

Productivity Programme Update

Background

1. At the November 2013 Board meeting, Members commented on a proposed set of programmes for 2014/15 to improve productivity and efficiency in councils, and in particular commented that the programme contained no proposal to look at the potential productivity and efficiency gains from health and social care integration.
2. This report responds to that specific request, and provides an update where relevant in selected areas of the programme.

Productivity through health and social care integration

3. The Care Bill places a duty on local authorities to promote health and social care integration, and Ministers talk of an integrated system being in place by 2018. The Shared Commitment for integrated care and support, signed by 12 national partners including the LGA, documents the benefits of integration in terms of improved outcomes for users. However, to date there is little evidence of the productivity and efficiency gains of an integrated system, or of different integration models and approaches.
4. Seven of the authorities participating in the LGA Adult Social Care Efficiency (ASCE) Programme are national Integration Pioneers. A further five ASCE authorities elected to focus on health and social care integration through the programme. All twelve of these authorities are looking at integration in different ways and at different levels, ie bottom up through personalisation and top down as a whole system review. A key element of this work is to measure the productivity and efficiency gains of the integration approaches.
5. During March and May 2014 the ASCE Programme Consultant, Professor John Bolton, will be visiting all ASCE authorities to extract learning from the programme for the benefit of the wider sector. It is proposed that he uses the visits to the twelve authorities looking at integration to inform a brief to more fully evaluate the productivity and efficiency of integration models being adopted, to determine the full benefits for the sector. The brief will be used to commission further work in this area, which will also draw on the learning from the other seven Integration Pioneers, working with the Pioneer Delivery Support Managers to shape the work and maximise learning.
6. The Productivity Team will work alongside Andrew Webster and the Care Bill Implementation Team throughout the two year programme. Outputs will be shared via the Integrated Care Value Case Toolkit.

Adult Social Care Efficiency programme learning disability services project

7. The LGA's Adult Social Care Efficiency (ASCE) Programme is now in the second year of implementation with the final programme report due in July 2014. The Interim Position report, published in July 2013, identified a number of on-going challenges for participating authorities, in particular the provision of services to adults with learning disabilities. As reported in November 2013, it is intended to work with around five councils to look in depth at how productivity gains might be achieved.
8. A recent study by the Local Government Knowledge Navigator, funded by the Economic and Social Research Council, revealed that in 2011, 905,000 adults had learning disabilities. At that time, only 21 per cent of those people were known to learning disability services¹ - largely because their informal carers (usually parents) were instead providing the care. However, unlike other user groups, demand for services has increased by 2 per cent per annum between 2005 and 2011, and more worryingly, by 2030 it is estimated that the number of adults with learning disabilities aged 70+ using social care services will more than double². Spend on these services is also increasing, with spend on direct payments alone rising by 40% from 2005/6 to £260m in 2010/11³.
9. Further, the ASCE programme findings suggest that the new models that are emerging for other service user groups, ie reablement for older people; recovery in mental health services; rehabilitation for disabled people and those recovering from substance misuse; etc, have not developed fully in the learning disability field.
10. The Learning Disability Services Efficiency Project is being developed in response to findings in the Interim Position report, which are also reflected in the TEASC 'A Problem Shared' report of 2013. The project will mirror the existing ASCE programme format, running in two stages comprising a detailed diagnostic and delivery planning phase, followed by an implementation phase. Funding is available to support four to five local authorities, and the Productivity Team are working with Communications colleagues to explore the opportunities for further sponsorship from the public, private or voluntary sector to extend this work further. The project will be launched at the ASCE programme event on 29 January and it will run until July 2016.

