Productivity Programme

**Purpose**

This report updates the Board on the progress being made in the Productivity Programme. As the Board received a comprehensive report at its meeting in May, this report focuses on the key achievements over the last two months and is thus shorter than usual. Much of the period since the last Board meeting has been spent preparing for and delivering events at the LGA Annual Conference and a brief verbal update on the Innovation Zone and other productivity activities at Conference will be provided.

This item also includes a short presentation on the health and social care integration work recently undertaken with Newton Europe which was launched at the Conference.

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| **Recommendation**  Members are asked to note the updates and progress on the Productivity Programme and to provide such guidance as the Board considers necessary to ensure that the programme meets its objectives.  **Action**  Officers to pursue the activities outlined in the light of member guidance. |

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| **Contact officer:** | Alan Finch |
| **Position:** | Principal Adviser, Finance & Productivity |
| **Phone no:** | 020 7664 3085 |
| **Email:** | [alan.finch@local.gov.uk](mailto:alan.finch@local.gov.uk) |

**Productivity Programme**

**Background**

1. The Productivity Programme comprises a range of projects to help improve productivity and efficiency in councils through delivering savings, generating income and making better use of assets. The programme is devised by reference to the memorandum of Understanding agreed with the Department of Communities and Local Government.
2. Local authorities can reduce their financial dependence on government and their call on local taxpayers in three ways; by
   1. **Transforming services** either to make them more efficient and less wasteful or to find more effective ways of delivering to local people’s needs.
   2. **Smarter sourcing** commissioning and buying the services, goods and works that contribute to local outcomes more effectively and, where possible, more cheaply, and managing the resulting contracts to optimise value from them.
   3. **Generating income,** which involves generating a greater proportion of funding locally, such as by commercialising the authority’s existing skills, assets or commodities or investing to grow the local economy to generate wealth for the area.
3. The productivity programme contains work that will support local authorities in each of these three areas and several of our projects cut across more than one. Our programme complements and supplements the work of other agencies we work with such as the Cabinet Office, Crown Commercial Services and Local Partnerships.

**Transforming Services**

1. **Digital work-stream** - the LGA continues to work with the digital funded projects under the Digital Experts and Digital Transformation Programmes. We are monitoring the progress of these projects to ensure they deliver their agreed outcomes and will then capture and share their case studies. Thirteen of the twenty-seven Digital Experts projects have now produced their case study and these were published in May. The remaining 14 Digital Experts projects are scheduled to complete their projects this autumn. The 20 Digital Transformation projects received their funding in March 2016 and are scheduled to complete their work next spring.
2. **Public Sector Network (PSN):**
   1. as members will be aware, the sector has been working closely with the Public Service Network (PSN) team in Cabinet Office to support councils in reaching compliance. PSN compliance demonstrates that an organisation’s security arrangements, policies and controls are sufficiently rigorous to be allowed to interact with others connected to this private network, allowing councils to share information with other councils and government departments. It is therefore important to achieving efficiencies in the digital world.
   2. The current status of the sector regarding the number of English councils compliant is as follows:

* 249 compliant;
* 53 going through the assessment process;
* 23 compliance has expired and their new submission has been rejected and they are working with PSN team to resolve any outstanding issues;
* 16 compliance expired but not yet submitted;
* 5 escalated to the Head of compliance at PSN who is in direct contact with these councils at a senior level.

1. This is a significantly improved position and one which needs constant monitoring to make sure it is maintained. The LGA continues to support the sector on this work by liaising directly with the PSN team and through the officer board it set up to bring councils and the PSN team together regularly to discuss and resolve issues around the compliance process.
2. **Shared Services and Collaboration:**
   1. The LGA Shared Services map has been updated for 2016 showing that the vast majority of councils are involved in shared service arrangements across the country. These arrangements are contributing to taxpayers saving more than half a billion pounds. Councils can use the shared services map to learn about what other councils are doing before embarking on new shared services projects and to help them find partners for new shared services.
   2. A key development has been that for many councils, shared service arrangements are now so embedded that they no longer separately count savings, and instead are focussing on improving performance and services as councils seek to respond to changing needs and demands within their communities. For example, Achieving for Children (AfC) is a Community Interest Company wholly owned by the London Borough of Richmond and Royal Borough of Kingston, commissioned to provide the full range of children’s services across both boroughs. Aside from efficiency savings, the benefits have included service improvements resulting in Kingston becoming one of the first areas in the country to jump two grades from ‘inadequate’ to ‘good’ in a single Ofsted inspection. The research shows that more councils are involved in legal shared services than any other. Orbis Public Law, which brings together the legal services of Brighton & Hove, West Sussex, East Sussex and Surrey councils, aims to save over £1 million each year. The map can be accessed at <http://www.local.gov.uk/shared-services-map>
3. **Health & Social Care -** the final report on our work looking at efficiency opportunities through health and social care integration, supported by Newton Europe, was launched at the LGA Conference and a summary of the Key findings is attached at **Appendix 1**.  A presentation of the findings will be made at the meeting.  Councils and health partners from Kent and Greenwich, who participated in the project, will be discussing the impact of this work in the Innovation Zone at the Conference.  Two national events are to be held in London and Leeds to disseminate the findings in the Autumn and there is also a workshop session being planned for the National Children and Adult Services Conference in early November.

