

30 January 2018

## **Productivity Programme**

### **Purpose**

This report updates the Board on the progress being made against the Productivity Programme for 2017/18 for the third quarter of the year. **Appendix A** provides a summary of the main outputs for the quarter.

A verbal report on Carillion will be provided at the meeting.

### **Recommendation**

That the Improvement and 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 members' guidance.

**Contact officer:** Susan Attard  
**Position:** Head of Productivity Team  
**Phone no:** 07825 530528  
**Email:** [susan.attard@local.gov.uk](mailto:susan.attard@local.gov.uk)

## 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;
  - A. Transforming services** either to make them more efficient and less wasteful or to find more effective ways of delivering to local people's needs.
  - B. Smarter sourcing** commissioning and buying the goods, works and services (with a combined value of £55 billion) that contribute to local outcomes more efficiently and effectively. Managing the resulting contracts to optimise value from them.
  - C. 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

#### **A. Transforming Services**

#### **Digital work-stream**

4. The LGA is working with councils and our partner local government representative bodies, to maximise the opportunities that digital tools and solutions create, to ensure that Councils are making effective, efficient use of digital technology to benefit their local residents, communities and businesses and play a full part in digital aspects of various government strategies.

### Programme activities 2017/18

Objective	Achieved
Work with the sector to build capacity in digital transformation of local authorities, digitisation of transactions and digital leadership.	As noted previously, the LGA successfully agreed an arrangement with Government Digital Services (GDS) in the Cabinet Office, to allow council officers to attend the Digital Academy (DA) programme of courses throughout 2017/18 on Agile Programme and Project Management.  As of March 2017, we have actively

	<p>promoted the DA programme of courses to councils. From April to the end of October 2017, we have processed 256 initial enquiries, of which 162 requests from officers were submitted to the DA team, 109 of whom have successfully now attended a course of their choice.</p> <p>We sent out a survey to these 109 officers to get their feedback about the courses, find out what they have applied in their councils and if the course can be better tailored to councils. This feedback will be used to report back to the senior management at GDS and shape our discussions about attending these courses beyond the end of March 2018.</p>
Continue to develop resources and good practice (including case studies) from our digital expert and digital and data programmes and cascade across local and combined authorities.	<p>In February 2017, the LGA awarded support to 23 council led projects on 'channel shift' – using digital tools and solutions to get more services online and to help more local residents and businesses carry out their business with their council online.</p> <p>We have been working with these projects to support and monitor their progress including hosting a workshop in September to share their learning so far, plus focus on particular issues including: 1) working effectively with suppliers and 2) developing a more 'user focused' service design.</p> <p>We are also working with those projects we agreed under the Digital Transformation Programme in March 2016, who are now in a position to have their case study captured. The aim is to publish these on the LGA website by the end of March 2018.</p>

### Next steps

5. We will continue to work with the projects to help them deliver the improvements and savings as set out in their agreed bids. We will capture their learning and good practice (including case studies) and share these widely with councils. We will also provide tailored support to councils promoting ambitious use of digital to provide efficient public services.

**Cyber Security:**

6. The LGA is continuing to work with councils, the National Cyber Security Centre (NCSC), Cabinet Office and DCLG to raise the importance of cyber security as well as signpost councils to where they can get advice, find guidance and good practice to support their own work on cyber resilience.

**Programme Activities 2017/18**

Objective	Achieved
<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>The LGA continues to host and run various sector boards to help councils understand and manage the risk of cyber security. These include;</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The LG Cyber Security Technical Advisory Group which brings together officers in IT Security and Cyber Security roles to discuss the more technical aspects of cyber security.</li> </ul> <p>As a result of discussions with councils, the National Cyber Security Centre, Cabinet Office and DCLG, the LGA co-ordinated and submitted a bid on behalf of the sector to Cabinet Office.</p> <p>If successful, this funding will enable us to:</p> <ul style="list-style-type: none"> <li>• carry out research and analysis of the sector's current capabilities' and the measures in place to prevent a cyber-attack as well as respond to an incident if /when it happens.</li> <li>• Identify the risks and those councils at risk</li> <li>• Develop and implement an improvement plan to support the sector so that it is better able to prevent and respond to cyber attacks.</li> </ul> <p>This work will include building capacity by</p>

	making sure councils are already linked into their Warning, Advice and Reporting Point (WARPs).
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### Next steps

