

Place-based productivity programme

Purpose of report

For decision.

Summary

This report outlines the work underway on the place-based productivity programme. In particular Members' views are sought on the data and transparency work streams as any system of benchmarking and comparison will have cross-cutting implications for all work streams.

Recommendation

- That the report be noted

Action

- The work streams to be taken forward as set out in the report and updates regularly reported to the Improvement Programme Board

Contact officers: Dennis Skinner
Positions: Regional Associate, National Co-ordination
Phone no: 020 7296 6531
E-mail: dennis.skinner@local.gov.uk;



**Improvement Programme
Board**

9 September 2010

Item 4

Place-based productivity programme

Background

1. As reported at the July meeting of the Improvement Board, the Government has taken up the LG Group offer to lead for the sector on a national productivity programme. This is a major opportunity to support local government to meet the difficult challenges in the Spending Review period.
2. The last decade has seen a series of efficiency projects initiated by different parts of government. These reviews typically looked at one aspect of local spending or one sector activity. During this time councils have cut costs significantly, and this year's grant settlement already assumes 4% savings. The coming budget pressures will place an increased urgency on authorities to deliver on these. But there will come a point when savings within organisations start to tail off. Our productivity drive aims to make a contribution to support councils to tackle this through greater collaboration.

Aims and Objectives

3. The LG Group Chairman, Baroness Eaton, launched the programme on 24 June at a round table event attended by both the Secretary of State Eric Pickles MP and Baroness Hanham.
4. The outcomes from the drive to improve place-based productivity will be fourfold:
 - Councils, and partners will be supported to use existing good practice to greater scale to deliver further gains;
 - With the abolition of CAA and reduced reporting arrangements to government, councils and their partners will develop the benchmarking and unit cost information needed to drive greater efficiency;
 - Working on areas such as workforce flexibility between agencies, new models of service provision in areas such as services to children and adults, new models of service transformation and productivity gains will be developed;
 - Demonstrate to Government that all councils are in a position to take on place-based budgets.
5. The intention is to identify early indications of gains, and translate those into a clear evidence base for longer term change and re-design of services.

Item 4

Governance

6. Following consultation with councils, nine work streams have been identified. Each will be led by a group of people who will bring a challenge to the work stream. These individuals are widely respected with knowledge of their strand of work and include elected members and local and central government officials, industry and the voluntary sector. It will be important to ensure that this work is grounded in supporting Members to drive productivity in their own councils and so each work stream involves a senior Member Peer who will ensure this work is networked into Member forums and training.
7. A joint LG Group and CLG steering group has been established to deal with any regulatory changes needed that presently impede productivity gains. It is proposed that political oversight is provided by the LG Group Improvement Programme Board.
8. The Audit Commission has offered project support from available resources following the abolition of CAA.
9. The work streams will demonstrate ways of working and develop tools for councils to use. They will be reporting to the LG Group Improvement Programme Board and other Member Boards so that recommendations can be made by local government to Ministers on changes needed that stand in the way of councils and their partners delivering greater efficiencies. The work streams are:
 1. Procurement, capital and shared assets
 2. Shared services across areas, tiers and partnerships
 3. Data and transparency
 4. Adult social care
 5. Children's services
 6. Shaping markets and new models for service delivery
 7. Democratic Leadership
 8. Workforce and Skills
 9. Tackling Central Government Barriers and Burdens

Information on each of these strands is attached in **Appendix A**

Links with other LG Group work (and other work)

10. This work is closely linked with LG Group work on:
 - Place-based budgets
 - Spending Review
 - Pensions and pay reform
 - Improvement – through RIEPs and other mechanisms

Item 4

11. The key is to ensure the work is aligned with the Group's wider offer of place-based improvement. Similarly we will need to resist Government pressure for the work to be used to support or justify efficiency savings in the Spending Review.
12. The LG Group work on pensions and pay reform is being led by Local Government Employers and this is also linked to this project as one of the work strands.