**Smarter Sourcing**

1. **Procurement:** 
   1. The procurement offer to councils is based around our National Procurement Strategy (NPS) for Local Government which responded to a call from the sector to produce a guide and benchmark for all councils in relation to procurement.  The strategy is based around four themes, Making Savings, Supporting Local Economies, Leadership, and Modernisation.
   2. An objective of the NPS is to ensure that major areas of local government spending are each supported by a category management strategy. We have held two lively consultations for our second ICT Strategy and are currently writing a draft strategy.  Following feedback and requests we also plan to hold a round-table session with our main ICT suppliers. The ICT strategy aims to support councils to procure the necessary technology systems and tools more cost effectively.
   3. The work on innovation in procurement continues with a research phase over the summer.  We have started a Knowledge Hub group for this and are planning to publish our outputs in December.  It is envisaged that this will take the form of guidance documents or a toolkit.
   4. We have been working with some councils, suppliers, Cabinet Office and the Social Value Portal on a tool for measuring public sector and provider attitudes to social value (which includes economic growth and environmental considerations).  The final tool will also be supplemented by case studies and “how to” guides and templates.  It will be launched at a reception in September 2016.
2. **Commissioning Academy:**

* 1. The Commissioning Academy brings together senior commissioners from across the public sector to learn from the example of the most successful commissioning organisations, developing a cadre of professionals that are progressive in their outlook to how the public sector delivers outcomes to local communities. 600 council officers and elected members have been through the commissioning academy to March 2016. The Commissioning Academy for Elected Members cohorts 5 and 6 are being recruited and will take place at Warwick University on 21/22 July and 12/13 October.

**Income Generation**

1. **Economic Growth Advisers -** councils have been invited to submit project proposals to receive a £7000 grant and access to our ‘pool’ of local growth experts to help them deliver economic growth in their area. So far this financial year, three experts are working with five councils to implement local economic growth priorities. We will continue to run the Economic Growth Adviser offer throughout 2016/17 aiming to fund a further 15 projects as a minimum this year.
2. **One Public Estate:** 
   1. New Applicants - as previously reported, the One Public Estate (OPE) Programme recently received an additional £31 million funding to expand over the next two years. In April 2016 a process was launched to recruit new areas to join the OPE programme with an offer of up to £500,000 funding to develop and deliver OPE programmes within their areas. The process was in two parts, inviting partnerships of councils to provide an Expression of Interest by 6th May 2016, and those with strong proposals awarded up to £50,000 to develop a final application by 29th July.

By the May deadline, Expressions of Interest had been received from 31 new partnerships involving 108 councils. After an assessment process, Ministers have approved 23 partnerships to progress to the next phase and develop a final Services and Assets Delivery Plan by 29th July. Detail of these partnerships can be seen in **Appendix 2.**

* 1. Existing OPE Partnerships - existing OPE Partnerships also have the opportunity to apply for up to an additional £500,000 funding to expand their current OPE programmes. A streamlined application process closed on 3rd June with 17 existing partnerships involving 76 councils applying. A formal assessment of applications has commenced and applicants will be notified on 29th July 2016 of the outcome of their application. Details of existing OPE partnerships who applied can be seen in **Appendix 3.**

**Cross-cutting Offer**

1. **Productivity Experts - t**he LGA Productivity Expert programme provides funding of £6,000 to councils to enable them to engage an expert in their field to provide the necessary skills and expertise to help deliver ambitious efficiency savings or generate significant income. So far this year we have funded six projects across as many councils. The aim for this year is to provide support to 25 councils and we are on course to achieve this target.

