



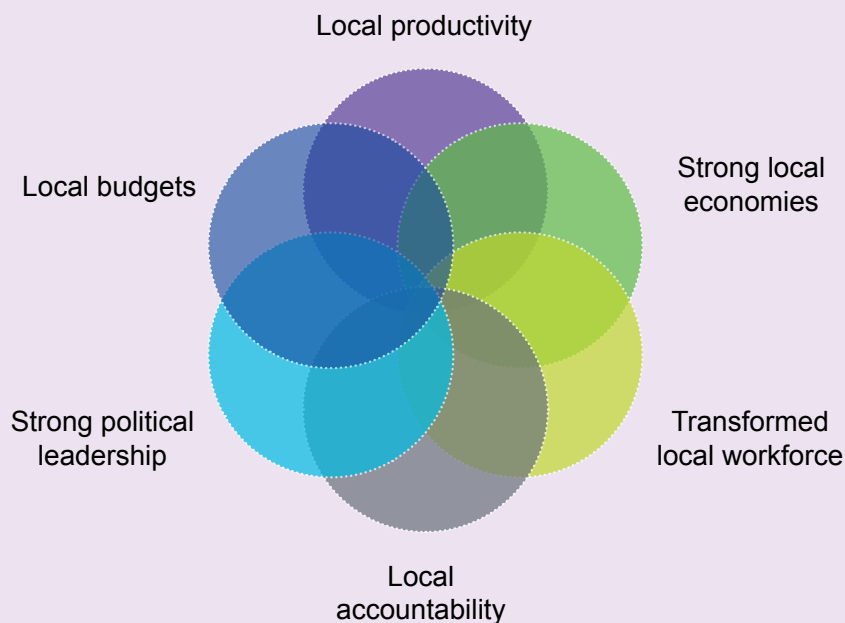
# RSG Prospectus

October 2010

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# Summary

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## Six key RSG top-slice outcomes

As the Prime Minister acknowledged, councils are already the most efficient part of the public sector. But this is not good enough. Further big savings of public money are needed. This will only be possible if all parts of the public sector work together to transform services so they are designed and delivered to meet the needs of local people and not around institutional silos. Councils, as the democratically accountable part of the public sector, understand what needs to change to help their local place and their residents. Working to build the Big Society is already a core part of what councils do every day and greater freedoms for councils from central government will enable local people to take greater control of their own lives.

While we have always argued that doing things locally is often cheaper and more effective, there are some things that need to be done on a bigger scale. It makes sense to use top-slice money to enable councils to do things they would not be able to do on their own or things that would be very costly for individual councils to undertake. For example, it is important for areas where the market fails. It also makes sense that these activities are undertaken by people who understand councils, in particular their unique democratically accountable role, and that any work with councils through top-slice is politically led.

We use top-slice to support all authorities which get formula grant – local authorities, fire authorities and police authorities. This bid focuses on our offer to local government, as the main recipients of formula grant.

We propose using top-slice money in the following way:

- £7m to identify the key productivity gains for local government and make sure councils deliver these savings quickly
- £7m to radically transform the way services are organised through local budgets delivering the services people want in a joined-up way
- £2.5m to support councils in working closely with businesses and local people to create strong local economies
- £6m to improve the skills of councillors so they play a full role in helping local people build a stronger civil society
- £3m to ensure an affordable and flexible pay, reward and conditions system for local government in order to deliver a transformed workforce
- £6m to help councils take responsibility for reviewing and challenging their own performance through their accountability to local people rather than central government targets.

To lead the transformation of local public services, councils will need to go beyond just working with partners across the public, private and voluntary sectors and improve **local productivity**. This means pooling resources, re-designing services and reinventing state activity through the development of the voluntary sector and other local groups.

Local government will need to become smaller and more flexible than it is now, delivering high quality outcomes – not

necessarily services. Councils will have to deliver a **transformed local workforce**, employing their staff differently to achieve more for local people and be able to quickly evolve new ways of working in response to changing priorities and needs.

