Productivity Programme 2015/16

Purpose

This report updates the Board on the progress being made in the Productivity Programme.

Recommendations

Members are asked to:

- note the updates and progress on the Productivity Programme;
- participate in a discussion scheduled for this Board about how the LGA can best support councils maximise the benefits and understand the risks of digitalisation.

Actions

Officers to pursue the activities outlined in the light of member guidance.

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Productivity programme 2015/16

Background

1.1. The Board has previously agreed the Productivity Programme to develop and operate a range of programmes to help improve productivity and efficiency in councils. This report provides an update on a number of work streams within the Productivity Programme.

1.2 Local authorities can reduce their financial dependence on government and their call on local taxpayers in three ways; by:

  1.2.1 **transforming services** - either simply to make them more efficient and less wasteful or to find more effective ways of delivering to local people's needs

  1.2.2 **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

  1.2.3 **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.

1.3. 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. The **Appendix** to this report sets diagrammatically how these programmes fit together to create a balanced programme across the three themes set out above.

1.4. This report covers the main programme of work undertaken in the period since the Board last met. An innovation update on the agenda covers preparations for the Innovation Zone at the LGA Annual Conference in June/July 2015 and developments regarding our Innovation Zone database through our innovative councils webpage.

Issues

Transforming Services

2. Digital Experts programme

2.1. The objective of this programme is to enable more councils to use the technology and digital tools and approaches already successfully applied by their peers. Our aim is to help mainstream this learning so more councils will benefit. To date, much of the focus on digital has been on innovation. This programme engages and supports those

councils who may not be at the cutting edge but who are keen to apply the learning from the work already done by other councils.

2.2. A prospectus inviting councils to bid for funding for this programme was published on the LGA website in December 2014; this was promoted via social media and through various networks. This resulted in us receiving 65 bids by the deadline, consisting of 108 councils in total (19 out of 65 applications collaborative bids).

2.3. All the bids were reviewed and assessed, and 27 bids were awarded a total of £390,000 (£10,000 for individual council projects or £25,000 for groups of councils). We have linked those bids where councils are working on similar solutions, for example two councils who are looking to introduce a 'web chat' services on their website. All successful bids have signed up to sharing their learning and/or the tools they implement more widely with the sector.

3. Digital Summit

3.1. The Chancellor's March Budget included a specific reference to digital and the extension of Government Digital Services' (GDS) remit to local services:

> *"1.76 Budget 2015 announces that the digital ambition will extend beyond central government and arms-length bodies, to consider local services. HM Treasury, the Department for Communities and Local Government and the Government Digital Service will collaborate with partners in local government, as the sector develops a set of proposals that will enable more customer-focused, digitally-enabled and efficient local services in time to inform future budget allocations".*

3.2. The LGA hosted a Local Government (LG) Digital Summit to discuss the implications of this, to work out and agree the sector's key messages on digital for the new government in response to this announcement. Councillor Fleming addressed the Summit.

3.3. The delegates were chief executives and senior officers from councils and/or one of the LG representative bodies, Solace, the Society of Information Technology Management (SOCITM), LocalGov Digital, Local Chief Information Officer (CIO) Council and the Local Government Delivery Council (LGDC) – all of whom are either leading on local and/or national transformation programmes (eg as a Universal Credit pilot) and/or using digital tools and approaches in their own councils to improve access to local public services and drive out efficiency savings.

3.4. A number of issues were discussed including the work that GDS have led on for central government and how this model that focuses on transactions, websites and platforms could apply to councils. It was noted that online transactions are a small part of a council's business so focusing on this alone will only contribute to a small amount of the savings the sector will need to generate. The view was that the real savings will come from digitising the major transformation programmes we are working on already – Troubled Families, Social Care and Health integration and potential underpinning work on devolution.

3.5. It was agreed that the sector will work with the LGA to provide information and examples of digital activities to help prepare a submission for the forthcoming Spending

Review. In addition, given the importance of digital technology and the use of data to public sector reform, now would seem to be the right time to develop a digital/data strategy for local government, working with the sector and partners. We will progress this over the next few months and keep the Improvement and Innovation Board informed of future developments.

