

Productivity Programme

Purpose of report

For discussion and direction.

Summary

The report updates the Board on the progress being made in the Productivity Programme in the category management pilots, Local Government Procurement Pledge, the Future Councils Programme and the Tell Us Once programme.

The Board will also hear from Councillor Shelton of Royal Borough of Kingston upon Thames about their experiences being part of the Adult Social Care Efficiency Programme.

Recommendations

1. To note the work being undertaken as part of the category management pilots.
2. To approve the changes to the Local Government Procurement Pledge made following consultation and for a launch after the summer break.
3. To note the update on the LGA campaign for simpler future EU procurement rules.
4. To confirm additional councils to go forward to the next stage of the Future Council programme.
5. Note the thanks received for the LGA's contribution to the Tell Us Once programme.

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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.

Category Management Pilots

2. Local government spends over £62 billion a year in the private and voluntary sectors. For a typical council procurement is about half of its spend and achieving value for money and support the local economy is of key importance. Price is not always the only driver for local spending decisions; quality and local economic benefit are equally as important. Over recent years, particularly with support from the Improvement and Efficiency Partnerships; local/regional procurement lead groups have developed a number of solutions to these challenges.
3. To support this, the LGA launched a programme to encourage the development of innovative and replicable category management procurement initiatives. From a strong field of applicants the LGA identified eight projects¹ (involving over 70 councils) to receive £20,000 to support their approach. The Board are asked to note these:
 - 3.1. Lead council - Rochdale Metropolitan Borough Council (now Manchester City Council)/Association of Greater Manchester Authorities - social care category for the development of a framework agreement to support the Greater Manchester Strategy for Supporting Living Services.
 - 3.2. Lead council - North Tyneside MBC (supported by North East Purchasing Organisation - NEPO) - social care category for a national contract for an e-personalisation market place.
 - 3.3. Lead council - Birmingham City Council - waste category for a project to develop a waste partnership with charities in the Birmingham area for the collection and recycling of textile materials.
 - 3.4. Lead council – Northumberland County Council (with the support of NEPO) - highways category for collaborative highways procurement.

¹ http://www.local.gov.uk/web/guest/productivity/-/journal_content/56/10171/3511584/article-template

- 3.5. Lead council - Tameside Metropolitan Borough Council (managed by iNetwork) - property category for the development of a North West asset management network.
 - 3.6. Lead council - Lincolnshire County Council (led by Procurement Lincolnshire) - corporate services category for collaborative waste fleet and maintenance procurement.
 - 3.7. Lead council – Sheffield City Council - corporate services category for the roll out of contract management training for the sector.
 - 3.8. Lead council - Newcastle City Council (with the support of NEPO) - corporate services category for the procurement of a strategic spend analysis tool.
4. Each of these projects will have a mentor, drawn from members of the National Advisory Group or Regional Improvement and Efficiency Partnerships (RIEPs), who will help to make links to related work and navigate any problems. They will also be able to identify further synergies or potential lessons coming out of the initial work.
 5. The LGA hosted a launch event on 25 May 2012 to facilitate shared learning across these projects; both Cllr Fleming and Cllr Cadbury supported this event. A similar session is planned for the autumn and all projects provide monthly progress updates and are scheduled to produce a case study and showcase their learning next summer.

Local Government Procurement Pledge

6. The Board will recall papers on the Local Government Procurement Pledge at previous meetings and the fact that the draft pledge has been out to consultation until mid June 2012. The deadline has now passed for comments and we have received a large number of responses from across a very broad range of councils and organisations. Almost all of the responses have been entirely supportive of our approach to engage with local SMEs and to foster a broad and diverse range of suppliers.
7. Feedback from a number of councils regarding Pre-Qualification Questionnaires (PQQ) noted that these are both helpful to potential suppliers including SMEs and the voluntary sector (as it enables them to better highlight how they can meet the requirements) and councils as it helps better identify those tenderers best suited to deliver). However, they also recognise the need for these to be applied proportionately and appropriately to minimise the burden for all involved. To this end a number of councils are now implementing a Tell Once approach – this

enables potential suppliers to register their details annually once on local, regional and national portals for councils to then use as appropriate.