Communications

13. A national briefing session on the programme for members is being planned as well as regional events organised with the RIEPs for senior officers to learn about the programme. A community practice has been established on the LG Group website and a series of articles are planned for the trade and wider press setting out the key messages.

Risks

14. A major initiative like this has risks that we can manage but not entirely eliminate. Possible risks (and mitigating factors) are set out below:

Risk	What we are doing about it
Projects don't deliver outcomes in a suitable timescale.	The programme is a combination of short and longer-term projects. The aim is to use to quick wins to deliver the energy for subsequent work. By having several work strands the risk is reduced, if one strand of work does not deliver as much as expected, there are still others which are being managed independently. We need to be robust in not allowing the work to become a part of the Spending Review.
Blocking by other government departments.	A real possibility. We've made clear our point that real change comes from area based approach. We've drawn in other department representatives – and can judge early if it appears wider interest is waning. There may also be opposition from quangos with an "improvement" remit, and we need to publicise our approach to balance any negative publicity.
We don't take the wider sector along with us.	Using high profile chief executives and senior members is part of the plan to keep the sector engaged. A strong communications plan (being developed) is key – and a series of announcements and events from now to the end of the year will be timetabled. By involving Government and the Business Sector we've widened the interest in supporting our work.

Item 4

We don't have enough funding.	The work is the heart of the RSG bid and will be prioritised accordingly.
Other government actions reduce scope for savings.	The LGA is lobbying against potential barriers for example on ring-fencing (which are inimical to place based working) as well as restriction on using prudential borrowing to deliver revenue savings.

Financial Implications

15. The whole of the LG Group has a role in supporting this work.
 - The programme is co-designed by the LG Group and the RIEPs to utilise existing resources.
 - The improvement approach is being used as the basis of the RSG bid.
 - Staff from across the group are supporting individual areas of work.

16. The Audit Commission has seconded two staff to provide programme management support, and the individual authorities leading the work are drawing on their own staff alongside RIEP support. CLG has also provided resources and have supported the set up of the project. It may be that additional external support and challenge is needed, particularly in developing realistic performance measures. This can be funded from existing resources in the immediate term.

1. PROCUREMENT, CAPITAL AND SHARED ASSETS

Productivity Champion: Andrew Smith (Hampshire CC)

The work stream will:

- a. focus on actions and tools that councils, with their partners, can use to deliver short term savings to reduce the cost base and create headroom for wider change;
- b. work with pathfinders for a scalable model of asset rationalisations between public sector agencies in places;
- c. collate and disseminate evidence from providers on notable practice within local public service sectors that could be adopted more widely by councils and their partners and make recommendations for delivering - the tools, incentives and conditions needed to drive further savings;
- d. design new delivery models for the public sector to use its leverage on markets to reduce costs drive out supply chain overheads and propose collaboration between different spatial levels.

Membership

Andrew Smith	Hampshire CC
Councillor Paul Bettison	LG Improvement and Development Member Peer (Bracknell Forest)
Pippa Bass	Office of Government Commerce
Bob Hogg	CBI (Executive Director Serco Global Strategic Projects)
David Shields	Office of Government commerce
Richard Douglas	Department of Health
Trish Haines	Worcestershire CC
Martin Reeves	Coventry City Council
Will Tuckley	Bexley LBC
John Carleton/Danielle Proctor	Local Partnerships
Tim Shields	Hackney LBC
Janet Callender	Trafford MBC
Stephen Jones	LGA
Jane Lubbock	Oxford City Council
Roger Culcheth	Federation of small businesses

The RIEP Director assigned to this work is Andrew Lerner, South East and support from the LG Group will be provided from Local Partnerships and LG Improvement and Development.

Item 4

2. SHARED SERVICES ACROSS AREAS, TIERS AND PARTNERSHIPS

Productivity Champion: Jo Killian (Essex CC)

The work stream will:

- a. collate and disseminate the notable practice and savings achieved to date from councils sharing services with other councils and partners such as health and police which could be adopted more widely;
- b. examine the lessons from pathfinders and work with some areas to develop a model for reducing cost tiers in areas of two tier democratic representation;
- c. develop ambitious prototype models for shared services between groups of public services and groups of local authorities and models of incentivisation to promote reduced costs;
- d. identify the barriers to shared services - and recommend actions to tackle these.

