

10 May 2016

Productivity Programme

Purpose

This report briefs the Board on the progress being made in the Productivity Programme. As this is the first meeting of 2016/17, it also sets out the main elements of the programme that it is intended to deliver in the forthcoming financial year.

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 light of member's guidance.

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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 delivery of the Programme for 2015/16. The Programme is devised by reference to the Memorandum of Understanding agreed with the Department of Communities and Local Government (DCLG), and this report also describes the Programme it is proposed to deliver in 2016/17.
2. Local authorities can reduce their financial dependence on government and their call on local taxpayers in three ways; by:
 - 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 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.
 - 2.3 Income generation, 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.

Transforming services

4. Digital workstream:

- 4.1. The Digital Experts programme began at the end of March 2015 to support councils implement digital solutions to deliver service improvement. Thirteen of the 27 projects have now produced their case study and these will be published shortly on the LGA website along with an interim report to help share the learning from their work. The LGA will continue to support the remaining 14 projects and their case studies will be captured in the autumn. Some of these projects will also be showcased in the Innovation Zone at LGA Conference this July. The objective of this round of funding was to help councils implement tools already developed by the sector - in the main, these supported online transactions or helped tackle digital exclusion.
- 4.2. A further 20 council-led projects are being supported under the Digital Transformation programme. The intention is to change the focus of the programme each year, and for 2016, the objective of this funding is to help councils develop or implement and then share digital solutions that help their wider work on major transformation

programmes, i.e. Troubled Families, Health and Social Care Integration, Public Health and Welfare Reform.

- 4.3. The LGA recently hosted a cyber resilience exercise with teams from nine councils, Cabinet Office, Cyber Security Information Sharing Partnerships (CiSPs), Computer Emergency Response Teams and DCLG. The LGA is further working with SOLACE to arrange a roundtable discussion with a number of the sector representative bodies to put together a plan to help raise the profile of cyber security with senior sector representatives.
- 4.4. 2016/17 will continue to see further support through our Digital Experts, with the focus for this year likely to be channel shift, for which there was an unmet demand in the latest round of bidding. This will support councils to develop their online transactional capabilities. This year we will also run a series of round tables for senior officers and for members on the subject of digital leadership to support greater understanding of how digital tools can be used to improve local services. The results of these discussions will be published for the rest of the sector.

5. Innovation:

- 5.1. The LGA's Innovation programme aims to share good practice council innovation across local government and equip councils with the tools and confidence to use innovative approaches to solve their challenges.
- 5.2. In 2015/16, two cohorts of the Design in the Public Services programme were completed in the South West and East of England. The programme was very well-received with 10 councils from each region and their partners benefitting from using design tools and accessing Design Council expertise. Case studies have been written and will be promoted on the LGA Innovation Database and at the Innovation Zone at the LGA Conference this July. The next regional cohort in the West Midlands has started and with seven groups of councils and partners, this is the largest group that the Design Council has ever run of this programme. Councils are using this programme to deal with some of the biggest issues faced by public services, for example preventing diabetes, joining up frontline fire and police services and ensuring that children are school ready by the age of five.
- 5.3. Planning for this year's Innovation Zone is well under way and we are hoping for another lively and engaging event. Council innovation will be showcased under the themes of leadership, integration of services for better outcomes, digitalisation, collaboration with others, and tools of innovation to help councils develop a culture of innovation. We are in the process of sending invitations to councils whose innovative projects we would like to feature in the Zone. Articles and adverts to promote attendance at the Zone amongst conference delegates are planned for our June edition of First magazine.
- 5.4. We have funded three council pilot projects to assist in developing behavioural change skills and techniques. Behavioural insights have been used across public services to generate low cost interventions to improve policy outcomes. The approach has broad applicability ranging from increasing collection of taxes to increasing the numbers of job seekers finding work. The councils will work with the Behavioural Insights Team (BIT) to trial these techniques in the areas of public health, adult social

care and skills. These are hugely challenging areas for local government and therefore the lessons learnt will be of interest and value across local government more widely. Leeds City Council will be working on an adult social care project, Lincolnshire County Council on skills and Liverpool City Council on public health, and these are all services where the use of behavioural insights has been limited to date. All of the projects will be featured in the Innovation Zone at the LGA Conference in July.

- 5.5. The work programme for 2016/17 will further expand the LGA's searchable Innovation Database containing details of each of the council examples showcased in the last two Innovation Zones as well as from the wider LGA sector-led improvement offer, which has now been accessed over 9,000 times since its launch last year.
6. **Demand management.** A new online resource has been developed which brings 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. The link to the new resource can be found at <http://www.local.gov.uk/demand-management>.

