

01 November 2017

Productivity programme

Purpose

This report updates the Board on the progress being made against the Productivity Programme for 2017/18 for the second quarter of the year. **Annex A** provides a summary of the main outputs for the quarter.

There will be a presentation by Alison Whitney, the Deputy Director at the National Cyber Security Centre on the subject of cyber resilience for councils (Section 4 of the report refers to this.)

Recommendation

Improvement and Innovation Board 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 members' guidance.

Contact officer: Siobhan Coughlan
Position: Programme Manager, Productivity
Phone no: 020 7664 3033
Email: siobhan.coughlan@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;
 - 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 goods, works and services (with a combined value of £55 billion) that contribute to local outcomes more efficiently and effectively. 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.

Issues

Transforming Services

4. **Digital workstream:** The LGA is working with councils and our partner local government representative bodies to maximise the opportunities that digital tools and solutions create, to ensure that Councils are making effective, efficient use of digital technology to benefit their local residents, communities and businesses and play a full part in digital aspects of various government strategies.

4.1. Programme activities 2017/18:

Objective	Achieved
Work with the sector to build capacity in digital transformation of local authorities, digitisation of transactions and digital leadership.	<p>In November 2016 the LGA met with Kevin Cunnington the Director General of GDS to discuss how we might collaborate more on work to digitalise public service.</p> <p>Post this meeting we worked with officials from GDS leading on the Digital Academy to agree a plan to enable council officers to attend the Digital Academy course.</p>

	<p>As of March 2017, we have actively promoted the DA course to councils and from May to September 2017, 61 requests of which 22 have been processed resulting in 62 council officers attending a Digital Academy course.</p> <p>In April 2017, the LGA delivered a Lead Member Peer session on Digital, data and cyber security.</p>
Continue to develop resources and good practice (including case studies) from our digital expert and digital and data programmes and cascade across local and combined authorities.	<p>Case studies from the LGA Digital Experts funded programme have been captured and published on the LGA website. These projects generated over £2.5 million savings and income.</p> <p>In February 2017, we awarded funding to 23 council led projects to support work on 'channel shift' – using digital technology to ensure that residents who choose to can access council services more quickly and easily. These projects will be monitored and supported throughout 2017/18 and case studies and final evaluation will be carried out in 2018. The projected savings are £1 million.</p>

4.2. **Next steps:** We will continue to work with the funded projects to help them deliver the improvements and savings as set out in their agreed bids. We will capture their learning and good practice (including case studies) and share these widely with councils. We will also provide tailored support to councils promoting ambitious use of digital to provide efficient public services.

5. **Cyber Security:** The LGA is continuing to work with councils, the National Cyber Security Centre (NCSC), Cabinet Office and DCLG to raise the importance of cyber security as well as signpost councils to where they can get advice, find guidance and good practice to support their own work on cyber resilience.

5.1. Programme Activities 2017/18:

Proactively support the widening of digital and cyber resilience awareness across local authorities and their active participation in the national Cyber-Security Information Sharing Partnership (CiSP).	<p>The LGA continues to host and run various sector boards to help councils understand and manage the risk of cyber security. These include;</p> <ul style="list-style-type: none"> • The LG Cyber Security Stakeholder Group which brings together various
---	--

	<p>sector representative bodies including, Solace, ADASS, CIPFA, Socitm alongside the NCSC, Cabinet Office and DCLG. The aim of this group is to get cyber security onto the agenda at a strategic level in councils.</p> <ul style="list-style-type: none"> • The LG Cyber Security Technical Advisory Group which brings together officers in IT Security and Cyber Security roles to discuss the more technical aspects of cyber security. <p>In September, we hosted a workshop at the LGA Member Peer Conference at which the Deputy Director from the National Cyber Security Centre highlighted to the delegates potential questions and issues to raise in their work as member peers when visiting councils.</p> <p>In October, the LGA Chief Executive's Sounding Board heard from a council who were recently subjected to a sustained Denial of Service attack. The council shared the lessons learnt as to how they successfully dealt with this attack with the chief executives present.</p> <p>The 1 November, Improvement & Innovation Board has an item on cyber security on the agenda, Alison Whitney Deputy Director from the National Cyber Security Centre will deliver a presentation to members.</p> <p>We continue to engage with councils, Local Resilience Forums (LRF) and Warning, Advice and Reporting Point (WARPs), DCLG, Cabinet Office, the National Cyber Security Centre and sector representative bodies, to raise the importance of cyber security in local government.</p>
--	---