- The LGA presented the bid for funding under the National Cyber Security Programme to the Cyber Resilient Government Group (CRGG) on November 28. Government will review and assess these bids to agree the recommended funding allocation at the end of January.

### Shared Services and Collaboration

#### Programme activities 2017/18

Objective	Achieved
Increase the efficiency savings councils make through sharing services, by continuing to support councils to share services and refreshing the annual national shared services map.	The LGA Shared Services map was updated for 2017 and relaunched in May and shows that all but four councils are involved in shared service arrangements across the country. These arrangements are contributing to accumulated savings of more than £657million.
Shared Services Matchmaking and Shared Service Expert programme in place to help and assist councils interested in sharing services or expanding existing shared service arrangements.	The shared services matchmaking service was launched to provide assistance to support councils who wish to share services and/or management teams with other councils. The offer includes access to support for a dedicated shared service expert. We have had seventeen enquiries with one shared expert currently working with the councils of the Liverpool City Region and another expert due to be placed shortly. Applications and business cases being worked on with others.

### Next steps

- The procurement exercise to refresh the map and capture the efficiency savings and identify collaborations within the sector and its partners for 2018 is under way.
- Continued support and advice for shared service enquiries and applications as well as trying to connect councils with others in their pursuit of collaborative working and saving money.

**Behavioural Insights Programme**

10. Through the latest round of the Local Government Association's Behavioural Insights Programme we will support seven authorities. The programme encourages innovation in local public services by giving support and funding to councils to help them to deal with the biggest service challenges.
11. Behavioural insights is an approach 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, also known as "nudge theory".

**Programme activities 2017/18**

<b>Objective</b>	<b>Achieved</b>
Support 8 Councils to manage demand for services by understanding the behaviour of their customers and staff and develop a 'top tips' guide to the use of behavioural insights to manage demand.	<p>In what is phase three of the programme, the LGA will support the following authorities:</p> <p><b>East Sussex Fire and Rescue Service</b> – Being the sole fire and rescue service in the programme, it will be changing behaviour with the aim of reducing accident dwelling fires.</p> <p><b>Hartlepool Borough Council</b> – Hartlepool will be reducing the number of children and young people who require support for drug and alcohol misuse.</p> <p><b>Knowsley Metropolitan Borough Council</b> – With technology playing a more active role in care, Knowsley will be increasing the uptake of assistive technology in adult social care.</p> <p><b>London Borough of Croydon</b> - Croydon will be reducing demand in Special Educational Needs and Disabilities transport services.</p> <p><b>North East Lincolnshire Council</b> – North East Lincolnshire is increasing the uptake of cancer screening programmes in some of its most deprived areas to prevent escalation of the illness.</p> <p><b>Warrington Borough Council</b> – Warrington is aiming to manage the demand for the number of children and young people with Education, Health and Care Plans.</p> <p><b>Worcestershire County Council</b> – Prompter payment of fairer charging in Adult Social Care services.</p>

## Next steps

12. The LGA and the organisations undertaking the work with the councils will be sharing learning and results as and when they come in, for others to benefit from.
13. More information on the LGA's Behavioural Insights Programme can be found here <https://www.local.gov.uk/our-support/efficiency-and-income-generation/behavioural-insights>

## Design in the Public Sector

14. The Design in the Public Sector programme is one of the LGA's Innovation projects. Delivered in a partnership between the LGA and the Design Council, the Design in Public Sector programme equips councils with design skills and techniques to apply to their service challenges.
15. This year's Design in the Public Sector programme, in partnership with the Design Council, is focussed on applying design process and methods to tackle public health challenges with a focus on prevention. The selection panel for the southern cohort of the programme met on the 12 of December. Six councils were selected to be part of the programme.

