

HM GOVERNMENT

# **DELIVERING EFFICIENCY IN LOCAL SERVICES**

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## **ONE YEAR ON**

### **A Guide for Leaders, Chief Executives And Heads of Services**

A review of the progress made in the last year  
And a guide to the assistance available

FEBRUARY 2006

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Published by the Office of the Deputy Prime Minister, February 2006.

## FOREWORD

It is now 18 months since Sir Peter Gershon's report, *Releasing Resources to the Front Line*, was published. In that time Local Government has achieved a considerable amount towards meeting the challenge of improving efficiency set out in that report.

This document reports on some of the key achievements of the local government efficiency agenda so far. The highlights include:

- **£760m** of efficiency gains reported in 2004/5;
- **More than £1.1bn** additional efficiency gains expected in 2005/6;
- **Regional Centres of Excellence** finalised their plans and started implementing projects that will deliver further efficiency gains into the future; and
- **100% implementation of e-government** – allowing councils to make services more accessible and efficient, and enhance the productive time of staff.

These achievements have not come about by chance. They are the result of hard work by the local authorities involved and are the result of plans that were largely developed before the publication of the 'Gershon Report'.

It is important to remember that these are efficiency gains – not economies. Pure and simple cuts in service are not counted as efficiencies. This agenda is not about cutting budgets or staff, but instead ensuring that they are used as effectively as possible in order to deliver better local services and to hold down Council Tax.

There are a number of ways in which this can be done. New working practices and advances in technology can help us deliver services in more efficient ways. However, another important aspect of the efficiency agenda is to take a hard-headed look at the whole basis of delivering services and seeing whether the current approach is really meeting the needs of people today. The opportunities provided by Local Area Agreements open up new avenues for efficiency not available before.

The 'transformational change' agenda is a close cousin of the efficiency agenda. Rethinking service provision can meet the aims of both, but such projects are likely to take more time and effort to deliver than many of the 'quick wins' that have featured in the Annual Efficiency Statements to date.

So, councils need to be thinking now – and continuously – about the opportunities for such large projects to ensure that efficiency gains will be delivered into the future. This approach to efficiency needs to be embedded in our public service culture so that we are always at the cutting edge of service delivery. The efficiency agenda must not become a 'one off' review of activities and then forgotten for a generation.

This document sets out some of the projects being taken forward this year to help deliver this vision. I hope that everyone – in local and central government – continues to engage fully with this work to enable the provision of better local services in more efficient ways. We owe nothing less to the people we serve.

**Phil Woolas**  
**Minister for Local Government**

## **COMMENT FROM LGA AND IDEA**

Over the last twelve months local government has shown that it can successfully make efficiencies with forecasts showing that the annual target will be exceeded this year. This guidance sets out how authorities have been making efficiency gains and good practice advice to ensure this continues in the long run.

The Regional Centres of Excellence are the main change agents, operating at national and regional levels and involving local authority elected members and managers to deliver efficiency gains. This is proving to be a useful relationship, particularly through the sharing of good practice within regions.

The guidance provides detailed examples of specific areas where efficiency gains can and are being made. Local government has risen to this challenge and is demonstrating innovative ways to make both cashable and non-cashable savings. Local government is also working collaboratively across authorities, with the private sector and also the wider public sector.

The LGA, IDeA, other central bodies and change agents will continue to work with the efficiency champion and the national procurement champion to support further innovation and collaboration, and to build upon existing good practice and share learning from within and beyond local government.

**Sir Brian Briscoe**  
**Chief Executive**  
**LGA**

**Lucy de Groot**  
**Executive Director**  
**IDeA**

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# 1 THE LOCAL GOVERNMENT EFFICIENCY AGENDA

## The Aim

- 1.1 The aim of the local government efficiency agenda is a simple one. It is to ensure that the resources available to local government are used in the optimum way to deliver better public services according to local priorities.
- 1.2 It is important to be clear from the start what efficiency is and is not about. The immense opportunity that is open to improve local services must not be clouded by misconceptions about the motives of this agenda.

Efficiency <u>is</u> about...	Efficiency <u>is not</u> about...
...delivering better services for the public within available resources.	...cuts in services or council budgets. From time to time, it may be prudent for an organisation to make economies, but such actions are not efficiency gains and cannot be used to meet the efficiency target set.
...recycling the resources released through efficiency gains to further improve services or to hold down Council Tax.	...central government forcing local authorities to do more while reducing their funding. The efficiency gains that councils make are not clawed back.
...heads of service implementing new methods of delivery methods that better meet the needs of their customers.	...finance directors working in isolation to complete efficiency statements. It is not just about numbers and budgets.
...local government deciding its own plans and priorities for making efficiency gains.	...central government prescription. Targets have not been set for individual local services.
...central government, Regional Centres of Excellence and others working to help local government discover and implement solutions that are right for them.	...local government being told by others how, where, and when to make efficiency gains. It is not about imposing 'one-size-fits-all' policies.
...making real efforts to find better ways to deliver services and to obtain value for money.	...'fiddling the books' to 'create' gains. The targets are a long-term challenge to make real ongoing improvements.
...doing the best for local service users and taxpayers.	...doing the bare minimum to hit the target. Every additional £1 released is money that can be reinvested to improve service delivery.

## Definition of an Efficiency Gain

- 1.3 Efficiency is about raising productivity and enhancing value for money. Efficiency gains are achieved through reforms that involve:
- Reducing inputs (money, people, assets etc) for the same outputs;
  - Reducing prices (procurement, labour costs etc) for the same outputs;

- Getting greater outputs or improved quality (extra service, productivity etc) for the same inputs; or
  - Getting proportionately more outputs or improved quality in return for an increase in resources.
- 1.4 Of these four groups, the first two are termed 'cashable' gains; they result in a direct financial saving or benefit, with money released that can be spent elsewhere or recycled within a service to deliver better results. The second two are termed 'non-cashable' gains as they do not release money, but rather lead to improved performance for the resources used.
- 1.5 In contrast, a cut can be characterised as a significant reduction in the availability or quality of a particular service that the public receive and value. While local government organisations may have to face hard choices and sometimes implement cuts, the savings that accrue from these are not efficiency gains.
- 1.6 Actions that result in reducing outputs but with a proportionately greater reduction in inputs theoretically involve an element of efficiency, but such actions will not be counted towards local government efficiency targets since we do not want this agenda to result in the diminution of service provision.

