

## **Productivity Programme**

### **Purpose**

This report updates the Board on the progress made against the Productivity Programme for 2018/19 for the sixth month period up to the end of September. Annex 1 provides a summary of the main outputs for the quarter.

There will be a brief presentation from RAND to highlight the key findings from the recent cyber security stocktake.

### **Recommendation**

Members of the Improvement and Innovation Board are asked to:

1. Note the updates and progress on the Productivity Programme
2. Provide such guidance as the Board considers necessary to ensure that the programme meets its objectives.
3. Contribute to the gathering of best practice, engage with the development of the content for the self-assessment tool and provide over-sight of the 'efficient and intelligent Councils' project. (Paragraph 12)

### **Action**

Officers to pursue the activities outlined in the light of members' guidance.

<b>Lead Member</b>	Councillor Ron Woodley
<b>Contact officer:</b>	Susan Attard
<b>Position:</b>	Head of Productivity Team
<b>Phone no:</b>	07825 530528
<b>Email:</b>	<a href="mailto:susan.attard@local.gov.uk">susan.attard@local.gov.uk</a>

## 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 Ministry of Housing, 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 work-stream – MoU commitment

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 2018/19

There are currently three live digital funded programmes and each are at a different stage;

- 4.1.1 The Digital Transformation programme 2016/17 – funded 15 projects. Nine of these have reached a stage whereby we have been able to capture their case studies, setting out the challenge they sought to address which included, Troubled Families, Children's services and managing demand for housing, and the impact of their work, including the benefits to their residents and the savings generated

which are in excess of £2.4 million so far. The case studies and an overarching report will be published on the LGA website this autumn.

- 4.1.2 The Digital Channel Shift Programme 2017/18 – funded 21 projects. 18 of these are now live and include work to put online a range of services from taxi and skip licenses to Revenues and Benefits. The LGA has hosted a number of workshops to support these projects and they are working with us to identify the impact of their projects in preparation for capturing their case studies which we plan to start this autumn. To date these projects have generated over £900k of savings.
- 4.1.3 The Digital Housing programme 2018/19 – funded five projects. The LGA is working with Tunbridge Wells who led on the Digital Transformation funded programme across a group of councils in Kent, developing and implementing a series of online forms for homelessness, a self-assessment form for housing and a housing application form. These are live and operating across a number of councils in Kent.

This year's funded programme is being run as an action learning set whereby the LGA and the team at Tunbridge Wells have developed a series of workshops and are directly supporting the five participating councils to see if the learning and assets they originally developed can be reused by these other councils.

## **4.2 Next steps**

The LGA is hosting a Digital showcase conference on 22 November. We have invited the MHCLG Minister leading on digital to address the delegates in a keynote speech. We will showcase a number of different projects and work being done by councils to transform their services using digital tools and solutions helping share the learning more widely.

## **5. Cyber Security – MoU commitment**

This programme of work proactively supports the widening of digital and cyber resilience awareness across local authorities and highlights the importance of cyber security to senior officers and leaders in local authorities.

The LGA continues to host and run various sector boards to help councils understand and manage the risk of cyber security. These include:

- 5.1 The LG Cyber Security Stakeholder Group which brings together various 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.
- 5.2 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.

### **5.3 Programme Activities 2018/19**

We hosted a chief executive Chatham House Rules discussion at the LGA conference where two chief executives shared their experiences of being subject to a cyber-attack with other councils – this provided a useful learning opportunity and builds on other work the LGA is doing to build resilience in councils enabling them to respond to adverse events.

In addition to our cyber security work directly with MHCLG, the LGA successful bid for funding from Cabinet Office under the National Cyber Security Programme securing £1.5million for 2018/19. This funding will be used to help capture the current arrangements in councils, identifying risks as well as good practice and using this to help shape a programme of support for the sector. The intention is to draw peers from councils where there is good practice to help others – a sector led improvement approach.

The LGA has carried out a stocktake of all 353 English councils. This sought to capture each council's arrangements in place including for, leadership, governance, training and awareness raising, incident management and partnerships. Now the stocktake is complete, the LGA is working with our research partner RAND Europe to carry out analysis before giving feedback to each council. There will be a brief presentation from RAND at the Board meeting to highlight the key findings from the stocktake.

In parallel, the LGA is putting in place a Grant Funding scheme to enable councils to bid for funds to address any issues identified. The initial focus will be to fix issues that pose the greatest risk and then to look to develop skills and capacity to sustain cyber resilience in the future.

### **5.4. Next steps**

The LGA has also submitted a bid for funding for 2019/2020, this is to build on the work already started with a focus on consolidating and enhancing current arrangements as well as building skills and capacity for the future.