**Financial Implications**

1. The Productivity Programme for 2016/17 is funded from grant provided by DCLG under our Memorandum of Understanding with the Department.

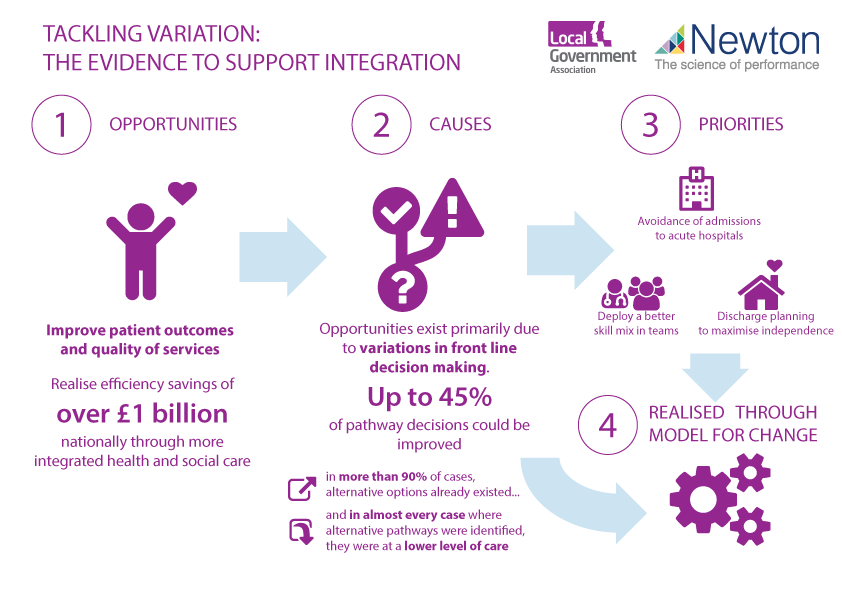
**Appendix 1**

**Efficiency opportunities through health and social care integration**Headline findings

1. By focussing on the best care pathway for patients or service users[[1]](#footnote-1), significant benefits can be realised in terms of improved outcomes, greater quality of services and financial savings. **Efficiency savings of 7-10%**[[2]](#footnote-2) of the budget areas assessed in this project could be realised through approaches to health and care that are better integrated. This equates to efficiency savings of over £1 billion nationally across the health and care system.
2. **Variation in front line decision- making** provides the greatest opportunities to improve efficiency. Health and social care practitioners reviewing 2,265 case notes through this study identified a significant lack of consistency in decision making, and estimated that up to 45% of pathway decisions could be improved. In almost every case there was evidence of over-provision of care, potentially reducing the service user’s independence. It was found that robust, multi-disciplinary reviews, at key decision points, can have a significant impact on consistency of decision- making, whilst requiring only a relatively small investment in terms of resource.
3. The largest single area in which resource can be saved is through **avoidance of admissions to acute hospitals.** In over a quarter (26%) of the cases reviewed where people had been admitted to an acute hospital, there had been missed opportunities to make interventions that would have avoided the need for the admission.
4. **Discharge planning to maximise independence[[3]](#footnote-3)** would save money and improve outcomes. For nearly a quarter of people (24%[[4]](#footnote-4))who were discharged from hospital with a care package, in the sample studied, a preferable pathway was identifiable that could have delivered better outcomes at lower cost. Given that a significant subset of these pathways results in costly long-term residential placements this is of particular significance. Practitioners taking part in the study estimated that 59%[[5]](#footnote-5) of long-term residential placements resulting from an acute hospital admission could be delayed or avoided.

The **role of preventative services** is key to any future model of health and care, leading to a reduced number of both acute and social care admissions. An estimated 25% to 40% of local authority service users would have benefited from preventative services, which they did not receive.

1. **Deploying a better skill mix in teams**, particularly within community services, would help to maximise resources. There is scope to develop a more effective mix of practitioners - clinicians and front-line care workers - to free up community nurses, thereby making better use of the resources available.
2. It was found that the most important factor in realising these opportunities is not the design of the specific operational solutions. Rather, It is the **approach taken to change**, characterised by prioritised, evidence-based, locally developed solutions.