Membership

Jo Killian	Essex CC
Cllr Gary Porter	LG Improvement and Development Member Peer (South Holland)
Chris Williams	Bucks CC
Katherine Kerswell	Kent CC
Donna Hall	Chorley BC
Nicola Bulbeck	Teignbridge and Torridge DCs
Cllr William Nunn	Breckland DC
Marianne Abley	Regional Associate
David Incoll	West Devon/South Hams DC's
Nicola Yates	Hull City Council
Mike More	Westminster City Council
Becky Shaw	East Sussex
Chris Bull	Herefordshire CC and PCT
Graham Cook/David Cockburn	Reigate and Banstead
Jim Graham	Warwickshire CC
Mike Farrar	North West SHA
David Buckle	South Oxfordshire/Vale of White Horse
Owen Williams	Calderdale
Darra Singh	Jobcentre Plus
Andrew Bacon	CBI (BT)

The RIEP Director assigned to this work is Bryony Houlden, South West. Support from the LG Group will be provided from LG Improvement and Development.

3. DATA AND TRANSPARENCY

Productivity Champion: George Garlick (Durham Council)

The work stream will:

- a. identify with councils and their partners sets of national benchmarking performance and unit cost data for publication by councils;
- b. improve the skills of managers to challenge and reduce costs by use and understanding of data and develop support to elected Members to use transparency to assist the public to hold public services to account for their costs;
- c. implement a national sector owned benchmarking solution;
- d. draw on existing work from other sectors for example the NHS and business to improve the commercial acumen of managers to commission contracts;
- e. champion approaches to use new media such as social networking to provide real time feedback on customer views on VFM and efficiency.

Membership

Members of the work stream group are:

George Garlick	Durham Council
John Sinnott	Leicestershire CC
Barry Quirk	Lewisham LBC
Sean Harris	Bolton MBC
Cllr Stephen Greenhalgh	Leader, Hammersmith and Fulham
Cllr Jonathan Huish	LG Improvement and Development Member Peer (Rhondda Cynon Taf)
Gareth Davies	Audit Commission
Bernard Crump	NHS III
Ian Trenholm	Windsor and Maidenhead DC
Jason Lowther	Birmingham City Council
Nick Hodgson	Derbyshire CC
Joanne Roney	Wakefield MBC
Dr Tony Munton	MD, Matrix Evidence Ltd
Irene Lucas	CLG
John Windle	CIMA

The RIEP Director assigned to this work is Steve Johnson, Capital Ambition. Support from the LG Group will be provided from Tim Allen, LGAAR and Sara Williams, LG Improvement and Development.

Item 4

4. ADULT SOCIAL CARE

Productivity Champion: Mark Hammond (West Sussex CC)

The role of the adult social care work stream will be to identify opportunities for increasing productivity in this key category of expenditure while protecting vital front-line delivery including, in the medium to longer term, redesigning the adult social care system.

The work stream will:

- a. identify and disseminate options to enhance productivity within adult social care. This will focus on technical efficiencies including smarter commissioning of services (including procurement) and greater collaboration which every council should be doing as normal practice;
- b. identify the innovative and creative solutions being tested out in councils and seek to get broader take up across the country but adapted for their local circumstances;
- c. identify what medium to longer term service pressures, including cost pressures, might be (at local level) and how best to redesign the adult social care system to respond to those pressures including allocative efficiencies (e.g. spending on prevention, early intervention and targeting);
- d. work with the private sector on business cases for delivery on payment by results, e.g. re-ablement.