The LGA is hosting a Cyber Security conference on 7 November. We have invited Cabinet Office to address the delegates in a keynote speech. We will showcase different approaches already being used by councils to build their cyber resilience as well as promote the grant funding scheme to help councils bid.

## **6. Shared Services and Collaboration – MoU commitment**

Undertake an annual refresh of the national shared services map and matchmaking service for councils in order to help increase the efficiency savings councils make through sharing services.

### **6.1 Programme activities 2017/18**

The LGA Shared Services map was relaunched in June and evidenced £971m in cumulative efficiency savings from over 559 partnerships – this was up £314m from £657m savings and from 486 partnerships in the previous year.

The Shared Service Expert programme placed an expert within Trafford, Stockport and Rochdale's STAR Procurement team. Their support was used to help highlight the key risks and opportunities as well as supporting some of the practical aspects of "on-boarding". Subsequently STAR officially announced "on-boarding" Tameside at the start of September. Support continues with the Liverpool City Region project, whilst a piece of work is in the pipeline with the merging councils of West Suffolk.

## **6.2 Next steps**

Continued support and advice for shared service enquiries and applications as well as trying to connect councils with others in their pursuit of collaborative working and saving money.

## **7. Behavioural Insights Programme – MoU commitment**

Work with the Behavioural Insights Team to help eight councils better understand the behaviour of customers in order to better manage demand for services.

This programme encourages innovation in local public services by giving support and funding to councils to help them to deal with the biggest service challenges.

Behavioural insights is an approach based on the idea that interventions aimed at encouraging people to make better choices for themselves and society will be more successful if they are based on insights from behavioural science, also known as "nudge theory".

### **7.1 Programme activities 2018/19**

#### **LGA Behavioural Insights Programme grant funding 2018**

Phase four of the prestigious LGA [Behavioural Insights](#) programme has been launched as part of our wider support to council innovation. Applications are sought from councils, fire and rescue authorities and national parks that would like to work on a behavioural insights or 'nudge' projects. The ideas for the projects are aimed at managing service demand or achieving efficiencies. Successful applicants will benefit from up to £25,000 match funding to run a trial.

The phase three project from Warrington to use behavioural insights to reduce the demand for Education, Health and Care (EHC) plans has now finished. Using BI techniques to improve the EHC panel decision making has resulted in actual savings of £8,500 and cost avoidance of £133k. Over 12 months from June 2018 to June 2019 the projected savings for the council are £42,000 with projected cost avoidance of £380k.

### **7.2 Next steps**

The LGA Behavioural Insights 2018 grant funding page for further information, frequently asked questions and the application form: <https://www.local.gov.uk/bi-2018>  
The closing date is Thursday 1 November

More information on the LGA's Behavioural Insights Programme can be found here <https://www.local.gov.uk/our-support/efficiency-and-income-generation/behavioural-insights>

The LGA is due to host a BI event next year on 12<sup>th</sup> March 2019 to share lessons learned and best practice. Councillor Fleming will be giving the key note address.

## **8. Design in the Public Sector – MoU commitment**

The Design in the Public Sector programme is one of the LGA's Innovation projects. Delivered in a partnership between the LGA and the Design Council. The Design in Public Sector programme equips councils with design skills and techniques to apply to their service challenges.

This year's Design in the Public Sector programme, in partnership with the Design Council, is focussed on applying design process and methods to tackle public health challenges with a focus on prevention. The programme will support 10 councils who will disseminate learning across the sector.

### **8.1 Programme activities 2018/19**

#### **Design in the Public Sector programme**

The Design in the Public Sector programme is a 16 week training programme which skills up officers in design tools and techniques to apply to councils' greatest social challenges. Design is increasingly being recognised as a critical tool to help transform services in communities across the globe. Whatever the challenge, design experts help professionals to explore the issues impacting them and identify new ideas and opportunities to bring about positive change.

This year's programme has supported councils and health partners to rethink their challenges around public health for example:

- 8.1.1 Improving patient's health before surgery in Calderdale;
- 8.1.2 Reducing unnecessary A&E visits by the over-75s in Epping Forest;
- 8.1.3 Addressing high rates of teenage pregnancy amongst vulnerable groups in West Sussex;
- 8.1.4 Building social connection and community-led services to reduce social isolation in Stockport.

Applications for the latest round of the Design in the Public Sector programme have now closed and we received our highest ever number of applications to the programme.

#### **8.2. Next steps**

A selection process will now take place led by current and former Directors of Public Health to finalise the successful councils. For teams in the north, the programme will be delivered in Leeds and at Design Council's office in London for those in the south. The successful councils will be announced at the end of October.