**Appendix 2**

**One Public Estate: New Partnerships proceeding to the next phase of the current application process.**

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| **Partnership** | **Lead Council** | **Local Authorities in Partnership** | **Total Allocation** |
| Berkshire Partnership | Wokingham Borough Council | West Berkshire Council  Reading Borough Council  Wokingham Borough Council  Bracknell Forest Borough Council  Royal Borough of Windsor and Maidenhead Council  Slough Borough Council | £50,000 |
| Bristol | Bristol City Council | Bristol City Council | £25,000 |
| Greater Brighton Partnership | Brighton and Hove City Council | Brighton and Hove City Council  Worthing Borough Council\*  Adur District Council  Mid Sussex District Council  Lewes District Council | £50,000 |
| Hertfordshire County Council | Hertfordshire County Council | Hertfordshire County Council  Watford Borough Council | £0 – encouraged to submit final application |
| Kent Partnership | Kent County Council | Kent County Council  Tunbridge Wells Borough Council  Swale Borough Council  Shepway District Council  Ashford Borough Council  Medway Council\*  Thanet District Council  Canterbury City Council | £25,000 |
| Lancashire Combined Authority | Preston City Council | Blackburn with Darwen Borough Council  Blackpool Council  Burnley Borough Council  Chorley Council  Fylde Borough Council  Lancashire County Council  Lancaster City Council  Pendle Borough Council  Preston City Council  Rossendale Borough Council  South Ribble Borough Council  West Lancashire Borough Council | £50,000 |
| London Borough of Brent | London Borough of Brent | London Borough of Brent | £0 – no funding requested |
| London Borough of Islington and Haringey | London Borough of Islington | London Borough of Islington  London Borough of Haringey | £50,000 |
| London Borough of Lewisham | London Borough of Lewisham | London Borough of Lewisham | £50,000 |
| London Borough of Merton | London Borough of Merton | London Borough of Merton | £50,000 |
| London Borough of Sutton | London Borough of Sutton | London Borough of Sutton | £50,000 |
| London Borough of Waltham Forest | London Borough of Waltham Forest | London Borough of Waltham Forest | £50,000 |
| London Borough of Westminster | London Borough of Westminster | London Borough of Westminster | £0 – encouraged to submit final application |
| Medway Partnership | Medway Council | Medway Council\* | £25,000 |
| Norfolk Partnership | Norfolk County Council | Breckland Council  Broadland District Council  Great Yarmouth Borough Council  Borough Council of King's Lynn and West Norfolk  Norfolk County Council  North Norfolk District Council  Norwich City Council  South Norfolk Council | £50,000 |
| North Central London Partnership | London Borough of Barnet | London Borough of Barnet | £50,000 |
| North Somerset | North Somerset Council | North Somerset Council | £35,000 |
| Shropshire Estate Partnership | Shropshire Council | Shropshire Council | £50,000 |
| Somerset Partnership | Somerset County Council | Somerset County Council  Taunton Deane Borough Council  Mendip District Council  Sedgemoor District Council  West Somerset Council  South Somerset District Council | £25,000 |
| Staffordshire Partnership | Staffordshire County Council | Staffordshire County Council\*  South Staffordshire District Council\*  Stafford Borough Council  Lichfield District Council  Staffordshire Moorlands District Council  Newcastle-under-Lyme Borough Council  Tamworth Borough Council\*  Cannock Chase District Council\* | £50,000 |
| Surrey Heath Partnership | Surrey Heath Borough Council | Surrey Heath Borough Council  Runneymede District Council  Surrey County Council  Woking Borough Council | £50,000 |
| West Midlands Combined Authority | Birmingham City Council | Birmingham City Council  Cannock Chase District Council\*  Coventry City Council  Dudley Metropolitan Borough Council  Nuneaton and Bedworth Borough Council  Sandwell Council  Solihull Metropolitan Borough Council  Tamworth Borough Council\*  Walsall Council  City of Wolverhampton Council | £0 – encouraged to submit final application |
| West Yorkshire Combined Authority | Calderdale and Kirklees | City of Bradford Metropolitan District Council  Calderdale Metropolitan Borough Council  City of York Council  Kirklees Council  Leeds City Council  City of Wakefield Metropolitan District Council | £50,000 |