### **Sir Peter Gershon's Report and the Target for Local Government**

- 1.7 In August 2003, the Prime Minister and Chancellor of the Exchequer asked Sir Peter Gershon to undertake a review of public sector efficiency. It focused on the Government's key objective to release resources to fund the front line services that meet the public's highest priorities by improving the efficiency of service delivery. Sir Peter Gershon and his team worked closely with departments and other stakeholders, and published his report in July 2004.
- 1.8 The report identified the opportunity to make £21.5bn of sustainable efficiency gains across the public sector in 2007/8. Of this total, at least £6.45bn would be achieved by local government in England; equivalent to 7.5% of its 2004/5 baseline expenditure. This figure has been adopted as the official target for local government and it will be met by activities undertaken by:
- Councils (comprising nearly half the £6.45bn target);
  - Schools (comprising nearly 40% of the target); and
  - Police & Fire authorities (comprising about 15% of the target).
- 1.9 The remainder of this document covers only the arrangements, achievements, activities and assistance relevant to councils. Guidance and information about the efficiency agenda in Schools, the Police and Fire authorities are provided separately by the Department for Education and Skills (DfES), the Home Office and the Office of the Deputy Prime Minister (ODPM) respectively.

## **2 DELIVERING EFFICIENCY – LOCAL AUTHORITIES IN THE LEAD**

### **The Key Local Service Provider**

- 2.1 Local authorities are crucial to the challenge of creating sustainable communities – places where people want to live and work. They deliver the day-to-day services upon which people depend and which improve people's quality of life. Self-evidently, where more resources can be made available to support these activities, there will be significant benefits for everyone.
- 2.2 Most local authorities will be familiar with the need to make economies. The challenge of the efficiency agenda requires a different response. Instead of cuts in services and budgets, the response to the efficiency agenda includes innovation in service delivery, investment in technology, rationalisation of back office functions, and organisational development.
- 2.3 There are examples of good efficient practice in local authorities, where councils have adopted these kinds of approach to getting more from their resources. Our aim as central government is to facilitate the spread of good practice and to support the adoption of innovative solutions. We do not want to impose 'one-size-fits-all' policies on councils, but help to make available the information that authorities need to select the right answer for them from a range of options.

### **The Target for Councils**

- 2.4 All local authorities are expected to achieve the following targets:
  - Total efficiency gains equal to at least 2.5% of their 2004/5 baseline expenditure by the end of 2005/6, 5% by the end of 2006/7 and 7.5% by the end of 2007/8; and
  - Cashable efficiency gains equal to at least 1.25% of their 2004/5 baseline expenditure by the end of 2005/6, 2.5% by the end of 2006/7 and 3.75% by the end of 2007/8.
- 2.5 Councils are required to report on their plans to make efficiencies and their achievements in doing so through the Annual Efficiency Statement (AES) process. These statements are publicly available for inspection on the ODPM website<sup>1</sup>. The accompanying guidance note entitled "Measuring and Reporting Efficiency Gains" (published February 2006) includes more detail on:
  - The determination of the 2004/5 baseline expenditure and targets;
  - Actions that are eligible and ineligible as efficiency gains;
  - How to measure efficiencies, including key technical measurement issues; and
  - The AES process, including a 'model' AES return.

### **Achievement to Date**

- 2.6 So far, local authorities have submitted efficiency statements setting out the amount of efficiency gains achieved in 2004/5 and the further gains expected to be made in 2005/6. Altogether, £1.9bn of gains are expected by the end of this

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<sup>1</sup> <http://www.odpm.gov.uk/index.asp?id=1135505>

financial year, which is significantly ahead of the £1bn target set for councils and represents good progress towards the target of £3.1bn by 2007/8. The table below sets out the information from the efficiency statements to date:

Sector / Workstream	Achieved in 2004/05 (£m)	Expected in 2005/06 (£m) <sup>2</sup>		Cumulative expected by end 2005/06 (£m) <sup>3</sup>
		From Mid-Year Update AES	From Forward Look AES	
Adult social services	112.6	126.8	45.8	285.1
Children's services	52.2	56.5	15.3	124.0
Culture and sport	28.4	29.9	15.7	73.9
Environmental services	54.8	61.6	23.0	139.4
Local transport	46.2	53.9	22.8	123.0
LA social housing	89.2	74.1	14.3	177.6
Non-school educational services	35.7	36.3	15.8	87.8
Supporting people	21.0	36.7	7.0	64.8
Homelessness	15.7	7.8	3.1	26.7
Corporate services	103.0	128.0	63.0	294.0
Procurement	57.2	88.0	23.6	168.7
Productive time	55.3	36.9	20.1	112.3
Transactions	36.8	24.4	15.2	76.4
Miscellaneous	52.4	57.2	40.9	150.5
<b>Total<sup>3</sup></b>	<b>760.4</b>	<b>818.1</b>	<b>325.6</b>	<b>1,904.2</b>

2.7 The achievement set out in the table is good news for councils and their local residents. It demonstrates that there are efficiency gains to be made and that authorities are taking the opportunities to realise them. However, it is important that this momentum for improvements is maintained. We will not be slow to congratulate councils on meeting their targets, but if the targets can be exceeded then there will be far greater benefits for authorities to enjoy.

### Working with Schools

2.8 While local authorities are not responsible for reporting on efficiency gains made by schools, there is a role that councils can play to help schools make efficiencies. The section on Education Services in Chapter 5 provides more information about the activities underway in this area, but the principal ways in which councils' help for schools is being sought are set out below.

2.9 Helping individual schools to develop a sharper focus on the priorities for improvement: The key to this will be strong school self-evaluation, challenged and supported by a School Improvement Partner, and more regular inspection. Local authorities have a very important role to play, in partnership with DfES, in making these arrangements work effectively.