## Programme activities 2017/18

Objective	Achieved
Equip 10 councils to use design techniques to improve services and or manage future demand.	<p>We are currently working with the following councils on the northern cohort:</p> <p><b>Barnsley Council</b> – reduce the rate of teenage pregnancy in Barnsley, narrowing the gap between the Borough, Yorkshire and Humber and England</p> <p><b>Calderdale Metropolitan Borough Council</b> – to improve health of patients prior to elective surgery</p> <p><b>City of Bradford Metropolitan District Council</b> – creating a healthy, strong district; fostering greater ownership and harnessing the built environment to support wellbeing across our communities for the future.</p> <p><b>Doncaster Council</b> – using insights from community engagement to redesign services to support self-management across an integrated health and social care system.</p> <p><b>North Tyneside Council</b> – to encourage the local over 55 population into physical activity.</p> <p><b>Sheffield City Council</b> – Preventionomics' How might we 'risk</p>

	<p>stratify' the population of Sheffield, and identifying the most effective interventions to improve the overall health and wellbeing of our citizens and communities.</p> <p><b>Stockport Council</b> – to find a new way of collaborating with local voluntary and community sector partners to coproduce social connection, reducing isolation and building resilient communities, in order to improve health and wellbeing and reduce avoidable demand on services.</p> <p>We are pleased to announce the latest successful councils who will be working with the Design Council from January 2018 on their public health service challenges as part of our southern cohort of the programme:</p> <p><b>LB Southwark</b> – reduce instances of undiagnosed heart disease by increasing the uptake of health checks. Their target is to reduce early deaths by 25 per cent</p> <p><b>West Sussex</b> – they plan to reduce the rates of teenage pregnancy amongst the local care leaver population</p> <p><b>LB Islington</b> – taking a preventative approach to reducing frailty in the local older population</p> <p><b>LB Bexley</b> – will be moving from a commissioning model for preventative services to designing one of coproduction with local voluntary services</p> <p><b>Huntingdonshire District Council</b> – Huntingdonshire aim to reduce levels of obesity in the local area</p> <p><b>Epping Forrest District Council</b> – want to reduce the number of hospital admissions from the over 75 population.</p>
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## Next steps

- We have produced a webpage to share the learning and impact from the programme so far. Further information on this programme can be found at <https://www.local.gov.uk/our-support/efficiency-and-income-generation/design-public-sector>

- Smarter Sourcing** commissioning and buying goods, works and services (with a combined value of £55 billion per year) that contribute to local outcomes more efficiently and effectively. Managing resulting contracts to optimise value from them.



**Smarter Sourcing**

17. The National Advisory Group for Local Government Procurement (NAG) continue to work on the implementation of the national procurement strategy (NPS) 2014 and the service specific category strategies and are in the process of compiling a new NPS for 2018.
18. The new NPS will have an overarching theme of 'Innovation' and will be presented in a 'maturity index' format that will enable councils to identify their own progress and what they can do to improve.
19. Currently the main workstreams are:
  - 19.1 Category management of council's main areas of spend i.e. construction, ICT, energy and social care.
  - 19.2 Strategic supplier management of the top suppliers to local government in the categories.
  - 19.3 Identifying what procurement and commercial related skills are needed and working with the sector and central Government to identify how these can be delivered.
  - 19.4 Innovation, both in procurement processes and in encouraging suppliers to identify innovative goods and services.

