

2 November 2015

Productivity Programme

Purpose

For discussion and direction.

Summary

This report briefs the Board on the progress being made in the Productivity Programme. This is a regular report to the Board which, in view of the fact that this is the first report of this governance cycle, contains more detail than usual on the background to the programme. A similar report will come to all future meetings of the Board.

Recommendation

Members are asked to note the progress on the Productivity Programme and to provide such guidance as the Board considers necessary to ensure that the programme meets its objectives.

Action

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

Contact officer:

Alan Finch

Position:

Principal Adviser, Finance and Productivity

Phone no:

020 7664 3085

Email:

alan.finch@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. This report provides a briefing on the current position of the Programme for 2015/16.
2. The Programme is part of the comprehensive package of support to local government provided through the Revenue Support Grant topslice. Spending of the topslice is subject to a memorandum of understanding agreed with the Secretary of State for Communities and Local Government, which includes a number of agreed areas for support that determine the main areas of activity within the Productivity Programme. The Improvement and Innovation Board guides officers in the main areas it considers important, which influences the negotiation of the memorandum of understanding, considers the detail of how the programme will be delivered and monitors its delivery on behalf of the sector.
3. Local authorities can reduce their financial dependence on government and their call on local taxpayers in three ways, by:
 - 3.1. **Transforming services** - either to make them more efficient and less wasteful, or to find more effective ways of delivering to local people's needs
 - 3.2. **Smarter sourcing** - commissioning and buying the services, goods and works that contribute to local outcomes more effectively, where possible more cheaply, and managing the resulting contracts to optimise value from them
 - 3.3. **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.

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, **as outlined in Appendix 1.**

Issues

Transforming Services

4. Digital workstream

- 4.1. The deployment of new technologies will be crucial in enabling councils to automate existing services and develop new, more effective and citizen-friendly approaches to delivering outcomes. The Government announced in the Summer Budget that it would aim to "deliver redesigned, user-friendly public services, fit for the digital age as well as delivering efficiencies across the public sector". March's Budget statement also included a reference to the extension of Government Digital Service's (GDS) remit to local services:

2 November 2015

“... 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”.

- 4.2. The Productivity team has been working to support councils to maximise the opportunities and manage the risks associated with digital tools and technology. We provide direct support through a funded programme, the Digital Experts, highlight and share good practice, and work with councils to lobby central government to collaborate with the sector to co-design digital solutions for residents and businesses.
- 4.3. Our current work includes:
- 4.3.1. **LG Digital submission for the Spending Review** – in response to the Government’s March Budget announcement, the LGA worked with the Department for Communities and Local Government over the summer on their LG Digital submission. The LGA made sure that representatives from the Society of Local Authority Chief Executives (SOLACE), the Society of IT Managers (SocITM), the Local Chief Information Officers (CIO) Council and a number of councils were involved to help inform the submission. The LGA commissioned research and consulted the sector about what the priorities should be for any funding.
 - 4.3.2. **LGA reports on digital and local government** - as a result of working with the representative bodies and a number of councils, the LGA produced four papers on digital and local government – setting out what work the sector is already doing, what councils see as the priorities for future work including the need for investment to build leadership skills and capacity, the need to invest in a co-ordinated programme of support, and the need to invest in digital solutions that can be reused across councils. These papers were used to inform our Spending Review submission and will shortly be published on the LGA website.
 - 4.3.3. **Digital Experts funded projects** – earlier this year, following a competitive bidding exercise that resulted in 65 applications, the LGA funded 27 Digital Expert projects involving 42 councils. The objective is to help councils apply digital tools and solutions already used by other councils. This is to help mainstream good practice and enable more councils to benefit from work already done. We are working with all the funded projects, monitoring their progress and will capture their case studies, which will be published on the LGA website.
 - 4.3.4. **Funding digital projects supporting transformation** – we will shortly publish a prospectus inviting councils to bid for funding for digital projects. The aim for this programme is to support a small number of councils who are already transforming their services. For example, those councils working on the Troubled Families programme, or as one of the Health and Social Care integration pilots or on Public Health. Funding will be used specifically for digital tools to support their work, for example to invest in a digital solution to support the capture and sharing of information across the partner organisations who are working together to tackle a troubled family.