Shared services and collaboration

7. The LGA Shared Services Map (www.local.gov.uk/shared-services-map) has been a success story, evidencing that councils are leading the public sector in efficiency gains through collaborative working. The value of the map is that it provides a visual representation of the scale and breadth of local government led shared services. The 2015 map showed that 416 shared services were in place across the country delivering £462 million in savings to date. The LGA has commissioned Shared Service Architects to undertake the research and refresh of the 2016 Shared Services Map, which is on course to be published in the middle of May 2016.
8. The updated council officer contacts on the map will be the bank of shared service experts that councils can approach the LGA to use. These officers have the experience and skills of implementing shared services that councils are keen to access in order to implement further shared service arrangements.
9. As local government evolves, councils are finding other ways to collaborate in order to save costs and deliver services more effectively and efficiently. We are keeping the programme under review to ensure that we are in a position to meet the needs of Combined Authorities and support councils that have decided unanimously to look at ways of reorganising locally with a view to better meeting the needs of communities.

Health and social care projects and programmes

10. **Efficiency opportunities through health and social care integration.** Newton Europe was commissioned at the start of last year to work with councils and partners in five areas to undertake a robust assessment of the efficiency opportunities of integration across the health and social care system. Fieldwork is now complete in Kent, Greenwich, Swindon, Blackburn with Darwen and is being completed in Sunderland. An interim report

has been published on the LGA website at www.local.gov.uk/productivity and a final report will be ready in the next few weeks. Findings to date suggest that efficiency savings of seven to nine per cent of the budget areas assessed could be realised and up to 40 per cent of social care users would have benefited from a preventative service that they did not receive. Findings will continue to be refined as more evidence is gathered.

11. **Learning Disability Services Efficiency (LDSE) Project.** The Learning Disability Services Project 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. Following a visit to each of the participating councils by Professor John Bolton, an interim report was published, setting out the progress to date in meeting their efficiency objectives. A learning exchange took place in February 2016 where each council showcased their developing practice and shared learning in transforming services.
12. **Developing and promoting efficient public health services.** A project is underway to further develop commissioning skills for public health professionals to improve outcomes and make efficiency savings. Dr Janet Atherton has been commissioned to undertake the work, developing guidance on commissioning for those delivering public health, which builds on other national material and draws on examples from public health. The final report comprising eight case studies will be published in the next few weeks. As members will be aware, health and social care is subject to a number of government sponsored initiatives at present and in order to consolidate and focus improvement work relating to health and social care issues, for 2016/17 all health and social care productivity programmes will be undertaken and managed by the Care and Health Integration Programme (CHIP) team and periodic reports will be provided by that team.

Community engagement

13. One of the key challenges to councils in effecting the level of change needed to improve value for money is how they engage with communities to co-create and explain their plans and the reasons behind them. We are working with The Campaign Company and four authorities or groupings of authorities on a programme called Engaging Effectively, the aim of which is to support councils to develop the effectiveness of their consultation and engagement work to support transformation, in order to help meet some of the biggest medium and long-term challenges facing communities and local services. Interim findings are expected to be available for the July LGA Annual Conference. The authorities involved are Oldham (with the Greater Manchester Combined Authority), Hackney, Staffordshire and Harlow.

Smarter sourcing

14. Procurement:

- 14.1. The procurement offer to councils is based around our National Procurement Strategy (NPS) for Local Government, which responded to a call 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. There have been a number of updates on the dedicated microsite since the last Board progress report, including publications on e-invoicing and a new category strategy for social care. A decision has been made to publish and circulate a monthly newsletter rather than quarterly.

14.2. We launched the findings of our NPS one year on survey on 18 November 2015 and we have been asked by councils to provide a self-assessment tool for councils to measure themselves against the recommendations in the NPS. We are working with councils in the East of England on this.

14.3. A national category strategy for social care has now been published and we are consulting the sector on a second national category strategy for ICT. The strategy will include four themes: Digital (internet of things, small cells, 5G), Technical (software asset management, super clouds), Resources and Funding (smarter use of grants), and Procurement Issues (g-cloud, hardware, software, social value, etc). We are also anticipating that during 2016/17 we will produce a strategy for energy to include water in the wake of market deregulation in this area.

14.4. We have been in conversation with a number of councils and partners including the University of Birmingham and Innovate UK on the procurement of innovation in local government. We hope to publish a guidance document and some case study information on this in early 2017.

14.5. The plan for 2016/17 also includes work on procurement and commissioning skills, contract management and strategic supplier management. The latter seeks to create a local government version of the 'Crown Representative' approach taken by central government and we are working with councils to ensure a more strategic view of their needs is captured, identify areas for cost savings, strategic supplier issues and supplier innovation. All the work identified above will be underpinned by focussed spend analyses.

14.6. Our waste and recycling innovation programme of 11 projects involving 60 councils is now moving into the closing stages. We held a workshop with the projects on 14 April 2016 in which we agreed the main findings for the report. We have a number of resources that might be helpful to other councils that we will publish alongside the report on our website. We are still on target to have the final report ready for the LGA Annual Conference.