**Programme activities 2017/18**

Objective	Achieved
Develop opportunities for local authorities to enter collaborative procurement opportunities.	<p>We continue to host and run the National Advisory Group for Local Government Procurement (NAG) to advise and provide governance for the work on procurement.</p> <p>During the third quarter of this year we have:</p> <ol style="list-style-type: none"> <li>a) Engaged with councils on our newly refreshed category strategies for both energy and ICT</li> <li>b) Facilitated a workshop on commissioning of children's services and how councils can collaborate to more strategically manage the collective spend of £7billion</li> <li>c) Completed an initial outline draft of the new national procurement strategy that will be launched in 2018.</li> <li>d) Undertaken a further spend analysis relating to local government's strategic suppliers and engaged with Cabinet Office Crown Representatives on two high profile supplier issues in the construction sector. Local government collectively spent</li> </ol>

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	<p>£286 million and £170 million with these suppliers in 2015/16. We are working with the councils who would be affected in the event of these organisations ceasing trading and encouraging them to develop contingency plans.</p> <p>e) From a procurement perspective, we have been supporting the work to assess the impact on councils of the potential liquidation of Carillion.</p> <p>f) Engaged with councils on encouraging innovation in local government procurement. The publication is really popular with hundreds of downloads and three print runs so far.</p> <p>g) Engaged with councils to learn lessons from the annual benchmarking study on provision and refurbishment of schools. Current benchmarked spend is £3.6 billion combined capital value.</p>
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### Next steps

20. In the final quarter we will focus on the new NPS 2018, informed by research on savings made through implementation of our NPS 2014. Our first planned consultation on the new NPS will take place in February in East of England.
21. Our fifth annual construction conference will take place in London on the 1 February and we will continue to engage with commissioners and procurement officers through two national conferences (Procurex North and Procurex South) in March and April.
22. We will continue to liaise and support councils regarding the impact of the potential liquidation of Carillion.

- C. 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.

### Commercialisation

23. As councils are looking to undertake commercial activities it is important for the LGA to ensure that they are equipped with the commercial skills and capacity to deliver these successfully. The commercial skills training for officers delivered in partnership with the Institute of Directors (IOD) continues to be well received by councils. To build on this we have finalised the dates for the first of our one day 'Commercial skills masterclasses for councillors' focussing on the key topics of this commercialisation agenda including:
  - 23.1 The need for commercialisation.
  - 23.2 An overview of strategy development.

- 23.3 Budgeting and finance.
  - 23.4 Risk analysis and management.
  - 23.5 Councillors duties as a board member.
24. The masterclass is intended for councillors who are either already involved in delivering the commercial agenda of their council or in discussions as to how to take that agenda forward.
25. The masterclasses will run on 22 February and 16 March 2018 and are free to attend on a first come first served basis.
26. Both programmes will take place at Scarman House, Warwick Conferences, University of Warwick, Coventry. CV4 7SH.
27. To book a place please email Jamie Osowski on [Jamie.osowski@local.gov.uk](mailto:Jamie.osowski@local.gov.uk)

### **One Public Estate**

28. Funding outcomes on the recent bidding round of OPE were formally announced on December 8. This report provides details of areas which received funding.

### **Programme Activities**

Objective	Achieved
Work with the Cabinet Office to extend the One Public Estate Programme	<p><b>Overview</b></p> <p>As advised at the previous board meeting, August 2017 saw the launch of a sixth phase of the programme. The funding round offered councils the opportunity to apply to an expanded programme including a new OPE repayable grant - a pilot to explore a more self-sustainable programme in the future - and also access to the new DCLG Land Release Fund (LRF). The latter being a new capital pot offering funding for remediation works on council owned land enabling the delivery of new homes.</p> <p>On 8 December the LGA in partnership with Cabinet Office announced the outcome of applications for the One Public Estate element of the fund. The announcement saw 64 areas involving 302 councils offered a share of £8.72 million funding. The offer was in two parts with £6.72 million offered in grants and £2 million in repayable grants.</p> <p>This round saw 14 new areas involving 61 councils join the programme. Nationally the programme now covers 90% (319) of</p>

