

20 January 2015

## **Productivity Update**

### **Purpose**

This report updates the Board on the progress being made in the Productivity Programme.

### **Recommendation**

That the Improvement and Innovation Board note the updates and progress on the Productivity Programme.

### **Action**

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

**Contact officer:**

Alan Finch

**Position:**

Principal Adviser, Finance/ Acting team leader, Productivity Team

**Phone no:**

020 7664 3085

**Email:**

[alan.finch@local.gov.uk](mailto:alan.finch@local.gov.uk)

## **Productivity programme update**

### **Background**

1. The Board has previously agreed the Productivity Programme to develop and operate a range of programmes to help improve productivity and efficiency in councils. This report provides an update on a number of work streams within the Productivity Programme.

### **Issues**

#### **2. Commissioning Academy**

- 2.1. Learning more about commissioning is essential for any councillor who is interested in defining policy, shaping the future of public services or deciding how to use limited resources to achieve specific local outcomes. The LGA in partnership with the Cabinet Office held a pilot session of the Commissioning Academy for Elected Members on 12 and 13 November 2014, and received very positive feedback from the councillors present. Attendees included a good mixture of both cabinet and backbench members from councils including Birmingham, Staffordshire, the London Borough of Barnet, Newcastle City Council and North Kesteven District Council.

- 2.2. The course was well received. Quotes from those who attended on the benefits of the course included:

“Learning about challenges faced by different types/layers of councils was most useful – gaining a wide view and understanding; picking ideas that have been successful in other councils.”

“It mixed expertise with stimulating and facilitated discussion and exchange of views.”

“[The main learning point was] how different councils can be in dealing with the same issues – similar challenges faced by unitaries down to parish councils.”

- 2.3. A second session will be held on 10 and 11 February 2015 at Roffey Park in Sussex and at the time of writing 10 councillors have signed up to attend. The costs of both Commissioning Academy for Elected Members sessions have been funded by the Cabinet Office and after the February session they plan to take stock and decide whether to continue to fund the programme.

#### **3. Commercialisation**

- 3.1. For the past year, support on the issue of commercialisation has generally been focussed on raising councils' awareness of the ways in which they can take a commercial approach to all activity, including income generation, procurement and contract management. We have done this through regional events hosted in

partnership with the private sector in Bristol, Manchester and London as well as the production of a new webpage <http://www.local.gov.uk/income-generation>.

- 3.2. As part of the next stage of this support, those councils who are most advanced in commercial activity have been brought together into an “Advanced Commercial Group”. A first meeting was held in November 2014 involving 15 authorities facilitated by Stephen Hughes. Although it is intended that the group will become self-supporting, the LGA will enable further meetings until sufficient momentum has been built up for this to happen.

#### **4. Procurement**

##### **National Procurement Strategy**

- 4.1. Work is continuing to gather and disseminate good practice across the four strategy themes of making savings, enabling local communities, leadership and modernisation. We have initiated supplier relationship discussions with Kier and Capita (the top two suppliers to local government by spend), and with our professional buying organisations. We have launched consultations on our category strategies for construction and health and social care.

##### **Lord Young Reforms**

- 4.2. We are continuing to promote the views of local authorities on the proposals set out in the Small Business, Enterprise and Employment Bill, which is now in the House of Lords stages. It is believed that the Government intends to use the powers set out in the Bill to centralise procurement processes, which could undermine local authorities’ ability to take into account local social value and local economic growth.
- 4.3. We have also responded to the consultation on the Public Contracts Regulations 2015. Many of the procurement changes outlined in the Regulations will help local government to simplify procurement processes for high value procurement (over the £173,000 threshold) and are welcomed. However, the Regulations would also abolish ‘pre-qualification questionnaires’ (PQQs) below the Official Journal of the European Union (OJEU) threshold and mandate the Government’s contracts finder tool outlined in this Board’s November 2014 productivity update. Again this could work against councils working with their local business communities to deliver better, more cost effective services.