The programme has also been selected as one of the workshop sessions at the LGA Employee Conference in December 2018.

We have produced a webpage to share the learning and impact from the programme so far. Further information on this programme can be found at <https://www.local.gov.uk/our-support/efficiency-and-income-generation/design-public-sector>

## **Smarter Sourcing**

### **9. Smarter Sourcing – MoU commitment**

To help councils become more efficient in the way they procure and deliver services to assist them in managing risks including having in place sound contingency arrangements for contracts that have been outsourced.

Revise the Local Government National Procurement strategy and set out a programme of work by October 2018 to help councils improve their procurement arrangements.

Capture and share intelligence covering major suppliers to help reduce the risk for councils if a supplier got into financial difficulty.

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.

#### **9.1 Programme activities 2018/19**

##### **NPS 2018**

The National Advisory Group for Local Government Procurement (NAG) has commissioned and developed a new national procurement strategy (NPS) 2018 which was launched at the LGA Conference in July.

The new NPS 2018 has an overarching theme of 'Innovation' and includes a 'maturity index' format that will enable councils to identify their own progress and what they can do to improve:

- 9.1.1 Category management of council's main areas of spend i.e. construction, ICT, energy and social care
- 9.1.2 Strategic supplier management of the top suppliers to local government in the categories
- 9.1.3 Identifying what procurement and commercial related skills are needed and working with the sector and central Government to identify how these can be delivered
- 9.1.4 Innovation, both in procurement processes and in encouraging suppliers to identify innovative goods and services.

The initial diagnostic exercise was sent out to councils' week commencing 24 September so that councils can self-assess where they are in relation to the maturity model. The results are due at the end of November and this will further inform our action plan.

## **9.2 Strategic Suppliers**

The LGA is engaging with top spending councils with a number of suppliers identified as being key strategic suppliers to local government. Contract information is currently being gathered and a SWOT analysis is also being undertaken for these key suppliers. Initial council-only meetings are being arranged for October, with meetings taking place during November with the suppliers.

## **9.3 Category Management**

We have identified the need to consider and re-develop a set of national contracts for the use of Children's Services. We are currently in the process of engaging with children's services consortia on this project.

There are a number of work-stream within the Construction category. This includes:

- 9.3.1 Schools benchmarking exercise in October 2018.
- 9.3.2 The annual Construction conference taking place in February 2019.
- 9.3.3 Continued support for the work of the Industry Response Group following the Grenfell Tower disaster and work to develop a set of competencies relating to procurement following the Dame Judith Hackitt review and recommendations.
- 9.3.4 Working with policy colleagues to identify supply chain issues relating to fire doors following failed fire testing.
- 9.3.5 Three workshops are due to be held in October/November on the use of JCT contracts.

## **9.4 Skills**

A refreshed skills programme is planned, following the new NPS 'Developing Talent'. The diagnostic being undertaken by councils will help to identify support for key skills areas and we will look to put high achieving councils in touch with those who require additional support in specific areas.

We will continue to promote the free procurement masterclasses and other resources being cascaded by Government Commercial Function to councils. We will use the outputs and intelligence from this work to inform and shape the LGA's 'Work Local' campaign and policy work. This is an ambitious but practical vision for devolved and integrated employment and skills.

## **9.5 Brexit**

Discussions have been held with Cabinet Office and MHCLG on procurement matters relating to Brexit. We tried to lobby for procurement changes following the Brexit White Paper, however we were advised that there was no time or enthusiasm at this stage to do anything but accede to the WTO Government Procurement Agreement in our own right. As



the GPA is the basis for the current EU legislation (albeit simpler), we do not have an issue with this.

Government guidance relating to a 'no deal' has recently been issued and this has been disseminated through procurement networks. We have also met with Cabinet Office and MHCLG on the procurement market access offer for future free trade agreement negotiations in order that local government considerations are included.

## **9.6 Innovation**

We will be publishing shortly a new 'road map for innovation' that has been developed. A meeting with the Future Cities Catapult took place on the 20<sup>th</sup> September to consider how we can work together on innovation in the procurement agenda. A number of regional workshops on innovation are planned for 2019.

## **9.7 Modern Slavery**

We have continued to support the voluntary publication of an annual transparency statement under the Modern Slavery Act based on the issues around reputation. 65 councils (one in five) have now voluntarily submitted their transparency statements and are listed in our new [Transparency in the supply chain- council statements portal](#) {which went live in September}.

## **9.8 Next steps**

The focus over the next quarter will be to encourage councils to complete the diagnostic tool to self-evaluate their current and future performance. We will also be supporting councils in with discussions with their key strategic suppliers.