5.2. **Next steps:** As a result of discussions with councils, the National Cyber Security Centre, Cabinet Office and DCLG, the LGA is now working to pull together a bid for

the sector to Cabinet Office to fund work to help councils better prepare their approach to incident management. This will include building capacity by making sure councils are already linked into their Local Resilience Forums (LRF) and Warning, Advice and Reporting Point (WARPs)

6. Shared Services and Collaboration

6.1. Programme activities 2017/18:

Increase the efficiency savings councils make through sharing services, by continuing to support councils to share services and refreshing the annual national shared services map.	The LGA Shared Services map was updated for 2017 and relaunched in May and shows that all but six councils are involved in shared service arrangements across the country. These arrangements are contributing to accumulated savings of more than £640 million.
Shared Services Matchmaking and Shared Service Expert programme in place to help and assist councils interested in sharing services or expanding existing shared service arrangements.	The shared services matchmaking service was launched to provide assistance to support councils who wish to share services and/or management teams with other councils. The offer includes access to funding for a dedicated shared service expert. We have had fifteen enquiries with two councils being awarded funding.

6.2. The final figures from the relaunched Shared Service Map for 2017 show £643 million of cumulative efficiency savings from 486 shared service arrangements with all but six councils (10 in 2016-17) reporting that they are actively collaborating. Comparative figures from the previous year show a £143 million savings increase on the £500 million reported figures with 190 more arrangements in place than last year.

6.3. Whilst the increase in the number of shared service arrangements can be partly attributed to including council-led partnerships with wider public sector bodies (fire, police, health) on this iteration of the map, our data shows that over 50 new shared services were entered into in 2016 alone.

6.4. The figures cement local government's reputation as the most efficient part of the public sector by demonstrating our collective drive to improve services, increase resilience and save money in times of significant change.

Managing Demand & Service Design

7. Behavioural Insights Programme

7.1. Programme activities 2017/18:

<p>Support eight Councils to manage demand for services by understanding the behaviour of their customers and staff and develop a 'top tips' guide to the use of behavioural insights to manage demand.</p>	<p>We have produced a behavioural insights webpage which contains examples of what councils are doing in this area, guidance and tools and also the reports and outputs from the LGA Behavioural Insights Programme phase 1 projects.</p> <p>The behavioural insights projects for phase 1 of the programme are complete with reports published on each of them on the behavioural insights webpage.</p> <p>A key highlight has been the result in the Liverpool project to reduce sugar consumption by local residents to improve health outcomes. The project tested whether displaying the sugar content of different fizzy drinks at the point of sale has an impact on the number of drinks sold. The result of the trial was a 7.3 per cent reduction in high sugar drinks sales.</p> <p>Behavioural Insights trials are in the process of being set up for a further 8 councils looking at issues including: reducing domestic violence, reducing demand on housing services amongst under 35's, increasing take-up of online sexual health testing services and decreasing young people's sugar consumption in secondary schools.</p>
---	---

7.2. **Next steps:** Applications for the next round of funding of LGA behavioural Insights projects is now open and will close on the **10 November 2017** and the full prospectus can be found [here](#).

8. **Design in the Public Sector:** We have been working with the Design Council to support councils to examine the ways in which they deliver services and how they can be redesigned to save costs and improve their effectiveness. The project has been pursued on a region-by-region basis.

8.1. Programme activities 2017/18:

<p>Equip 10 councils to use design techniques to improve services and or manage future demand.</p>	<p>The London cohort of the programme has recently completed. This has provided the following councils with design skills to apply to their service challenges: Brent, Hackney, Haringey, Islington, Kensington & Chelsea, Redbridge and Westminster.</p> <p>The programme has helped councils to redesign the following services: improved services for young care leavers, customer services in planning, homecare services, engagement with private landlords and gang prevention services.</p> <p>We have also produced a webpage to share the learning and impact from the programme so far.</p>
--	---

8.2. Next steps: The next phase of the Design in the Public Sector programme is focused on applying design process and methods to tackle public health challenges with a focus on prevention. It is for people working in public services who are passionate about transforming the health of the nation.

Smarter Sourcing

9. Commissioning and buying goods, works and services (with a combined value of £55 billion per year) that contribute to local outcomes more efficiently and effectively. Managing resulting contracts to optimise value from them.