#### **5. Digital offer to Councils**

- 5.1. To help more councils benefit from the good work already done by the sector to implement technology and digital approaches to deliver more efficient public services, the LGA has launched a digital ‘offer’. This consists of three elements:
  - 5.1.1 a series of strategic roundtables for senior officers and councillors to enable them to understand better the opportunities and risks

- 5.1.2 the direct funding of a small number of projects to implement approaches and or tools already working well in other councils
  - 5.1.3 an offer to Cabinet Office to work with them to extend the Commissioning Academy model to pilot a Digital Academy.
- 5.2. As demonstrated in our recent publication, “Transforming local public services using technology and digital tools and approaches”, councils have been developing and implementing innovative technology and digital solutions to enable them to target and support particular customers. This includes: developing apps to enable citizens to report fly tipping and other street scene issues, or to pay bills including rent and council tax, applying Global Positioning System (GPS) technology to plan more efficient routes for rubbish collection, and creating a website to match up residents who are prepared to cook a meal for a neighbour for the Casserole Club scheme.
- 5.3. However, though there is lots of excellent work going on in many councils, our focus must not only be on innovation – we also need to support improvement. Therefore this programme seeks specifically to help councils take on and adapt already effective tools and approaches implemented in other councils. Our aim is to give a helping hand to those councils that may not be at the cutting edge but who are keen to draw on the learning of their peers and to quickly implement what works effectively elsewhere. This is increasingly important at a time when councils are trying to manage increasing levels of demand with reduced finances.
- 5.4. We will work with the sector’s established networks and representative bodies that operate in this space to ensure we join up and complement each other and avoid duplication to enable us to maximise our limited resources. We have already gained support from Socitm, Solace and LocalGov Digital.
- 5.5. For the Digital Experts element, a prospectus was published on the LGA website in early December inviting councils to submit a bid for funding by 23 January 2015. This has been promoted via various LGA bulletins (including the District Councils’ Network newsletter and Chief Executive’s bulletin), the Department for Communities and Local Government’s digital newsletter, and Socitm’s and LocalGov Digital’s newsletters.
- 5.6. The Productivity Team will update members of the Improvement and Innovation Board on progress at a future meeting.

## **6. Children, Adult and Families Projects and Programmes**

### **Efficiency opportunities through health and social care integration**

- 6.1. In the Autumn the Productivity Team launched a new project to look at efficiency opportunities through health and social care integration, which complements current LGA work on integration, care and reform. Following a competitive tender process, Newton Europe won the contract to deliver the work and are currently working with teams across the LGA to identify up to six areas to work with to better understand the efficiency opportunities across the system. The project will run to September 2015 with initial findings reported in spring 2015.

### **Adult Social Care Efficiency (ASCE) Programme**

- 6.2. Following the publication of the ASCE Programme Final Report in July 2014 the Productivity Team hosted a workshop at the National Children and Adult Services Conference in Manchester in October 2014, which was attended by nearly 200 people. A series of regional events has taken place to disseminate findings from the programme, which have been tailored in response to local challenges. Further events are being planned for the new year. The annex of the Report, which comprises nearly 50 case studies, is being re-launched in the new year in a more accessible, searchable format. This will be available on the LGA website at [www.local.gov.uk/childrenadultsfamilies](http://www.local.gov.uk/childrenadultsfamilies).

### **Learning Disability Services Efficiency (LDSE) Project**

- 6.3. The first meeting of the five authorities participating in the LDSE Project (Barking and Dagenham, Cumbria, Darlington, Kent and Wiltshire) took place in November 2014. All have used the grant funding to undertake a diagnostic review of their learning disability services and as a result have developed a transformation plan to be delivered over the coming two years. An initial report that sets out the baseline position of the authorities and early lessons will be published in February 2015.

### **Sharing learning in services to support troubled families**

- 6.4. The Productivity Team will be working with the sector to help share learning from local evaluation of services to support troubled families. The project will complement the work of the national Troubled Families Programme and will specifically help to share information and learning for members.

## **7. One Public Estate**

- 7.1. An extension to the One Public Estate programme was announced in the Chancellor's Autumn Statement. The extension will see One Public Estate opened to all local authorities with a significant asset base over the course of the next Parliament. We are currently working with Cabinet Office colleagues to shape the future model for the programme. It is expected this model will see One Public Estate operate in its current philosophy of encouraging public and central government bodies to work with local authorities on land and property issues that generate capital receipts, reduce running costs, integrate services and stimulate economic growth. The context of the projects delivered through the programme will however be expanded:

- 7.1.1 to local authorities with a significant asset base to take forward 'whole place' strategic agendas, similar to those councils already on the programme
- 7.1.2 to allow local authorities to take forward individual projects of work, such as the release of a single large government site key to local regeneration.

- 7.2. Subject to Ministerial approval additional authorities will be invited to apply to become part of the programme in the first half of 2015.