2.10 Benchmarking: DfES has established a Schools Financial Benchmarking website and a Financial Management Standard and Toolkit that allow schools to compare

<sup>2</sup> This column is split in two to show first the latest expectations from the 164 councils that submitted a Mid-Year Update statement in November 2005 and then, secondly, the expectations from the Forward Look statement submitted in April 2005 for the remaining 225 councils.

<sup>3</sup> Totals may not add up exactly due to rounding.

their expenditure patterns and receive an assessment of their financial management. Local authorities can help by encouraging and promoting the use of these tools. DfES will be approaching councils in the near future to identify examples of best practice in their use and to share these across the system.

- 2.11 **Procurement:** DfES has established the Centre for Procurement Performance (CPP) to help schools access better procurement deals. Local authorities have a crucial brokering role to play by identifying best practice and opportunities and offering these to the CPP for championing, knowledge sharing and dissemination to schools. Also, councils should encourage schools to contact them regarding local practice and ideas about opportunities and there may be opportunities for councils to get involved in, or benefit from, projects run by the CPP. For the latest information on CPP progress and activities, and to sign up to the CPP mailing list, access the CPP website at: [www.dfes.gov.uk/cpp](http://www.dfes.gov.uk/cpp)
- 2.12 **Capital investment:** There is scope for efficiency through the establishment of Partnerships for Schools, through aggregation of demand by Building Schools for the Future, and indeed the whole field of construction and maintenance. Ongoing support and commitment from local authorities and schools will help achieve greater value for money.

### Further Information

- 2.13 Queries about efficiency in specific service sectors or workstreams should be directed to the appropriate department or Regional Centre of Excellence, whose contact details are included in the relevant section of this document. However, further information about the principles of the local government efficiency agenda and the progress being made can be obtained from:

ODPM website	<a href="http://www.odpm.gov.uk/index.asp?id=1134484">www.odpm.gov.uk/index.asp?id=1134484</a>	
Michael Leah	<a href="mailto:michael.leah@odpm.gsi.gov.uk">michael.leah@odpm.gsi.gov.uk</a>	020 7944 3470
Jackie Reid	<a href="mailto:jackie.reid@odpm.gsi.gov.uk">jackie.reid@odpm.gsi.gov.uk</a>	020 7944 8399

- 2.14 Further information about the measurement and reporting principles can be obtained from:

ODPM website	<a href="http://www.odpm.gov.uk/index.asp?id=1135505">www.odpm.gov.uk/index.asp?id=1135505</a>	
RCE website	<a href="http://www.rce.gov.uk/rce/core/page.do?pageId=10106">www.rce.gov.uk/rce/core/page.do?pageId=10106</a>	
Neil Reeder	<a href="mailto:neil.reeder@odpm.gsi.gov.uk">neil.reeder@odpm.gsi.gov.uk</a>	020 7944 6916
Ashley Pottier	<a href="mailto:ashley.pottier@odpm.gsi.gov.uk">ashley.pottier@odpm.gsi.gov.uk</a>	020 7944 4191

### 3 PLANNING FOR SUCCESS – GETTING THE PROCESSES RIGHT

- 3.1 The system that a local authority puts in place to ensure it meets its efficiency target is a matter for that council to decide upon. Indeed, the annual efficiency statements show that individual authorities have approached this matter in a variety of different ways. However, we have been asked to provide some guidance on the kinds of issues that councils might wish to consider when designing their own process for:
- Identifying the opportunities for efficiency gains;
  - Implementing actions to achieve them;
  - Monitoring progress on implementation; and
  - Measuring and reporting the gains that are achieved.

#### **Planning and Delivering Efficiency Gains**

- 3.2 Local authorities should ensure that they have suitable arrangements to enable planning for, and monitoring progress on, improved efficiency and value for money. While the design of these arrangements is for individual councils to determine, the following issues should be considered.

#### Programme Management

- 3.3 The responsibility for *managing* (as opposed to delivering) a council's efficiency programme is likely to be undertaken by an individual, most likely in the Finance department, working with a programme board that can provide direction.
- 3.4 The responsibility for *delivering* efficiency gains belongs to everyone within a local authority. Thus, a significant task for a council's "efficiency champion(s)" is to engage the whole authority with the efficiency agenda. Everyone needs to understand the benefits that can be accrued from efficiency gains in terms of improving the service offered to the customer and releasing resources that can be reinvested in frontline services – and that these gains cannot be delivered by Finance departments in isolation.
- 3.5 While government departments are working to engage council staff working in the sectors for which they have policy responsibility, the programme management organisation in a council also needs to provide leadership, demonstrating that efficiency is not just about money, but about doing things better.

#### Identifying Opportunities for Gains

- 3.6 A key focus will be to identify the actions to obtain efficiency gains, and the estimated benefits from those actions, when setting the annual budget as part of the medium-term financial planning process. Efficiency planning should be integrated into service planning and Value for Money reviews as part of normal business.
- 3.7 Performance management systems can play a role here in helping councils to bring together information on costs and performance. When looking for opportunities, councils should try to identify the areas where performance is low relative to costs, and not just look at areas where costs are high.

- 3.8 The process should also involve Heads of Services. They may have good ideas about how and where gains can be achieved and their co-operation will be required to deliver them. Some councils have held workshop days that bring together a service department and finance officials so that ideas can be developed in a atmosphere of mutual understanding and with the common aim of providing better services to the department's customers and gaining efficiencies.

#### Monitoring Achievement

- 3.9 Councils will want to ensure there is adequate monitoring of the action plan they have developed, so that emerging risks to delivery can be identified quickly and consideration can be given to mitigating actions. Effective risk management should avoid any undue surprises when it comes to completing the Backward Look statement at the end of the year and will build a stronger foundation for the delivery of future projects. Planning ahead on efficiency and quality measures will substantially assist the production of efficiency statements.