8. A revised version of the pledge is shown at **Appendix A.**
9. The Board is asked to support the changes made to the Pledge following consultation and agree to the Pledge being launched after the summer break. Our intention is to use the Pledge to drive improvements to procurement as well as help improve engagement and collaboration with suppliers. Therefore we are convening a roundtable event inviting representatives from the voluntary sector, business community including CBI and Federation of Small Businesses (FSB) this autumn to discuss how to take this forward.

Update on reform of EU procurement rules

10. In December 2011 the EU published its proposals for new procurement rules which are due to come into effect on 30 June 2014. Since then, considerable consultation with councils and engagement with Cabinet Office and the EU institutions has taken place:
11. LGA Brussels office has worked with associations across Europe to develop a joint lobby towards the EU. Most recently in June 2012 the Board Chairman sent a letter to all UK MEPs to secure their support ahead of a crucial vote in the European Parliament this Autumn.
12. On 21 June a meeting took place in Brussels between Cabinet Office officials, LGA and eight other associations of local government. A significant consensus was reached on the need to increase joint central-local lobbying towards the EU on this topic.
13. The following key messages are being promoted to Whitehall and the EU institutions:
 - 13.1. The thresholds above which the rules apply need to be raised.
 - 13.2. New burdens when commissioning social services and legal services are unwelcome.
 - 13.3. The exclusion for shared services in the proposals is too narrow and needs to be widened.
 - 13.4. An exemption is required for employee 'mutuals' to facilitate the Big Society agenda.
 - 13.5. The rules should not be applied when councils seek credit/loan financing.

- 13.6. Proposals for new monitoring bodies at national level to enforce the rules should be rejected.
- 13.7. Burdensome reporting obligations should be rejected.
14. The next steps are to continue engagement with the Cabinet Office as negotiations progress at EU level and to ensure local government demands are reflected in the European Parliament's position due to be agreed Autumn 2012. The LGA will also keep councils informed of progress.
15. The EU is aiming for the new Directive to be agreed by the end of 2012, at which point the LGA will need to begin to work on transposition and implementation issues, including ensuring that councils are aware of the new EU requirements.

Future Councils Programme

16. The LGA sought nominations for the Future Council's programme in early 2012 and received an impressive level of response from all tiers of local government. Nominations were also received through the Local Government Delivery Council and District Councils Network.
17. Lead Member's have approved two councils (Birmingham City Council and Rushcliffe Borough Council) to be part of the Future Councils programme. The programme is designed to work with a small number of councils in a practical way to implement a new, more radical, model of council for their area. Where appropriate we will provide funding to enable this. We will build on the experience gained from past initiatives and will look to support practical, bottom up solutions rather than to revisit the unitary council or local government restructure debate.
18. The Board is asked to confirm that in addition, the following three council initiatives be funded through the LGA Future Council Programme:
 - 18.1. Buckinghamshire County Council – Managing demand through behaviour change, early intervention and prevention.
 - 18.2. East Riding of Yorkshire and Scarborough Borough Council – the Virtual Commissioning Council.
 - 18.3. Trafford Metropolitan Borough Council and Amey's trading joint venture.
19. Full details of all proposals can be found at **Appendix B**.
20. The Productivity Team will start to negotiate the amount of funding, up to £20,000, to be provided to each council and draw up the memorandum of agreement for each. The programme we will monitor the progress of the projects

over the next two years through a New Local Government Network (NLGN) evaluation.

