

RIEP developments - update

Summary

The report updates the Board on the latest RIEP developments and contains examples of key RIEP projects.

Recommendations

This report is for information.

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Background

Reporting and monitoring arrangements

1. RIEPs each produce a quarterly progress update which are reviewed by the Chief Executives' Task Group, shared with CLG and summarised in LGA Improvement Board papers under the 'RIEP update.' These reports form an important element of the agreed accountability arrangements set out in the joint LGA/CLG National Improvement and Efficiency Strategy (NIES). RIEPs produced their December quarterly progress reports which were considered by the Chief Executives' Task group on 11th December. The December reports show an increase in the pace of delivery of RIEP programmes with efficiency projects recording impressive returns; collectively RIEPs are forecasting up to £900m of efficiency savings from RIEP investment by 2011. At its last meeting the Board asked for a further report for the January meeting containing the best examples of RIEP activity in each region. The **Annex** to this report describes five key projects from each region drawn from the quarterly updates. These will also feature in the RIEP interim annual reports described below and some will also be included in the efficiency casebook, which has been commissioned by the RIEP Member Forum.

2. It has been necessary this year to bring forward the timetable for agreeing year 3 funding because of the timing of the General Election. Arrangements have been agreed with CLG for each RIEP to produce an interim annual report in January 2010 to allow Ministers to approve funding by the end of the financial year with funding released early in April 2010. Each of the individual interim reports will be collated by the RIEP Programme Office and fronted with a summary chapter pulling out the key achievements of the RIEP Programme as a whole.

The reports will be considered by senior CLG and sector officials at a meeting on 26th January who will make a recommendation to Ministers and lead LGA members on the release of funding. We are currently seeking a date from CLG for that member/ministerial meeting.

The RIEPs have produced first drafts of their interim annual reports and the RIEP Programme Office is offering 'critical friend' review and support to this process.

3. Members will have an opportunity to present key messages from their interim annual reports to the Minister for Local Government, Rosie Winterton MP, at the RIEP Member Forum on 13th January. The Member Forum will also be asked to approve the RIEP efficiency casebook commissioned by the Forum at its October meeting. The meeting in January will be the first occasion that IDeA national and regional member peers will have attended.

Efficiency savings

4. The Pre-Budget Report (PBR) published on 9th December announced an increase in the target for local authority efficiency savings. We are trying to clarify with CLG the exact amount of the increase and the period covered. The day before the PBR, CLG published the latest cashable efficiency savings (indicator NI179) for local authorities which showed a cumulative amount of savings forecast in the two years to the end of March 2010 of £3.1bn. This compares with a target of £5.5bn for the CSR period to the end of March 2011. The forecasts suggest that authorities are below target with further efficiencies of £2.4bn required in 2010-11 if the target is to be met.

Financial Implications

There are no financial implications arising from this report.

Implications for Wales

There are no implications for Wales.

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Appendix: Summary of RIEP achievements by region

The following highlights five key achievements from each RIEP, which have been agreed with the relevant RIEP Director.

Improvement and Efficiency South East (IESE):

