

Productivity Programme

Purpose

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

Recommendations

That Members of the Improvement and Innovation Board note the recommendations for the Board in May, which are as follows:

1. Note the updates and progress on the Productivity Programme for the fourth quarter.
2. Provide such guidance as the Board considers necessary to ensure that the programme meets its objectives.
3. Recommend Councillors who are leading the commercial activities at their councils, who might be interested in undertaking the member peer facilitator role at future commercial skills masterclasses (paragraph 17.6).

Action

Officers to contact interested members who are leading the commercial activities at their councils and to pursue the activities outlined in the light of members' 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 Ministry of Housing, 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 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.
 - 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.

Programme Highlights Quarter 4 January – March 2018

Transforming Services

4. Digital work-stream

- 4.1 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.

5. Programme activities 2017/18

Objective	Achieved
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.	In February 2017, the LGA awarded funding to 23 council led projects to support work 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>16 projects are live, with three projects due to go live in June and a further two later in the summer. Two councils have returned their funding as they were unable to proceed.</p> <p>We are also working with those projects we funded under the Digital Transformation Programme in March 2016, who are now in a position to have their case studies captured. Six case studies will be published in June, with a further four mini-case studies showcasing lessons learned, to be published later in the summer.</p> <p>The LGA is exploring the reuse of forms developed by a group of district councils in Kent, under the digital transformation programme. The forms will be piloted with a select group of five councils who have high demand in homelessness and on their housing lists. The five councils have now been funded and the programme commenced with a workshop on 2 May. The pilot will enable us to test the reusability of these forms and if successful we can then look to mainstream these across the country.</p>
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6. Next steps

6.1 We will continue to work with the funded projects to help them capture their learning and good practice (including case studies) and share these widely with councils. We are very excited about the pilot to test the reusability of the forms developed by the group of Kent district councils, if this proves to be successful, we can then look to share more widely and to mainstream across the country. The pilot is due to be implemented by the end of September.

7. Cyber Security:

7.1 The LGA is continuing to work with councils, the National Cyber Security Centre (NCSC), Cabinet Office and MHCLG 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.

8. Programme Activities 2017/18

Objective	Achieved
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>The LGA continues to host and run various sector boards to help councils understand and manage the risk of cyber security.</p> <p>In the last quarter the LG Cyber Security Stakeholder Group took place. The aim of this group is to get cyber security on the agenda at a strategic level in councils.</p> <p>We were advised by the Cabinet Office that our bid for funding to the National Cyber Security Programme on behalf of the sector had been successful, however it was subject to final sign off by HM Treasury. We received formal confirmation on Friday 27 April.</p> <p>In order to progress the programme which includes a stocktake of councils' existing cyber security arrangements, meetings have taken place with the regional WARP's (Warning, Advice and Reporting Point) and potential suppliers.</p> <p>The stock-take is the subject of a further report on this Agenda.</p>

9. Next steps

- 9.1 Cabinet Office advised the LGA that the bid to the National Cyber Security Programme on behalf of the sector had been successful, however it was subject to final sign off by HM Treasury. Final confirmation regarding the successful bid and grant allocation of £1.5 million was received on Friday 27 April.
- 9.2 On the advice of Cabinet Office, the LGA has progressed the work necessary to prepare for the stock-take. This research and analysis will highlight 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. We will be able to identify the risks and those councils potentially at risk. A key output will be to develop and implement an improvement plan to support the sector so that it is better able to prevent and respond to cyber-attacks.

10. Shared Services and Collaboration

10.1 Programme activities 2017/18

- 10.1.1 We are currently in the process of refreshing the [Shared Service Map](#) for 2018. Councils are being asked for their most up to date information and to provide savings figures wherever possible so that we can continue to evidence local government's role at the forefront of efficient service delivery.

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 data collection exercise last year found £657 million of efficiency savings in 486 partnerships.
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 Service Expert programme received a number of enquiries towards the end of the last quarter and experts are due to be placed to successful applicants. Building on the work delivered to the councils of the Liverpool City Region we are looking to offer assistance and support to Combined Authorities as their service delivery vehicles begin to evolve.

10.2 Next steps

- 10.2.1 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. We are due to complete this exercise and publish the refreshed map in July.