10. **Smarter Sourcing:** The National Advisory Group for Local Government Procurement (NAG) continue to work on the implementation of the national procurement strategy (NPS) 2014, and following a diagnostic exercise are in the process of compiling a new strategy for 2018.

10.1. Under the NPS the main workstreams are:

10.1.1. Category management of council's main areas of spend i.e. construction, ICT, energy and social care.

10.1.2. Strategic supplier management of the top suppliers to local government in the categories.

10.1.3. Identifying what procurement and commercial related skills are needed and working with the sector and central Government to identify how these can be delivered.

10.1.4. Innovation, both in procurement processes and in encouraging suppliers to identify innovative goods and services.

10.2. Programme activities 2017/18:

<p>Develop opportunities for local authorities to enter collaborative procurement opportunities.</p>	<p>We continue to host and run the National Advisory Group for Local Government Procurement (NAG) to advise and provide governance for the work on procurement.</p> <p>During the second quarter of this year we have:</p> <ul style="list-style-type: none"> • Published refreshed category strategies for both energy and ICT and are working on publication of a new strategy for construction early in 2018. We are working with colleagues in LGA on the procurement role in a refresh of 'Integrated Commissioning for Better Outcomes' for adult social care and are engaging with children's services commissioners to identify if a national approach could make a difference in this market. • Continued our work with strategic supplier management experts and the main suppliers to consider how we can work differently and more transparently together. We now have identified which councils spend the most with these suppliers and are engaging with those with spend over £5 million per annum • Agreed with central Government that councils will be invited to attend commercial and procurement related training, master classes etc. being delivered at no cost to councils. • Published a report on our initial work on encouraging innovation in local government procurement. We have been invited to join a cross government working group on the same subject. • Worked with LGA colleagues to contribute a chapter on supply
--	--

	<p>chains in a guide to Modern Slavery.</p> <ul style="list-style-type: none"> • We held a national procurement showcase in September to engage and network with the most influential procurement people in local government.
--	--

10.3. **Next steps:** Along with NAG and sector stakeholders we will continue our work on the new national procurement strategy 2018 and will continue to build our resources and networks to enable councils to learn and share good practice and collaborative opportunities.

10.4. We will be working on a toolkit and resources for encouraging innovation and are hoping to identify and follow project(s) being run by councils to identify lessons learned that we can promote to the sector.

Generating income

11. **Generating income** 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.

12. **Commercialisation:** At the last meeting of the Improvement and Innovation Board members requested further information regarding the LGA's support offer to councils' commercial activities which is set out below:

13. **LGA's Advanced Commercial Group (ACG)** was set up in 2014 and comprises 25 councils from across the country who are particularly advanced and innovative in their commercial thinking. The aims of the ACG are:

13.1. To share different approaches to commercialisation to enable mutual learning.

13.2. To enable councils already advanced in their thinking to move further, faster.

13.3. To identify potential synergies/ opportunities for collaboration/ partnerships/ joint ventures where appropriate.

13.4. To design and shape the LGA's improvement offer on commercialisation.

14. **Commercial Experts:** We have extended the LGA's Productivity Expert offer to provide funding to councils who wish to engage with a commercial expert to provide the necessary skills and expertise to help the council to generate income.

15. **LGA Commercial skills training for officers:** We have developed a course in partnership with the Institute of Directors (IOD) which will allow participants to learn the key skills and competencies to better equip councils to undertake greater commercial activity.

15.1. The course is delivered over 8 days comprising of the following four modules:

- 15.1.1. Governance – strategic risk evaluation and management.
- 15.1.2. Strategy – formulating strategy.
- 15.1.3. Finance – financial roles and responsibilities of directors.
- 15.1.4. Dealing with Commercial Partners and Negotiating Skills – supplier relationship management.

16. LGA Commercial Skills Procurement Solution (CSPS): The LGA's commercial skills procurement solution (CSPS), in partnership with YPO, provides councils with a bespoke solution to finding the right people, making the delivery of commercial projects easier and ensuring councils pay a competitive price for specialist expertise.

17. Further information regarding all of the above LGA support offers can be found at www.local.gov.uk/commercialisation.