Tough decisions about local services are best taken locally by the people who are accountable to residents and know their areas best. Central to this is the need to transform the way the public sector works by providing transparent information to local people, cutting out the middlemen to save billions of pounds and allowing councils to do more for less through **local budgets and accountability**. Local government creates the climate in which individuals, families and businesses can come together as communities and local budgets will create more freedom to do that.

This includes councils' role with local business leaders in stimulating growth and creating **strong local economies** in their areas. Local enterprise partnerships – tackling issues such as planning and housing, local transport and infrastructure priorities, employment and enterprise and the transition to the low carbon economy – are central to this vision.

Democratic local accountability underpins all of this. The big public sector challenges require **strong political leadership**, with the constant development and renewal of local politicians.

The government has signalled a radical approach to decentralising power and enhancing **local performance and value for money**. Inspection is being significantly scaled back and CAA abolished. Councils will need to work with their partners to monitor and assess their own performance and provide assurance to local people on the effectiveness of local services.

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# Local productivity

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## Context

Councils face significant reductions in resources from central government and will need to reduce spending. Councils have been acknowledged as the most efficient part of the public sector but the opportunities to drive out further top-down efficiencies are narrowing. Increased productivity will only be achieved by doing things completely differently.

## Outcomes

We will support councils in reducing public spending. Our offer is designed to:

- identify the key productivity gains for local government, achieved through a mix of national and international data combined with local experience
- develop clear proposals to make sure councils deliver these savings quickly
- push those parts of local government that are falling behind
- develop a sector-wide approach to benchmarking to drive down unit costs and improve productivity
- increase the skills of councillors and officers in reviewing and taking action on spend data.

## Our proposed offer

- identify the key productivity gains in the main business areas that typically account for 95 per cent of council business – adult social care, children’s services, procurement, employee costs, shared services, and capital and shared assets – and develop and widely promote specific proposals for take-up across local government
- support and equip councils to develop ambitious prototype models for shared services between groups of public services and groups of councils, and delivery models which incentivise reduced costs
- investigate and promote new forms of delivery including social enterprises, management buy-outs, community buy-outs and employee ‘spin-offs’, as well as more traditional models such as trusts and private contracting, learning from national and international experience, to develop toolkits which help councils pursue these models
- support councils in responding to longer term service pressures by advising on spending on prevention and early intervention, through new forms of financing such as social impact bonds
- develop a sector owned benchmarking tool to provide comparability on unit costs, productivity and outcomes that will be available free of charge and therefore help avoid a proliferation of sector solutions and costly duplication
- create an information exchange, networking and skills programme to build the skills of councillors and officers in taking responsibility for their own spend data, challenging unexplained local variations and sharing best practice
- promote existing efficiency techniques, using the good practice that local government and other sectors have already developed
- work to ensure reform of EU rules which govern how we buy and sell goods and services to improve local productivity.

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# Local budgets and accountability

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## Context

Public services have to become more transparent, more effective, and cheaper. Councils have a key role to play in creating a smaller, more local state at reduced cost. There is growing recognition that the radical transformation of public services is best achieved through local budgets which make significant savings possible by getting rid of organisational silos to deliver the services people want in a joined-up way.

## Outcomes

Through our support to councils on local budgets, we will radically transform the way services are organised, allowing savings to be made and for people to take more responsibility over their own lives. Our offer is designed to:

- help bring different parts of the public sector in an area together through a local budget, using experience of what has worked well in other areas
- develop new systems of governance that work well for local people where there are local budgets
- help councils and their partners commission and design services round people's needs, not institutional silos
- support councils in operating transparently and sharing information with local residents in a useful way.