	<p>English Councils.</p> <p>A full breakdown of the funding offered to areas can be found in <b><u>Appendix B.</u></b></p> <p>An announcement on areas who will receive funding through the LRF programme has been delayed by Ministers. The One Public Estate team continues to work with colleagues at the Ministry for Housing, Communities and Local Government to finalise outcomes.</p>
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### **Next Steps**

One Public Estate

29. The OPE team will work with areas offered funding in January 2018 to finalise work plans and issue funding awards.

### **Land Release Fund**

30. The Ministry for Housing, Communities and Local Government Ministers have delayed the announcement of the Land Release fund with an announcement expected in early 2018. If available by the time of the board a verbal update will be provided.

### **Cross-cutting offers**

### **Productivity Experts**

#### **Programme activities 2017/18**

<b>Objective</b>	<b>Achieved</b>
Productivity experts to work with at least 25 local authorities, saving the councils in total at least £25 million	So far this year, Productivity Experts are working with 23 councils contributing towards efficiency savings and/or income generation of £37 million.

### **Next steps**

31. The programme is being advertised through a [new film](#) and in First Magazine. This will promote interest with councils who are keen to pursue a programme of savings and or income generation. The latest [case studies](#), which largely orientate around commercialism, are being shared with the sector via various communication channels.

**Financial Support to Councils**

**Programme activities 2017/18**

<b>Objective</b>	<b>Achieved</b>
Provide expert financial advice and assistance to 40 councils	To date we have directly supported 30 authorities with their financial issues towards the annual target of 40.
Public sector audit procurement	<p>Almost all councils have opted into the national scheme for audit appointments through Public Sector Audit Appointments Limited (PSAA) – a company established by the LGA to ensure the delivery of a cost-effective, quality audit service for the sector.</p> <p>Following a successful procurement exercise, fees for all councils opting in to the national scheme, are now proposed to fall by 23% next year, on top of the 55 per cent reduction already achieved since 2011/12. The quality of audit is also expected to be maintained through the new contracts let by PSAA, responding to a very strong steer from the sector promoting that outcome. These reductions mean that a county council will, on average, save £25k, a district council will save £12k, a London borough £38k and a metropolitan district £35k.</p> <p>Additionally, in December 2017, all councils received a significant re-imbursement (equivalent to approximately 15 per cent of current fees) from PSAA, relating to previous years' audit costs. On average a county council has received a one off re-imbursement of £16k, a district council has received £8k, a London borough £25k and a metropolitan district £23k.</p>
Help Councils to be more pro-active with dealing with Fraud	An LGA commissioned review of the DCLG Counter Fraud Funding programme is underway and will result in the publication of good practice examples from a range of authorities, due for publication in March 2018.

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**Next steps**

32. We will continue to share examples of good practice and will seek to publicise widely the benefits to councils arising from the Public Sector Audit Appointments.

**Financial Implications**

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

**Implications for Wales**

34. There are no implications for Wales. DCLG grant is for England only. In Wales improvement work is provided directly by the WLGA.

## Appendix A - Summary of key outputs as at December 2017

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 as at December 2017	On target (RAG)	Report reference for further detail
Digital	Support to 23 council led projects to use digital tools and solutions to deliver channel shift	Amber	Para 4
Cyber security	A bid was submitted by the LGA under the National Cyber Security Programme to Cabinet Office on behalf of the sector.	Green	Para 6
Shared services and collaboration	Launched the 2017 Shared Services Map, demonstrating £657m in savings since 2012.	Green	Para 8
Behavioural insights	Supported 10 council led projects running in 2017/18.	Amber	Para 10
Design in Public Services	7 London councils have completed their training in design skills from the Design Council. The northern cohort of 8 councils for the Public Health programme have completed and 7 councils are about to start the southern cohort.	Amber	Para 14
Procurement	Dynamic Purchasing Systems Guidance has been published  Category Strategies for ICT, Construction and Energy have been published.	Green  Green	Para 17
Commercialisation	Commercial experts have been commissioned to work with 7 councils so far this year and are contributing towards an estimated £10.55 million in additional income for these councils.	Green	Para 23
One Public Estate	OPE has distributed over £40m to 319 councils and now covers over 90% of the country; discussions with HMT around future funding are on-going.	Green	Para 28

