

Productivity Programme Update

Purpose of report

This report updates the Board on the progress being made in the Productivity Programme, and sets out an outline programme for 2013/14 for Members comment.

Recommendations

1. To note the work being undertaken in the Waste Innovation Programme.
2. To update the Board on evaluation of the Troubled Families Programme, and to approve the identified level of LGA funding in 2012/13.
3. To update the Board on the launch of the Commissioning Academy Pilots.
4. Update the Board on the Housing Tenancy Fraud Pilot.
5. To approve the outline Productivity Programme 2013/14.

Action

Take forward as per Members' direction.

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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.

Waste Innovation Programme

2. The Waste Innovation Programme is a pilot set up to investigate the impact of the use of Food Waste Disposers (FWDs) in kitchen sinks, enabling households to dispose of food waste without the need for it to be collected.
3. The programme commenced with a review of available literature on FWDs - the aim being to identify potential barriers to the proposed pilot study and to ensure that these will be fully mitigated against and investigated as part of the project.
4. A report was produced and findings of the research showed, overall there were no major barriers preventing the programme from moving forward.¹
5. Following this, in September 2012 the LGA reached an agreement with Shropshire County Council and Severn & Trent Water to install FWDs in all 200 properties at Riverside Meadows, a new build site in Shrewsbury (further sites in the area are currently being scoped with the intention of involving up to 1000 properties in the pilot), and to subsequently monitor the waste water stream.
6. Food waste amounts to 22% of Shropshire's total landfill costs; there is the potential for large savings if the monitoring exercise shows no negative impacts on the sewer network or additional costs to partners. In this small pilot of 1000 properties we anticipate we can remove over £157,000 from landfill costs over the 12 year life span of a macerator, including the initial outlay of £80,000 for procurement of FWD's in year one (figures based on each property producing 1 tonne of waste per year).
7. A formal on site press launch for the programme was held on 19 November with Councillor Peter Fleming in attendance along with Councillor John Hurst-Knight, portfolio holder for Waste at Shropshire Council, with a press release following this.
8. The final phase of the programme was to commence in early 2013, involving a 12 month exercise to monitor the impact of the use of FWDs on the sewer network and to make sure that there are no additional costs to consumers and partners at any point in the process. However, following the press launch, Severn & Trent Water asked that their name not be associated with the programme any longer, arguing that they had

¹ http://www.local.gov.uk/c/document_library/get_file?uuid=498d1a65-8942-4083-ab0e-ad6d096c2c54&groupId=10171

reconsidered their position and now believed the installation of FWDs to be illegal in the UK.

9. Members may recall that at an earlier Board meeting the general antipathy of the water industry to FWDs was discussed, and the LGA sought and obtained confirmation from DEFRA as to the legality of FWDs. Urgent meetings are being sought with Severn & Trent Water, and the trade body Water UK, and it is intended to provide an oral update to the Board.

Evaluation of Troubled Families Programme

10. The Productivity Team have been working alongside DCLG's Troubled Families Team to develop the specification for the evaluation of the troubled families programme. It is estimated that the combined public sector spends around £9bn per annum on responding to and managing troubled families; the research will look at the ways that new working can reduce these costs, and will be one of the largest and most comprehensive pieces of research in this field
11. The evaluation is to run from January 2013 to October 2015, six months after the end of the Troubled Families Programme
12. The contract is now out to tender with the evaluation process to be completed by early January. The evaluation comprises three elements:
 - 12.1. Process evaluation - including our request to look at ways in which services have been redesigned and systems changed to improve the way troubled families are supported, for example a shift to earlier intervention / prevention measures, evidence of new finance initiatives and changes to the 'resource mix'.
 - 12.2. Impact evaluation - the effect of the programme on the families themselves against a range of outcome measures. The successful bidder will need to be able to demonstrate that the outcomes achieved are attributable to the programme. Bidders are asked to consider the 'churn' of families coming back in to the programme after they have progressed out of it and the sustainability of outcomes. The work includes an option to track identified families longitudinally with a re-visit two years after the formal evaluation ends to determine the longer term outcomes.
 - 12.3. Economic evaluation - the costs and benefits arising from the programme, including the 'cashability' of savings across partner agencies. This element includes a comparison of the cost effectiveness of different delivery models.
13. Learning from the evaluation will be shared at the earliest opportunity with 'significant work' on process, outcomes and savings to be fed back before the mid point (September 2013). The LGA would sit on the Troubled Families Advisory Group and as such be in a position to steer communications arising from the programme as well as playing a key role in sharing learning and supporting those that are struggling to implement their objectives in this area. We are anticipating some of the most important, practical, learning to emerge from this research, and hope to produce transferable lessons for all LAs.