- **Significant savings through construction:** As construction is one of local government's top three highest spends, IESE has established a procurement framework enabling local authorities to collaborate in procuring buildings across the public sector. Successes include:
 - Over £1 billion worth of projects attracted into the programme
 - The quality of building design is superb
 - Reduction in costs of procuring construction and of building
 - Increased speed of construction and a reduction in the uncertainties associated with completion dates and final price.IESE recently established the National Improvement and Efficiency Partnership (NIEP) for Construction with the other RIEPs to provide a platform for co-ordinating work on construction procurement nationally.
- **Quick savings through commodity procurement:** The IESE procurement team produces a savings report for individual authorities based upon an analysis of spend and uses this to help them agree reduced prices for commodities with suppliers. This work is targeted at small districts with the greatest financial challenges with the intention to make savings within a month. Savings in excess of £250K per annum have been negotiated for each of the 5 authorities supported so far.
- **Reducing internal costs through business process improvement:** IESE is now supporting two authorities a month with transformational projects with a focus predominately on smaller, cash strapped local authorities and on projects which will release more than £50K savings. IESE developed its support for authorities based on learning from its support for the mergers of Adur District Council with Worthing Borough Council and South Oxfordshire District Council with Vale of White Horse District Council and provides support until the cash has been released and trains staff in the authority to continue the work after they have moved on. A recent client received support to outsource back office services and deliver a further £200K of cashable savings from process improvement. One unitary council used IESE assessments to identify £1 million savings a year in waste services.
- **Improving quality and reducing cost in care placements:** IESE developed the Care Funding Calculator in collaboration with other RIEPs to calculate a fair price for care placements. The tool has delivered savings and importantly improved the quality of services by creating a systematic way of assessing needs. A significant training programme has been developed for council staff, PCT staff and provider staff which has proved popular with all sectors. The next stage of the project is to create a web based version of the tool to support all those families who do not qualify for assistance from councils as well as to improve the research base on prices.
- **Supporting business through procurement:** The South East Business Portal holds information on contracts and advertises tender opportunities with more than 11,500 suppliers registered. Over 3000 delegates attended 30 supplier events this year designed to bring local businesses and local authorities together. The portal has

23 4

received more than 100,000 visitors this year and 71 of the 79 authorities in the region are using it. IESE has also secured strong support from the Federation of Small Businesses and Business Link for the initiative and is also collaborating with the Olympic Development Authority Portal.

Capital Ambition (the RIEP for London):

- **The London Performance Office:** went live in September 2009 and is the first time a region within local government is openly comparing yearly performance as the basis for continued improvement. This development provides greater transparency about performance and continuous self improvement and forms the basis of London local government's argument for greater self regulation. The London Boroughs are using metrics based on performance, value for money and area deprivation figures which are fed into the London Performance Office to help analyse how improvements can be made, look for new ways to test and evaluate performance across London to enable comparisons with other cities and design and evaluate solutions which build self sufficiency into the way local government is challenged and supported. The work of the performance office includes: data sharing, methodology & protocols; support for successful partnerships; sharing expertise and the 'Delivery framework of the future' (taking the forthcoming opportunity of a *Londoners' Manifesto* to research and widen a debate on self regulating, performance management frameworks for the capital.)
- **London Efficiency Challenge (LEC):** uses the expertise of senior local government professionals, led by a Borough treasurer to review an authority's practice against key performance metrics (common to all Boroughs) and identify and unlock potential efficiencies and improvements. By the end of the year challenges will have been completed with nine London Boroughs. As the programme of challenges grows, the focus is on practical support and transferring good practice across London. So far 19 Boroughs have provided data for this project and learning is being disseminated in the form of published research, workshops on asset management and effective clienting and through the development of the 'Efficiency Exchange' with IDeA
- **London Energy Project (LEP):** has enabled 24 boroughs to maximise cost savings on energy buying through risk managed contracts and aggregated buying. This project is expected to deliver savings of around £25 million and has produced a guide for authorities on 'Preparing for the Carbon Reduction Commitment', setting out a route map to meet the requirements of carbon reduction, used by all RIEPs
- **E-Auctions:** Capital Ambition is actively working with London's local authorities and the Office of Government Commerce (OGC) to deliver a programme of e-auctions, targeted at high spend areas. 16 authorities took part in an ICT hardware e-auction and benefited from £1.9 million of cashable savings producing a return on investment of 19:1. The next priorities are commercial vehicles, where London authorities spend about £60 million per annum, and highways materials, where spend is over £100m. Capital Ambition is working closely with OGC and intends to provide resources and funds to be a large player in the national e-Auctions Centre of Excellence during 2010. A minimum return on investment of 12:1 will be set for this work
- **Supplier Relationship Development Project:** significant progress has been made in examining ways of improving the relationship between strategic suppliers and local authority customers for mutual benefit. A Comprehensive Assessment Framework is now complete for 2 pilot suppliers which accounting for £180m spend across London, and 'corporate negotiation teams' have met for both the suppliers and Boroughs. A list of the top 100 suppliers which account for £2.5 billion of spend in London will be targeted next, with a potential efficiency target of £125m.

