

## **Place Based Productivity Programme**

### **Purpose of report**

Background – to support members' discussion at the Away Day.

### **Summary**

This report updates members on progress of the Place Based Productivity Programme and looks ahead to the next phase of the programme.

A similar report was discussed at the LG Group Executive on 11 November and any views expressed at the Executive will be reported.

### **Recommendations**

Members consider any comments from the LG Group Executive reported at the Away day;

Members receive updates on progress in commissioning assignments to review the programme overall and deliver key aspects of benchmarking as covered in paragraph 22;

Members agree the next steps with regard to the productivity programme in the light of discussion at the Away Day.

### **Action**

Officers to progress next steps as agreed by members.

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## **Place-based productivity programme**

### **Background**

1. Soon after the election the government took 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 posed by the Spending Review. We have been careful not to quantify this in the run up to the Spending Review because this work is in essence a means of helping councils to respond to the settlement they receive from government and in the past government has used such studies as data/evidence in its spending proposals.
2. The last decade had 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 had already assumed 4% savings before the new reductions in RSG announced by government. The coming budget pressures will place an increased urgency on authorities to deliver on these. Our programme aims to help councils close their funding gap through improved productivity.

### **Aims and Objectives**

3. The LG Group Chairman, Baroness Eaton, launched the programme on 24 June at a round table event attended by many council Leaders and chief executives as well as 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:
  - 4.1 Councils, and partners will be supported to use existing good practice to greater scale to deliver further gains;
  - 4.2 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;
  - 4.3 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;
  - 4.4 We will demonstrate that all councils are in a position to take on place-based (now referred to as "community") budgets.

5. The intention is to identify early indications of gains, and translate those into a clear evidence base of actions and tools for longer term change and re-design of services.

### **Governance**

6. The programme is overseen by the Local Government Improvement Programme Board. Each of the nine workstreams is led by a local authority chief executive and each workstream has a Member champion.
7. Broader membership of the work-stream is drawn from individuals who 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.
8. One joint LG Group and CLG work-stream has been established to deal with any regulatory changes needed that presently impede productivity gains.
9. The Audit Commission is providing project support from available resources following the abolition of CAA.
10. The work streams will demonstrate ways of working and develop tools for councils to use. The work streams, with their member champions, are:

Democratic Leadership (Member Champion Lord Peter Smith)

Building capacity of councillors to lead their communities and organisations to deliver savings and productivity gains equipping councillors to proactively influence decisions to meet the priorities of the places they represent.

Procurement Capital and Shared Assets (Member Champion Councillor Paul Bettison)

Designing new delivery models that reduce costs, drive out overheads and support collaboration.

Shaping Markets and New Models of Delivery (Member Champion Councillor Steve Reed)

Examining how to incentivise markets and providers as well as exploring new models for service delivery.

Adult Social Care (Member Champion Councillor Gerald Vernon-Jackson)

Redesigning key adult social care services to increase productivity and protect front-line services.

Children's Services (Member Champion Councillor Bryony Rudkin)

Redesigning key children's services to increase productivity and protect front-line services.

Data and Transparency (Member Champion Councillor Stephen Greenhalgh)

Developing the metrics to provide councils and their partners with timely, well based, comparable data for improving efficiency and for self-assessments.

Shared Services Across Areas, Tiers and Partnerships (Member Champion Councillor Gary Porter)

Equipping councils to facilitate shared service delivery.

Central Government Barriers and Burdens (Member Champion Councillor Jill Shortland)

Removing central policy and regulation that get in the way of improving productivity and delivering better services.

Workforce and Skills (Member Champion Councillor Roger Philips)

Building the capacity and capability of the workforce to deliver productivity improvements and efficiency savings.

### **Links with other LG Group work**

11. This work is closely linked with LG Group work on community budgets and local government led improvement activity in the post CAA world.
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.