¹ Emerson, E., et al. (2012). *People with Learning Disabilities in England 2011*. Improving Health and Lives, Learning Disability Public Health Observatory

² *Estimating Future Need for Social Care among Adults with Learning Disabilities in England: An Update* (2011)
http://www.improvinghealthandlives.org.uk/uploads/doc/vid_10673_IHaL2011-05FutureNeed.pdf

³ All information from: Emerson, E. Hatton, C. Robertson, J. Roberts, H. Baines, S. Evison, F and Glover, G. (2011) *People with Learning Disabilities in England, Estimating Future Need for Social Care among Adults with Learning Disabilities in England: An Update* (2011)

Public Sector Network (PSN)

Background

11. The Public Sector Network (PSN) is a public sector wide secure network to enable council to council, and council to government (and vice versa) sharing of data. This is essential for the secure sharing of data for service delivery, including for example, information about benefit claimants between councils and the Department for Work and Pensions (DWP).
12. Local government has been instrumental in developing the overarching approach, and fully supports the underlying principles. PSN is due to replace the current Government Connect Secure Network (GCSX), which is due for migration to PSN at the end of March 2014.
13. GCSX, the current 'secure' network used across the public sector, was developed in partnership with Government, Cable & Wireless and local government. This was a funded programme, which provided support to councils to help them meet the required compliance standards. This included a team of GCSX advisors working directly with councils to resolve issues and monitor standards. There was a pragmatic approach to the Code of Connections (CoCo) compliance standards, ie councils not meeting the required standards with the help of a GCSX advisor, prepared a plan to do so, which was then supported and monitored, allowing them remain connected while they did the necessary work.
14. Additionally, there were clear governance arrangements in place to support GCSX, including a programme board with LG representatives, from LGA and Socitm, the professional body for senior LA IT staff. There was also on-going engagement with the sector via events, meetings, funded pilot projects, etc.
15. The responsibility for GCSX was passed to Cabinet Office in March 2011; however there were limited resources allocated to support this work. Thereafter, though councils were required to submit the annual CoCo, these were not monitored nor were councils followed up. Some councils stopped submitting their annual CoCo and compliance levels slipped.
16. The Cabinet Office officials, who inherited this responsibility last summer, identified that practices and standards had slipped significantly. To address this they introduced a 'zero tolerance' approach writing to all councils telling them they had to meet the required standards or else they would be disconnected. There had been no contact with any of the sector's representative bodies beforehand.
17. An increasing number of councils have contacted the LGA to express their concerns and frustrations with the government's Public Sector Network (PSN) programme and in particular, the approach the Cabinet Office has taken towards councils, including:

21 January 2014

Item 5

- 17.1 a lack of engagement with local government before adopting a 'zero tolerance' approach, which included sending letters to council chief executives threatening disconnection
 - 17.2 security levels set without any consideration of the sector's business requirements, ie councils' use of 'bring your own devices' (BYOD) is increasing across the sector (and welcomed as part of the wider efficiency agenda), yet guidance requires users to strip out all personal content, leading effectively, to a 'donate your own device' policy – clearly counterproductive
 - 17.3 a perception that the current compliance requirements are impacting on councils' ability to carry out their business. This includes partnership working at local level, for example work on national programmes such as Troubled Families, as well as supporting staff working remotely. There are also significant concerns as to how this will impact on working with Health partners on Public Health integration responsibilities from April 2014
 - 17.4 additional, and in some cases significant, costs incurred by councils to meet the required compliance standards as a result of a need to carry out work and/or upgrade existing systems, purchase new equipment, and consultants to carry out work
 - 17.5 poor and mixed advice to councils regarding resolution of compliance issues on the ground including: examples of different advice to address the same issue; computer generated rejection letters without any diagnosis or advice as to issues to be resolved; etc.
18. Since these issues have been raised, Socitm wrote to Cabinet Office officials outlining these concerns, and a similar letter was also sent from the LGA Chairman to Francis Maude, highlighting the sector's concerns about the zero tolerance approach, as well as the sectors in principle support for a secure network. This letter also offered to facilitate engagement with the sector.
19. In response, the Cabinet Office set up a 'Seniors Group' which included Michael Coughlin from the LGA, representatives from Socitm, and other key stakeholders including DWP, to discuss these issues.
20. They also sent a letter to council chief executives in October to reassure them that a more flexible approach would be taken on timescales and deadlines, and no further letters threatening disconnection (apart from in exceptional circumstances). However, subsequently, a number of councils received a letter threatening disconnection.
21. The LGA co-ordinated a joint sector letter to the lead official at Cabinet Office, which was signed by the chief executives from the LGA, Solace, Socitm, the District Councils' Network (DCN), the Association of County Chief Executives (ACCE), the Society of Metropolitan Chief Executives (SMCE), the Local Chief Information Officers (CIO) Council and the Local Government Delivery Council (LGDC), outlining the sectors concerns and requesting officials work with the sector to resolve these issues.