- 4.3.5. **PSN new compliance regime** - the LGA has been working closely with government and other stakeholders to resolve ongoing issues with regard to the Public Service Network (PSN) and the negative impact this had on councils' ability to carry out their business. Last summer, the LGA set up and now oversees a sector board, the LG PSN Programme Board, which meets regularly to discuss issues about the compliance process, how this impacts on sharing information securely with partners, as well as to share feedback from councils on specific problems. The LGA will continue to support councils as the new process beds in and work with the PSN team to make sure that the needs of the sector are understood and considered at all times.

5. Innovation

- 5.1. The LGA's innovation programme aims to share good practice examples of council innovation across local government and also to equip councils with the tools and confidence to use innovative approaches to solve their challenges.
- 5.2. To share good practice, the LGA has designed and run a three day Innovation Zone for the past three LGA Annual Conferences and this will be repeated in Bournemouth in 2016. Each Innovation Zone involves some 40-50 local authorities showcasing their good practice together with contributions from external partners and sponsors. In addition our searchable innovation database now contains over 800 case study examples and has been accessed over 4000 times since it was launched in March.
- 5.3. To help to equip councils with the skills and confidence to innovate, we are currently working with the Design Council to part fund Design in Public Services pilots in two regions - the South West and East of England. We recognise that there is a growing movement of design thinking and innovation in public services and the LGA is keen through our partnership with the Design Council to equip more councils with tools and confidence in this area. Delegates will be exposed to critical design leadership content and supported to identify design-led opportunities. They will then receive the mentoring and guidance needed to implement new activity and tangible projects over a 90 day period and reconvene to share their knowledge.
- 5.4. Twenty councils are currently involved in the Design in Public Services programme across two regions; the South-West and East of England. The Design Council has previously worked independently with councils in the South-East and North-West.
- 5.5. The intention is to roll out design thinking in two further regions before the end of the financial year and to ensure full coverage in due course.

6. Demand management

- 6.1. In recognition of the fact that cost reductions are not only to be found from savings (the "supply side"), the Productivity Programme also recognises the importance of being able to manage demand. Demand management is not about removing entitlements from citizens but is concerned with interventions that, for example, redesign services to limit failure, demand or encourage behaviour change to prevent demand from arising in the first place.
- 6.2. The LGA has commissioned a piece of work to create an online resource that will bring together existing reports, case studies and other useful information on Managing Demand so this is all accessible in one place. This will create an easy to use online resource that will enable more councils to access this useful information, which will help them apply this learning to their services.

7. Shared Services Map

- 7.1. The LGA launched an updated version of the popular shared services map in May. The map showcases 416 shared service arrangements occurring between councils across the country resulting in £462 million of efficiency savings in a browsable form. It has been accessed 4,300 times since its last review.

8. Health and social care projects and programmes

- 8.1. Adult social care and children's services protect and support some of the most vulnerable people in our society. The Productivity Programme Team works with councils, health, voluntary, community and other partners to develop new and innovative practice to transform services and ensure they are sustainable for the future, sharing learning for the benefit of the whole sector. Current projects include:

8.2. Efficiency opportunities through health and social care integration

- 8.2.1. Newton Europe has been commissioned to work with councils and partners in four areas to undertake a robust assessment of the efficiency opportunities of integration across the health and social care system. Early findings from the work in Kent were shared at a workshop at the LGA Annual Conference attended by over 100 delegates. An interim report based on findings from Kent, Swindon and Greenwich is due at the end of this month, and key messages were shared at the National Children and Adult Services Conference in October. Full findings will be reported in March 2016 and will also include evidence from the fieldwork in Blackburn with Darwen and one other area, yet to be confirmed.

8.3. Learning Disability Services Efficiency (LDSE) Project

- 8.3.1. The Learning Disability Services Efficiency project was launched at the end of 2013 and comprises five authorities (Barking and Dagenham, Cumbria, Darlington, Kent and Wiltshire). Each was given grant funding to undertake a diagnostic review of their learning disability services in order to inform a transformation plan, to be delivered to July 2016. An initial report that sets out the baseline position of the authorities was published in February 2014. Earlier this year the authorities were visited by Professor John Bolton, Programme Advisor, to challenge and support them in delivering their vision for learning disability services. An [interim report](#), published in September 2015 shares emerging lessons and evidence of efficiency savings delivered to date.

