

Item 3

Local Productivity Programme

Purpose of report

For discussion and direction.

Summary

The Place Based Productivity Programme was initiated in the summer of 2010 to help councils respond to the significant funding challenges that were then anticipated in the Spending Review. The first phase of the work is on course to deliver its quick wins. These include the sharing of knowledge about tried and tested methods of improving productivity so as to help councils meet their funding gap.

Following on from previous reports this paper recommends the focus and shape of the next phase of the programme.

Recommendations

That the Board:

1. notes the work in progress, provide views and comments, and agree or amend the proposals for phase two of the programme;
2. considers whether it would be helpful to hold member led workshops to shape three developmental work programmes;
3. expresses a view on the proposed future name for the programme – the Local Productivity Programme;
4. reports on progress to date and the proposals for phase two of the programme, to the LG Group Executive.

Action

As directed by the Board.

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Item 3

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Background

Phase 1 – achievements so far

1. The Place Based Productivity Programme was set up by the LG Group to assist councils meet the difficult challenges posed by the Spending Review. It was one of the key elements of the LG Group offer to the new Government. The budget pressures set out in the local government finance settlement will place an increased urgency on authorities to deliver on these. Our programme aims to help councils close their funding gap through improved productivity.
2. In Phase One, the Improvement Programme Board established 9 workstreams which are listed with their member champions below:
 - 2.1 Democratic Leadership (Lord Peter Smith)
 - 2.2 Procurement Capital and Shared Assets (Councillor Paul Bettison)
 - 2.3 Shaping Markets and New Models of Delivery (Councillor Steve Reed)
 - 2.4 Adult Social Care (Councillor Gerald Vernon- Jackson)
 - 2.5 Children's Services (Councillor Bryony Rudkin)
 - 2.6 Data and Transparency (Councillor Stephen Greenhalgh)
 - 2.7 Shared Services Across Areas, Tiers and Partnerships (Councillor Gary Porter)
 - 2.8 Central Government Barriers and Burdens (Councillor Jill Shortland)
 - 2.9 Workforce and Skills (Councillor Roger Philips)
3. The programme has already delivered an ambitious array of practical help in a short time-scale. This has included identifying procurement gains, mapping best practice, developing 'how-to' guides – and creating the basis for councils to compare productivity performance information. Support from the sector has been substantial and member champions and chief executives have worked hard on behalf of the sector to steer the programme. Over 120 leading officers and members have given their time to make the programme work.
4. At a successful LG Group national conference on 3 December 2010, workstream member and officer champions shared their thinking and learning so far. We launched an on-line library of over 80 Productivity Opportunities that were identified by the workstreams and drawn from other sources such as work on innovation and Total Place. Every council is being encouraged to test its own performance and practice against these Opportunities and to identify ideas that could be adapted and used locally.

Item 3

5. Nine work-streams are coming to an end of their work at different speeds, and we need both to capture and disseminate the outputs from each work-stream. As the LG Improvement and Development 'Knowledge Hub' goes live in the near future this will be the place to locate this work. In the meantime, as reports, tool-kits etc. are completed, they will be hosted on the LG Group productivity website to ensure they can be shared and used across the sector.
6. Overall phase one has largely delivered on its stated objectives of:
 - 6.1 identifying existing good practice and 'tried and tested' methods to support councils in making gains
 - 6.2 helping councils and their partners to develop the benchmarking and unit cost information needed to drive greater efficiency.

Proposals for the next phase

7. The Improvement Board suggested at its November Away Day meeting that it would be important, as this first phase came to an end, to focus efforts on fewer future work-streams, and to move other areas of work into mainstream delivery. The diagram **appended** to this report shows the next phase in summary form with more detail on the proposals being given in the text below.
8. The next phase switches the productivity programme into mainstream delivery, and will aim to sustain the active engagement of local authorities and partners.

Programme Governance and wider Member involvement

9. The overall governance of the programme will continue to be through the Improvement Programme Board, with links to the LG Group Executive and other LG Group Programme Boards.
10. In addition an officer co-ordinating group will meet regularly both to shape the detail of the LG Group's programme and to discuss the wider dilemmas and choices that emerge from productivity work. Periodically these meetings will engage Whitehall colleagues to discuss issues that require shared action.
11. The Productivity Programme will be part of the core business of the LG Group and part of the new staffing structure which will be in place from April 2011.
12. Crucial to the success of next phase of the programme will be a deeper engagement of elected members in all aspects of productivity work. We will need to find a range of innovative ways to engage not simply leading members, but also front-bench politicians across parties and across localities, in new

Item 3

thinking about models, delivery systems and commissioning approaches that can realise significant savings and safeguard outcomes.

13. In particular, for each of the 'big win' areas described in paragraph 15, the input of members will be crucial if we are to ensure the help and support developed is informed by a robust understanding of the relevant political sensitivities and drivers.

Board Members are asked to advise on the best ways of involving elected members in the development of the next stage of the programme.

From 'quick wins' to big wins

14. There is agreement about the need to move in this second phase from quick wins to big wins. Major productivity gains will be found in the areas local government spends most on.
15. We are therefore recommending that we carry forward three major developmental work programmes. It is proposed that the themes will be developed in consultation with relevant LG Group Programme Boards.

Board Members are asked to comment on these proposals - and agree to reshape the programme around the following themes:

- 15.1 **A market management, purchasing, capital and assets programme** – building on the work of the procurement and capital assets work-stream and creating an expert, national team, based at LG Group. This will include establishing a 'procurement hub'; prioritising a small number of high opportunity procurement categories; and exploring the scope for potential savings through procurement at scale. As well as gathering intelligence and conducting analysis, the hub would also have the capability to set up national or regional mechanisms to create powerful shared purchasing power. Initial work would identify three or four priorities and created a staged process for bringing each into development. Very early thinking suggests that fruitful areas for productivity gains may include energy, waste, highways and transport and capital projects and construction. These, and any other areas considered would be developed in consultation with the relevant LG Programme Board and would seek to work with/make sense of existing relevant local and national government bodies. This programme will also take responsibility for exploring options around capital assets and buildings – sharing, selling, redesigning, transferring and using assets in radically different ways.