#### **Producing Annual Efficiency Statements**

- 3.10 It is essential that proper arrangements are in place to ensure that a robust procedure is followed when identifying and reporting on efficiency gains through the AES process. This will ensure that there are no complications when the statements are reviewed by auditors appointed by the Audit Commission. The details of that process are set out at the end of this chapter.
- 3.11 Naturally, it is a matter for councils to decide what arrangements they put in place, but we would expect the following issues to be taken into account when they are being developed:
- 3.12 Governance and Scrutiny Arrangements:
- The Leader, Chief Executive and Finance Director must see and approve the statement, and evidence should be available to prove this.
  - It is recommended that there be at least one system in place (e.g. ad-hoc committee of officials, internal audit, member scrutiny) to challenge initial drafts of the Statements, and evidence should be available to outline its findings and show that these have been properly considered.
- 3.13 Ensuring that Statements Incorporate Accepted Definitions of Efficiency Gains:
- Methodologies for assessing efficiency gains must be in line with any mandatory elements of ODPM guidance (e.g. that cost shifting does not count as an efficiency gain).
- 3.14 Efficiency Calculations:
- An audit trail of any item should have clarity on the baselines for costs and output underpinning its efficiency calculations.
  - It is recommended that efficiencies be measured against a comprehensive picture of inputs, outputs and service quality.

- Counterfactual baselines, estimating what would have occurred if an efficiency initiative had not been put in place, should only be used if they can be clearly defined.

### 3.15 Data Quality:

- Efficiency gains should be based on data from systems that are subjected to regular assurance processes.
- Adequate audit trails should be available for any checks made by the auditors on a sample check of statement entries. These should track data from collection through to processing and reporting.

### 3.16 Examination of Quality Crosschecks:

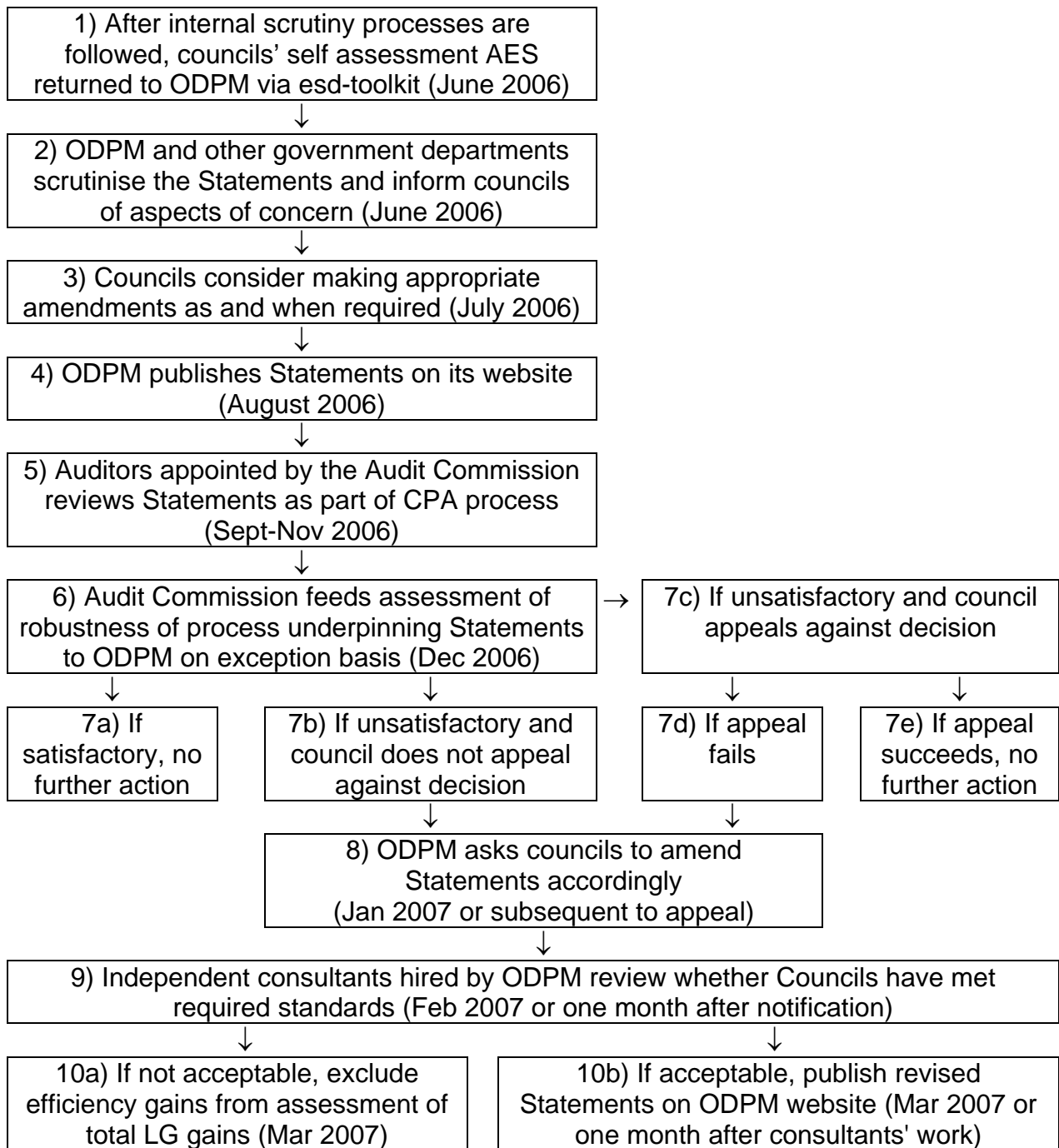
- The process of selecting these should have an objective basis, properly reflecting the overall performance of the sector or clearly relating to a large proportion of the efficiency gains.
- The quality crosschecks should either be chosen from those approved by the Measurement Taskforce or, if alternative crosschecks were used, there should be robust processes in place to determine that such indicators better reflect the overall performance of the sector or relate to a large proportion of the efficiency gains.
- The quality crosschecks input into the statements must be a proper record of the performance indicators chosen.
- The clearer the storyline to show service quality has been maintained, the better.

### 3.17 Sustainability of Efficiency Gains:

- Adequate processes must be in place to ensure that those efficiency gains from 2004/5 reported as sustained through to 2005/6 have indeed been sustained.
- It is recommended that efficiency calculations form part of performance management processes to ensure gains are sustained.