## Our proposed offer

- a programme which supports the introduction of local budgets identifying what works best, starting with the most advanced and ultimately involving all councils. We will:
  - use our expertise to help councils put in place local budgets and solve local problems
  - develop a network of councillors and senior officers experienced in designing and implementing local budgets to help other councils put them in place
  - work with councils to help design and implement new models of governance that are needed to hold decision makers on local budgets to account and ensure that local people have a greater say over public spending in their area
  - support councils in commissioning and designing services based on what they know about the needs and priorities of local people to deliver social as well as financial benefits
  - work with councils to ensure that financial devolution takes place at the appropriate geographic level – ranging from local budgets for quite large economic units, for example for transport and infrastructure, to spending on issues like antisocial behaviour which may be targeted at a single estate or even a street
  - work with groups of councils to support them in coming together to commission services
- help councils increasingly move to a commissioning and market-making role, including:
  - in health, with the creation of GP commissioning and councils' new public health role
  - in education, with the creation of free schools
  - in housing, to drive up performance with other housing providers, following the demise of the Tenant Services Authority
  - in policing, giving local people a greater say in policing priorities through new local governance arrangements
- an evaluation programme to identify the costs and services benefits that arise from the devolution of budgets and work with government and councils to test whether further budgets can be devolved to reduce the cost of public services
- support councils in presenting accessible and easy to understand financial and performance information to local residents, ironing out any problems with data protection and exchanging information across different parts of the public sector in a way that is easy to use.

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# Strong local economies

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## Context

Newly formed Local Enterprise Partnerships mean that councils now have the chance to lead economic growth, without a middleman, working closely with local businesses and local residents in agreeing a clear vision for their area, and creating jobs and business opportunities.

## Outcomes

We will enable councils to do more to support and stimulate private sector investment and the growth of businesses and jobs. Our offer is designed to:

- ensure that Local Enterprise Partnerships deliver tangible benefits for their areas
- ensure councils are successful in planning and financing infrastructure projects
- achieve a cultural shift in councils to help residents take charge of their neighbourhoods
- support councils in stripping away and streamlining regulation.



## Our proposed offer

- a high profile programme aimed at top leadership teams with the following focus:
  - support and challenge from the UK's leading architects, developers, economists and politicians to drive change and improve the competitiveness of our towns and cities
  - development of a significant cadre of senior local government experts – members and officers and professional groupings – as the focus for learning and support
- a programme involving business leaders, to support the effective development and leadership of Local Enterprise Partnerships with the following strands:
  - learning from the strongest partnerships
  - peer challenge and support from experienced council and business leaders
  - good practice information on effective business engagement, governance, use of assets and pooling of resources
- specialist advice and support on infrastructure development where know-how is not generally available for councils to access at an acceptable cost, including:
  - provision of common commercial platforms
  - commercial skills support at project and programme level
  - quality assurance of projects and programmes at key milestones
  - alternative funding and delivery models
  - accessing and negotiating with private finance
- a major information exchange and direct support programme to support councillors and officers in helping local residents:
  - develop neighbourhood plans and using new incentives to support their delivery
  - form local trusts and enterprises to take forward the delivery of new homes and develop energy generation
  - and, making the planning system more accessible and relevant to residents
- a programme to help councils strip away and streamline local regulation including:
  - timely, relevant advice and good practice information and information back-up to government on outmoded, outdated and obsolete secondary legislation
  - a single channel of communication between government and councils when regulatory emergencies require an immediate response
  - a lobbying programme, on those EU proposals which will have most impact on councils, to reduce the burden of EU regulation on councils and neighbourhoods and to maximise councils' receipt of funding opportunities from the EU.

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# Strong political leadership

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## Context

Councils, and in particular councillors, have a key role to play in encouraging and supporting local people in their neighbourhoods, to come together and take responsibility for improving life for themselves and their communities, and tackling deep-rooted social problems.

## Outcomes

We will provide development programmes and direct support to improve the skills of councillors across local government to:

- help councils change the way they work with local people so they have more control over their lives and are less dependent on services
- devolve power to neighbourhoods and local people
- work more effectively with and through the voluntary and community sector
- promote fairness and tackle inequality in their communities, helping them become more cohesive and better integrated
- ensure that local government recruits new talent to increase the range of ages and backgrounds of councillors.

