

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.

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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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
 - 2.1 **Transforming services** either to make them more efficient and less wasteful or to find more effective ways of delivering to local people's needs.
 - 2.2 **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.
 - 2.3 **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

4. **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.
5. **Public Sector Network (PSN):**
 - 5.1 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.

5.2 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.

6 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.

7 **Shared Services and Collaboration:**

7.1 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.

7.2 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>

8 **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

9 Procurement:

- 9.1 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.
- 9.2 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.
- 9.3 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.
- 9.4 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.

10 Commissioning Academy:

- 10.1 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

- 11 **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.

12 One Public Estate:

12.1 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**.

12.2 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

13. **Productivity Experts** - the 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

14. 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 users¹, significant benefits can be realised in terms of improved outcomes, greater quality of services and financial savings. **Efficiency savings of 7-10%**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.

¹ As defined by the multi-disciplinary review teams to be appropriate and most likely to result in independent outcomes

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.

- 4) **Discharge planning to maximise independence**³ would save money and improve outcomes. For nearly a quarter of people (24%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 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.

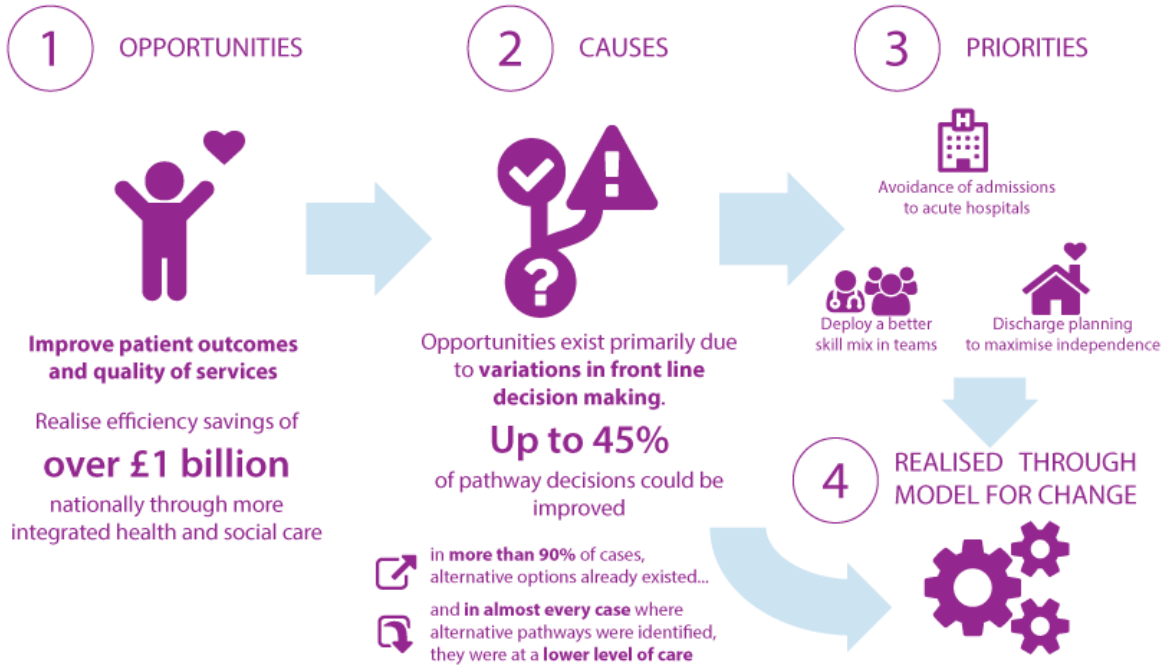
- 5) **Deploying a better skill mix in teams**, particularly within community services, would help to maximise resources. There is scope to develop a more effective mix of practitioners - clinicians and front-line care workers - to free up community nurses, thereby making better use of the resources available.
- 6) 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.

³ Defined as helping citizens regain or learn new skills to live their everyday lives and stay within their communities

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

⁵ In the financial modelling one third of this figure is assumed as realisable.

**TACKLING VARIATION:
THE EVIDENCE TO SUPPORT INTEGRATION**



Appendix 2

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

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	London Borough of Brent	£0 – no funding requested

	Brent		
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	£50,000

		Lichfield District Council Staffordshire Moorlands District Council Newcastle-under-Lyme Borough Council Tamworth Borough Council* Cannock Chase District Council*	
Surrey Heath Partnership	Surrey Heath Borough Council	Surrey Heath Borough Council Runnymede 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

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	£300,000

		Wirral Metropolitan Borough Council	
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 Edmundsbury 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	£495,000

		Rushmoor Borough Council* Test Valley Borough Council Winchester City Council	
Wiltshire	Wiltshire Council	Wiltshire Council	£395,000

*New Councils in the partnership