## **8. Housing development programme**

- 8.1. Members will recall that we have been developing a support offer to help councils access funding for new housing from institutional or other corporate sources. The intention is to assist a group of councils collectively to access institutional or other corporate finance to build new homes outside of the Housing Revenue Account (HRA) system.
- 8.2. In August 2014, expressions of interest were invited in general terms, from member authorities who are interested in accessing significant funds to develop their own new housing outside of housing revenue accounts (where councils have an HRA).
- 8.3. To date, 40 authorities have made contact in varying levels of detail following the invitation to express an interest. Subsequently in November 2014, an event was held for interested Councils at the LGA in Bevin Hall, with 26 authorities attending, and 14 of these have since provided additional information with a view to being considered for an initial consortium. Informal discussions have also taken place with representatives from financial institutions to test their general interest in a scheme and how the offer should be framed in order to deliver the best outcome for authorities.
- 8.4. The Commercial Advisory Board (CAB) was due to consider this matter further at its meeting on 5 January 2015. Since there is evidently a taste for such an offer both from councils and from the financial services market, then subject to CAB approval, the next stage will be to build an initial consortium and to approach the market formally to identify a preferred finance provider.

## **9. Collective Energy Switching**

- 9.1. Eighty-five authorities took part in the LGA collective switch held on 14 October 2014, which created market leading tariffs for the third consecutive auction. The lowest in market price of the OVO Energy prepayment tariffs were publicly available, whereas the E.ON tariffs offered rates that cover most payment types and were not available on price comparison websites. 17,055 new residents registered to take part in this auction, including 1600 paper registrations. The average saving per household was £221 and 98 per cent of people registered would have saved money by moving on to the winning tariffs.
- 9.2. Preparations are underway for the next energy auction, which will take place on 2 February 2015. This includes continued work to move the Big London Energy Switch (BLES), a scheme involving 23 London Boroughs, on to the LGA Collective Switching Framework.
- 9.3. Next steps

LGA officers will keep the Improvement and Innovation Board informed and provide regular updates to the sector via various established networks and bulletins.

## **10. 2015/16 Work Programme**

- 10.1. The Revenue Support Grant business case and plan for 2015/16 largely determines the Productivity Team's work programme for the year. The key themes set out in the report above will therefore be continued, enhanced and developed over the coming year.
- 10.2. For many authorities the productivity benefits gained during the early years of austerity will need to be maintained and substantial further progress made to unlock further savings and income generation. Significant further gains are likely to come from four areas:
  - 10.2.1 commercialisation in all its forms, to enable councils to generate additional forms of income by marketing their skills and optimising the use of assets
  - 10.2.2 service integration, as exemplified by new health and social care delivery models, to redesign services around the user and support prevention
  - 10.2.3 digitisation, to enable systems to be redesigned to make the best use of technology, enable customer engagement and self-service where appropriate and promote better use of data in targeting need
  - 10.2.4 delivery models based on community action and enablement to change the way citizens engage with public services.
- 10.3. The Productivity Programme is engaged in most of these areas, with the exception of community enablement, and we will look with policy colleagues at how we can contribute in this latter area over the coming months, perhaps by identifying the actions councils have taken.
- 10.4. The rollout of the National Procurement Strategy will continue, as will the successful and popular Productivity Experts programme. Subject to evaluation, the Commissioning Academy both for officers and members will admit further cohorts and the Growth Advisors programme will also be rolled out. Members of the team will also continue to work with the Cabinet Office as it further expands the One Public Estate programme. The Shared Services map will be maintained and kept up to date.
- 10.5. We will continue to support authorities to generate energy and other saleable products from waste. Following on from work on health and social care integration, there will be a piece of work on public health to identify good practice from use of resources in the first two years that the service has been back in local government.
- 10.6. As previously reported to the Board, a review of the sector-led improvement offer for finance has been undertaken involving a wide consultation of local government officers and members and other sector experts. As part of this revised offer,

20 January 2015

extended 'Spidergrams' were distributed to councils in November 2014, and a survey to identify good financial practices was issued to councils at around the same time.

- 10.7. We will now also be piloting a peer challenge style "Financial Review" offer in the early months of this year. The reviews will be focused on councils' plans for achieving financial sustainability and will involve officer and member peers with appropriate experience of financial and resource strategies and planning as well as expert associates to provide additional capacity to undertake the work. To ensure we learn lessons from a range of authorities, four or five pilots are proposed and the reviews will be offered to pilot authorities free of charge so the costs of these will be met from sector-led improvement budgets.

## **11. Financial Implications**

- 11.1 Costs of delivering the programme will be contained within available budgets.