15. Commissioning Academy:

15.1 The Commissioning Academy brings together senior commissioners from across the public sector to learn from the examples of the most successful commissioning organisations, developing a cadre of professionals who are progressive in their outlook as to how the public sector delivers outcomes to local communities. Six hundred council officers and elected members have been through the Commissioning Academy to March 2016.

15.2 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 have set up regional and policy themed Academies, targeted to the needs of their local partners.

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15.3 As of April 2016, the Cabinet Office has decided that the Commissioning Academy for officers will be run on a concessionary basis by the Public Service Transformation Academy, a social enterprise made up of 12 organisations. The Academy will no longer be subsidised by Cabinet Office funding. The LGA will continue to help market the offer, and costs will be recovered from the consortium. However it is appropriate that having initiated and run the programme in partnership with the Cabinet Office for two years, the Productivity Programme can be re-focused on developing new ideas.

15.4 The Commissioning Academy for elected members has been designed and delivered through the LGA Leadership Essentials programme and will continue to be run in this way by the LGA. Four sessions have been delivered to date and further sessions of this popular offer are planned for July and September 2016.

Income generation

16. Commercialisation:

16.1 The Advanced Commercial Group (ACG) has now met five times and is working to inform the LGA's commercial skills offer to local government officers and members. In addition, the LGA is working with Yorkshire Purchasing Organisation (YPO) to develop a procurement framework to enable councils to purchase commercial skills at a fair rate. This will be launched at the LGA Annual Conference in July 2016.

16.2 Our programme of support to councils' commercial activity in 2016/17 will include the delivery of a commercial skills offer to local government officers and members. We will also extend the methodology of the Productivity Expert, which has previously focussed on assisting councils to save money, and amend this in order to provide councils with access to Experts from the commercial sector and also other councils who have honed their commercial skills.

16.3. Economic Growth Advisers. The Economic Growth Adviser programme awards grants of £7000 and access to our 'pool' of local growth experts to help councils deliver economic growth projects in their area. Over the past year, 24 councils have been supported through 13 projects, to build the economic capacity of their area. Projects have focused on a wide range of themes including inward investment, business engagement and regeneration.

17. One Public Estate:

17.1. In the Spending Review and Autumn Statement 2015, an additional £31 million funding was secured to further expand the One Public Estate (OPE) programme over the next two years. On 8 April 2016, OPE launched a prospectus inviting applications from partnerships of councils to join the programme, and from councils already on the programme looking to further expand their current programmes. The prospectus offered up to £500,000 funding to areas that can demonstrate ambitious and credible land and property initiatives in partnership with central government and the wider public sector.

17.2. Councils were invited to provide an initial expression of interest by 6 May 2016. After an initial assessment, successful applicants will be provided up to £50,000 to develop a detailed final application by 29 July 2016 and can expect to be informed of the

outcome of this by late September 2016. Details of councils that submitted an expression of interest will be made available at the Board meeting. The prospectus also announced additional opportunities to join the programme. Additional application windows to apply to join the programme are expected in September 2016 and April 2017.

18. One Public Estate policy session with chief executives:

- 18.1. On 11 April 2016 an OPE Policy Session took place bringing together council chief executives to discuss the current landscape of central government land and property, the detail of a suite of tools being brought forward through the Housing and Planning Bill to support the OPE way of working, and new areas of opportunity and support specific to the OPE programme. The session identified four government agencies, the Homes and Communities Agency (HCA), Ministry of Defence (MOD), Department of Health (DH) and Network Rail, which offer the largest opportunities for improved partnership working with councils on public land and property. It was agreed that a consistent approach to engagement and partnership working with councils on public land and property would lead to better local outcomes. Civil servants agreed to explore improvements in current working practices.
- 18.2. It was agreed that the specific new duties being implemented through the Housing and Planning Bill and Priority Purchaser policy be developed in partnership between central and local government to ensure they are fit for purpose. Council chief executives also welcomed proposals to expand the OPE offer with the introduction of a 'panel of experts' to provide specialist support with the delivery of OPE projects locally. Also welcomed were proposals to develop a stronger peer to peer support offer through the programme.

Cross-cutting offer

19. Productivity Experts. The LGA Productivity Expert programme provides funding of £6,000 to councils to enable them to engage an expert in their field to provide the necessary skills and expertise to help deliver ambitious efficiency savings or generate significant income. In 2015/16, the Productivity Expert programme provided support to 24 councils across 15 projects with total projected savings of £32.7 million. An evaluation of the Productivity Expert programme to date has been commissioned and is due for completion in June 2016. We will continue to run the Productivity Expert offer throughout 2016/17, funding a minimum of 18 further projects, and will look to carry out some targeted marketing on the skills areas identified through the evaluation as most in demand from local government.

Financial implications

20. The Productivity Programme for 2016/17 is to be funded from grant provided by DCLG under our Memorandum of Understanding with the Department.