## **Annual Efficiency Statement Scrutiny Process**

- 3.18 The Annual Efficiency Statement (AES) process will continue to be based on a self-assessment approach, as endorsed by the Audit Commission, CIPFA and a consultative study of councils led by INLOGOV of the University of Birmingham. To ensure robustness of results, the following scrutiny process will be adopted:



## 4 CHALLENGE AND SUPPORT – CHANGE AGENT ACTIVITIES

*The following sections, each written by the relevant organisation, explain the progress made so far by the various change agents working with local authorities, the milestones for activities in 2006, and the sources of further information and support.*

### 4.1 Regional Centres of Excellence

4.1.1 The Regional Centres of Excellence (RCEs) are the **lead change agents** for local government and have established themselves as the first port of call for local authorities wanting to explore new, and more effective and efficient ways of working.

4.1.2 Their work is given strategic direction by the Chief Executives Task Force (CEXTF), chaired by Tim Byles, that comprises the Chief Executive from each of the host authorities of the RCEs, as well as representatives from many government departments and other local authority agencies. Barry Quirk as ODPM Efficiency Champion is also a leading member of the group. The RCE network is supported through collaboration with key players involved in helping to deliver the efficiency agenda as set out below:

Regional Centres of Excellence work with...	
National Change Agents	Regional Change Agents
Office of the Deputy Prime Minister (ODPM)	e-Government Partnerships
Other Government Departments and Agencies	ODPM Regional Directors of Practice
The Performance Partnership: Local Government Association (LGA), Improvement and Development Agency (IDeA) and the 4Ps	Regional Local Government Association (LGA)
e-Government Unit (eGU)	Regional Improvement Partnerships
Office of Government Commerce (OGC)	
Local Government Task Force (LGTF)	

4.1.3 The RCEs are hosted by local authorities; each is managed by a director who in turn reports to a Board, which comprises the Chief Executive of the host authority as well as other senior officers from authorities in that region. Each has their own unique business plan, and allocates project resources to local authorities in accordance with that plan, and as directed by their Board. RCEs receive core funding through the Challenge Fund and the Capacity Building Fund. The main roles for the RCEs in each region include:

- Acting as the first point of contact for local authorities in relation to the efficiency agenda;
- Coordinating and analysing data relating to local authority performance across workstreams to enable decision makers in authorities to understand the options for improved performance;
- Providing support, including identifying and bringing to bear available resources, to local authority-led projects designed to achieve efficiencies;

- Developing opportunities for shared working across local authorities and the wider public sector, involving, where appropriate, the private and the voluntary and community sectors; and
  - Coordinating the support for local authorities to ensure that the efforts of individual organisations support the needs of the region.
- 4.1.4 Regional Centres spent the early part of 2005 in developing themselves as a resource to local authorities, as well as inviting project specific bids for innovative ways of working, and allocating resources accordingly. A list of these projects can be found in Annex A, at the end of this document.
- 4.1.5 In addition, each RCE has taken national responsibility for delivering one or more of the workstreams identified in the original Gershon Report. This assists the development of strong links to many government departments' change programmes. Some key developments to date have been:

#### Transactional Services

- 4.1.6 RCEs have signed a contract with Voca (formerly BACS Ltd) who operate the UK's automated payments clearing house. They handle over £3trillion worth of transactions a year and are uniquely positioned to analyse and advise on transactional flows. VOCA have analysed the payments data for every local authority in England and have estimated potential efficiency gains to be £1.8m per annum. They will be presenting each one, and their RCE, with:
- A summary of the data collected on their transactional flow;
  - A roadmap designed to deliver measurable efficiency gains;
  - An action plan of key targets in capability and processing speed and quality; and
  - A scorecard rating of operational efficiency.

#### Procurement of Commodities Goods and Services

- 4.1.7 The RCEs have recognised the potential value of reverse e-auctions in enabling competitive prices to be achieved following the aggregation of demand for various commodities and services. The Centres have therefore established a national programme enabling the requirements of local service providers to be satisfied, maximising aggregation of demand and efficiency gain.
- 4.1.8 By March 2006, RCE supported e-auctions will have been successfully completed for agency staff (worth £21m), ICT consumables (£5.2m), rock salt (£2m) and the supply of bathroom suites (£0.36m). Further e-auctions worth £150m, with expected gains of more than £15m, are planned to be delivered at no cost to local service providers during 2006.
- 4.1.9 RCEs are co-ordinating a comprehensive supplier spend analysis programme covering every local authority in England. This will enable every local authority, for the first time; to access comprehensive evidence-based advice through their RCE, enabling maximum efficiencies to be gained in procurement through supplier spend analysis.

- 4.1.10 In addition, a comprehensive price benchmarking analysis programme is currently being undertaken at national level by the RCEs. For the first time, every local authority and other service providers will have access through the RCEs to information on prices being paid on more than 1,500 commonly purchased commodities.
- 4.1.11 The service will enable the Centres to identify the highest, lowest and average prices being paid to suppliers for common commodities, enabling the provision of advice to local authorities as to which contracts represent the best value for money.

Construction Procurement (including Highways)

- 4.1.12 The lead RCE has commissioned a piece of research to identify exemplar Construction framework partnerships for highways, property and social housing, to research the principles of robust performance measures adopted by councils using framework partnership contracts, to identify good practice in the above two areas which promote sustainable development and to disseminate and promote the principles which lead to success in partnership framework contracts to a national audience.
- 4.1.13 The outcomes of this work will be showcased at a national event on 9 May 2006. Work so far has identified that efficiency gains on contract values appear to be in the region of 5-10%. The RCEs are committed to promoting the guiding principles and influencing local authority construction procurement processes through a National Construction Liaison Group.
- 4.1.14 The guidance to be produced shortly will show the way to achieve significant financial and other supply chain management benefits, which are replicable across the breadth of the £14bn national annual construction programmes. A modest gain of 2.5% on contract works and supply chain matters, including materials procurement, would result in an annual net benefit to the public purse of £350m.