Tell Us Once

21. Tell us Once (TUO) is a service enabling citizens to inform their council and government about a birth or death. They can do so care of their council's² Registrar Service, on the telephone or online on Directgov. This allows the citizen to report the bereavement 'once' and for this information (with their consent) to be shared in order to have a passport or blue badge cancelled, or benefits amended or stopped.
22. Currently TUO allows the citizen to inform a range of other services including, council services, Disability and Carers Service, DVLA, HM Revenue and Customs, Passport Service and Pension Service. Since implementation TUO has helped over 134,000 people report a death and 47,000 to report a birth.
23. Local government co-designed this service with Department for Work and Pensions (DWP) and the work of a number of councils as pathfinders and pilots including Southwark, Tameside, Kent County Council and Districts and Lancashire County Council and Districts, ensured that we designed a service that can be adapted to meet the needs of their local communities.
24. Equally importantly, Local Government worked closely with DWP throughout with a number of local government and council officer representatives helping contribute to various boards. The learning from this collaboration is going to be critical if we are going to meet the challenges of designing a Universal Credit service that works both for the citizen, for those supporting them and for those delivering this service.
25. In recognition of this support the Chairman received a letter from Terry Moran CB Director General at the DWP (see **Appendix C**) thanking the LGA for getting the programme up and running and championing it throughout.

Council Experience of the Productivity Programme

26. The Improvement Board will hear from Councillor Shelton of Royal Borough of Kingston upon Thames about their experiences being part of the Adult Social Care Efficiency Programme.

² Currently a TUO service is live in 284 English councils with another 42 signed up to implement this in the coming months

27. As part of its wider Productivity Programme, the LGA launched an Adult Social Care Efficiency programme in January 2012. The programme incorporates 44 projects led by individual and groups of authorities, including one regional and one sub-regional project.
28. The programme's objective is to help councils take forward their efficiency and transformation agendas in adult social care. The programme is working with participating authorities over a two-year period to support them to refine and develop the comprehensive efficiency / change approaches required to deliver the savings councils need to make to meet the challenges of reduced funding, demographic pressures and personalisation. It is intended that the programme will support councils to deliver significant savings over the next two years.
29. In phase 1 of the programme, grants were provided to authorities to fund a diagnostic that helps challenge and refine their existing savings plans and transformation strategies. As part of their phase 1 outputs, authorities are developing implementation plans setting out how they will spend the next 12 - 24 months (phase 2 of the programme) delivering a set of identified savings and changes.
30. Projects the programme covers include: whole systems efficiency approaches; domiciliary care; learning disability services; working with health; preventative services / early intervention; reablement and recovery; telecare; and market management / commissioning.

Financial Implications

31. 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.

APPENDIX A

Revised Draft Procurement Pledge for Local Authorities

(New text, ~~deleted text~~)

Background

Council spend in the private and voluntary sectors is worth over £62bn³ each year – councils recognise the need to maximise the opportunities that procurement provides in ensuring value for money, and in helping support their local economy. This is particularly so as councils wrestle with an average 28% reduction in their funding during the current Spending Review period, as well as the wider economic downturn.

The changing landscape of council contracting arrangements includes increasing numbers of shared service arrangements, pooling of resources and working with a range of providers. Reductions in funding mean that councils are seeking better value for the tax payer as services are reconfigured, and there is more co-production with citizens and the voluntary sector.

Any initiative that helps procurement to drive efficiency savings, achieves better outcomes, and makes it easier for councils and local providers to do business by reducing bureaucracy and simplifying processes has the support of ~~the sector~~ Local Government. Therefore the LGA after consultation is launching a Local Government Procurement Pledge to highlight the sector's commitment to greater collaboration with business, SMEs and the voluntary sector, to help drive improvements and efficiencies in how councils procure goods and services.

Local Government Procurement Pledge:

Local government will use all efforts to use procurement to help:

- Deliver value for public money
- Drive local social and economic growth and regeneration
- Provide inclusive services through a diverse supplier base.

