

Productivity Programme Update

Purpose of report?

For Information

Summary

This report updates the Board on the progress being made in the Productivity Programme, and reports on the Economic Growth Advisors, CAP Programme, Productivity Experts Programme, ASCE Programme, the National Procurement Strategy and EU procurement rules.

Recommendation

To note the progress of the Productivity programme, including the new Local Economic Growth Advisors programme.

Action:

Officers to continue to progress the programme in the light of members' guidance.

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Productivity Programme Update

Background

1. The Board has previously approved the Productivity Programme to develop and operate a range of programmes to help councils improve their productivity and efficiency. This report provides an update on selected areas of the programme.

'One Public Estate' Capital and Assets programme

2. The Board will recall that the LGA is running a 'capital & assets' programme on behalf of the Cabinet Office called *One Public Estate*, following the successful first three waves run by the LGA (CAP).
3. The 'One Public Estate Programme' was formally launched on 25th June at Guildford Fire station, with attendance from Sir Merrick Cockell, Chloe Smith MP, Parliamentary under Secretary for the Cabinet Office, and Cllr David Hodge (Leader of Surrey CC).
4. This represented the formal public launch of the programme, though progress is already being made by the 12¹ pilot local authorities. A successful workshop was held at Smith Square in May, where local authorities shared their plans and heard from key central government representatives. However there are some concerns about the level of resources the Cabinet Office has been able to make available to the participating authorities (around £23,000 each, if distributed equally) and officers are in discussions with other Government Departments and Agencies about what more can be delivered.
5. The LGA and Cabinet Office will be 'signing off' the individual project plans and allocating resources to ensure their delivery in the coming few weeks.

The Productivity Expert Programme

6. The Productivity Expert programme allocates funding to councils to enable them to engage an expert in their required field to provide the necessary skills and expertise to help deliver efficiency savings.

¹ Bristol, Cheshire West & Chester, Essex, Hants, Hull, Leeds, Nottingham City Council, Portsmouth, Sheffield, Surrey, Warrington, and Worcs.

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7. The take-up of productivity experts is increasing steadily and is an area where investment from the LGA is leading to potential efficiency savings for local government.
8. Seven expert appointments, covering 10 councils, have been assessed: for an LGA investment of £46,000, potential estimated projected savings of £25,615,000 have been identified, including:
 - 8.1 The programme has provided Allerdale Borough Council with a contracts negotiating expert with commercial acumen to help the council renegotiate their four largest contracts. This has enabled the council to realise an efficiency saving of £2.3 million against a target of £1 million.
 - 8.2 Wyre Forest District Council has secured an expert from another council in the West Midlands to help the implementation of systems thinking across all services to achieve £700,000 pa of savings in 2012/13.
 - 8.3 Gloucestershire County Council has sourced an expert in Adult Social Care to review the current efficiency savings targets and planning for learning disability services in Gloucestershire. This diagnostic exercise identified opportunities to secure additional savings of £10.3 million.
9. Case studies have been written for these three examples and can be found on the productivity page of the LGA website.

ASCE Programme

10. The Board will recall that the LGA Adult Social Care Efficiency (ASCE) Programme was launched early in 2012 followed by the 'Initial Position' report in December 2012.
11. The LGA will host a second programme event on 19th July 2013 to launch the 'Interim Position' report, marking the half- way point in the programme. It captures the lessons from the first year of the delivery phase, and develops evidence about how savings can be delivered for the benefit of all local authorities.
12. The day will include:
 - 12.1 the findings of the 'interim position' report
 - 12.2 Presentations from participating authorities (Hackney, Richmond and Cumbria)
 - 12.3 The role of carer support (Hertfordshire)
 - 12.4 A focus on improvement tools from the Towards Excellence in Adult Social Care (TEASC) team, and a smart procurement route for consultancy advice from the

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North East Purchasing Organisation (NEPO), called North East Professional Services (NEPRO).

13. Emerging lessons from the programme:

13.1 Efficiency savings in the first year were an average 5.7% of the budget, with the modal (most frequently reported) saving being 7%, in line with the recent ADASS Survey of Local Authority efficiency savings.

13.2 At present the councils are projecting a further saving of 5.7% for 2013/14, 5.3% for 2014/15 and 4.9% for 2015/16.

14. Efficiency savings are being made through taking a systematic approach to transformation, including;

14.1 Supporting carers and recognising signs when they are under stress is key. Failure to support carers will cost money in the longer term.

14.2 Reviewing and managing admissions to residential care by ensuring that assessments are carried out at an appropriate time and improving reablement.

