

## **Proposals for the next phase of the Local Productivity Programme**

### **Purpose of report**

For discussion and information

### **Summary**

The Local Productivity Programme was initiated in the summer of 2010 as a contribution to help councils respond to the significant funding challenges that were then anticipated in the Spending Review. The first phase of the work is on course to deliver a range of quick wins and recommendations that can be delivered through existing ongoing programmes. These include the sharing of knowledge about tried and tested methods of improving productivity, and also the recommissioning of development support to elected Members.

At its January meeting the Improvement Board approved a report on progress to date and the shape of phase two of the programme and agreed that a paper be sent to the LG Group Executive. Phase two of the programme will move work forward on fewer priority areas of attention that require development of the sector to realize savings.

### **Recommendations**

That the Board:

1. notes the work in progress, and the shape of phase two of the programme

### **Action**

As directed by the Board

**Contact officer:** Rob Whiteman  
**Position:** Managing Director, Improvement and Development  
**Phone no:** 020 7296 6163  
**E-mail:** [rob.whiteman@local.gov.uk](mailto:rob.whiteman@local.gov.uk)

## **Local Productivity Programme**

### **Background**

#### **Phase 1 – achievements so far**

1. The programme was set up by the LG Group to assist councils meet the difficult challenges posed by the Spending Review. It was one of the key elements of the LG Group offer in relation to receiving the RSG topslice. The programme aims through its first phase to identify best practice/quick wins on a wide range of issues, but then to focus on some key areas of development through a second phase.
2. In Phase One, the Improvement Programme Board established 9 workstreams which are listed with their member champions below:
  - Democratic Leadership (Lord Peter Smith)
  - Procurement Capital and Shared Assets (Councillor Paul Bettison)
  - Shaping Markets and New Models of Delivery (Councillor Steve Reed)
  - Adult Social Care (Councillor Gerald Vernon- Jackson)
  - Children’s Services (Councillor Bryony Rudkin)
  - Data and Transparency (Councillor Stephen Greenhalgh)
  - Shared Services Across Areas, Tiers and Partnerships (Councillor Gary Porter)
  - Central Government Barriers and Burdens (Councillor Jill Shortland)
  - Workforce and Skills (Councillor Roger Philips)
3. The programme has already delivered an ambitious array of practical help in a short time-scale. This has included identifying procurement gains, mapping best practice, developing ‘how- to’ guides and creating the basis for councils to compare productivity performance information. Support from the sector has been substantial and Member champions and chief executives have worked hard on behalf of the sector to steer the programme. Over 120 leading officers and Members have given their time to make the programme work. This was not a smooth process and LG Group and councils learning to create and deliver their own interventions, without central government, has been a learning exercise that has demonstrated improvements needed in our capability.

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4. At a successful national LG Group conference on the 3 December 2010 workstream Member and officer champions shared their thinking and learning so far. We launched an on-line library of over 80 Productivity Opportunities that were identified by the workstreams and drawn from other sources such as work on innovation and community budgets (**attached** at Appendix 1). Every council is being encouraged to test its own performance and practice against these Opportunities and to identify ideas that could be adapted and used locally.
5. Nine work-streams are coming to an end of their work at different speeds, and we are capturing and disseminating the outputs from each work-stream, as Knowledge Hub goes live. In the meantime, as reports, tool-kits etc are completed they will be hosted on the LG productivity web-site to ensure they can be shared and used across the sector.
6. A major output of Phase One is the LG Inform element of the Knowledge Hub that councils will populate with data from April, to go live in mid-May. This will be a single place, free to member authorities, to compare and analyse a wide range of existing and new data. Elements will include new productivity metrics, key performance metrics that councils wish to retain and compare, demographic, economic and census information. Councils will be able to create their own key data sets and compare to nationally recommended ones for different tiers of authority. We have carried out extensive field work with a set of 'learning councils' and whilst the full capability of the tool will take much of 2011/12 to develop, for example on relation to census data, a new and useful product to reduce the costs of comparison/benchmarking will be available for full use by mid-May

**Proposals for the next phase**

7. The Improvement Board has determined that as this first phase came to an end, to focus efforts on fewer future work-streams, and to move other areas of work into mainstream delivery. The diagram **attached** as Appendix 2 shows the next phase in summary form with more detail on the proposals being given in the text below.
8. The next phase switches the productivity programme into mainstream delivery, and will aim to sustaining the active engagement of local authorities and partners.