Improvement and Efficiency West Midlands (IEWM)

- **The IEWM Procurement Hub:** is now helping councils to save over £1m a month and is approaching 300 best deals available. Cashable savings of approximately £15m up to the end of September 2009 from the smarter procurement programme more generally:
 - Approaching £5m of this is from our very successful (and growing) e-auction programme
 - £3m savings have been achieved on Insurance Services since April 2009, recognised as the IEWM won a SOPO award in 2009
 - £0.5m has been saved on banking services and £190k on energy – all with more to come!
- **The IEWM Asset Management Programme** has been launched to enable local authorities to better manage assets across the public sector and IEWM has plans in place to roll out the approach across the region. The pilot work (with 7 local authorities, the 4Ps and PWC) highlighted potential savings of up to £640m savings across 10 years (based on capital receipts and revenue savings) depending on uptake. A regional dissemination event was held in September and the programme is attracting substantial national attention
- The IEWM Member Board recently approved the development of a new full end-to-end **Regional Talent Management System** which will enhance the functionality of the current Regional Recruitment Portal enabling authorities to make savings by sharing facilities for recruitment advertising and helping to make better use of the existing talent across the region with a return on investment of 4:1
- **Support for transformational projects:** IEWM has approved £1.7m of funding to 8 major transformational projects to date which are supporting local authorities to improve their business processes and put the customer first. The combined return on IEWM investment for these projects ranges from 5:1 to 12:1 and totals, circa £10m over the next five years. The total gross savings arising from these projects are in excess of £30m
- **LAA support programme: has been** revised to ensure the RIEP is supporting localities within the region and reflects the 'Total Place,' area based context. IEWM is underway across all 14 Local Strategic Partnerships (LSPs), supported by direct funding, Relationship Managers and Lead Local Improvement Advisors which have been allocated by the RIEP to each locality. A substantial shared learning programme has been in place since April 2009 and 442 people have attended 41 regional capacity building events with a 96% satisfaction rate; 145 knowledge based products have been produced and distributed to over 1500 people.

East Midlands Improvement and Efficiency Partnership (EM IEP)

- The **East Midlands Property Alliance**: is promoting construction excellence through collaboration and framework agreements for the procurement of design and build large/medium schemes, minor works and property maintenance. On a programme of £600m, it has already delivered cashable savings of £4.8m and predicted £34m over five years. £1.3m non cashable savings have also been delivered with £5.7m predicted over five years. Client and contractor training and development of a skills academy, also feature in the programme
- **The Midlands Highway Alliance**: is a well established partnership of 12 authorities and the Highways Alliance, releasing efficiencies and improving the design of capital schemes. This successful model is now being adopted by other RIEPs with the EM's support. Skills training with the framework contractors and supply chain organisations, is also part of the programme. The Midlands Highways Alliance has already delivered cashable savings of £3.2m and is predicting that over five years £14.9m cashable savings and £18m non cashable savings will be delivered
- **Support for business transformation**: notably the EM IEP's support for Derby City to undertake the **Delivering Excellent Corporate and Transactional Services (DECATS) in partnership with Local Partnerships**. This diagnostic tool has identified potential savings of £54m at Derby City and the authority is now implementing its plan to achieve these savings
- **Care Funding Calculator**: is a tool which enables authorities to identify a fair price for care packages and projects savings of £5m in the East Midlands. EM IEP is also supporting authorities to work with and '**shape the market**' in children's services with a focus on placement for Looked After Children projecting savings of £10m through collaborative procurement
- The **procurement clusters approach to procurement** in which authorities work collaboratively at a sub-regional level to access 'best deals' and achieve economies of scale is proving to be successful and releasing savings of £5m per annum.