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Productivity Experts	Working with 23 councils so far in 2017/18 to deliver savings of £37 million.	Green	Para 31
Finance	Supported 30 councils to improve their financial management and plan for financial sustainability.	Amber	Para 32



## Appendix B - List of Partnerships awarded funding on the One Public Estate Programme

Partnership	2017/18 Funding Allocation
Transforming Bedfordshire	£ 490,000.00
Buckinghamshire Public Estates Partnership	£ 105,000.00
Cambridgeshire & Peterborough OPE Partnership	£ 59,072.00
Cornwall	£ 100,000.00
The Cumbrian Partnership*	£ 60,000.00
Devon and Torbay OPE Partnership*	£ 285,000.00
Dorset Community Offer for Living and Learning	£ 93,919.00
East Riding One Public Estate*	£ 160,000.00
Essex*	£ 60,000.00
One Gloucestershire	£ 75,000.00
Greater Brighton One Public Estate Partnership	£ 125,000.00
Greater Lincolnshire One Public Estate	£ 100,000.00
Greater Manchester Combined Authority	£ 386,000.00
Hertfordshire Property Partnership (HPP)	£ 125,000.00
Kent Estates Partnership	£ 150,000.00
Lancashire Combined Authority	£ 50,000.00
Leicestershire Partnership	£ 115,000.00
Liverpool City Region	£ 185,000.00
London Borough of Bexley OPE Partnership	£ 48,000.00
London Borough of Brent	£ 200,000.00
London Borough of Lewisham Partners	£ 200,000.00
London Borough of Merton*	£ 260,000.00
London Borough of Newham*	£ 240,000.00
London Borough of Waltham Forest OPE Partnership	£ 190,000.00
London Boroughs of Havering and Barking & Dagenham Partnership	£ 86,000.00
Luton One Public Estate Partnership	£ 130,000.00
Medway One Public Estate Partnership	£ 150,000.00
Norfolk Partnership	£ 210,000.00
North East One Public Estate Partnership	£ 75,000.00
North Midlands	£ 175,000.00
North Yorkshire Authorities Property Partnership*	£ 220,000.00
Oxfordshire*	£ 210,000.00
Poole Partnership*	£ 85,000.00
Portsmouth Harbour Partnership	£ 50,000.00
Royal Borough of Kensington & Chelsea*	£ 60,000.00
Royal Borough of Kingston upon Thames*	£ 210,000.00
Rutland One Public Estate (ROPE)*	£ 175,000.00
Sheffield City Region	£ 80,000.00

Shropshire and Telford & Wrekin Estates Partnership	£	150,000.00
Somerset OPE Partnership	£	50,000.00
Southampton One Public Estate Board	£	250,000.00
SPACES - East Sussex	£	260,000.00
Staffordshire One Public Estate Partnership	£	60,000.00
Surrey Public Estate Partnership	£	108,500.00
Swindon Town Centre Regeneration Partnership	£	295,000.00
Tees Valley Community Health and Wellbeing Integration	£	110,000.00
Connecting Warwickshire*	£	180,000.00
West London OPE Partnership*	£	312,000.00
West Midlands Combined Authority	£	290,000.00
West of England OPE Partnership	£	215,000.00
West Suffolk Property Board	£	108,000.00
West Sussex One Public Estate Partnership	£	100,000.00
West Yorkshire Combined Authority	£	160,000.00
Wider Hampshire	£	50,000.00
One Wiltshire Estate Partnership	£	100,000.00
Worcestershire One Public Estate Partnership	£	150,000.00

**\* New Partnership Joining the Programme**