14. The level of the submitted bids is likely to be between £500k and £1million, depending on the detail proposed by individual providers. The level of funding put forward by the LGA needs to be commensurate with the scale and cost, i.e. a quarter to a third of the total cost of the evaluation. The Board are asked to approve a contribution of £100,000 in 2012/13 (this sum is in the base budget for this year) and, subject to resources and subsequent approval, further sums of up to £100,000 in each of 2013/14 and 2014/15.

The Commissioning Academy

15. The Commissioning Academy is a development programme for senior commissioners from all parts of the public sector. The first pilot cohort of 20 commissioners across the public sector, containing 10 senior local government officers from 5 councils, graduated from the academy on the 26th of November 2012. The second pilot cohort commenced on the 1 November and contains a further 10 senior commissioners from 5 councils.
16. The LGA recognises that in order to transform public services in a climate of fewer resources and more demand, we need capable, confident and courageous people in the public sector who are responsible for designing and delivering the very best services. The Academy programme is looking at innovative ways of bringing commissioners together to learn from the examples of the most successful commissioning organisations, developing a cadre of professionals that are progressive in their outlook on how the public sector uses the resources available.
17. The Academy will build an alumni network of senior commissioners who have the skills, know-how and confidence to assist other councils on their commissioning journey. We will run events and establish online resources to enable this to happen.
18. The LGA have played a key role in encouraging councils to participate in the academy and to host site visits and as a result pilot two was oversubscribed from local government applicants. The feedback from participants has been wholly positive with comments including: 'a fantastic opportunity and a privilege to have the input from the variety of speakers and the opportunity to undertake visits to other councils – so much to take back to my own authority'.

Housing Tenancy Fraud Pilot

19. From April 2011 issues relating to fraud report to the Finance Task Group, though some members of the Improvement Board have remained active in supporting LGA counter Fraud activity. Therefore a short update on the LGA Housing Tenancy Fraud Pilot is included.
20. The LGA Housing Tenancy Fraud Pilot approached a small number of local authorities closely engaged with the work of the Fighting Fraud Locally Board to submit bids encouraging cross boundary collaboration on housing tenancy fraud.
21. We have received five bids, which we will be reviewing in the coming weeks. The five lead authorities are Stroud District Council, Ipswich Borough Council, Three Rivers

District Council, Huntingdonshire District Council & Northampton Borough Council. The result of the evaluation process will be reported orally to the Board.

Procurement

EU reform of procurement rules

22. The LGA continues its work with the EU institutions and the Cabinet Office to ensure the new set of EU rules governing public procurement will be workable for councils. The new rules are currently under negotiation at EU level and an agreement could be reached as early as the first half of 2013, with a subsequent 18 months for the new directive to be transposed into national law.
23. At this stage in the process LGA is particularly seeking to ensure:
- 23.1. an exemption from the rules for shared services agreements between councils;
 - 23.2. that green and social criteria in procurements can be determined locally or nationally rather than at EU level;
 - 23.3. that lowest cost purchasing, in addition to the 'most economically advantageous tender', remains a possibility;
 - 23.4. flexible e-procurement and e-invoicing rules which encourage SME participation;
 - 23.5. a lighter regime for social services;
 - 23.6. an exclusion for legal and financial services;
 - 23.7. no onerous requirements as regards checking the origin of products; and
 - 23.8. no over-regulation of the subcontracting chain.
24. A future update can be provided to the Board once a concrete agreement is reached and the new rules have been published in the EU's official journal.

National Procurement Strategy

25. Members will recall that Andrew Smith, Chief Executive of Hampshire County Council, has led on the LGA's behalf an investigation into the potential opportunities for councils to collaborate more in the purchase of goods and services in some of the big spend categories. Deloitte were appointed and have produced a draft Local Government Procurement Strategy, 'the Case for Change'.
26. The draft report is 106 pages long and perhaps not the easiest of reads. The report highlights three broad themes for the sector to focus on;