\*Council mentioned in more than 1 Expression of Interest

**Appendix 3**

**One Public Estate: Existing participants submitting applications for additional funding**

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| **Partnership** | **Lead Council** | **Local Authorities in Partnership** | **Funding Requested** |
| Cambridgeshire MAC Partnership | Cambridgeshire County Council | Cambridgeshire County Council  Cambridge City Council  Fenland District Council  East Cambridgeshire District Council  South Cambridgeshire District Council  Huntingdonshire District Council | £506,000 |
| Cheshire and Warrington LEP | Cheshire West and Chester Council | Cheshire East Council  Cheshire West and Chester Council  Warrington Borough Council | £500,000 |
| Cornwall Council | Cornwall Council | Cornwall Council  Isles of Scilly\* | £734,000 |
| Greater Manchester Combined Authority | Manchester City Council | Bolton Metropolitan Borough Council  Metropolitan Borough of Bury  Manchester City Council  Oldham Metropolitan Borough Council  Rochdale Metropolitan Borough Council  Salford City Council  Stockport Metropolitan Borough Council  Tameside Metropolitan Borough Council  Trafford Metropolitan Borough Council  Wigan Metropolitan Borough Council | £546,000 |
| London Borough of Bexley | London Borough of Bexley | London Borough of Bexley  London Borough of Lewisham | £204,000 |
| London Borough of Croydon | London Borough of Croydon | London Borough of Croydon | £150,000 |
| Liverpool City Region | Liverpool City Council | Halton Borough Council  Metropolitan Borough of Knowsley  Liverpool City Council  Sefton Metropolitan Borough Council  St Helens Metropolitan Borough Council  Wirral Metropolitan Borough Council | £300,000 |
| North East Partnership | Newcastle upon Tyne City Council | Metropolitan Borough of Gateshead  Newcastle City Council  North Tyneside District Council  Northumberland County Council | £225,000 |
| North Midlands Partnership (D2N2) | Derbyshire County Council | Derby City Council  Derbyshire County Council  Nottingham City Council  Nottinghamshire County Council | £577,500 |
| Place Partnership Ltd | Place Partnership Ltd | Worcestershire County Council  Worcester City Council  Redditch Borough Council  Wyre Forest District Council\* | £375,000 |
| Plymouth City Partnership | Plymouth City Partnership | Plymouth City Council | £544,832 |
| Sheffield City Region | Sheffield City Region Combined Authority | Barnsley Metropolitan Borough Council  Bassetlaw District Council  Bolsover District Council  Chesterfield Borough Council  Derbyshire Dales District Council  Doncaster Metropolitan Borough Council  North East Derbyshire District Council  Rotherham Metropolitan Borough Council  Sheffield City Council | £417,000 |
| Southampton | Southampton City Council | Southampton City Council | £350,000 |
| Surrey and East Sussex | Surrey County Council | Brighton and Hove City Council  East Sussex County Council  Eastbourne Borough Council  Elmbridge Borough Council  Lewes District Council  Surrey County Council  Surrey Heath Borough Council  Woking Borough Council | £350,000 |
| West Suffolk | St Edmunds bury Borough Council | Forest Heath District Council  St Edmundsbury Borough Council  Suffolk County Council | £50,000 |
| Wider Hampshire | Hampshire County Council | Hampshire County Council  Basingstoke and Deane\*  Eastleigh Borough Council  East Hampshire District Council  Fareham Borough Council  Havant Borough Council  Isle of Wight  New Forest District Council  Rushmoor Borough Council\*  Test Valley Borough Council  Winchester City Council | £495,000 |
| Wiltshire | Wiltshire Council | Wiltshire Council | £395,000 |

\*New Councils in the partnership

1. As defined by the multi-disciplinary review teams to be appropriate and most likely to result in independent outcomes [↑](#footnote-ref-1)
2. As defined in ‘the approach, this work has not looked at all of health and social care spend. Reported savings of 7-10% across the budgets looked at would translate to 1-1.25 % of total acute, community and social care spend. These figures are expressed in annualised savings terms and do not account for the fact that some savings will take longer to be realised than others. [↑](#footnote-ref-2)
3. Defined as helping citizens regain or learn new skills to live their everyday lives and stay within their communities [↑](#footnote-ref-3)
4. 24% is defined as total opportunity identified. In the financial modelling it is assumed that half of this opportunity would be realisable through an improvement programme [↑](#footnote-ref-4)
5. In the financial modelling one third of this figure is assumed as realisable. [↑](#footnote-ref-5)