

Productivity Programme – *Better with Less* Programme Update

Purpose of report

For discussion and direction.

Summary

The Productivity Programme was established with the aim of:

- supporting councils to improve productivity;
- bringing councils together to share innovation and learn from each other; and
- engaging central government and partner organisations in a debate about longer term, more radical options to improve productivity.

This report updates members of the Improvement Programme Board with the progress made on delivering the Productivity Programme.

Recommendations

1. Note the progress made in the delivery of the productivity programme.
2. Comment on initial proposals for the 2012/3 programme (para 19).

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Productivity Programme – *Better with Less*

Background

1. The Board approved a range of productivity initiatives at its meeting in November structured around the 3 'big win' areas of:
 - 1.1 Procurement and Capital Assets
 - 1.2 Children, Adults and Families and
 - 1.3 Future Ways of Working.

Procurement and Capital Assets

2. Work is progressing well in this area, with a number of initiatives commencing since the last report, of particular importance is the progress made by the capital asset pathfinders and the launch of the waste innovation pilot.

Procurement

3. We have held the inaugural meeting of the National Advisory Group for Local Government Procurement (NAGLGP). The Group includes senior and operational representatives from a wide range of councils. The first meeting agreed to take forward a number of actions on behalf of the Improvement Programme Board including:
 - 3.1 publishing (on 15 December 2011) a guide to EU procurement (*Buying into Communities*) to dispel procurement myths and promoting these messages;
 - 3.2 examining the impact of the Localism Bill on procurement initiatives that support the local economy; and
 - 3.3 the tools and resources to share good procurement practice.
4. NAGLGP will also oversee the recently launched category management pilot programme. The programme looks to develop the category management approach in areas such as strategic commissioning and construction. A Prospectus was launched in December inviting bids from the sector, with a deadline of 12 January 2012. We will update the Board on the submissions at the meeting.

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5. As agreed at the last meeting we have also commissioned the development of the business case for a procurement hub. The work is being led by Andrew Smith, the Chief Executive of Hampshire County Council with input from Local Partnerships and the Productivity team and the private sector.

Waste Management

6. We have launched a 12 month pilot project to find a council to trial the use of food waste disposers in residential kitchens and therefore take food waste out of the residual waste stream. The project will:
 - 6.1 convene a steering group of regulators and government departments to identify technical, regulatory and legal barriers;
 - 6.2 develop a pilot project to test these barriers and provide the evidence base for future action;
 - 6.3 bring together all the pertinent organisations with an interest in this area to ensure activity is coordinated; for example DEFRA, Environment Agency, Office of the Water Regulator (OFWAT), local authorities and water companies; and
 - 6.4 calculate potential cost-savings to local authorities from promoting macerators as a means of food waste disposal.
7. A number of councils have already expressed an interest. Discussions have also taken place with a number of the water companies and we will update the Board on progress at the meeting.

Capital Asset Pathfinders

8. The Wave 2 Capital Asset Pathfinders are due to submit their final business cases on 6 January 2012. Analysis of the business cases in Wave 1 has suggested that strong progress is being made by the pathfinders and most are on track to deliver savings of 20 per cent NPV and 25 per cent reduction in CO2 over a 10 year period. However, it is apparent that some of the pathfinders will require more support to do this and we are considering how best to achieve this.

Children, Adults and Families

Adult Social Care Efficiency programme (ASCE)

9. The ASCE programme has been launched and has gained significant attention from councils. The Department of Health (DH) agreed to match fund the LGA's £300,000 for this programme, allowing us to support up to 30 councils.

Item 5

10. The standard of application was high. The 52 applications comprised 47 individual council applications, two joint bids covering 4 authorities, one regional bid and two sub-regional bids. Applications were received from a range of councils, from smaller unitaries with budgets c.£30m to large counties with budgets c.£300m. There was a broad regional spread of applications, with the largest number from London, the North West and North East.
11. Just under half the applications outlined proposals as envisaged in the programme prospectus, i.e. a whole system efficiency review. Of the other applications, most retained an efficiency focus but narrowed this to specific areas. Key themes emerging across the bids were:
 - 11.1 Tackling the cost of high cost LD placements;
 - 11.2 The interface with health care;
 - 11.3 Preventative services and telecare; and
 - 11.4 Commissioning
12. Progress on all of these issues will be reported orally at the meeting.

