

Productivity Programme Update

Purpose of report

For discussion and direction.

Summary

The report updates the Board on the progress being made in the Productivity Programme in the areas of procurement, common financial assessment and waste management.

The Board will also hear from Sheffield City Council about their experiences being part of the Productivity Programme's Capital Assets Programme.

Recommendations

1. Note the recent publication of shared services research.
2. Note the progress made on developing a local government procurement pledge and the consultation currently underway.
3. Support the common financial assessment, currently being piloted as a way of saving councils £70 million per year and delivering up 40 per cent efficiency gains, through the ways identified in paragraph 13.
4. Note the take-up of assistance to help in bidding for the Department for Communities and Local Government's (CLG) weekly waste collection support scheme.
5. To hear from Sheffield City Council about their experiences of being involved in the Capital Asset Pathfinders programme.

Actions

Officers to continue to develop the programme in line with the progress made and any recommendations made.

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Productivity Programme Update

Background

1. The Board have previously approved the Productivity Programme to develop and operate a range of programmes to improve productivity and efficiency in councils. This report provides an update on selected areas of the programme. The Board is asked to note that fraud is now being taken forward by the Finance Task Group.

Shared Services

2. The Productivity Team recently concluded and published *Crossing the Border: Research into shared chief executives*¹. The report, published in March, analysed the ingredients for a successful shared chief executive arrangement, based on emerging experience in a number of councils around England. The report interviewed 25 council leaders and chief executives from a range of shared management initiatives and was well received in both the Local Government Chronicle and Municipal Journal; it provides lessons for councillors and officers interested in pursuing shared chief executive arrangements, facilitates discussion of the issues and scopes out best practice.

Procurement

Procurement Hub Business Case

3. Members will be aware that Andrew Smith, Chief Executive of Hampshire County Council, has been working on the Board's behalf on the production of a new National Procurement Strategy. These considerations will also look at the scope for a national buying agency - often referred to as a National Procurement Hub - for goods and services, such as energy, that are produced nationally.
4. A consultancy with expertise in this area has now been commissioned to develop a business case. The LGA is providing some of the funding needed for this work with the remainder being contributed partly by Hampshire CC and partly by the consultant on a pro bono basis. The business case will include a survey of councils' attitudes to the concept of a hub, spend analysis and establish whether a case exists. The business case will be finalised by the end of July and presented to the Board at its September meeting.

¹ Crossing the Border: Research into shared chief executives
http://www.local.gov.uk/c/document_library/get_file?uuid=c1df91b3-b60c-4f34-a3d9-00ada9fc6e91&groupId=10161

Procurement Pledge

5. Number 10 and the Cabinet Office have for some time been asking the LGA to be co-signatories to their Procurement Pledge. At its last meeting this Board took the decision not to sign the Pledge as it was more geared toward central government spending activities, big business and did not adequately reflect local government's procurement approaches. The Board took the decision to develop a Local Government Procurement Pledge.
6. We have developed a draft Local Government Procurement Pledge (attached at **Appendix 1**) that emphasises:
 - 6.1 the importance of our £62 billion annual spend: as well as achieving Value for Money (VfM) for taxpayers and also good outcomes for our citizens and service users it also provides a significant stimulus in the local economy;
 - 6.2 the sector's commitment to supporting local economic growth, and by extension UK companies and the voluntary sector;
 - 6.3 the importance of working with all suppliers (big multinationals, small and medium enterprises (SMEs) and the voluntary sector) in order to reduce the bureaucracy of bidding for local government work; and
 - 6.4 our desire to work with central government to reduce the burdens that are in place around procurement, particularly from the EU.
7. Our Pledge is out to consultation until 8 June 2012. We believe this approach will complement local government's strong track record on procurement, the existing regional procurement arrangements and portals, and be more accessible to local SMEs. The final version will be reported to the July Board meeting.

Common Financial Assessment

8. There are currently 206 local authorities with social care responsibilities in England, Scotland and Wales which collectively undertake approximately 680,000 new assessments and one million re-assessments a year of the ability of older people to pay for care services.
9. A project is underway to improve the way these assessments are carried out. This will involve using information held by the Department for Work and Pensions (DWP) that will help reduce duplication, error and rework in councils. It is aiming to transform the way that financial assessments are performed in adult social care and will make significant savings for both councils and the DWP whilst improving the quality of service for some of the most vulnerable in society. The initiative aims to save local authorities over £70 million a year.

Item 3

10. The project is led by iNetwork - legacy NW RIEP group with sponsorship from several local authorities and DWP and support from the National Association of Financial Assessment Officers (NAFAO), the Association of Directors of Adult Social Care (ADASS), the Institute of Revenues Ratings and Valuations (IRRV) and the Local e-Government Standards Body (LeGSB). iNetwork have invited the LGA to be involved in this work and to support initiatives.
11. The new assessments solution is being deployed at three councils² and being evaluated by a further eleven. It is providing 30-40 per cent efficiency gains compared to a paper based operational model.
12. Resolving the mechanism for actual sharing of data has been problematic. iNetwork are now working with DWP to develop a data sharing mechanism and process for national rollout as soon as possible after the data sharing clauses come into force in June 2012.
13. It is recommended that the LGA supports this initiative in the following ways:
 - 13.1 to endorse the sharing of data via secure email as interim process used by local authorities for obtaining social security data from DWP and to endorse the need to change to a more efficient data sharing solution longer term;
 - 13.2 to represent the LAs as a united group to the DWP;
 - 13.3 to approve and communicate the staged rollout process to local authorities; and
 - 13.4 to provide support via a limited number of dissemination and engagement forums for rollout.

Waste Management

14. The Productivity Team has been supporting councils that are bidding for CLG's weekly [waste] collection support scheme, through which £250 million new money is being made available to councils. In addition to coordinating a guidance document highlighting the resources councils could draw on to develop their bids, the Team arranged five workshops throughout the country to provide further information and guidance from CLG, Local Partnerships and a number of waste experts. Over 120 councils attended the workshops.
15. Separately, we now have confirmation from Severn Trent Water that they are willing to a pilot enabling households to dispose of food waste using macerators

² Sefton Council, Tameside Council and Lancashire County Council

fitted into kitchen sinks. We are progressing plans for the pilot with the intention of starting this later in 2012.

Council Experience of the Productivity Programme

16. The Improvement Board will hear from Nalin Seneviratne, Director of Property Services at Sheffield City Council. Sheffield City Council took part in the Capital Asset Programme Wave 2 and he will provide feedback to the Board on Sheffield's Experiences.
17. The Local Government Association has now worked with 26 councils to develop best practice in the management of capital assets. Our work has shown that by adopting a strategic pan-public sector approach to customer demand, assets, and capital management at the local level, money can be saved and services improved. Close collaboration at the local level can deliver better services outcomes and reduce the cost of delivery. Pathfinders have identified significant reductions in both operating space and running costs; **Appendix 2** shows the latest interim results from some of the Wave 2 pathfinders.

Financial Implications

18. The business plans for 2012/13 includes resources to develop the productivity programme to support councils improve productivity. Capacity to support the programme has also been built into the LGA budgets and business plan.