YoHr Space (the RIEP for Yorkshire and Humber)

- **Yorbuild:** Yorkshire and Humber's construction framework was launched in December 2009 with independently verified forecasts of £40m savings per annum. Yorbuild has already attracted over £200m of projects at various levels of commitment including: Humberside Police headquarters, Hull, new build housing in East Riding and New College, Doncaster. The Framework has been supported by YoHr Space and has been delivered on time by a cross regional team consisting of procurement and asset Management Officers from East Riding, Leeds, Rotherham and Scarborough Councils
- **The Yorkshire and Humber Improvement Framework:** Local authorities have pledged their commitment to the Y&H Improvement Framework by signing a unique mutuality statement agreeing that individual authorities are responsible for their own improvement but acknowledging that this can best be achieved by working with others in the sector, regionally and nationally. The authorities undertake to participate in YoHr Space by contributing to its work and by working with it for the authorities' own improvement. Through the Y&H Improvement Framework, YoHr Space, the IDeA, Local Improvement Advisors and councils are able to offer help, advice, guidance and practical support to other councils and their partners
- **Support in the economic downturn:** All authorities in the region have signed up to the Y&H Economic Pledge to support communities in the recession by paying invoices swiftly for example. At present the focus for economic growth in the region is on building capacity within the Functional Sub-Regions (FSR) each of which has been allocated £200K funding from the RIEP. This is alongside support for city regions (Leeds, Sheffield, Hull and Humber Ports) to develop quality Multi Area Agreements (MAAs)
- **Safeguarding:** Networks for Directors of Children's Services and Lead Members for children's and adult services have been established and every authority's safeguarding inspection report has been reviewed by colleagues to identify regional good practice and challenges and a regional safeguarding network was launched in September. YoHr space is also offering bespoke support to individual authorities where safeguarding is an identified improvement need
- **Get Connected:** the Muslim Women's Leadership Network, was launched by the Rt. Hon. Rosie Winterton MP in October 2009. The project offers mentoring and professional career support to 20 Muslim women and aims to create a legacy of future leaders which is reflective of the social and economic vibrancy of the region.

Improvement East:

- **Leadership of Place:** Improvement East is supporting over 60% of its authorities in Total Place and Leadership of Place initiatives. A key example is Suffolk where the RIEP supported the 'Lives we Lead' initiative, a leadership collaborative involving 22 private, public and voluntary sector leaders joining forces to find ways to improve quality of life for people in Suffolk and to engage directly with citizens. Ten months on Suffolk Leaders have mapped £4.8bn of public expenditure and moved to collaborate to remove barriers, leverage resources and respond to local priorities
- **Sector led improvement including support to individual authorities:** one of the region's greatest strengths is the willingness of authorities to support each other and there has been no intervention by Whitehall at a corporate level. In 2009/2010 the RIEP directly supported 9 authorities experiencing difficulties with peer support and sector led 'Improvement Boards' leading to tangible improvements evidenced through improved use of resources and organisational assessment results. One example is support to Thurrock Council, led by the Chief Executive of Suffolk County Council where the Improvement East team (including IDeA, Audit Commission and the GO) helped Thurrock quickly implement its improvement plan, moving from the brink of government intervention to "improving inadequately" with an organisational assessment of 2
- **Improvement East's Procurement Hub:** launched in August this year, the hub already has over 200 registered users and offers a database of national and regional contracts. Users of the Hub are reporting substantial efficiency savings for example one borough council saved £17,500 in the purchase of 4 vehicles, as well as avoiding tendering costs of over £20,000. The new regional procurement officers' network acts as a focal point for collaborative working and is tendering a regional supplier spend analysis for all 41 of the region's councils, an e-auction is taking place for passenger transport in Essex before the end of the financial year and a multi-authority insurance procurement aims to save over £1m per annum across 12 authorities for the 3 years of the contract
- **Use of Resources programme of support:** one of the areas where the region was performing less well was on the Use of Resources assessment. In preparation for the changes under Comprehensive Area Assessment (CAA), Improvement East delivered a support programme of workshops accessed by over 100 delegates and 37 authorities plus an online, interactive "How To" Guide and Action Learning Sets to continue peer support. The 2009 results show the success of this support with all five authorities which had previously scored 1 improving to a score of 2. One authority has slipped to a 1 score and the RIEP is actively engaged with this authority
- **Essex Procurement Agency:** Improvement East is funding Essex County Council to lead cross public sector collaboration in Essex across three inter-linked categories – ICT, Transport and Commercial Vehicles. The project already has senior engagement with NHS, PCTs, Fire and Rescue, Police and Higher Education. Project teams have been established for each category, overseen by a Steering Group which contains procurement representation from each sector. There is an ambitious savings target of £20m per annum and the first results from the project are expected in the summer of 2010.