Current sector position:

22. The sector recognises that councils must have appropriate systems and processes in place to share information securely, both internally and with partners, as well as address the risks posed by cyber criminals and hackers. However, we question the high levels of compliance being demanded by Cabinet Office on straightforward business grounds, as well as the arbitrary deadlines set for compliance. Many of the councils, which have met the required compliance standard, recognise that they still have significant work to carry out in order to remain compliant for next year.
23. The Cabinet Office states that a number of councils are not complaint, although they have been unable to give us a definitive answer as to the number of non-compliant English councils.
24. As a result of the sector's collective lobbying Cabinet Office have responded by:
 - 24.1 recognising they have not engaged the sector appropriately and have made a commitment to work with us going forward
 - 24.2 agreeing to review their current processes and how they work with councils
 - 24.3 ceasing sending computer generated letters threatening disconnection and have agreed to change how they communicate with councils who are non-compliant
 - 24.4 making changes to the PSN team leadership, bringing in new senior personnel who have already met with LG representatives and have agreed to do so on a regular basis.

Next Steps:

25. It is proposed that the LGA continues to work with councils and LG representative bodies to collectively lobby on this issue to ensure that:
 - 25.1 councils concerns are recognised and dealt with appropriately
 - 25.2 a security compliance solution is agreed that works for all councils and their local partners
 - 25.3 those councils who are non-compliant understand the risks and obtain the support they need.
26. To support greater collaboration across local and central government on PSN, the LGA is organising a LG PSN Summit in early February to bring together some 50 key figures in central and local government to discuss PSN, where it is hoped that a more appropriate compromise can emerge and be implemented by our sector. Officers will update the Improvement and Innovation Board at their next meeting.

Councils innovating to generate income

27. As councils face an average 40 per cent decrease in their funding, many have started to look much more imaginatively at the income as well as the expenditure side of the balance sheet in order to protect valuable frontline services.
28. A large number of councils are now thinking through a more commercial approach to their activities, and where possible that also means ensuring better outcomes for their citizens. Income generation activity needs to be closely aligned to councils' corporate plans and objectives, and it needs to be significant in scale.
29. Our research so far shows that Councils' income generation activity falls broadly into the following three areas:
 - 29.1 generating income through council assets, for example, buildings, parks and open spaces but also through staff, knowledge and experience;
 - 29.2 through service delivery by trading services with other councils or winning new business to deliver services to other parts of the public sector;
 - 29.3 through selling commodities e.g. recyclables and other waste.
30. On 13 January 2014, the LGA held an event, in partnership with the Whitehall in Industry Group, to provide the sector with an opportunity to hear more about innovative examples of council income generation. The response to this event was impressive with over 100 participants due from 55 councils that signed up to attend. Discussions are taking place with the North West Employers to hold a similar event for councils in their region.

Economic Growth

31. In recognition of the LGA's priority to promote local economic growth, the productivity team launched a *Growth Advisor* programme. It enabled local authorities to commission up to fourteen days expert help to progress local economic growth initiatives, and a broad range of advisers - from housing to infrastructure – have been assembled. The *Growth Advisor* programme is designed to build the economic capacity of a local area to help improve its economic future through individual projects ranging from: the development of local economic growth strategies, business engagement, working successfully with Local Enterprise Partnerships and encouraging inward investment.
32. The response from local authorities has been very positive; members approved awards to 29 local authorities at the November 2013 Board meeting, and we have now been able to identify resources to enable us to fund a further 32 authorities. Members are asked to approve the list at **Appendix A**.

Strategic Land Review / One Public Estate Programme

33. It was reported at the November 2013 Board meeting that the Cabinet Office has asked the LGA to run an extension to the *One Public Estate* programme based around public

sector land – it is thought that the public sector owns 40 per cent of developable land in Britain. At the time of writing, it is still not certain of the scale that the extension will operate at, and it is hoped that an oral update can be given to Members.