**Programme Governance and wider Member involvement**

9. The overall governance of the programme will continue to be through the Improvement Board, with links to the LG Group Executive and other LG Group

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programme boards. The programme will be part of the core business of the LG Group and part of the new staffing structure which will be in place from April 2011.

10. Crucial to the success of next phase of the programme will be a deeper engagement of elected Members in all aspects of productivity work. We will need to find a range of innovative ways to engage not only leading Members, but politicians across roles and localities in the new thinking about models, delivery systems and commissioning approaches that can release significant savings and safeguard outcomes. In particular, for each of the 'big win' areas described in paragraph 12, the input of Members will be crucial if we are to ensure the help and support developed is informed by a robust understanding of the relevant political sensitivities and drivers.

**From 'quick wins' to big wins**

11. There is consensus about the need to move in this second phase from quick wins to big wins. Major productivity gains will be found in the areas local government spends most on.
12. We are therefore recommending that we carry forward three major developmental work programmes: It is proposed that the themes will be developed in consultation with relevant LG Group Programme Boards.

**12.1. A market management, purchasing, capital and assets**

**programme** –building on the work of the procurement and capital assets work-stream and commissioning an expert, national team. This will include establishing a 'procurement hub' for local government by using an existing or new organisation to prioritise a small number of high opportunity procurement categories, and explore the scope for potential savings through procurement at scale. As well as gathering intelligence and conducting analysis, the hub would also have the capability to set up national or regional mechanisms to create powerful shared purchasing power. Initial work would identify three or four priorities and created a staged process for bringing each into development. Very early thinking suggests that fruitful areas for productivity gains may include energy, waste, highways and transport and capital projects and construction. These, and any other areas considered would be developed in consultation with the relevant LG Programme Board and would seek to work with/make sense of existing relevant local and national government bodies. This programme will also take responsibility for exploring options around capital assets and

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buildings – sharing, selling, redesigning, transferring and using assets in radically different ways.

12.2. **A ‘future ways of working’ programme** - to consider the learning and evidence from phase one work on Workforce and Skills, Shared Services and New Markets and Models – and to take thinking to the next level. The programme would bring together a wider group of politicians and chief officers to engage with developing thinking. This would be done through action learning groups and a series of high level summits to explore radical future organisational and governance arrangements. Aspects to be explored and developed would be likely to include: including shared front-office services, integrated management, cluster-authorities, commissioning and market making, transitions to mutual and employee led providers, and the implications of change for staffing, skill-mix, terms and conditions etc. This programme would involve, where appropriate, private, third sector and Whitehall colleagues.

12.3. **A children, adults and families programme** – there is an opportunity for work in this area to be focussed on speeding up the transition to new user pathways and delivery models across the ‘people services’ of children’s services and adults’ social care. This would be done through sharing emerging practice in community budgeting, personalisation, new commissioning models etc – working in consultation with the LG Group Children and Young People and the Community Wellbeing Programme Boards. . Part of the support commissioned would be interventions to share core thinking between work centred on children and adults, and to design future systems for ‘people services’.

### **Mainstreaming productivity support**

13. The work-streams have done important work that now needs to be mainstreamed as part of the LG Group productivity support offer. The role of the LG Group will be to:

13.1. **Test, pilot and deliver practical support** As covered above we are now at the stage of proto-typing and piloting the ‘Inform’ service – the new shared information system the Local Government Group will be offering to the sector that will include the cost metrics that are currently being developed. Next steps include building awareness and understanding;

demonstrating, testing, and adjusting the current metrics before 'going live' and investing in the development of further metrics in key areas.