To this end we pledge to increase our efforts:

- to promote and implement procurement processes that are less bureaucratic and burdensome,
- to build our skills, capacity and expertise in procurement

³ Of this £62bn, £38.2bn is open to influence

- to engage effectively with users, citizens, community organisations and partners to ensure that the goods and or services being procured meet their needs and where appropriate involve them in the procurement process
- to engage effectively with suppliers through market days, pre-procurement dialogue, and provide transparent feedback, making them aware of trading opportunities and securing their input and expertise
- to use procurement in a socially and environmentally responsible way, promoting fair employment practices, ethical sourcing practices, and environmental sustainability wherever possible
- to engage with the Chambers of Commerce and Federation of Small Business voluntary sector representatives, and other representative trade & industry bodies – as set out in their voluntary sector Compact
- to seek feedback from suppliers and use this learning to further improve procurement processes
- to promote collaborative working where appropriate using the Professional Buying Organisations; Government Procurement Service and others to make best use of existing expertise, resources, and to share best practice

Procurement support from the LGA:

As part of our wider work we will support councils to use procurement more effectively in a number of practical ways, including:

- Identifying and promoting current good practice – building on the work done through the Quick Wins and Big Wins strategies, to help councils use procurement to support local social and economic regeneration and deliver efficiency savings
- Supporting work to develop a national local government procurement strategy to help the sector overall maximise its resources and buying power
- Encouraging councils to review and consider how best to apply processes to ensure these are proportionate and appropriate including the use of Pre-Qualification Questionnaires (PQQs) for contracts below the OJEU threshold and encouraging councils to advertise their contract opportunities on Contracts Finder and regional portals as appropriate.
- Co-ordinating and facilitating a ‘voice’ for the sector through the National Advisory Group for Local Government Procurement
- Encouraging greater collaboration and joint procurement by local authorities – including providing support to 8 category management projects involving 70 local authorities
- Help in navigating EU procurement legislation and regulation through publications such as ‘Buying into Communities’

Support from Government

On behalf of the sector the LGA would like to work with the Cabinet Office and central government to help improve all public procurement.

Public procurement is highly regulated particularly by the European Union and over the years the European procurement rules have become more and more complicated. We need help from government to put the power of procurement back into the hands of our sector.

There are many aspects of the current procurement “culture” that can only be challenged and changed collectively by local government as a sector, including moving away from a risk adverse approach and moving towards a more creative and innovative approach to public sector procurement.

APPENDIX B

LGA Future Council Programme Additional Projects

1. Buckinghamshire County Council – Managing demand through behaviour change, early intervention and prevention.

In recent years, the Council's savings strategy has primarily focused on squeezing the supply side of service delivery. They now need to balance that with a focus on aggressive demand management techniques over the next five years. They are currently developing a demand management strategy, with a specific focus in the initial stages on key demand led budgets such as adult social care, looked after children, SEN and home to school transport. Support from the LGA Future Council programme will enable the council to build on the success of their Foster Care initiative and model the read-across to other areas of work in the council.

The key areas of expertise and skills that the council would like to access as a result of funding from the Future Council programme are:

- technical experts in demand management to challenge and support them in developing and finalising the Council's approach to demand management across the key areas set out above; and
- support to help to swiftly embed behaviour change approaches as business as usual across the Council and relevant partnership working.

2. East Riding of Yorkshire and Scarborough Borough Council – the Virtual Commissioning Council

The programme will focus on a 'virtual customer service centre' to embrace the new technology enabled citizens expect to use on their devices/tools to interact with public services. The internet based virtual customer service centre will provide a platform to enable access to services and ensure delivery is tailored, personalised and targeted to individuals. This work will challenge the delivery of costly universal provision, which has institutionalised many citizens but will support individuals to become more independent and take advantage of choice and personal control. A key focus will be commissioning for people and not the commissioning of individual services historically common place in the public sector to drive down costs.

As part of the Future Council's programme the lead authority would examine the creation of a single view of a customer database, Client Index, as a key building block to other key components in the programme of work. This database will

enable organisations to understand the citizens' relationship with the public sector to support targeted interventions and deliver to reduce costs.