Further Information

- 4.1.15 More information on these and on other initiatives being undertaken by the RCEs can be accessed through the national RCE website. The table below sets out the relevant web addresses and contact details for each of the RCEs and the national co-ordination and programme management team:

National Co-ordination	Website	www.rce.gov.uk	
	Peter Bishop	peter.bishop@rcoe.gov.uk	020 7944 8763
	Adrian Bentley	adrian.bentley@odpm.gsi.gov.uk	020 7944 4145
East of England	Website	www.eastspace.net/eecpe	
	Steve Holland	steve.holland@norfolk.gov.uk	01603 704010
East Midlands	Website	www.emce.gov.uk	
	Chris Allison	chris.allison@nottsc.gov.uk	0115 977 3875
London	Website	www.lcpe.gov.uk	
	Ken Cole	ken.cole@alg.gov.uk	020 7934 9967
North East	Website	www.nece.gov.uk	
	David Wright	davidwright@gateshead.gov.uk	0191 433 2257

North West	Website	www.nwce.org.uk	
	Colin Cram	colin.cram@tameside.gov.uk	0161 342 4080
South East	Website	www.kent.gov.uk/sece	
	Andrew Larner	andrew.larner@kent.gov.uk	01622 696317
South West	Website	www.swce.gov.uk	
	Julian Morley	j.morley@dorsetcc.gov.uk	01305 757230
West Midlands	Website	www.wmcoe.gov.uk	
	Andy Hancox	info@wmcoe.gov.uk	01527 839200
Yorkshire & Humber	Website	www.yhcoe.rcoe.gov.uk	
	Tony Wiltshire	tony.wiltshire@leeds.gov.uk	0113 247 5252

## 4.2 Office of the Deputy Prime Minister

- 4.2.1 The Office of the Deputy Prime Minister (ODPM) has the role of co-ordinating and leading the local government efficiency agenda amongst government departments and key change agents. It sponsors the RCEs and is responsible for implementing the measurement system for local government. This work is taken forward within ODPM by the Local Government Modernisation and Efficiency (LGME) division.
- 4.2.2 LGME also takes forward complementary work on strategic partnering, the National Procurement Strategy (NPS) and organisational development (OD). The outputs of the Strategic Partnering Taskforce (SPT) are currently being reviewed and updated and the outputs will be published this year, as will be a 'two years on' review of the NPS. A significant guide to the implementation of OD was published jointly by the Society of Local Authority Chief Executives (SOLACE) and ODPM in November 2005.
- 4.2.3 Recent changes to the arrangements within ODPM have seen the ongoing functions of the Local e-Government team combined with LGME. This will enable greater synergy between the e-gov and efficiency programmes and should allow a greater focus on the opportunities for efficiency gains that e-government projects offer.
- 4.2.4 To assist in the delivery of the efficiency agenda, ODPM has appointed two local authority 'champions'. Barry Quirk is the Efficiency Champion; his role is to liaise between the key players involved in the local government efficiency agenda. Tim Byles is the Procurement Champion and his role is to promote to local government the benefits of high quality procurement performance to improve services and increase efficiency.

### Further Information

- 4.2.5 More information on the work of ODPM in regard to efficiency can be found at:

Efficiency	ODPM website	www.odpm.gov.uk/index.asp?id=1134484	
	Neil Reeder	neil.reeder@odpm.gsi.gov.uk	020 7944 6916
	Michael Leah	michael.leah@odpm.gsi.gov.uk	020 7944 3470
SPT	ODPM website	www.odpm.gov.uk/ssdp	
	Mark Holder	mark.holder@odpm.gsi.gov.uk	020 7944 4450
	Kevin Davies	kevin.davies@odpm.gsi.gov.uk	020 7944 5190

NPS	ODPM website	www.odpm.gov.uk/index.asp?id=1136697	
	Rehan Haidar	rehan.haidar@odpm.gsi.gov.uk	020 7944 5157
OD	ODPM website	www.odpm.gov.uk/index.asp?id=1161291	
	Husna Mortuza	husna.mortuza@odpm.gsi.gov.uk	020 7944 8764
Local e-Gov	e-Gov websites	www.localegov.gov.uk www.localegovnp.org	
	Roger Clarkson	Roger.Clarkson@odpm.gsi.gov.uk	020 7944 4210
	Sabitha Kumar	Sabitha.kumar@odpm.gsi.gov.uk	020 7944 4191
	IDeA Helpline	http://www.idea-knowledge.gov.uk	020 7296 6194

4.2.6 Contact details for the two 'champions' are as follows:

Barry Quirk	barry.quirk@lewisham.gov.uk
Tim Byles	tim.byles@norfolk.gov.uk

### 4.3 Office of Government Commerce

4.3.1 The Office of Government Commerce (OGC) is responsible for oversight of the efficiency programme across the public sector. It supports, monitors, and challenges ODPM in its role of leading local government efficiency. It also acts as a change agent, and offers support to public sector organisations in their work to improve efficiency, procurement, and project and programme management.

4.3.2 In close collaboration with the RCEs and the LGA Performance Partnership (see below), we are developing a number of products and services to support local government. As these reach completion they will be made available through our service desk. You can contact our service desk on 0845 000 4999 or via e-mail to [servicedesk@ogc.gsi.gov.uk](mailto:servicedesk@ogc.gsi.gov.uk) for information on:

- Price benchmarking data for procurement of goods (ref. Siobhan O'Keefe);
- Legal advisers' seminars on EU Public Procurement Directives (ref. John Kenyon); and
- Model contract for goods and services (ref. John Kenyon).

### 4.4 Local Government Association and the Performance Partnership

4.4.1 The Local Government Association (LGA) Performance Partnership brings together the activities of the LGA, Employers' Organisation (EO), Improvement and Development Agency (IDeA) and the 4ps. In addition, the Improvement Network provides further links to CIPFA and the Audit Commission. From April, the activities of the EO will be taken on by the LGA and IDeA. This section reflects the arrangements that will be in place from that date.