Membership

Mark Hammond (lead)	West Sussex CC
David Jenkins	Dorset CC
Richard Jones	ADASS
Damon Palmer	Department of Health
Hilary Cottam	Participle
Cllr Gerald Vernon-Jackson	LG Improvement and Development Member Peer (Portsmouth)
Elaine Simpson	CBI (Serco)
Graham Burgess	(Blackburn)
Anita Marsland	PCT CX & DASS Knowsley
Peter Bungard	Gloucestershire CC
Jon Rouse	Croydon LBC
Andrew Cozens	LG Improvement and Development
Jim Easton	NHS/DH
Des Kelly	National Care Forum

The RIEP Director assigned to this work is Martin Ryan, North East and project worker from SE RIEP. Support from the LG Group will be provided from LG Improvement and Development (Mona Sehgal and Helen Sumner).

5. CHILDREN'S SERVICES

Productivity Champion: Mark Rogers (Solihull MBC)

The role of the children's services work stream will be to identify opportunities for increasing productivity in this key category of expenditure while protecting vital front-line delivery including, in the medium to longer term, redesigning key children's services.

The work stream will:

- a. identify and disseminate options to enhance productivity within children's services. This will focus on technical efficiencies including smarter commissioning of services on an area basis;
- b. identify the innovative and creative solutions being tested out in councils and seek to get broader take up across the country but adapted for their local circumstances;
- c. identify medium to longer term service pressures and how best to redesign key children's services to respond to those pressures including spending on prevention and early intervention through new forms of financial instrument such as social impact bonds;
- d. develop brokering and market making models for councils and their partners to develop new providers to work with vulnerable children and young adults across key policy areas such as reducing reoffending.

Membership

Mark Rogers	Solihull MBC
Marion Davies	ADCS
Debbie Jones	Essex CC
Cllr Bryony Rudkin	LG Improvement and Development Member Peer (Suffolk CC)
Dame Claire Tickell	CE, Action for Children
Alan Krickorian	Department for Education
Tony Hunter	NE Lincolnshire Council
Moira Gibb	Camden LBC
Cheryl Coppell	Havering LBC
Cllr Nickie Aiken	Westminster City Council
Andrew Cozens	LG Improvement and Development
TBC	Birmingham

The RIEP Director assigned to this work is Andy Hancox, West Midlands RIEP. Support from the LG Group will be provided from LG Improvement and Development (Oonagh Aitken).

6. MARKET MAKING AND NEW MODELS FOR SERVICE DELIVERY

Productivity Champion: Andrea Hill (Suffolk)

This theme will be examining how the sector can incentivise markets and promote new providers as well as exploring new models for service delivery. The work stream will investigate:

- a. new forms of enterprise, including social enterprises, management buy-outs, community buy-outs and staff mutualisation, as well as more traditional models such as trusts and private take-over. It will consider which forms of enterprise best suit different services, markets and customers;
- b. the steps which are necessary to take these models forward and developing toolkits to help local authorities pursue these models and;
- c. the conditions necessary to maintain markets for these new enterprises. For example, personalisation of budgets is likely to be a necessary condition for personal services to survive and thrive;
- d. the legal and other barriers which make moves to these new forms of service delivery difficult. We will maintain a close dialogue with Whitehall to ensure that these barriers are overcome as we come across them.

Membership

Andrea Hill	Suffolk CC
Derek Myers	Kensington and Chelsea LBC
Gavin Jones	Swindon BC
Steve Stewart	Northumberland CC
Sheila Wheeler	Somerset CC
Manjeet Gill	West Lindsay DC
Councillor Steve Reed	Leader, London Borough of Lambeth and LG Improvement and Development Member Peer
Pippa Bass	Office of Government Commerce
Alex Plant	Cambridgeshire Horizons
Nick Sharman	CBI (Chair, CBI Local Government Panel)
Andrew Kerr	Wiltshire

The RIEP Director assigned to this work is Cecilia Tredget, Improvement East. Support from the LG Group will be provided from LG Improvement and Development (Dennis Skinner).