11. Behavioural Insights Programme

11.1 Programme activities 2017/18

- 11.1.1 A total of 10 councils have been supported to undertake Behavioural Insights projects this year. The latest phase of the programme has seen support put in place for the following seven organisations: East Sussex Fire and Rescue Service, Hartlepool Borough Council, Knowsley Metropolitan Borough Council, London Borough of Croydon, North East Lincolnshire Council, Warrington Borough Council and Worcestershire County Council. We have produced a behavioural insights webpage which contains examples of council activity in this area, guidance and tools and also the reports and outputs from the LGA Behavioural Insights Programme phase one projects. On-site work continues in the three behavioural insights projects supported in phase two of this programme.
- 11.1.2 In March 2018, the LGA hosted 100 council officers and members at an event entitled Using Behavioural Insights in Local Government. The main objective of the day was for Officers and Members to hear how behavioural insights

have been practically applied to council services and to explain the lessons learnt. Councillor Peter Fleming chaired the event and launched the LGA and Behavioural Insights Team's [top five recommendations](#) for using behavioural insights to increase council tax revenue. The event feedback showed that 93.8 per cent of delegates were either very or fairly satisfied with comments including that "the speakers were without exception very informative." To enable learning for those that could not attend, a selection of the speakers were filmed. Presentations from Sue Cummings and Carl Arnold from Liverpool and Leeds City Councils respectively can be found on the [LGA Behavioural Insights webpage](#).

11.2 Next steps

- 11.2.1 The LGA and the organisations undertaking the work with the councils will continue to share the learning and results as and when they come in for others to benefit from.
- 11.2.2 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>.

12. Design in the Public Sector

12.1 Programme activities 2017/18

- 12.1.1 Over the past 12 months seven councils have completed the London cohort of the Design in the Public Sector programme helping councils to redesign the following services: young care leavers, customer services in planning, homecare services, engagement with private landlords and gang prevention services.
- 12.1.2 In addition 13 councils have been supported to apply design processes and methods to tackle their public health challenges with a focus on prevention. Particular highlights from the northern cohort of the programme have included: Barnsley Council - working to reduce the rate of teenage pregnancy, Calderdale Metropolitan Borough Council - to improve the health of patients prior to elective surgery, City of Bradford Metropolitan District Council - harnessing the built environment to support wellbeing across their communities for the future, North Tyneside Council to encourage the local over 55 population into physical activity.
- 12.1.3 Particular highlights from the southern cohort include Epping District Council - reducing the A&E admissions from the over 75 population locally, West Sussex working to reduce the rate of teenage pregnancy amongst the local care leaver population by 10 per cent, LB Southwark increasing the take up of health-checks, and Huntingdonshire District Council using design methods to reduce the rate of obesity in Ramsey.
- 12.1.4 We are currently working with the Design Council to plan the programme for 2018/19 which due to the positive response and feedback from the sector will once again be on the theme of public health and early prevention.

12.2 Next steps

12.2.1 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>

13. **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.

13.1 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.

13.2 Following regional consultation with council procurement officers and with our public sector buying organisations, Federation of Small Businesses (FSB), National Association of Voluntary and Community Action (NAVCA) and Business Services Association BSA, NPS2018 is now in its formal consultation period. A report regarding NPS2018 was presented at the last meeting of the Improvement and Innovation Board and the strategy will be launched at the LGA Conference in July. Informally councils have told us that they like the 'maturity index' approach and recommendations being focussed on working across the public sector and with providers, not simply within their own councils. They believe that the ongoing communications and narrative about how councils can be more strategic with their collective £55 billion external spend are constructive.

14. 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. During the fourth quarter we have:</p> <ul style="list-style-type: none"> a) Continued regional consultation of the draft NPS for 2018. b) Engaged with our public sector buying organisations, BSA, NAVCA and FSB as wider stakeholders on the NPS. c) Facilitated a second workshop on commissioning of children's services, discussing how we can join together on a national sufficiency plan. d) Continued to work across government with councils on