18. Programme activities 2017/18:

<p>Support councils to become more commercial and to help them achieve savings or generate additional income of £10 million.</p>	<p>The LGA Advanced Commercial group, has met twice in the past quarter and continues to advise and inform the LGA's improvement offer to councils' commercial activity.</p> <p>Commercial experts have been commissioned to work with four councils so far this year and are contributing towards an estimated £7.9 million in additional income for these councils.</p> <p>At the LGA conference in July we hosted a workshop on council commercial activities at which the updated LGA Enterprising Councils guidance was launched. Speakers from Essex County Council and Nottingham City Council shared the learning from their commercial work so far.</p> <p>The first two cohorts of the LGA/IOD Commercial Skills Training have been delivered to officers from 20 councils across the country. Due to high demand further cohorts have been booked to start in Roffey Park in October 2017 and Leeds in January 2018.</p>
--	---

- 18.1. **Next steps:** Work is underway to design a commercial skills training offer for elected members with the masterclass being piloted in early 2018.

19. One Public Estate:

Work with the Cabinet Office to extend the One Public Estate Programme	<p>On the 1 August One Public Estate (OPE) launched its latest funding round, Phase 6. Partnerships can apply for up to £500,000 revenue funding to deliver land and projects in their local areas. A new partnership between OPE and the Department for Communities and Local Government (DCLG) will enable partnerships to access the Local Authority Land Release fund, announced in the government's Housing White Paper earlier this year. This provides a pot of £45 million capital funding for land remediation and infrastructure projects that will deliver much needed land for housing.</p> <p>New partnerships are required to complete a two stage application process. For the first stage partnerships can be awarded up to £50,000 to develop a full Services and Assets Delivery Plan depending on the strength of their Expression of Interest. On Friday 15 September the funding was awarded. Details of the amount awarded to each partnership can be seen in <u>Annex B</u>.</p>
--	--

- 19.1. Other new elements to OPE include repayable grants, a pilot scheme offering existing partnerships the opportunity to apply for a repayable grant of up to £500,000, in addition to any grant funding applied for and Pool of Experts, providing OPE partnerships with the procurement free route to access specialists in anything from feasibility and master planning and housing. The full [prospectus](#) can be found on the OPE webpages. Partnerships have until **Friday 3 November** to apply.

Cross-cutting Offer

20. Productivity Experts

20.1. Programme activities 2017/18:

Productivity experts to work with at least 25 local authorities, saving the councils in total at least £25 million.	So far this year, Productivity Experts are working with 15 councils contributing towards efficiency savings and/or income generation of £26.8 million.
---	--

20.2. Next steps: the Productivity Experts Programme provides an opportunity for councils to access expertise that will provide them with the skills they need to realise ambitious efficiency savings and income generation. The programme offers bespoke support, brokered by the LGA, on a specific project or initiative. The LGA has recruited a 'pool' of productivity experts who can provide support across a range of issues. All of the experts have a proven ability to work with councils and deliver results. Councils are invited to apply to the programme to access £7,000 grant funding to commission support from one of the pool.

Financial Support to Councils.

21. Programme activities 2017/18:

Provide expert financial advice and assistance to 40 councils	Support was provided to 22 councils in the first six months of the year ranging from financial reviews and health checks to practical support on financial matters and governance. Additional tailored support has been provided to authorities with particular financial challenges.
Public sector audit procurement	Public Sector Audit Appointments Ltd, (PSAA) the Company set up by the LGA as a sector led body to procure external audit services on councils' behalf has completed the procurement process. 98% of eligible bodies signed up for the procurement process. As a result councils will receive a further 18 per cent reduction in their annual audit fees, representing typical savings of £8-10,000 a year for a District Council and £25,000 - £30,000 for a typical upper tier authority.
Help Councils to be more pro-active with dealing with Fraud	Building on the award of £16 million in Counter Fraud Fund grants to 52 local authority projects by DCLG in 2014, the LGA has awarded a contract to CIPFA to analyse the outcomes from the programme and identify good practice that can help other councils recover or prevent losses.

21.1. Next steps: Individualised support on financial issues will continue to be provided throughout the year in the form of Financial Reviews and Financial Health Checks and bespoke support to councils facing challenging financial circumstances. Since financial issues rarely stand on their own, this is usually as part of a wide package of sector led support. Five Finance Improvement & Sustainability Advisers have

01 November 2017

been engaged to enhance our capacity to support councils on financial matters. These work alongside regional teams to ensure that we are proactive in supporting councils with financial challenges.