8.4. Developing and promoting efficient Public Health Services

- 8.4.1. A focus group of Directors of Public Health has been engaged in scoping out a project to mark the two year anniversary of the transfer of Public Health and promote efficient service delivery. The aim of the work is to improve commissioning skills for public health professionals, improve outcomes and make efficiency savings. It is proposed that the package of support will comprise written guidance building on publications developed for other service areas and drawing on examples from public health; training and awareness raising through the national Commissioning Academy, set up by

the Cabinet Office and partners, including the LGA; sector support via the Commissioning Academy Alumni and on-line through a new Knowledge Hub group; and by providing tailored support in the form of Productivity Experts to those areas that are more challenged. The project will be launched at the LGA Public Health Conference in February.

8.5. Sharing learning in services to support troubled families

- 8.5.1. The Productivity Team is working with policy colleagues to commission support to share learning from local evaluation of services to support troubled families. The project will complement the work of the national Troubled Families Programme and will specifically help to share information and learning for members. A report, including case study examples, will be available in March next year.

Smarter Sourcing

9. Commissioning Academy

- 9.1. The Commissioning Academy brings together senior commissioners from across the public sector to learn from examples of the most successful commissioning organisations, developing a cadre of professionals that are progressive in their outlook to how the public sector delivers outcomes for local communities. The Academy is delivered in partnership between the LGA and the Cabinet Office and is now in its third year. To date, 400 local government officers and members have been through the programme.
- 9.2. There are three Commissioning Academy offers: one for Elected Members, one for senior officers, and a local academy where alumni of the central Commissioning Academy across the country set up regional and policy themed Academies, targeted to the needs of their local partners.
- 9.3. Learning more about commissioning is essential for any councillor, especially so for those who define policy and shape the future of public services. The Commissioning Academy for elected members could also be very useful to those newly elected members with a role to play in the commissioning of public services, for example portfolio holders and members of the Overview and Scrutiny Committee.
- 9.4. The next Commissioning Academy for elected members will be held on 3 and 4 November 2015 at Warwick University with further sessions to be held on 21 and 22 January 2016. Promotion and call for delegates will start at the LGA Conference. The programme is free to attend and open to all members. Those interested in booking a place should contact Grace Collins at grace.collins@local.gov.uk.
- 9.5. Another wave of the Commissioning Academy for officers is taking place from December 2015 to March 2016. The deadline for applications was 30 October 2015 but if officers from your council were interested, please contact commissioningacademy@crownccommercial.gov.uk.
- 9.6. At a time when there is a continuing issue about capacity building in relation to commissioning and procurement skills across the public sector, the LGA is clear that the Commissioning Academy is more vital than ever. However, the Commissioning Academy is largely funded by the Cabinet Office and, in the knowledge that Government departments have been asked to find further savings of 25-40 per cent for the Spending Review, we have to consider the Commissioning Academy to be at

2 November 2015

risk. We have contacted the officer and member alumni of the programme to ask them for evidence of the impact that attendance has had on their organisations. We continue to have discussions with high level civil servants at the Cabinet Office to stress the importance of the continuation of the Academy for local government.

10. Procurement

- 10.1. The procurement offer to councils is based around our National Procurement Strategy for Local Government 2014, which responded to calls from the sector to produce a guide and benchmark for all councils in relation to procurement. The strategy is based around four themes: Making Savings, Supporting Local Economies, Leadership and Modernisation. A microsite has been developed and is constantly updated with tools, templates and case studies to support councils improvement in these four themes.
- 10.2. We now have the data available from the National Procurement Strategy one year on survey conducted over the summer, which sets out how councils are implementing good practice on procurement. The findings will be launched at the Local Government Procurement Expo on 18 November by Councillor Jim McMahon. Early analysis suggests that councils are successfully implementing category management approaches, considering social value in procurement processes, demonstrating a commitment from leaders and chief executives and understanding the new EU rules relating to procurement. However there is less success in implementing the recommendations on income generation and wider commercialism through contracts, monitoring second tier spend activity, and working with suppliers on transparency on prices and performance.

11. Waste and Recycling

- 11.1. Waste and recycling is a core local government service, and research indicates that a significant number of councils will be renewing their contracts for these services over the next two years. We wish to support a more consistent and joined-up approach in this area and our wider aim is to promote efficiency, using innovative concepts that can be replicated within the sector on a local, regional or national scale and believe that such efficiencies can be made in this area.
- 11.2. We had a good response to the call for bids, with 49 bids received involving more than 200 councils, the wider public sector and other organisations. Within the bids there were a number of similar ideas and we have put those authorities in touch with each other. We agreed to fund 11 projects involving 60 councils who have highlighted the potential for savings of some £4 million.
- 11.3. A tender for the impact assessment on these projects is being developed.