	<p>issues relating to the high profile collapse of Carillion. (Our fifth annual construction conference in February was very well attended by councils who were keen to share their experience of managing contractors/suppliers)</p> <p>e) Started to engage with councils on high level contingency planning in relation to other key suppliers to local government.</p> <p>f) Published the annual benchmarking study on provision and refurbishment of schools which we hope will encourage greater collaboration between councils. The study compares costs on 660 projects, involving 237,000 school places with a combined capital value of £3.77 billion.</p> <p>g) Negotiated council access to London Universities Consortium and Greenwich University's e-learning resources on Modern Slavery. Included is a stand-alone module for councils wishing to develop their Transparency in the Supply Chain (TISC) reports. Councils are not currently required by law to register statements but research shows that up to 50 councils have already voluntarily submitted theirs and we are actively encouraging and providing support for councils wishing to do this.</p>
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15. Next Steps

- 15.1 We will continue to consult on the NPS2018 which will be launched at the LGA Conference in July.
- 15.2 We will continue to liaise and support councils following the liquidation of Carillion. We are also starting to engage with councils on high level contingency planning in relation to key suppliers to local government.
16. **Generating income**, which involves generating a greater proportion of funding locally, such as commercialising the authority's existing skills, assets or commodities or investing to grow the local economy to generate wealth for the area.

17. Commercialisation

- 17.1. Commercial experts have been commissioned to work with five councils so far this year and are contributing towards an estimated £9.3 million in additional income for these councils. At the LGA conference in July we hosted a workshop on council commercial activities at which the updated LGA Enterprising Councils guidance was launched. Speakers from Essex County Council and Nottingham City Council shared the learning from their commercial work so far.
- 17.2. The first four cohorts of the LGA/IOD Commercial Skills Training have been delivered to officers from 35 councils across the country. Due to high demand for this offer we are running a waiting list of interested officers for next year.
- 17.3. The [commercial page](#) of the LGA website has been updated to include an interactive map of council commercial good practice and links to the LGA's commercial skills support offers. We continue to organise and host the quarterly meetings of the LGA Advanced Commercial Group comprising of 25 councils.
- 17.4. In February and March of 2018 we designed and delivered two commercial skills masterclasses for elected members. The session covered the following subjects:
- 17.4.1. The concept of commercialisation and the councillor's role
 - 17.4.2. Finance and Strategy
 - 17.4.3. Contracts – including a case study from Rushcliffe Borough Council.
 - 17.4.4. Risk Management.
 - 17.4.5. Commercial compliance.
- 17.5. For the February masterclass Cllr Kevin Bentley from Essex County Council carried out the member peer facilitation role sharing with delegates his experience of the importance of a commercially minded councillor in a commercially minded council. At the March session Cllr Graham Chapman of Nottingham City Council shared the culture change in leadership required to become a commercial council.
- 17.6. The LGA is open to suggestions of councillors who are leading the commercial activities of their councils who would be interested in undertaking the member peer facilitator role at future commercial skills masterclasses.
- 17.7. 40 councillors attended the two sessions and 100 per cent of attendees rated their satisfaction with the training as either “good” or “excellent.” Feedback comments included the following:
- 17.7.1. “Both facilitators were extremely knowledgeable of their respective subject material”
 - 17.7.2. “Excellent course. Well done LGA!”

17.7.3. “Useful to share experiences and candid case studies, sharing ideas and challenges with other councillors”.

18. Due to the excellent feedback and high demand we are planning on holding a further three commercial skills masterclasses for elected members in 2018/19. We will come back to the board with further details once the dates are finalised.

19. One Public Estate

19.1. As members were advised at the March meeting, One Public Estate (OPE) is in the process of securing an additional £15 million of funding from the Ministry of Housing, Communities and Local Government (MHCLG) to run a further phase of OPE in 2018/19. Programme leads from the LGA and Cabinet Office are working with MHCLG to develop a HM Treasury compliant business case to secure the funding. We expect to reach agreement for the business case by early summer 2018. Funding has been sourced from MHCLG’s housing allocation, as such it is anticipated that the next phase of OPE will place a greater prominence on housing delivery.

19.2. With OPE increasing its prominence in housing delivery the programme has agreed to support the Chartered Institute for Housing (CIOH) and Inside Housing at the CIOH Annual Conference, held 26 – 28 June in Manchester. This will include direct support of the conferences ‘Offsite village’ which provides delegates the opportunity to explore developments in off-site and other modern methods of construction, which look to support Government ambitions for delivering 300,000 new homes per year. More widely the programme is also upskilling councils in modern methods of construction through tours of modular factories, housing focused regional workshops, as well as sponsoring research into the sector delivered by the University of Liverpool.