Item 4

7. DEMOCRATIC LEADERSHIP

Member Champion: Lord Smith (Wigan)

The aim of this work stream will be to build the capacity of councillors and other local leaders to lead their communities and organisations to deliver both short term savings and longer term productivity gains.

The work stream will:

- a. identify short term opportunities, drawing on existing good practice, to provide support and tools for councillors and other public service leaders;
- b. explore options for supporting and developing councillors in their respective leadership roles (mayor, leader, portfolio holder and ward councillor) to be in the best position possible to take the necessary decisions needed during the current financial climate;
- c. explore options to support councillors to be as best equipped as they can to engage with their local communities, particularly at the neighbourhood level;
- d. support Members to engage and develop the community sector in their areas.

Membership

Cllr Lord Peter Smith	Leader of Wigan
Cllr Keith Mitchell	Leader of Oxfordshire
Cllr Steve Houghton	Leader of Barnsley and LG Improvement and Development Member Peer
Joyce Redfearn	Wigan Council
Alex Bailey	Brighton & Hove Council
Cllr Cathy Bakewell	Somerset County Council
Cllr Peter Jones	East Sussex CC
Sir Steve Bullock	Lewisham LBC
Abdul Kara	Swale DC
Jessica Crowe	CfPS
Daniel Goodwin	St Albans
Joe Simpson/Sara Williams	LG Group

The RIEP Director assigned to this work is Rebecca Murphy (North West). Support from the LG Group will be provided from LG Improvement and Development and LG Leadership.

Item 4

8. WORKFORCE AND SKILLS

Productivity Champion: Nick Walkley (Barnet LBC)

The role of this work stream will be to build the capacity and capability of the workforce to achieve improvements in productivity and deliver efficiency savings.

The work stream will:

- a. identify short term opportunities, drawing on existing good practice, to deliver productivity improvements within the local authority and wider public sector workforce including greater commercial acumen;
- b. consider best practice in other sectors to recruit, retain and performance manage staff;
- c. consider new models to reduce workforce costs in areas such as ill health absence;
- d. explore the barriers to staff flexibility and transfer between different parts of the public sector and make recommendations to government improve this.

Membership

Nick Walkley	CE, Barnet LBC
Geoff Alltimes	CE, Hammersmith & Fulham
Jan Parkinson	CE, LG Employers
Cllr Roger Phillips	Deputy Chair, LG Group Workforce Programme Board
John Barradell	Brighton and Hove Council
Kevin Lavery	Cornwall Council
Phil Coppard	Barnsley Council
Steve Stewart	Northumberland Council
Susan Anderson	CBI (TBC)
Clare Chapman	Department of Health

The RIEP Director assigned to this work is Chris Taylor (Yorkshire and Humber). Support from the LG Group will be provided from LG Employers and LG Improvement and Development.

Item 4

9. TACKLING CENTRAL GOVERNMENT BARRIERS AND BURDENS

Government Champion: Andrew Campbell (CLG)

The work stream will identify areas of central policy, funding and regulation that get in the way of enhancing local productivity and delivering better front line services.

The work stream will:

- a. identify notable practice and innovation in local public services where problematic central policy, funding and regulation has been tackled;
- b. identify areas of central government policy, funding and regulation that are perceived as barriers to public service delivery partners taking action to enhance productivity;
- c. develop recommendations and legislative proposals that will deliver the system changes and practical and cultural changes needed to fully embed localism, decentralise decision-making and deliver the productivity improvements that are required;
- d. develop a plan of action by government to support the sector's proposals to successfully phase the implementation of area based budgets as determined by the Spending Review.

Membership

Members of the work stream group are:

Andrew Campbell	CLG
Paul Martin	Sutton LBC
James Binks	HMT
Damon Palmer	Department of Health
Alan Krickorian	Department of Education
Kim Riley	Shropshire CC
Ray Shostak	Cabinet Office
Eammon Boylan	Stockport
Jo Blundell	CBI - Group Marketing Director A4e

The RIEP Director assigned to this work is Chris Allison (East Midlands). Support from the LG Group will be provided by Mark Luntley.