Institutionally funded housing offer

34. As reported at the November 2013 Board meeting, the Productivity Team are working with Finance and Policy colleagues to develop an institutionally funded housing offer for a group of local authorities. The intention is to form a consortium of local authorities who have land and housing need, and who wish to access significant development funds. The first part of the project will deliver a research summary of the housing investment partnership models being used by councils, and advice for local authorities on options, risks, opportunities and barriers. This work will complement the wider work being led by the Environment and Housing Board to demonstrate that councils and arm's-length management organisations (ALMOs) are ideally placed to invest in housing and can do so in a way that delivers value for money for the public purse.
35. In parallel with this research summary, the Productivity Team have been leading on the establishment of a consortium. An Expression of Interest (EoI) will be issued to all local authorities in January asking them to respond in general terms if they wish to access significant funds for new housing development. The EoI will seek to identify authorities who:
- 35.1 have land suitable for housing development, preferably for around 500 – 1000 homes over a four or five year period;
 - 35.2 want access to development funds at competitive rates;
 - 35.3 potentially wish to develop additional homes outside the constraint of their HRA borrowing cap.
36. In parallel, discussions will be held with various funders, fund managers, other specialists in the field, and LGA officers working on the development of the Municipal Bonds Agency. Whether the eventual funding comes from Pension Funds, Bonds, banks, the Public Works Loans Board (PWLB), or even a mix of these sources will depend upon a competitive process. Where necessary, updates will be made to the Lead Members meeting, and in due course if the programme proceeds, a report will likely be necessary to both the Finance Panel and possibly the Leadership Board.

Collective energy switching

37. Since collective energy switching was launched in 2012, over 100 councils have taken on the role of chief negotiator, signing up residents and negotiating with the energy companies on their behalf to get cheaper energy bills. To date, the councils involved have saved 130,000 people an average of £125 a year on their energy bills.
38. This month the Productivity Programme Team, in partnership with the North East Procurement organisation (NEPO) and the collective switching provider iChoosr launched

21 January 2014

Item 5

the LGA Collective Energy Switching Framework. The framework offers a fully compliant procurement route to the support and advice necessary to those councils who want to give their residents the opportunity to save money through collective switching. It offers a way for councils to help residents to reduce the double digit price rises almost all of the major energy providers have announced in recent months, by offering a free to use and OJEU (the Official Journal of the European Union) compliant solution to procuring a switching provider.

- 39 Essex and Lincolnshire County Councils have already signed up to the framework and will be part of the first auction taking place on 18 February 2014.

Appendix A

Council	Type	Region
Aylesbury Vale District Council	Shire District	South East
Basingstoke and Deane Borough Council	Shire District	South East
Blaby District Council	Shire District	East Midlands
Bracknell Forest District Council	English Unitary	South East
Central Bedfordshire Council	English Unitary	East of England
Christchurch Borough Council and East Dorset District Council	Shire District	South West
Doncaster	Metropolitan District	Yorkshire and the Humber
East Lindsey District Council	Shire District	East Midlands
Gedling Borough Council	Shire District	East Midlands
Hambleton District Council	Shire District	Yorkshire and the Humber
Havering Council	London Borough	London
Hinckley and Bosworth, North Warwickshire and Nuneaton and Bedworth Borough Councils	Shire District	East Midlands
Knowsley Council	Metropolitan District	North West
London Borough of Brent	London Borough	London
Luton Borough Council	English Unitary	East of England
Mansfield and Ashfield Councils	Shire District	East Midlands
North Norfolk District Council	Shire District	East of England
Northampton Borough Council	Shire District	East Midlands
North Worcester (Bromsgrove, Redditch and Wyre Forest)	Shire District	West Midlands
Oxford City Council	Shire District	South East
Poole District Council	English Unitary	South West
Portsmouth City Council	English Unitary	South East
Redcar and Cleveland Council	English Unitary	North East

South Hams District and West Devon Borough Councils	Shire District	South West
Southampton City Council	English Unitary	South East
Spelthorne Borough Council	Shire District	South East
Swale District Council	Shire District	South East
Tandridge District Council bid	Shire District	South East
Three Rivers	Shire District	East of England
Warwick District Council	Shire District	West Midlands
Wellingborough Borough Council	Shire District	East Midlands
Wigan	Metropolitan District	North West
Wirral Borough Council	Metropolitan District	North West