4. Health and social care projects and programmes

4.1. Efficiency opportunities through health and social care integration

At the end of last year we launched a project to look at efficiency opportunities through health and social care integration, and in December 2014 Newton Europe were commissioned to deliver the work. A robust assessment will be undertaken in up to six areas to track users moving through the health and social care system. The information will be used to identify efficiency opportunities in the system, the interventions and approaches that will yield these efficiencies and the potential scale of the savings that could be delivered. The Productivity Team and Newton Europe are currently in discussion with a number of councils and health partners to identify the participating areas. Field work will then begin later this month. The project will run to September 2015 with emerging lessons to be shared at the LGA Annual Conference in July and a final report and event to be held in October 2015.

4.2. Adult Social Care Efficiency (ASCE) Programme

Following the publication of the Adult Social Care Efficiency Programme Final Report last summer, the Productivity Team continued to hold a series of regional events to disseminate findings from the programme. Events were tailored in response to local challenges, and participants in the ASCE programme have continued to provide peer support to others not involved in the programme. The annex of case studies is available on the LGA website at www.local.gov.uk/childrenadultsfamilies.

4.3. Learning Disability Services Efficiency (LDSE) Project

In February 2015 the LDSE Initial Position Report was published, which sets out the baseline position of the five authorities participating in the project (Barking and Dagenham, Cumbria, Darlington, Kent and Wiltshire). All have now agreed a transformation plan, based on a robust diagnostic of the service, and are in to the delivery phase of the project. The LGA Productivity Programme Advisor, Professor John Bolton, is soon to make visits to each of the areas to challenge and support the project delivery. Participants will be encouraged later in the programme to each host a regional event to share learning from the work to peers in their area.

4.4 Public health

It is two years since public health services transferred to councils and, to benefit from the lessons learned, we are working with a number of councils to scope out a project to support those working in public health to make the most efficient use of limited resources. A number of areas are being explored, which complement the existing programme of public health support. One of these areas will be how councils can toptimise the use of digital technology in delivery public health services for the community.

Smarter Sourcing

5. Commissioning Academy

5.1 Learning more about commissioning is essential for any councillor, especially so for those who define policy and shape the future of public services. The second pilot of the Commissioning Academy for elected members was held in February 2015 and was attended by councillors from Suffolk, Isle of Wight, Bradford, Lambeth, Dudley, Nottingham City, West Sussex, Barnet and Slough. One of the speakers at the second pilot academy had been a delegate on the first pilot. It was impressive to hear what changes had already been implemented in her council as a direct result of her attending the sessions just a few months previously and taking away some best practice learning from another council.

5.2. The feedback from the second session was again positive. One hundred per cent of respondents rated the session to be 'Good' or 'Excellent' and in answer to the question, 'Has the Commissioning Academy provided you with a basis for further improvement?' 100 per cent answered 'yes'. A proposal for roll-out of the offer into 2015/16 has been submitted to the Cabinet Office for further financial support and the full roll-out of the academy for elected members, which will be a decision for the new government.

6. Commercialisation

6.1. Support on the issue of commercialisation has generally been focussed on raising councils' awareness of the ways in which they can take a commercial approach to all activity, including income generation, procurement and contract management. We have done this through regional events hosted in partnership with the private sector in Bristol, Manchester and London as well as the production of a new webpage - http://www.local.gov.uk/income-generation.

6.2. As reported at the last Board meeting, those councils who are most advanced in commercial activity have been brought together into an "Advanced Commercial Group". A first meeting was held in November 2014 involving 15 authorities and the group has since met in Birmingham in March. Although it is intended that the Group will become self-supporting, the LGA will enable further meetings until sufficient momentum has been built up for this to happen.

7. Procurement

National Procurement Strategy

7.1. Work is continuing to gather and disseminate good practice across the four strategy themes of making savings, enabling local communities, leadership and modernisation. We have initiated supplier relationship discussions with Kier and Capita (the top two suppliers to local government by spend) and with our professional buying organisations. We have launched consultations on our category strategies for construction and health and social care.