North East Improvement and Efficiency Partnership (NE IEP)

- **Institute of Local Governance (ILG):** is a unique research partnership designed to maximise the benefits of collaboration between the region's universities and the public sector. Partners include all local authorities, universities, police forces, fire and rescue services, the Strategic Health Authority, One North East, other public sector partners and the RIEP. Launched in October 2009 at a high profile event, the Institute has a shared vision to support innovation, improvement, efficiency and quality in public services and has been established to become an internationally recognised centre of excellence in the field of local governance
- **Climate Change Best Practice Project:** the NE IEP is running a range of climate change projects to reduce emissions arising from the operation of public services and in the production, processing and transportation of the goods and services consumed by local government. In all cases this work aims to identify opportunities to reduce costs as well as carbon. Examples of successful delivery include, reducing the number of annual food deliveries to schools in County Durham by 11,000, helping to secure access to the Carbon Trust's Carbon Management Programme for all regional local authorities (we are the first region to achieve this) and three Fire and Rescue Services. Efficiencies through this project are forecast at £141,111 by March 2011 with carbon reduction of 1,138 tonnes
- **North East Autism Consortium:** through RIEP investment, the North East Autism Consortium (NEAC) is driving forward the modern commissioning of care and support services for people with Autistic Spectrum Disorders and Asperger syndrome. At a strategic and regional collaborative level the NEAC is the only consortium of its kind in the country and has attracted considerable national interest. One example of how the forum is helping to deliver services more effectively and efficiently involves a 22 year old woman who used to live away from home in specialist and very expensive social care accommodation in Doncaster. Her care and support package was redesigned to enable her to live at home temporarily as she is supported to move into her own flat as well as realising an efficiency saving of £150,000 per annum by finding a solution within the region
- **Leading Resilient Organisational Cultures:** as authorities struggle with resource pressures and higher expectations of services, they need to get the most out of people. This programme supports the senior management team in each of nine councils and fire and rescue services through a comprehensive programme to explore their organisational culture and the role of individual and collective leadership in setting and maintaining a healthy and productive workplace culture. Delivery is underway in the first four authorities with plans in place for the remaining five authorities to commence in early 2010.
- **Supporting elected members:** The RIEP is a funding partner in 'The Summit 2010'; an event which will outline North East local government's vision for the future and address the challenges and opportunities facing the sector at such an important time. NE IEP also has a programme of training, learning and development opportunities available to members and offers funding for councillors to participate in various national programmes. In order to communicate directly with Members, and to publicise the training & development offers, NE IEP launched an e bulletin for Members, and a Councillors web page on the RIEP website.

North West Improvement and Efficiency Partnership (NW IEP)