- 26.1. One Cohesive Voice – influencing policy and responding to key issues as a collective local government procurement group.
 - 26.2. Procurement at the Top Table – gaining recognition of procurement as strategically important (engaging support from senior councillors and officers).
 - 26.3. Strategic Category Management – leadership of key spend categories across the sector to drive market management, develop new models of service delivery and deliver policy through procurement.
27. LGA officers have reviewed the document and noted the following:
- 27.1. The themes highlighted resonate, in particular, the need for strategic leadership support and developing a cohesive voice on procurement issues. To support this, the LGA is working with a Chief Executive Steering Group and the National Advisory Group for Local Government Procurement Officers (NAG4LGP).
 - 27.2. The report focuses on strategic category management in local government, this follows on from earlier work on the 'Big' and 'Quick Wins' guidance document developed previously under this work stream. However, LGA officers and the NAG4LGP believe there are other areas for the sector to pursue for efficiencies as well including the need for more rigorous contract management.
 - 27.3. It provides an overview and high level assessment of current local government buying arrangements for the big spend categories however, it does not get into any real detail in the categories it recommends for further collaboration.
 - 27.4. Whilst it makes a case for the need for change it lacks the robustness of a detailed business case.
 - 27.5. It does not provide the evidence that there is the willingness amongst the sector for deeper collaboration, although that is not to imply that does not exist in some areas.
28. LGA officers held a teleconference call with the National Advisory Group for Local Government Procurement Officers (NAG4LGP). These representatives are senior procurement officers who also represent their region. Their views were as follows:
- 28.1. They welcomed this work, recognised the leadership the LGA and Andrew Smith have provided and saw the document as a case for change rather than a business case.
 - 28.2. They noted that in its current format though useful for helping inform the sector on current arrangements as well as helping stimulate debate on what now needs to be done it was very long and detailed. Therefore, a short succinct summary paper would be necessary to engage the sector both at a strategic level and more widely.
 - 28.3. They supported fully the first two of the three broad themes, namely procurement at the top table and one cohesive voice.

- 28.4. In relation to category management the group highlighted that this was not simply a case of 'bulk-buying', although there may be a case for doing so in some cases, that category management includes other strategic areas such as demand management, market management, and commissioning and contract management. These are all part of the procurement lifecycle. Therefore to maximise the savings and have the biggest impact, we need to consider category management in the round.
- 28.5. They recognise and support the need for greater collaboration however, also highlight the need to build on the arrangements currently in place rather than trying to create something separate.
- 28.6. There was general agreement for the need to pursue further work into two of the categories identified in the report. Namely, energy and construction to better understand these markets, the levels of demand, details of spend and potential savings and to bring options forward to deliver savings in these two areas on behalf of the sector.
29. The Chairman has written to Andrew Smith to thank him for all his work and assured him that the LGA will now work with the sector to take this forward.

Conclusion and next steps

30. Officers recommend that we take this work forward. There is both appetite and commitment from the sector via the NAG4LGP and the Chief Executive's Steering Group. It also builds on the procurement work stream that we have supported over the last two years.
31. However, officers recognise that the LGA will need to build a strong businesses case and therefore recommends that we work with NAG4LGP and the Chief Executive's Steering Group to draft a proposal to commission further work into two of the categories - energy and construction.
32. Officers will continue to support work with the sector on commissioning and promoting good practice as outlined in the Local Government Procurement Pledge.
33. It is estimated that the cost of the work will be in the region of £60,000 over the course of the remainder of this year and into 2013/14. The draft business plan for 2013/14 includes resources to support this work and costs incurred this year can be contained within the overall LGA core budget.

The 2013/14 Productivity Programme

34. The LGA Productivity Team have been considering their work programme for 2013/14 and new initiatives are proposed in:
- 34.1. Monetising waste – working with a small number of councils to scope the capacity for increasing the value of waste arisings, with the aim of substantially reducing collection and disposal costs.

- 34.2. Capital & Assets – the Cabinet Office has become concerned as to the pace of central government engagement in active arrangements to reduce their surplus land and property, and has noted the LGA's success in working with its Members to rationalise the local government estate. Broad agreement has been reached between the Cabinet Office and The LGA on a 'One Public Estate' programme where local government will lead on the ground, and with the Minister for the Cabinet Office, Francis Maude, chairing a cross departmental Ministerial Forum. A more detailed oral report will be provided at the Board.
- 34.3. Economic Growth – the LGA had been considering working with a number of councils to use their land & property assets in a more imaginative way to help create economic growth. This is particularly important in areas of low value where simple sale and disposal are not easy options. The extent to which this programme could work alongside the activity with the Cabinet Office needs further thought – however Members views would be welcome.
- 34.4. Technology – the Productivity Team has received considerable feedback from councils that more support on the use of technology in driving productivity improvements would be welcome. This is particularly the case as large organisations move away from standard or even, bespoke, computer systems to the use of simple 'Apps' and 'Cloud Technology'. It is unclear precisely what format this offer might take, but the team will be putting effort into scoping a possible offer in 2013.
35. The above is not the sum total of the LGA's productivity work next year. For example we will be holding an Energy Summit with DCLG; we will be putting together a procurement framework for councils to easily access 'collective switching' agents; we will be commissioning research on the forthcoming Social Value Act; and we have had requests to expand the Adult Social Care and Productivity Experts programmes, as well as to do more promoting shared services. However, at this stage The Board is asked to comment on and approve this broad programme for 2013/14.

Financial Implications

36. The draft 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.
37. The proposed Productivity Programme for 2013/14 is subject to formal approval of resources.