12. Public Contracts Regulations 2015

- 12.1. The Public Contracts Regulations govern the tendering and award of most types of high value contracts by local authorities. New Regulations were introduced towards the end of the last Parliament. We now have a final draft of a short guide to the new Regulations outlining the freedoms and flexibilities available to councils through the new rules. The guide is aimed at non-technical officers and elected members and will be published shortly.

Income Generation

13. Commercialisation

- 13.1. Towards the end of 2014, many of the councils who were further along in their commercial activity in terms of innovation and scale, and therefore had already spoken at LGA learning events on this subject, were keen to form together to learn more about each other's commercial activity. The LGA agreed to set up an Advanced Commercial Group (ACG) for councils and approached Stephen Hughes, formerly the Chief Executive of Birmingham City Council, to chair the group. The aims of the ACG are to:
 - 13.1.1. share different approaches to commercialisation to enable mutual learning
 - 13.1.2. enable councils already advanced in their thinking to move further, faster
 - 13.1.3. identify possible barriers to commercialisation to inform LGA lobbying on behalf of the sector
 - 13.1.4. identify potential opportunities for brokering/negotiation of greater discounts on behalf of a wider group of councils (eg due diligence)
 - 13.1.5. identify potential synergies/opportunities for collaboration/partnerships/joint ventures where appropriate
 - 13.1.6. consider the development of a sector-led improvement offer for commercialisation, on a cost or cost plus basis.
- 13.2. At the last meeting of the Improvement and Innovation Board, members were provided with further details of the ACG and heard presentations from Stephen Hughes, the Chair, and Chris Bradley, one of the members of the group.
- 13.3. In response to councils expressing concerns to the LGA that they are spending significant amounts of money accessing expert legal, procurement and financial advice to undertake due diligence on their new commercial ventures, the LGA is discussing setting up a dynamic purchasing system with the public buying organisations. The aim of this is to ensure that councils can access commercial advice at a fairer rate.

14. One Public Estate

- 14.1. The July Budget saw an announcement to expand the One Public Estate programme with a further £6m funding provided. The additional funding was given with a mandate to increase the scale and pace of the programme by encouraging councils to work in partnership on public land and property initiatives within their areas.
- 14.2. The LGA and Cabinet Office Government Property Unit launched an application process inviting partnerships councils (including those on the programme) to apply for up to £250,000 funding to join the programme. The application process closed on 16 October with 29 applications received from partnerships involving 120 councils. An assessment process has now commenced, with Ministerial announcement of councils who will join the programme expected by the end of the year.

15. Energy Programme

- 15.1. At its meeting on 14 July 2015, the Improvement and Innovation Board took the decision to allow the LGA's collective energy switching framework to come to a natural end at the end of 2015. This decision was taken in light of the fact that the collective switching market has now developed to the point where LGA sponsorship no longer seems to be required and to enable resources to be redirected to other energy interventions. Since that meeting, officers have worked with the framework managers and the North East Procurement Organisation (NEPO) to inform all councils using the framework. These councils have all been provided with details of their individual call-off arrangements to enable them to consider alternative options.
- 15.2. The Board also asked officers to collate and publish details of the various schemes and options available to councils wanting to support their residents in reducing their energy bills, linking to good practice across the country, and this work is now ongoing.

Cross- cutting programmes

16. Economic Growth Advisers

- 16.1. Phase three of the Economic Growth Adviser programme was launched in July 2015. Councils have been invited to submit a project proposal to access to our 'pool' of local growth experts to help them deliver economic growth in their area. Local authorities that have not received support as part of a previous phase of the programme have been invited to apply and submit a project proposal setting out how they would use the expert support to help them implement their local economic growth priorities.

17. Productivity Experts

- 17.1. The LGA Productivity Expert programme provides funding to councils to enable them to engage an expert in their field to provide the necessary skills and expertise to help deliver efficiency savings. The take-up of productivity experts is increasing steadily and is an area where investment from the LGA is leading to impressive efficiency savings for local government. So far this year we are supporting five experts to work in 10 councils across five projects contributing to efficiency savings and income of £7 million for these councils.

18. Next steps

- 18.1. LGA officers will continue to keep the Improvement and Innovation Board informed and provide regular progress reports to the sector via various established networks and bulletins.

19. Financial Implications

- 19.1. Costs of delivering the programme will be contained within available programme budgets.