14.3 Reducing bureaucracy and on-costs including making more efficient and effective use of social work time.

14.4 Reducing the number of buildings from which councils deliver services, including reducing office bases, day centres and in-house residential care.

14.5 Improving procurement. For example, the open book accounting approach which is being developed in Yorkshire and Humberside links to the Department of Health policy on Market Position Statements and working with the market rather than against it, through holding prices.

Local Economic Growth Advisers

15. The 'Economic Growth Adviser' (EGA) programme is designed to promote, facilitate and enhance the role of local authorities in delivering economic growth and will offer direct bespoke advice and support to local authorities to deliver economic growth in their local area. A panel of Local Growth Advisers with a proven track record will work with a number of councils helping to deliver a specific project, bring local partners together, or assist with the development of a strategic approach.

15.1 Economic Growth Advisers will be recruited from Local Partnerships, third sector organisations, housing associations, local authority councillor/officer peers, and representatives from CBI and other business led organisations.

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- 15.2 Support could include assistance in: Strategy; business engagement, retention and creation; infrastructure development; inward investment; regeneration and housing.
16. This programme is primarily aimed at individual authorities. However, it will also take into consideration existing or planned activities within their sub-region, particularly through the LEP, and the newly announced “LEP deals”.
17. The programme is now open for applications from local authorities, and bids will be assessed at the end of August.
18. The LGA will provide funding to successful bids for up to 14 days of Local Economic Growth advisor support over a five month period from Sept 2013 – Feb 2014.

Procurement: National Procurement Strategy

19. Members will recall that we have agreed to take forward a number of recommendations made by officers on the sector led National Advisory Group for LG Procurement (NAG4LGP), to help councils collaborate more in the purchase of goods and services in some of the big spend categories.
20. Councils and procurement organisations have begun ‘deep dives’ into Energy, Construction and ICT to better understand the potential for collaboration.
21. Progress on the work streams is as follows:
22. Construction (led by Lincolnshire CC)
- 22.1 A sector led Programme Board has been established with representatives from councils and the public buying organisations (PBOs).
- 22.2 The initial objective was to establish whether there was a business case for this spend category, in the light of the drop in council funded construction works (particularly as a result of the shift of social housing to ALMOs, and the closure of the Building Schools for the Future programme).
- 22.3 Current activities include: mapping frameworks currently available to authorities, mapping the supply chain of construction materials and collating best practice.
23. Energy (led by Gloucestershire CC)
- 23.1 A sector led Programme Board has been established with representatives from councils and the PBOs. This is building on the previous Pan Government Energy Project which encouraged councils to join established collaborative arrangements. Around 230 councils are in just four Central Purchasing Bodies, however, there are also a number of councils buying directly or in smaller collaborative partnerships.

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23.2 The objectives are twofold: should we rationalise the current number of buying arrangements in place; and how can we reduce demand, or obtain alternative energy creation schemes. The group is scheduled to report back to the National Advisory Group (NAG) and the LGA by September's Improvement and Innovation Board.

23.3 Early issues include; complexity of approaches to risk management, overcharging on tariffs, duplication of effort and costly energy reduction technology.

24. ICT (led by LB of Camden)

24.1 A sector led Programme Board has been established with representatives from councils and the PBOs. Camden has been working with London Councils for the last year or so and this work stream is already well underway and savings have been generated. The objective is to replicate this nationally, with different regions leading on specific activities.

24.2 We are working with council representatives, the Government Procurement Service (GPS) and the PBOs. GPS have three FTE staff seconded to help deliver this project.

24.3 The next steps are to build upon existing regional/national alliances and networks in order to drive commercial improvements and technology innovation.

24.4 Supplier relationship development (SRD) is a key delivery theme for this project.

25. EU Procurement rules

26. On the 26th July the European Parliament (EP) reached a deal with member states on both the new Procurement Directive and the new Service Concessions Directive.

27. The LGA represented local authority views in the discussions, and will continue to work with Cabinet Office to identify support for councils and next steps.

28. The legal text agreed has not yet been published and the EP will have to rubber stamp the provisional agreement in their plenary session in September.

Commissioning and productivity web page

29. The LGA Productivity web-page is the most accessed URL; it has been renamed 'productivity and commissioning' and now collates the various different initiatives that the LGA provides around commissioning, such as the Commissioning Academy and the Keep it REAL support programme.

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30. This is in response to a number of requests from councils on the LGA commissioning offer, and will make it easier for councils to access information on support in this area.

31. The page location has not changed; www.local.gov.uk/productivity

Financial Implications

32. The business plan for 2013/14 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.