### **Progress on the delivery of programme quick wins**

13. We are preparing 3 types of 'quick win' to be made available to authorities during December. These are:
  - 13.1 A chart of '**tried and tested**' opportunities that councils can adapt/implement to help them close their funding gap. These will be made available through an easy to use e-interface which will provide a short, high level description of the opportunity, together with an indication of the level of saving and risk associated and the time it will take to implement. There will also be information on support available and links to case studies and other helpful resources. We intend this to become an interactive resource with people able to vote for the most helpful opportunities and add new chart entries to the list. Both executive and scrutiny members will be able to use this resource to consider and question their own authority's take up of the opportunities that have worked elsewhere.
  - 13.2 We will also produce **information on existing resources and sources of help** that councils can tap into for assistance.

- 13.3 Finally we will look to inform people about 2 or 3 initiatives where the Group, on behalf of councils have been able to make significant **savings by working together nationally**.

### **Communications**

14. A communications narrative and plan has been developed and an event for members and 4 regional conferences have been held. A series of articles are planned for the trade and wider press setting out the key messages as part of which the programme secured a LGC front page and 8 page spread. This activity has already resulted in a growing awareness of and interest in the programme. A list of relevant events with speaking opportunities has been collated. The 9 member champions are being invited to have pieces in LGC, First and other publications.
15. A national Local Government Group conference, to be held on 3 December will provide an opportunity for participants to:
- 15.1 Find out how councils can save money and reduce costs;
  - 15.2 Learn from existing good practice within local government;
  - 15.3 Hear about the development of new support and tools to help councils improve productivity in these financially challenging times;
  - 15.4 Help us to prioritise the future focus of the Productivity Programme.
16. Speakers will include Baroness Hanham and Councillor David Parsons.
17. We have received feedback from members. They find the title 'Place Based' Productivity Programme confusing and it is suggested that the Improvement Programme Board consider changing the name in time for the December conference.

### **Developing a local dashboard and supporting architecture and metrics**

18. During November and December we will be consulting with local authorities on a prototype corporate dashboard (a web-based leadership tool that displays critical information at a glance). It will allow easy links to be made to comparisons over time, with other councils and to best practice and ways of dealing with productivity and performance problems. Further details of this are covered elsewhere on this agenda in relation to self regulation.
19. We have also commissioned an in-depth illustration of supporting metrics for services for older people. This initiative will help build councils' capacity through the development of good metrics, tools and support that help people to analyse

and understand the relationships between them, and how changes in approach can bring about improved outcomes/reduced costs.

20. In order that local government can be in a position to judge how far it has improved its productivity over the period ahead we are in discussions with ONS about how to provide a better baseline of our current levels of productivity.

### **Looking ahead**

21. As we now have the delivery of quick wins from the programme in hand this is an appropriate moment to reflect on the next phase of the programme (January to April 2011). At the Awayday, the Improvement Programme Board will have the opportunity to review the programme and consider the next phase of development. There will be further exploration with members on 2-4 key deliverables to be taken forward from the wealth of ideas so far generated. Comments from the Executive about the focus and shape of the next phase of the programme will be reported at the Awayday for members to consider.
22. In order to review the programme overall, and ensure the key deliverables of benchmarking and transparency, time limited assignments have been commissioned from OPM and McKinsey respectively, and progress will be reported orally at the meeting.
23. A likely overarching area to be taken forward is the legacy work from RIEPs and CLG's National Improvement and Efficiency Partnership (NIEP) so that councils can collaborate on key high cost procurement areas.
24. Early discussions are also taking place in relation to how local government can use the work from its studies to commission further work that influences the development of national policy through advising government on better analysis of policy options. Audit Commission and NAO studies tend to concentrate on whether policy has been implemented using value for money delivery mechanisms but not whether the policy itself affords good value for money for citizens, the public purse and delivery organisations such as councils. Such capability for the sector, found in other countries, has long been under discussion but will now be considered as part of the infrastructure needed for the future, where the sector seeks better means of self determination on policy options and implications for productivity. Discussions are taking place with Graham Allen MP in relation to this and review work is being carried out for DWP.

## **Financial Implications**

25. 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 RSG bid includes resources to develop the programme and support councils in the new financial year. Staff from across the Group are supporting individual areas of work.
26. The Audit Commission has seconded a member of staff to provide programme management support and is inputting additional support into specific work streams. The individual authorities leading the work are also drawing on their own staff alongside RIEP support. CLG has also provided resources and have supported the set up of the project.

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