#### Local Government Association

4.4.2 Contact details for Keith Beaumont (Programme Manager, Local Government Finance) and the LGA's efficiency website address are as follows:

LGA website	www.lga.gov.uk/OurWork.asp?lsection=59&ccat=1049	
Keith Beaumont	keith.beaumont@lga.gov.uk	020 7664 3336

### Improvement and Development Agency

4.4.3 The Improvement and Development Agency (IDeA) was created by local government, for local government, to lead local government improvement. The Agency focuses on:

- Peer review;
- Leadership development;
- Beacon councils;
- Knowledge management; and
- Direct support.

4.4.4 Support on the efficiency agenda is delivered through all of these channels. However, the Agency's primary focus is on:

- Corporate peer reviews, and specialist peer reviews of resource management/efficiency, asset management, people management, and customer services and associated communities of practice; and
- Leadership development for councillors through Leadership Academy and on-site Local Leadership Academy programmes on resource management/efficiency and related topics.

4.4.5 From April 2006, the Agency also assumes responsibility from the Employers Organisation for the productive time change agent role; for more details see the relevant section in chapter 5.

4.4.6 The IDeA website hosts and maintains a range of project and programme management tools and information. These tools were collated and developed under the Capacity Building programme that was funded by the ODPM. The toolkit can be found at: [www.idea.gov.uk/capacitybuilding](http://www.idea.gov.uk/capacitybuilding)

4.4.7 For further information about the IDeA, you can contact:

IDeA website	http://www.idea-knowledge.gov.uk/idk/core/page.do?pageId=420758	
John Hayes	john.hayes@idea.gov.uk	020 7296 6847

### 4ps

4.4.8 4ps is the local government procurement expert, offering comprehensive procurement support to local authorities, including hands-on project support, Gateway Reviews, skills development and "know-how" procurement guidance in the form of procurement packs, case studies and extranets. This includes private finance initiative (PFI) schemes, strategic service partnerships and all other forms of partnership working. For further information, you can contact:

4ps website	www.4ps.gov.uk	
Enquiries	enquiries@4ps.gov.uk	020 7808 1470

## 5 CENTRAL GOVERNMENT SUPPORT – ACTIVITIES IN EACH SECTOR

*The following sections, each written by the relevant government department, explain the progress made so far in the various service sectors and crosscutting workstreams, the milestones for activities in 2006, and the sources of further information and support.*

### 5.1 Adult Social Services

5.1.1 The Care Services Efficiency Delivery (CSED) works collaboratively with local councils. It is part of the Department of Health's Care Services Improvement Partnership (CSIP), working to ensure an integrated approach to policy development and implementation. CSED initiatives will take forward proposals articulated in the Green Paper, *Independence, Well-Being and Choice* and the forthcoming Out of Hospital Care White Paper. The CSED programme is structured into two main phases:

#### Phase 1

5.1.2 In 2004/5, CSED undertook collaborative research with councils in order to identify best practice and further opportunities for sustainable efficiency gains in adult social care, while improving quality for people who need care.

5.1.3 In addition, CSED undertook market research to assess and analyse the present and future shape and size of the care market and predict the likely future development of care services for people who need care. We also conducted economic data analysis, using quantitative techniques, to evaluate opportunities for sustainable efficiency gains.

#### Phase 2: The Six Current Proposals

5.1.4 Phase One was completed in March 2005. It identified the six top sustainable efficiency opportunities. It should be noted, however, that these are work in progress and subject to consultation with key stakeholders to ensure alignment and support to the proposals in the White Paper. They are:

- Electronic monitoring of home care;
- Referral and assessment processes;
- More efficient delivery of direct payments;
- Demand forecasting;
- Improved use of longer term contracts; and
- Procurement best practice.

5.1.5 Our aim is ongoing collaboration with our council partners, service providers, the NHS and other stakeholders to deliver a series of workable and practical solutions that will help deliver sustainable efficiencies and quality improvements in adult care services

### Electronic Monitoring of Home Care

- 5.1.6 The vision for adult social care is to support independence and increase the opportunities for adults to live in their own homes wherever possible, rather than in long-term residential care homes. Good domiciliary care is vital in achieving this.
- 5.1.7 Electronic Home Monitoring provides clear benefits in terms of increased processing efficiencies, service reliability and transparency, and added security for staff working remotely or alone. It can be introduced as part of a wider social care procurement strategy including 'zoning' of home care services. Where external home care providers service discrete zones within an area through longer term contracts it becomes less demanding for a council to monitor the service, reduces travel time for care workers and allows providers to give some guarantee about the availability of work in their area.
- 5.1.8 To facilitate implementation, CSED has recently completed a series of four collaborative workshops with councils. The workshops to improve quality, cover the methods of implementation, products available in the market place, overcoming problems, change processes and outlines the sustainable efficiencies achievable to councils in the adoption of electronic home monitoring. Over 70 per cent of councils with social services responsibilities in England attended the workshops.

### Referral and Assessment

- 5.1.9 Merging the disparate points of contact within a given council into one centralised point can result in many potential benefits, with improved knowledge sharing and easier transference of responsibilities from professional to administrative staff. There is an opportunity for improvement among councils without a contact centre with capabilities in handling adult social care.
- 5.1.10 Development work has focused on mapping existing processes and streamlining them to reduce unnecessary steps. Early in 2006, CSED intends to commence initial implementation, through Pilot Studies in collaboration with four councils. These pilots seek to validate findings on creating an end to end solution for the Referral & Assessment process.

### Direct Payments

- 5.1.11 Direct payments provide for increased choice and control for people who need care. To support this vision, CSED is to identify opportunities around the use of direct payments to improve transaction efficiency, maximise effective delivery and improve quality of service. Support on best practice implementation including addressing barriers to implementation and ways to partner with other financial support agencies are envisaged as part of the proposal.

### Demand Forecasting

- 5.1.12 The White Paper proposes that the Director of Adult Services and the Director of Public Health will be responsible for a regular strategic needs assessment to

enable local services to plan ahead for the next 10 to 15 years and to support the development of the wider health and social care market.

