procure external audit services on councils' behalf has completed the procurement process and, after the statutory period for challenge, will announce the winning bids shortly.</p> <p>98 per cent of eligible bodies signed up for the procurement process. The results of the tendering exercise have now been confirmed and as a result councils will receive a further 18 per cent reduction in their annual audit fees, representing typical savings of £8-10,000 a year for a District Council and £25,000-£30,000 for a typical upper tier authority.</p>

**Plans and Progress for 2017/18**

29. Individualised support on financial issues will be 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. Four Finance Improvement & Sustainability Advisers have been engaged to enhance our capacity to support councils on financial matters. These work alongside regional teams to ensure that we are proactive in supporting councils with financial challenges.

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30. We have also been commissioned to review the Government's Counter Fraud Fund programme which distributed £26m in grants to local authorities during 2015/16.

**Implications for Wales**

31. There are no implications.

**Financial Implications**

32. The Productivity Programme for 2017/18 will be funded from grant provided by DCLG under our Memorandum of Understanding with the Department.

**Next Steps**

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

## Appendix 1

### Summary of key outputs April - June 2017

1. The main achievements and outputs during this period are set out below. Further details can be found in the main body of the report as referenced.

Project/ programme	Outputs	On target (RAG)	Report reference for further detail
Shared services	Launched the 2017 Shared Services Map, demonstrating £590 million in savings since 2012	Green	Para 9
Digital	27 digital experts projects returned £2.6 million savings or income generated for participating councils	Green	Paras 4/6
Behavioural insights	4 projects running in 2017/18 are expected to help councils avoid costs of over £15 million	Amber	Paras 10/13
Design in Public Services	7 councils are receiving training in design skills from the Design Council.	Amber	Paras 14/16
Procurement	Dynamic Purchasing Systems Guidance has been published  Category Strategies for ICT, Construction and Energy published next month (delay due to Purdah)	Green  Amber	Paras 17/19
Commercialisation	Work with 10 councils in 2016/17 will deliver additional income of £10 million	Green	Paras 20/23
Productivity Experts	Working with 11 councils so far in 2017/18 to deliver savings of £7.3 million.	Green	Paras 25/27
Finance	Supported 10 councils to improve their financial management and plan for financial sustainability.	Green	Para 30

## Appendix 2

### Behavioural Insights programme projects

#### Phase 1 (Awards in 2015/16 financial year)

Liverpool	Public health: reducing sugar consumption in the local population;	£50,000
Lincolnshire	Skills and enterprise: how to motivate employers (particularly SMEs) to encourage their staff to attend skills training;	£50,000
Leeds	Adult social care: improving efficiency and outcomes during initial contact with adult social care services.	£50,000

#### Phase 2 (Awards in 2016/17 financial year)

Brighton and Hove	Reducing sugar consumption in schools. The outcome of this project is to reduce obesity amongst local school aged children.	£30,000 match-funded
Kent	Reduce incidents and impact of domestic abuse. This project aims to: <ul style="list-style-type: none"> <li>- Reduce the number of people experiencing domestic abuse</li> <li>- To reduce the harm caused by domestic abuse to victims by encouraging victims to seek support earlier</li> <li>- To reduce the harm caused to children through exposure to domestic abuse</li> </ul>	£30,000 match-funded
Lambeth & Southwark	Increase the uptake of online STI testing. The overall goal of this project is to reduce the incidence of sexually transmitted infections and late diagnosis of HIV by transforming sexual health services to empower people to manage their own sexual health through self-testing of STI's and enabling effective triage of patients into clinics.	£30,000 match-funded
Tunbridge Wells and five neighbouring district councils.	Reduce demand on Housing service. This project has the following outcomes: <ul style="list-style-type: none"> <li>- A greater number of people who approach the councils for housing</li> </ul>	£30,000 match-funded

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	<p>advice move into a privately rented room in a shared house</p> <ul style="list-style-type: none"><li>- Fewer people who have approached the councils for housing advice become homeless and those who do are better able to sustain their new accommodation and have planned for if they become homeless in the future.</li></ul>	
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