Item 3

- 15.2 **A ‘future ways of working’ programme** - to consider the learning and evidence from phase one work on Workforce and Skills, Shared Services and New Markets and Models – and to take thinking to the next level. The programme would bring together a wider group of politicians and chief officers to engage with developing thinking. This would be done through action learning groups and a series of high level summits to explore radical future organisational and governance arrangements. Aspects to be explored and developed would be likely to include: including shared front-office services, integrated management, cluster-authorities, commissioning and market making, transitions to mutual and employee led providers, and the implications of change for staffing, skill-mix, terms and conditions etc. This programme would involve, where appropriate, private, third sector and Whitehall colleagues.
- 15.3 **A children, adults and families programme** – there is an opportunity for work in this area to be focussed on speeding up the transition to new user pathways and delivery models across the ‘people services’ of children’s services and adults’ social care. This would be done through sharing emerging practice in community budgeting, personalisation, new commissioning models etc – working in consultation with the LG Group Children and Young People and Community Well-being Programme Boards. Part of the support commissioned would be interventions to share core thinking between work centred on children and adults, and to design future systems for ‘people services’.

Members are asked if they think it would be helpful to organise member led workshops on each of these developmental work programmes to help shape and guide the overall shape of each work programme.

Mainstreaming productivity support

16. The work-streams have done important work that now needs to be mainstreamed as part of the LG Group productivity support offer. The role of the LG Group will be to:

- 16.1 **Test, pilot and deliver practical support.** We are prototyping the ‘Inform’ service – the new shared performance data information system, which the Local Government Group will offer to the sector. The service will include new metrics and approaches to understanding productivity and unit cost developed through the programme. Next steps are to work with a number of councils in depth to develop the service, and to continue to engage the sector more widely to be sure that the service meets councils’ needs as widely as possible.
- 16.2 **Developing democratic leadership.** The Democratic Leadership work-stream has contributed important learning about the skills, knowledge and behaviours politicians will need to lead resilient organisations into the future, and to equip

Item 3

themselves for the judgements and decisions they will need to make and see through to completion. This needs now to be put into practice – through both the leadership offer of the LG Group and a redesigned peer challenge and peer support process – ensuring that member peers can offer a range of practical and expert support to authorities facing productivity challenges. This is a process of leadership development and skill- transfer and will offer opportunities to think in new ways, take part in practice exchange and action learning, and keep up to date with innovation in the private and third sectors, and from international examples.

- 16.3 Support individual authorities in trying out new approaches.** Practical support will need to be made available to local authorities wanting to use a range of approaches generated and highlighted by the programme to increase their productivity. In the first instance we will be working with a few councils to pilot how they can consider and apply the ‘new productivity opportunities’ identified in phase one and launched at the conference on 3 December 2010.
- 16.4 Mainstream support for practice exchange** across the sector – creating both practical capability to support authorities in difficulties, as well as opportunities for experiments and, enabling both politicians and managers across the sector to catch up, learn from and transfer gains from initiatives elsewhere. Numerous good practical examples already exist of experienced authorities lending staff or expertise to others - such as the work Hampshire is doing with Wigan on capital assets.
- 16.5 Engage in dialogue with Whitehall – barriers and burdens:** Instead of a separate barriers and burdens workstream, it is proposed to establish bi-lateral arrangements to take forward action on those barriers to productivity which the Improvement Programme Board and co-ordinating group believe are sufficiently important to require a response from Whitehall.

Quality control and challenge

17. In order to ensure that ideas and proposals are both robust and at the forefront of thinking, it is proposed to set up a ‘challenge’ group, made up of ‘critical friends’ of the sector, from private and third sectors and academics, to examine the ideas, products, proposals and outputs from the productivity programme – advising the sector on alternatives, and ensuring that thinking is constantly under challenge.

Item 3

Connections to place-based approaches- community budgeting and 'big society'

18. Productivity needs to continue the link to place-based approaches, since some of the biggest wins will come from a place-based approach. The productive places programme has engaged members and senior managers in practical ways to share learning from place-based initiatives and is testing and evaluating the productivity gains to be made by working collaboratively in places, and it will be important to sustain a place-based dimension to work going forward.
19. Learning will also need to be continually transferred between the sixteen community budgeting pathfinders, the Total Place pilot authorities and other place-based experiments, and those authorities engaged in initiatives around the 'Big Society'. The overall project management will ensure that linkages are made and fed into the programmes as necessary – and pathways made for localities through the Knowledge Hub to keep up to date.

Communications

20. Building on the web communications developed and the publicity gained for the programme and December conference through First, and articles in the trade press, a communications strategy is being developed for the next phase of the programme.
21. Following on from confusion about the programme's name (Place Based Productivity Programme) it is proposed that in future it be referred to as the Local Productivity Programme.

Members' views are sought on the proposed future name for the programme – the Local Productivity Programme.

Financial Implications

22. The whole of the LG Group has a role in supporting this work. The RSG bid includes resources to develop the programme and support councils in the new financial year and capacity to support the programme has been built into the proposed new structure. Staff from across the Group are supporting individual areas of work.
23. The Audit Commission has seconded a member of staff to provide programme management support and is inputting additional support into the development of productivity metrics. The individual authorities have also contributed the time of their own staff alongside RIEP support.