- 13.2. **Developing democratic leadership** The Democratic Leadership workstream has contributed important learning about the skills, knowledge and behaviours politicians will need to lead resilient organisations into the future, and to equip themselves for the judgements and decisions they will need to make and see through to completion. This needs now to be put into practice – through both the leadership offer of the LG Group and a redesigned peer challenge and peer support process – ensuring that member peers can offer a range of practical and expert support to authorities facing productivity challenges. This is a process of leadership development and skill- transfer and offering opportunities to think in new ways, will include in practice exchange and action learning, and keep up to date with innovation in the private and third sectors, and from international examples.
- 13.3. **Support individual authorities in trying out new approaches:** Practical support will need to be made available to local authorities wanting to use a range of approaches generated and highlighted by the programme to increase their productivity. In the first instance we will be working with a few councils to pilot how they can consider and apply the 'new productivity opportunities' identified in phase one and launched at the conference on 3 December.2010.
- 13.4. **Mainstream support for practice exchange** across the sector – creating both practical capability to support authorities in difficulties, as well as opportunities for experiments and, enabling both politicians and managers across the sector to catch up, learn from and transfer gains from initiatives elsewhere. Numerous good practical examples already exist of experienced authorities lending staff or expertise to others - such as the work Hampshire is doing with Wigan on capital assets.
- 13.5. **Engage in dialogue with Whitehall – barriers and burdens:** Instead of a separate barriers and burdens workstream, it is proposed to establish bi-lateral arrangements to take forward action on those barriers to productivity which the Improvement Programme Board and co-ordinating group believe are sufficiently important to require a response from Whitehall. For example, councils and the voluntary sector are clear that issues such as VAT, TUPE and EU procurement impede setting up new forms of social enterprise.

### **Quality control and challenge**

14. In order to ensure that ideas and proposals are both robust and at the forefront of thinking, it is proposed to set up a 'challenge' group, made up of 'critical friends' of the sector, from private and third sectors and academics, to examine the ideas, products, proposals and outputs from the productivity programme – advising the sector on alternatives, and ensuring that thinking is constantly under challenge.

### **Connections to community budgeting and other key policy agendas.**

15. Productivity needs to continue the link to place-based approaches, since some of the biggest wins will come from integration of commissioning and delivery. Learning will also need to be continually transferred between the sixteen community budgeting pathfinders and other place-based experiments, and those authorities engaged in initiatives around the 'Big Society'. The overall project management will ensure that linkages are made and fed into the programmes as necessary – and pathways made for localities through the Knowledge Hub to keep up to date.

### **Communications**

16. Building on the web communications developed and the publicity gained for the programme and December conference through First, and articles in the trade press, a communications strategy is being developed for the next phase of the programme. It was decided by the LG Improvement Programme Board that in future it is referred to as the Local Productivity Programme (replacing Place Based Productivity Programme).

17. Discussions are also taking place between LG Group and RIEPs/sub-national arrangements to ensure that complementary work takes place in as cost effective way as possible.

### **Financial Implications**

18. The whole of the LG Group has a role in supporting this work. The RSG bid includes resources to develop the programme and support councils in the new financial year and capacity to support the programme has been built into the proposed new structure. Staff from across the Group are supporting individual areas of work.

19. The Audit Commission has seconded a member of staff to provide programme management support and is inputting additional support into the development of productivity metrics. The individual authorities have also contributed the time of their own staff alongside RIEP support.



**LG Group Executive**  
10 February 2011

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**Contact officer:** Rob Whiteman  
**Position:** Managing Director, Improvement and Development  
**Phone no:** 020 7296 6163  
**E-mail:** [rob.whiteman@local.gov.uk](mailto:rob.whiteman@local.gov.uk)