A 'Lessons Learned' event – 'we need to talk about Carillion' was held on 2 October. This event was hosted with Oxfordshire County Council. The lessons learned will be shared with councils.

**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.

## **10. Commercialisation – MoU commitment**

Help councils to become more commercial through a series of courses, events and sharing good practice.

### **10.1 Programme activities 2018/19**

#### **Commercial skills training for senior officers**

By 2020, local authorities will have faced a reduction to core funding from the Government of nearly £16 billion over the preceding decade. Councils are finding new and innovative ways in which to generate sustainable income streams, to protect frontline services and achieve social value outcomes.

The LGA has designed a training programme with the Institute of Directors (IoD) to support senior officers to develop commercial skills that will help them to make confident and robust commercial decisions. The training comprises four modules: dealing and negotiating with commercial partners, commercial strategy and risk, governance and finance.

There are two training programmes planned:

#### **10.1.1 The Southern cohort is due to take place in Oxfordshire commencing in October 2018**

Location: [The Oxford Belfry](#), Milton Common, Near Thame, OX9 2JW

Module dates: 8 - 9 October; 8 – 9 November and, 10 – 11 December.

#### **10.1.2 The Northern cohort is due to take place in Leeds commencing in January 2019**

Location: [The Queens](#), City Square, Leeds, LS1 1PG

Module dates: 28 - 29 January; 25 – 26 February and, 18 – 19 March

The cost of the training programme is £1,200 which is subsidised by 50 per cent by the LGA. Bookings are allocated on a first come, first served basis. To book and to find out further information visit the [Commercial skills for senior officers web page](#)

### **10.2 Commercial skills masterclass for councillors**

The commercial skills masterclass for councillors which took place in Cambridge on 24 September was attended by 17 councillors. 100% of attendees rated the content of the masterclass as good or excellent.

The masterclasses scheduled to take to be held in Winchester and Leeds are now fully booked. We are holding a waiting list for each session in case there are any late cancellations. We are also planning to run a fourth masterclass later next year possibly in Manchester.

## **11. One Public Estate**

One Public Estate (OPE) is a national programme which enables councils, central government and its agencies to work together to get the best use out of public land and property. It is delivered in partnership between the LGA, Cabinet Office and MHCLG. The programme currently involves 319 councils, who work together in 76 partnerships and delivers c.450 projects. By 2020, projects are expected to deliver £615 million in capital receipts and £158 million in running cost savings, create 44,000 jobs and release land for 25,000 homes.

### **11.1 Programme Activities**

#### **One Public Estate (OPE)**

On the 28 September 2018 OPE launched its 7 funding round. A national pot of £15 million is available for new and existing OPE partnerships. Applicants have until 28 November 2018 to apply. This application round will take a more focused approach and see priority given for projects which support the release of public land for one of the most pressing domestic policy priorities: increasing housing supply.

As part of governments drive to develop a sustainable programme £3 million out of the £15 million available funding for phase seven will be offered on a returnable basis. This will be reinvested into the programme to support the delivery of future OPE initiatives.

A 'Targeted sites' pilot has also been announced. This sees two government agencies, the Ministry of Defence and NHS Property Services announce four surplus sites they would like to work in partnership with local authorities, to develop future plans.

Currently OPE projects continue to deliver. Reporting from June 2018 shows that the programme has raised £145 million in capital receipts, cut running costs by £23million, created 5,700 jobs and released land for over 2,900 homes.

### **11.2 Land Release fund**

In summer 2017, OPE extended its strategic partnership to include MHCLG. This expanded partnership also saw OPE being chosen as the delivery body for MHCLG's Land Release Fund. A new £45m capital pot providing councils with funding to undertake land remediation activity enabling development on council owned land.

In March 2018 OPE and MHCLG announced that 79 schemes were to be delivered through the LRF programme. The 79 projects were expected to release council owned land for the delivery of 7,280 new homes by 2020. Over the past seven months the OPE team have been working with councils to commence works.

This work has seen 78 out of 79 schemes commence the first stages of delivery. Pleasingly, all 78 schemes are on track to release land for housing development by December 2020. As project plans have developed and onsite works commenced, initial reports have also indicated an increase in housing units that will be delivered from 7,280 homes to 7,461 homes.

### **11.3 Next Steps**

OPE will continue to work with prospective applicants to develop proposals. Applications will be assessed throughout December 2018 and January 2019 with applicants informed of the outcomes of their applications in February 2019.

## **Cross-cutting offers**

### **12. Productivity Experts – MoU commitment**

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. We are committed to work with 25 councils to deliver savings or generate income of £25 million.