## Our proposed offer

- support for a wide range of innovative projects in councils – for example increasing the number of active volunteers – which explore new ways of working, processes and techniques for genuinely involving and putting power and responsibility into the hands of local people and neighbourhoods, and widely disseminating the learning from these
- programmes to help councils support their front-line councillors to ensure they play a full role in helping local people build a stronger civil society including:
  - personal development programmes
  - learning materials and other resources such as podcasts and on-line communities to make sure councillors are up to speed with the latest techniques and processes to deliver change in their local area
  - individual support from expert member peers and peers from the voluntary and community sector, who are developing innovative practice in their own wards and councils
  - support from member and officer peers in tackling challenges to community cohesion and in challenging inequality and unfairness
- investment on behalf of local government in new technologies for engaging local people in innovative ways, which can be widely shared across the sector
- support in a quickly changing political environment to ensure that local people are still getting the best from their councils, particularly where there has been a change of political control
- a programme to help councils and political parties proactively recruit talent including young people from different backgrounds as the councillors of the future
- support to local councillors to enable them to fulfil their formal advisory roles in the EU and other international bodies and to manage the demands for support upon councils from local government in developing countries.

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# Transformed local workforce

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## Context

The local government workforce is changing. The number of staff directly employed by councils is likely to decline. There will be more joint working and the skills we require will change. Councils will need to manage and motivate their workforces to increase productivity and transform local public services.

## Outcomes

We will support local government in making sure we have a workforce capable of responding to major changes in the way the public sector operates. Our offer is designed to:

- help councils develop a flexible and productive workforce
- ensure an affordable and flexible pay, reward and conditions system for the whole of local government
- work with the different public sector employers to address the challenges and opportunities in local workforces.

## Our proposed offer

- working with leading edge councils, develop practical advice and guidance on:
  - an affordable and fit-for-purpose pension scheme
  - the implications of demographic change
  - more flexible ways of working
  - ways of joining-up workforces across local authority boundaries and different parts of the public sector
- support to councils in improving productivity by drawing on existing good practice and developing new initiatives to reduce workforce costs in areas such as absence, agency staff and through different models
- national pay and conditions bargaining that continues to deliver fair, affordable pay outcomes and maintains the most flexible pay system in the public sector which is able to respond to changes in local labour markets
- work with trade unions nationally to manage industrial relations better within local government
- support councils through leadership, guidance and challenge, to ensure decisions on pay and reward for all employees are transparent, fair and demonstrate good value for money for local people
- advice to councils on their pay and conditions – including executive pay – and how to get the best out of everyone employed and attract high calibre people
- a national scheme to recruit high calibre graduates to local government, linked with graduate recruitment across the rest of the public sector, and support for councils in ensuring their workforces reflect their local community
- influence EU and national policy and provide advice and guidance to councils on the implications of British and European employment law and the implications of changes, for example the employment of overseas workers
- commission advice and support on issues that affect groups of councils, for example, equal pay.

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# Local performance and value for money

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## Context

The government has signalled a radical approach to decentralising power and enhancing local accountability through transparent information. Inspection will be scaled back and CAA abolished, resulting in a significantly increased new role for local government in leading and taking responsibility for its own performance, accountable primarily to local residents.

## Outcomes

We will help local government become even more accountable to local people by:

- helping councils take responsibility for reviewing and challenging their own performance rather than through central government targets and performance monitoring
- supporting councils in sharing knowledge, so that local government learns from the best and demonstrably takes responsibility as a sector for its own improvement and performance
- proactively identifying councils who are struggling and providing councillor and officer peer support, to turn around struggling councils, challenge complacency and encourage councils to try and do things differently.

## Our proposed offer

- work with government departments to ensure that performance monitoring and support are devolved to the local level
- develop a range of self-analysis tools highlighting the key risks being faced by local government, in order for councils to review and assess their own performance rather than relying on central government inspection
- develop a core peer challenge offer to work with councils and their public sector partners to improve services, which also takes on board the feedback of local people
- develop a focused set of supplementary peer challenge offers in high risk service areas, in particular, adults and children's safeguarding, productivity and efficiency and economic growth and developing areas such as working with the voluntary and community sector
- roll out best practice supported through online networks, focused on key service and risk areas for local government including children's services, adult social care, community safety, regulatory services, environmental issues and planning and housing
- develop an early warning system to identify any potential major financial, governance or performance failures with an intensive member and officer peer support offer to be quickly deployed to any council that is struggling at the corporate level or in key service areas.

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## Local Government Group

The Local Government Group is made up of six organisations which support, promote and improve local government.



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