An opportunity exists for the East Riding of Yorkshire Council, as lead authority, and Scarborough Borough Council to work together to explore how this radical, but necessary, shift in service access, commissioning and delivery could be implemented across the two unique authorities and relevant public sector partners. Scarborough Borough Council will act as project assurance.

At this early stage it is expected that the delivery of such an ambitious programme will take significant resource but it will also lead to significant finance gains and a shift in the way council's commission and deliver services. LGA support would act as a key enabler to the programme to develop the technical outline business case for a single customer database (Client Index).

3. Trafford MBC and Amey's trading joint venture

Trafford Council and Amey are keen to establish a trading joint venture company. The JV would seek to make a commercial return from supporting other local authorities and NHS bodies across the UK in delivering their vision for the integration of Health and Social Care. The model would seek to draw on the professional experience of Trafford Council's Communities and Wellbeing Directorate in delivering Adult Social Care as well as the transformation, logistical and commercial expertise of Amey's Built Environment Division.

Rather than focussing on consultancy advice or outsourced delivery this proposal will see Trafford sharing with clients their very successful approach of co producing new developments or changes in their processes with Trafford citizens. They would work with other councils, NHS organisations or integrated organisations to assist them to set up a co production approach, offering them the opportunity to come to Trafford and work alongside them.

They would also offer an opportunity for Trafford citizens to assist us with the contract work, especially in supporting other citizens or service users in the client's area. This approach has been tested in many different services and care pathways, particularly in developing processes to support personal budgets and they are keen to share experience and knowledge with the rest of local government.

Outcomes for the council include:

- Income generation.
- Key staff with improved business acumen.
- New transformational opportunities identified.

- Improved resilience.

The additional support provided by the LGA will be used to provide additional technical advice to assist them in assessing the Council's legal implications, risks, governance requirements and operational and financial impact.

The financial support provided to the above proposals through the LGA Future Council programme will be fully match-funded by the councils involved.

LGA Future Council Programme Previously Agreed Projects

The following projects were agreed for inclusion in the Programme at the Lead Member's Meeting on 13 June 2012

4. Birmingham City Council – Loyalty Reward Scheme Proposal

Birmingham City Council (BCC) plan to implement a loyalty reward scheme across the whole council. This incentivisation scheme will encourage behaviour change, reduce demand on high cost services to release efficiencies and generate income for the council. A trial has been completed in partnership with Nectar to try and change paper recycling and leisure behaviour. The trial concluded there is now a need for specialist support to get from end of trial to full scale implementation of a loyalty reward programme across the council.

The key areas of expertise and skills that the council would like to access as a result of funding from the Future Council programme are:

- Design and implementation of loyalty reward schemes.
- Commercial contract and procurement negotiation within loyalty or marketing.
- Loyalty reward information technology and system infrastructure.

In order to get the best business case, the best loyalty partner and the best delivery infrastructure specialist support is required. The support if offered by the Future Council Programme would ensure that the outcome is optimised and that it can be realised as soon as possible.

5. Rushcliffe Borough Council - Streetwise – Developing a social franchise

Streetwise currently provides a wide range of grounds maintenance, street cleansing and environmental services to the Council and a number of parish councils. It is a successful and highly regarded service by Councillors and residents.

The anticipated outcomes of this project are:

- To transform the service into a successful and sustainable social enterprise with the longer-term potential to replicate the business model via social franchising.
- To reduce the cost to the Council while producing a clean environment and pleased customers.
- To promote social purpose and community involvement.
- To secure and grow employment.

Through the Future Council programme funding Rushcliffe would like to acquire the following additional skills and expertise:

- 1.1 External expertise and experience in developing a social enterprise with an aspiration to move towards social franchising.
- 1.2 Commercial acumen – additional support required to develop the offer, the marketing and the sales.
- 1.3 Expert legal advice to help establish an appropriate legal entity and framework.
- 1.4 Advice and support to secure access to external funding and investment in the social enterprise.