Financial Implications

22. The Productivity Programme for 2017/18 will be funded from grant provided by DCLG under our Memorandum of Understanding with the Department.

Implications for Wales

23. There are no implications for Wales. DCLG grant is for England only. In Wales improvement work is provided directly by the WLGA.

Annex A

Summary of key outputs July to September 2017

The main achievements and outputs during this period are set out below. Further details can be found in the main body of the report as referenced.

Project/ programme	Outputs	On target (RAG)	Report reference for further detail
Shared services	Launched the 2017 Shared Services Map, demonstrating £643m in savings since 2012	Green	Para 5
Digital	Funding awarded to 23 council led projects to use digital tools and solutions to deliver channel shift	Amber	Para 3
Cyber security	As set out in our objective and the MoU, we developed and shared our plan to support cyber security work with DCLG by 31 July 2017.	Green	Para 4
Behavioural insights	Funded 8 council led projects running in 2017/18.	Amber	Para 6
Design in Public Services	7 London councils have completed their training in design skills from the Design Council. The next cohort of 8 councils for the Public Health programme are about to start.	Amber	Para 7
Procurement	Dynamic Purchasing Systems Guidance has been published	Green	Para 8
	Category Strategies for ICT, Construction and Energy published next month	Green	
Commercialisation	Commercial experts have been commissioned to work with 4 councils so far this year and are contributing towards an estimated £7.9 million in additional income for these councils	Green	Para 9
One Public Estate	Secured an additional £45million for council to release their land for house building.(Via DCLG's Land Release Fund)	Green	Para 10
Productivity Experts	Working with 15 councils so far in 2017/18 to deliver savings of £26.8 million.	Green	Para 11
Finance	Supported 22 councils to improve their financial management and plan for financial sustainability.	Amber	Para 12

Annex B

One Public Estate

Partnership	Lead Council	Local Authorities in Partnership	Total Development Funding Awarded (2017/18)
AFO and RDV	London Borough of Newham	London Borough of Newham	£50,000
Bath and North East Somerset (BANES) One Public Estate Partnership	BANES Unitary Authority	BANES Council North Somerset Council South Gloucestershire Council Bristol City Council	£25,000
Connecting Warwickshire	Warwickshire County Council	Warwickshire County Council North Warwickshire Borough Council Nuneaton and Bedworth Borough Council Rugby Borough Council Stratford Upon Avon District Council Warwick District Council	£40,000
The Cumbrian Partnership	Carlisle City Council	Cumbria County Council Carlisle City Council	£40,000
Devon & Torbay	Devon County Council	Devon County Council Torbay Council East Devon District Council Exeter City Council Mid Devon District Council North Devon District Council South Hams District Council Teignbridge District Council Torridge District Council West Devon District Council	£50,000
East Northamptonshire Council	East Northamptonshire Council	East Northamptonshire Council	£0
East Riding OPE	East Riding of Yorkshire Council	East Riding of Yorkshire Council	£25,000
Essex Property Partnership Board	Essex County Council	Essex County Council Rochford District Council Epping Forest District Council	£50,000

		Tendering District Council Thurrock Council	
Kensington & Chelsea	Royal Borough of Kensington and Chelsea	Royal Borough of Kensington and Chelsea	£50,000
Kingston One Public Estate Partnership	Royal Borough of Kingston upon Thames	Royal Borough of Kingston upon Thames	£25,000
North Yorkshire Authorities Property Partnership	North Yorkshire County Council	Ryedale District Council Richmondshire Council Scarborough Borough Council North Yorkshire County Council Hambleton District Council	£50,000
Oxfordshire One Public Estate	Oxfordshire County Council	Oxfordshire County Council Cherwell District Council Oxford City Council South Oxfordshire District Council Vale of White Horse District Council West Oxfordshire District Council	£40,000
Poole	Borough of Poole	Borough of Poole	£20,000
Richmond and Wandsworth Shared Staffing Arrangement (SSA)	London Borough of Richmond and Thames	London Borough of Richmond and Thames Wandsworth Borough Council (as part of shared service)	£20,000
Rutland One Public Estate (ROPE)	Rutland County/Unitary Council	Rutland County/Unitary Council	£25,000
West London Partnership	London Borough of Harrow	London Borough of Harrow London Borough of Ealing London Borough of Hammersmith & Fulham London Borough of Hounslow London Borough of Barnet London Borough of Brent	£50,000