### **12.1 Programme activities 2018/19**

So far this year, experts are working with 28 councils contributing towards efficiency savings and/or income generation of £33.5 million over the next four years. At the moment, the majority of the funded projects are focused on procurement and commercial ventures. Also of note is that there are many more projects which are working in partnership with other local authorities than in previous years.

### **12.2 Next steps**

The most recent case studies are shared with councils across the country via our webpage, social media platforms, bulletins, LGA events and so on and can be found here: <https://www.local.gov.uk/case-studies?keys=productivity+experts&subject%5B2609%5D=2609&from=&to=>

## **13. Efficient and Intelligent councils – MoU commitment**

Work with MHCLG to synthesise data to develop a better understanding of the characteristics of efficient and intelligent councils.

### **13.1 Programme activities 2018/19**

As part of the work to help councils to continuously improve, the LGA is developing a package of support for efficiency in one place. It will;

- 13.1.1 Bring together all of our learning across local government, so that we can better describe the characteristics of efficient councils.
- 13.1.2 Include an on-line self-assessment tool to help councils identify areas for further improvement.
- 13.1.3 Enable councils to access and share a range of resources (including case studies and best practice) in one place.

This package of support will be developed and piloted with councils over the autumn, and implemented by the end of March 2019. We are looking for councils to get involved with assembling the content, and developing/piloting the self-assessment tool.

This project has been jointly commissioned by the Productivity and Research teams within the Improvement Division. Following a procurement process Pfiks has been awarded the contract to work with the LGA on this project. Pfiks are the lead consortium member, working with iESE, Knowledge Hub and Porism. A kick-off meeting was held on 20 September with the consortia to agree the implementation plan to deliver the key outputs within this extremely tight timescale.

### **13.2 Next steps**

Engagement with and identification of, pilot councils is currently underway.

Members of the Improvement and Innovation Board are invited to contribute to the gathering of best practice and to engage with the development of the content for the self-assessment tool. Members are invited to attend a work-shop in London on the 8 November. Members are also asked to provide oversight of this project.

#### **14. Financial Support to Councils**

The LGA's FISA programme has provided direct support to 29 English authorities to date. In addition the LGA is providing 25 bursaries to CIPFA's CFO Leadership Academy to support senior finance staff in taking on leadership roles in authorities.

The LGA is represented on the Fighting Fraud & Corruptions Locally Board and is continuing to work with CIPFA on evaluation of the Counter Fraud Programme.

#### **15. Financial Implications**

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

#### **16. Implications for Wales**

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

Flyer which covers the Productivity programmes:

<https://www.local.gov.uk/sites/default/files/documents/Productivity%20Flyer%20-%202018.pdf>

**Annex A**

**Summary of key outputs as at September 2018**

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.

<b>Project/ programme</b>	<b>Outputs as at September 2018</b>	<b>On target (RAG)</b>
Digital	Workshops have been delivered and resources offered to support the Digital Housing Programme. The Digital Channel Shift Programme 2017/18 has generated over £9000k savings to date. The Digital Transformation Programme has generated in excess of £2.4m from nine projects.	Amber
Cyber security	All 353 English councils have completed the stocktake.	Amber
Shared services and collaboration	£971 cumulative efficiency savings to date, from 559 partnerships	Green
Behavioural insights	Phase four of the BI programme is open for applications – with a closing date of the 1 November 2018. The Warrington project from phase three to reduce the demand for Education, Care and Health plans has resulted in £8,500 savings and cost avoidance of £133k.	Green
Design in Public Services	This year's programme has now closed with the highest number of applications received to date. Short-listing is currently taking place. Successful councils will be announced at the end of October.	Green
Procurement	NPS2018 launched at LGA Conference in July. Diagnostic exercise currently being completed by councils.	Green
Modern Slavery	65 councils have voluntarily submitted their transparency statements to our portal	Green
Commercialisation	17 Councillors attended the commercial skills masterclass held in Cambridge on the 24 September. 100% of attendees rated the content of the masterclass as good or	Green

	excellent.	
One Public Estate	OPE programme has raised £145 million in capital receipts, cut running costs by £23million, created 5,700 jobs and released land for over 2,900 homes.	Green
Productivity Experts	So far this year we are working with 28 councils contributing towards efficiency savings and/or income generation of £33.5 million over the next four years.	Green
Efficient and Intelligent councils	Pfiks have been awarded the contract to work with the LGA and councils to deliver a package of efficiency support for councils in one place.	Amber
Finance	LGA FISA's programme has provided direct support to 29 English councils.	Green