Children, young people and families

13. Members will be aware that officers have secured £282k funding from the DfE to lead the commissioning and productivity support on behalf of the Childrens Improvement Board (CIB). The contract for this work has been let to Springboard Consortium who will begin delivery in early January. Springboard will build on the work undertaken by the Commissioning Support Programme, C4EO and others working to improve outcomes for children and families. Their knowledge and network experience means they are able to mobilise quickly in the New Year and focus on early priorities. These include identifying commissioning champions to reflect local priorities and working with National Youth Association to support commissioning in youth services.
14. Delivery of this work will be informed by the regions and the national Commissioning and Productivity Forum, facilitated by the LGA. Priority service areas include schools and SEN, placements, prevention / early intervention and youth services.

Future Ways of Working

15. This aspect of the programme has been well received by councils with a number coming forward to take-up the initiatives on offer.

Shared Services

16. The LGA's shared services web resource and shared services map has been updated and revamped¹. This work highlighted that at least £160m of saving have been delivered to date and that district councils lead the way with shared services, particularly for corporate and back-office services. There has been a high level of interest in the shared service map from councils, partners and the local government press with coverage in both the MJ and LGC at the start of December.
17. We have commissioned two pieces of research looking at shared services. The first, due to report at the end of January 2012 looks at why some shared management initiatives succeed and others do not. The second, due to report at the beginning of April looks to assess whether the financial and service improvements envisaged by shared services have been delivered and will provide a tool for councils to use to help them to project manage and evaluate the success of their shared services.

Productivity Experts and Masterclasses

18. We have received a number of requests to deliver Productivity Masterclasses with councils and these are planned to be delivered within the next few months. Areas to be covered with the councils include shared services, economic development, service transformation and procurement. We are already delivering 3 of the planned 6, Productivity Expert support to councils, covering contract renegotiations and capital and assets and Adult Social Care (two councils will be funded from this programme as an alternative to the full funding available from the ASCE).

2012/13 Productivity Programme

19. Subject to decisions on next year's budget, officers would like Improvement Board members' steer as to a productivity programme for 2012/3. Provisional thoughts are:
 - 19.1 ***Capital Assets***

After two waves of Pathfinders involving 26 councils covering a third of the country, it is timely to review how best to develop this work. Crucially it is important that councils not only reduce their running costs and raise capital receipts, but that they also achieve regeneration and economic growth where possible. Accordingly it is proposed that a smaller number of councils be identified to give additional support to in order to achieve that objective.

¹ National map of shared services - <http://www.local.gov.uk/better-for-less-po-map>

19.2 **Adult Social Care**

Originally it had been envisaged that there might be a second wave of councils invited to partake in a similar initiative. However, the overwhelming support for the programme, and the additional resources available, argue for a more thematic approach to be taken in 2012/13. A focus on personalisation, or re-ablement services, for example, might provide much needed best practice intelligence for the sector, in an area where both costs and demand are rising strongly.

19.3 **Shared Services**

Sharing services across councils continue to offer significant savings. We are considering supporting groups of councils with the intellectual, technical, legal and financial know how to share services with each other where this will deliver savings and promote good local customer focused services. We also plan to continue the approach of evaluating established shared services to ascertain the actual level of savings and service improvement delivered.

20. Members' thoughts on these issues, and any other proposals, would be most welcome.

Financial Implications

21. The business plans for 2011/12 includes resources to develop a programme to support councils improve productivity. This includes providing support to the next stage of the Capital & Assets Programme. Capacity to support the programme has also been built into the new LGA structure and budgets.
22. Further grants have been received to support the programme's work including a contribution of £300,000 from the Department of Health to support the Adult Social Care Efficiency Programme and £296,000 from the Children's Improvement Board to support efficiency improvements in children's services.