- **Sub-regional procurement hubs:** In the Lancashire sub region, the Procurement Hub has exceeded its target of directly delivering £120,000 of savings in its first six months. From October 2008 to date, it has enabled Lancashire authorities to release more than £830,000 cashable savings and produced guidance and best practice papers on issues such as Use of Resources, sustainability, standard spend reporting templates and guidance on energy and managing suppliers in the economic downturn as well as supporting local suppliers by standardising tender documentation between the authorities, holding supplier events showcasing upcoming opportunities. The Lancashire procurement hub will soon be linked into a regional, online e-tendering facility.
- In Warrington, the **early intervention Revolving Doors Service** has been making a significant impact on the lives of individuals with complex needs, and the communities in which they live. Taking referrals from the Police and other partners, the Team, who are linked to the Criminal Justice Liaison Team, take a holistic approach to understanding all the unmet needs of individuals with moderate or common mental health problems. For all these individuals assessed in the first year, reported crime fell 77%, vulnerable adult reports fell 54%, and anti-social behaviour fell 30%. 61% of those assessed had no further negative incidents or crimes recorded at all
- **Business Process Improvement Technique training:** provided by the RIEP is helping over 300 employees achieve NVQ2 qualifications. Rochdale MBC, part of the Greater Manchester sub region, has seen several waves of 'trainees' go through this process. As part of the course, their first cohort revolutionised the planning process and reduced the time taken to process applications from receipt to the decision-making point by around 25%. Another team recently highlighted potential savings of £7m on an overall authority spend of £40m by reviewing the way council staff procure goods and services. These are just a selection of the 20 case studies already collected and published.
- **E-auctions:** the North West is continuing its strong track record in using e-auctions to reduce prices in particular categories of spend including Merseyside which has generated around £10m of savings from stationery, office furniture and IT. Manchester City Council has also undertaken a programme of 17 reverse e-Auctions on a wide range of products and services that is expected to deliver savings of £13 million during the period 2008 to 2011 on contracts valued at £50 million
- **Support for individual authorities:** the NWIEP also provides direct support to authorities with specific improvement needs, particularly those related to Use of Resources. Last year programmes were run with Fylde DC, Cumbria CC, Oldham MBC and Liverpool MBC. The Liverpool Value for Money reviews and toolkit identified cashable efficiencies of circa £1.7m, and has been so successful that Leeds and Bradford have both expressed interest in the learning. The Oldham programme delivered savings of over £15m primarily through changes to management structures and the pooling of back office functions. In the latest round of organisational assessments, no North West authority received an overall rating of 1.

South West RIEP

- **The Construction Framework South West (CFSW):** is an exemplar of collaborative construction procurement involving public sector organisations from across the region. The development of the CFSW has been overseen by representatives from South West Local Authorities, Police and Higher/Further Education institutes and has delivered: potentially shorter time frames for construction, lower costs for construction through increased buying power and improved design quality. In its first three months, 14 projects with a total value of £115m are being procured through the Framework including: primary schools, an SEN secondary school, a police criminal justice centre and a new hospital ward and a leisure centre. In addition a ground breaking zero carbon primary school is being procured for Devon County Council
- **Total Place:** the South West RIEP is rolling out its own Total Place initiative building on the nationally funded [Dorset, Bournemouth and Poole pilot](#) and involving all the remaining 32 authorities in the region along with numerous partner agencies from health, environment, business and the voluntary sector. One example of the type of activity that is planned includes working with families who are in chronic crisis
- **Children and Young People:** SW RIEP is working with authorities across the Peninsula Group (which includes Devon, Cornwall, Plymouth, Torbay and Somerset) on a collaborative procurement exercise that has developed a process for tendering every placement. The project has established a Central Purchasing Body for commissioning all placements from Independent Fostering Providers, Independent Children's Homes, and Independent & Non-maintained Residential Special Schools resulting in £3.85m of cashable savings to date
- **Business Transformation:** so far this year 329 delegates have attended development courses on programme and project management and lean thinking with 124 employees obtaining formal qualifications. The Business Improvement Programme (supported by all RIEPs) is proving successful in supporting lean thinking in several authorities e.g. improved services in highways, Wiltshire, and the design of a shared business model is underway in Bath, North East Somerset and Bristol to deliver one non-national domestic rate across the three authorities

Support has also been provided to establish the joint venture company South West One, involving Somerset County Council, Taunton Deane Borough Council and Avon and Somerset Constabulary as well as for pathfinder programmes in the region and most recently provided funding for South Hams and West Devon councils to establish a collaborative approach to providing outreach services in rural communities.

- **Promoting Equality and Tackling Exclusion:** SW RIEP has supported 15 authorities to achieve level 3 of the equality standard, with 39 of the 41 authorities in the region accessing its programme. Recently, a peer support initiative was piloted in Somerset and an Innovations Fund will promote ways to improve equality practice. The South West Improvement Board has responded to the results emerging from the CAA with plans to extend support to and beyond those in authorities in difficulty.