20. Next Steps

20.1. As advised at the March board meeting OPE has commissioned an external evaluation of the programme to review its performance to date as we approach our fifth year of delivery. The final report is expected to be completed by the end of May 2018 and a full update will be provided to at the July Improvement and Innovation Board meeting.

21. Cross-cutting offers

22. Productivity Experts

22.1. Programme activities 2017/18

Objective	Achieved
Productivity experts to work with at least 25 local authorities, saving the councils in total at least £25m	In the last quarter we provided grant funding to four councils – London Borough of Croydon; West Sussex CC; East Riding of Yorkshire and London Borough of Waltham Forest,

	<p>together they are producing savings/income generation of nearly £9million.</p> <p>During 2017/18 Productivity Experts have worked with 25 councils contributing towards efficiency savings and/or income generation of nearly £40 million.</p>
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22.2. Next steps

- 22.2.1. The programme has been advertised through a [new film](#) and in First Magazine. This has generated further interest from 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.

23. Financial Support to Councils

23.1. Programme activities 2017/18

Objective	Achieved
Provide expert financial advice and assistance to 40 councils	We have directly supported 40 authorities with their financial issues during 2017/18, meeting the target set for the year.
Public sector audit procurement	Following the procurement exercise, fees for all councils opting in to the national scheme have fallen by 23 per cent for next year. The quality of audit will 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 £25,000, a district council will save £12,000, a London borough £38,000 and a metropolitan district £35,000.
Help Councils to be more pro-active with dealing with Fraud	An LGA commissioned review of the DCLG Counter Fraud Funding programme is complete and a report including good practice examples from a range of authorities is nearing completion and will be published shortly.

24 May 2018

Next steps

24. The report to the Improvement and Innovation Board in July will set out the main achievements of 2017/18 and set out our business plan for 2018/19 in line with the LGA Business Plan and Memorandum of Understanding with MHCLG.

Appendices

25. **Appendix A** - Summary of key outputs as at March 2018.

Financial Implications

26. The Productivity Programme for 2017/18 was funded from grant provided by MHCLG under our Memorandum of Understanding with the Department.

Implications for Wales

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

Appendix A

Summary of key outputs as at March 2018

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 March 2018	On target (RAG)	Report reference for further detail
Digital	16 of the 23 'channel shift' projects are live. A further five will be live later in the summer. Two councils have returned their funding.	Amber	Para 4
Cyber security	The bid submitted by the LGA under the National Cyber Security Programme to Cabinet Office on behalf of the sector has been successful, we received final confirmation from the Treasury on 27 April.	Green	Para 7
Shared services and collaboration	Launched the 2017 Shared Services Map, demonstrating £657 million in savings since 2012.	Green	Para 10
Behavioural insights	Funded 10 council led projects running in 2017/18. Launched the LGA and Behavioural Insights Team's top five insights to increase council tax revenue in March.	Amber	Para 11
Design in Public Services	Seven London councils have completed their training in design skills from the Design Council. In addition, 13 councils have been supported to apply design processes and methods to tackle public health challenges with a focus on prevention.	Amber	Para 12
Procurement	The NPS2018 is now in its formal consultation period. The LGA has continued to work across government with councils on issues	Green Green	Para 13

	relating to the high profile collapse of Carillion. This has included providing evidence to the Public Administration and Constitutional Affairs Committee.		
Commercialisation	Commercial experts have been commissioned to work with five councils so far this year and are contributing towards an estimated £9.3 million in additional income for these councils. In February and March we designed and delivered two commercial skills masterclasses for elected members. Both Masterclasses received very favourable feedback.	Green	Para 17
One Public Estate	OPE has distributed over £40 million to deliver 500 projects and now covers 90 per cent of the country with 319 councils involved; discussion with HMT and MHCLG around future funding are on-going.	Green	Para 19
Productivity Experts	Worked with 25 councils in 2017/18 to deliver savings of nearly £40 million.	Green	Para 22
Finance	Supported 40 councils to improve their financial management and plan for financial sustainability.	Amber	Para 23