7.2.   The Category Strategy for Construction was launched in early February 2015 at a well-attended event in Bevin Hall. The Government Chief Construction Adviser, Peter Hansford, attended the event for the whole day and welcomed the strategy, saying local government was an important stakeholder in the construction market and he was pleased to see that the Category Strategy aligned well with the Government's Construction 2025 vision.

7.3.   Consultation has taken place on a category strategy for social care. There has been wide interest in this from local authorities; our event in the West Midlands had 105 delegates in attendance. The strategy is now in its final phases and will be launched in July 2015.

7.4.   Work has been taking place on a guide to mitigating the risks from procurement fraud; again this involves consultation and will be launched this summer as part of the Fighting Fraud Locally programme.

EU procurement rules

7.5.   Councils are now required to be cognisant of the Public Contracts Regulations 2015, which make wide-ranging changes to the rules on procurement. The LGA has been working through the Brussels office on these changes for more than two years and we are pleased that our calls for clarification in some areas has been taken into account. Other major changes included in the rules include:

    7.5.1   a new 'light-touch' regime for social care procurements
    7.5.2   changes to the minimum timescales for tendering processes
    7.5.3   new types of procurement procedures and a clarification on the use of negotiation
    7.5.4   the ability to reserve certain types of contracts to 'sheltered workshops'
    7.5.5   the requirement to advertise nationally all procurements
    7.5.6   the abolition of two stage procurement processes for low value contracts.

ProClass

7.6.   A substantial number of councils, around 30 per cent, use a procurement classification system called ProClass in order that they can collect data to help them:

    7.6.1   understand the effect on their local economy
    7.6.2   save money by collaborating with other councils on common spend areas
    7.6.3   help with comparing spend with other councils
    7.6.4   understand whether plans to transform services will save money or cost more.

7.7.   From 1 April 2015 the ProClass procurement classification has been available through our local government information standards on LG Inform Plus.

7.8.   Editorial oversight of the standard remains with the LGA's National Advisory Group and we are encouraging everyone to use it. The well-defined, unambiguous categories allow authorities to pinpoint new areas for collaboration and sources of savings, which other coding systems may have hindered in the past.

Income Generation

8. One Public Estate

8.1. Terms for the extension of the One Public Estate Programme continue to be developed with Cabinet Office colleagues. A seminar on public land and property involving chief executives of One Public Estate councils, HM Treasury, DCLG and Cabinet Office officials, to be held in June 2015, is being planned to informing future models for a joined up local approach to the use of public land.

8.2. In addition to the extension of the programme, Cabinet Office funding has been secured for 2015/16 for the 32 councils currently participating in the programme. Councils will receive an additional £20,000 funding to ensure continued delivery of their work programmes throughout 2015/16.

9. Collective Energy Switching

9.1. The latest collective energy switch reverse auction took place on 2 February 2015 and resulted in market leading tariffs for the fourth consecutive auction. A record breaking 5531 households switched energy provider following this auction, saving these households a combined total of over £1.5 million. Collective energy switching is of particular benefit to elderly and vulnerable residents and those without internet access, and 50 per cent of these paper applications switched supplier following the latest auction. We will keep the Board informed and provide regular updates to the sector via various established networks and bulletins.

9.2. The collective switching framework contract expires in November 2015 and a decision will need to be taken shortly as to whether to extend the contract. This will be considered further at the next Board meeting in July 2015.

Cross- cutting programmes

10. Productivity Experts

10.1. The Productivity Experts programme provides councils with expertise in a skills area of their choice in order to support them to deliver ambitious efficiency savings or income generation projects. Over three years the programme has supported 54 councils across 36 projects to deliver £55.5 million in efficiency savings and income generation. The programme will support a further 20 projects this financial year.

11. Financial Review Pilots

11.1. The new financial review peer challenge option has now been piloted three times, and appears to have been well received by the recipient councils. Whilst the basic model has been successful, some small changes will be made to the process and the resources deployed. The reviews will be rolled out as part of the permanent offer from this autumn onwards.

12.   Next steps

12.1. LGA officers will keep the Improvement and Innovation Board informed and will provide regular updates to the sector via various established networks and bulletins.

13.   Financial implications

13.1. The costs of delivering the programme will be contained within available budgets.