- 5.1.13 Councils with social care responsibilities, working with Primary Care Trusts, face a major task in forecasting future demand from adults who require care, given the large number of factors involved - an ageing population, migration patterns, lifestyle changes, fluctuations in supply, regulatory changes and innovations in assistive technology and prevention.
- 5.1.14 CSED is working with various Government and non-Government agencies to ensure a comprehensive and co-ordinated approach. CSED is preparing guidance notes for councils including a checklist of issues to consider, a starting set of data, standard approaches to forecasting, and an overview of some of the existing tools and articles around demand forecasting and market planning.

#### Longer Term Contracts

- 5.1.15 CSED carried out a series of collaborative visits to councils who have been successful in managing their local market, reducing the amount of spot contracts and increasing the proportion of both block and/or cost/volume agreements. These longer-term arrangements create stability in local provision and ensure better sharing of risk across commissioner and provider.
- 5.1.16 Home care for vulnerable adults has often been the focus of these efforts as the nature of the supply means that councils, which were in the process of re-tendering contracts, could review their demands and take advantage of approaches such as zoning and extra-care housing.
- 5.1.17 CSED will conduct a more in-depth review of those councils who have adjusted their approach to managing the market and develop more detailed case studies and guidance for councils.

#### Procurement Best Practice

- 5.1.18 'Commissioning' is defined as the strategic identification of what needs to be purchased, and procurement' as the buying of goods and services. We are:
- Developing a set of best practice guides. They will cover strategy and planning processes, organisational structure, relationship management with providers, skills and training, use of technology and performance management;
  - Promoting best practice in strategic sourcing, supplier management, aggregation and general procurement process improvement for the purchase of non-care items, such as equipment, meals and utilities; and
  - Extending the alternatives to long-term residential care such as extra-care housing, assistive technology (telecare) or home care.
- 5.1.19 Staff costs account for nearly 80 per cent of the costs to service providers and attraction and retention of an appropriately skilled workforce are major issues. Collaboration and partnerships with service providers will play a key role in addressing this issue, and opportunities for joint training or developing staff from the independent sector will be important.

### Further Information

5.1.20 Contact details for more information about the CSED programme are:

DH Website	<a href="http://www.dh.gov.uk/PolicyAndGuidance/HealthAndSocialCareTopics/HealthAndSocialCareArticle/fs/en?CONTENT_ID=4089166&amp;chk=mlxVT8">http://www.dh.gov.uk/PolicyAndGuidance/HealthAndSocialCareTopics/HealthAndSocialCareArticle/fs/en?CONTENT_ID=4089166&amp;chk=mlxVT8</a>	
Richard Allman	<a href="mailto:richard.allman@dh.gsi.gov.uk">richard.allman@dh.gsi.gov.uk</a>	020 7972 4566
Kevin Barr	<a href="mailto:kevin.barr@dh.gsi.gov.uk">kevin.barr@dh.gsi.gov.uk</a>	020 7972 4230
Brian Conway	<a href="mailto:brian.conway@dh.gsi.gov.uk">brian.conway@dh.gsi.gov.uk</a>	020 7972 4641

## 5.2 Children's Services

### Emerging Good Practice

5.2.1 There are a number of examples across the country where authorities, through the implementation of the Every Child Matters agenda, are beginning to exploit the potential to achieve better outcomes. For example:

5.2.2 **Barnsley Metropolitan Borough Council** has identified efficiency gains arising from the pooling of budgets. This had many positive outcomes, for example access to services by children and young people from hard to reach and minority groups is beginning to improve, while the multi-disciplinary focus of the pooled budget helps to challenge traditional silo working.

5.2.3 **The City of York** has undertaken a review of their Placement Strategy to try and identify patterns and trends in order to reduce the number of children placed in the independent fostering sector. The strategy has produced gains of £300,000 per annum by reducing the dependence on independent fostering placements by 50% and reducing the overall care population by over 10%. The unit cost for a placement in York is just over £200 compared with £1200 for an independent agency carer.

### Centre for Procurement Performance

5.2.4 To assist authorities improve their commissioning and procurement practices, DfES have established the Centre for Procurement Performance (CPP). The CPP has a national focus and will work closely with the procurement community and key stakeholders across the system to identify and exploit opportunities to help budget-holders deliver better value for money.

5.2.5 As part of its role in promoting and marketing 'best practice' in procurement, the CPP has recently begun work to engage directly with a small number of authorities to learn how they are delivering improvements and what works best in their locality.

5.2.6 In recent months, the CPP has visited Blackpool Council, Essex County Council, Solihull Metropolitan Borough Council and West Sussex County Council to better understand how these localities are moving forward on the children's services change agenda, particularly regarding children's services commissioning, and how different models of commissioning and partnership working might work for them.

- 5.2.7 Whilst keen to put in place joint commissioning in the very near future, **Blackpool Council** has already demonstrated significant improvement in the children's services arena. The Children Services department, led by David Lund, is developing a joined up approach to delivering council services.
- 5.2.8 For example, they have worked closely with residential care suppliers to reduce the number of bed vacancies and to link children and young people's needs to service planning and reform. By promoting partnership working and agreeing with providers a "usual price" benchmark for services, the Council has projected it will achieve gains in the order of £350-400k per annum.
- 5.2.9 **Essex County Council** has demonstrated a multi-layered approach to gaining efficiencies, at the same time as moving toward best practice in commissioning. The council have particularly focussed on improving service quality while reducing costs. They have achieved this in many areas by using best practice procurement models to drive down costs.
- 5.2.10 By establishing an 'Admissions Panel' with a specialist in procurement as a core member, Essex has been able to ensure, for example: that block purchasing represents value for money; that they know where the best contracts are and which placements they shouldn't use; and by putting in place individual contracts for specific children. The Council state they have achieved some £750k gains per annum due to engaging and negotiating with providers to bring down costs and a further £239k since April 2005 in cost avoidance in residential care provision.
- 5.2.11 Essex has also put significant effort into training and development of social workers in the area of procurement. This has led to increased sharing of information and joint planning across children's and education service areas. Clair Pyper, Director, Children's Services, says that one of the biggest success factors linked to achieving improvements like these is ensuring that Council members are 'signed-up' and support efficiency improvement delivery.

*Activities in 2006 and Beyond*

- 5.2.12 The Every Child Matters reforms continue to be rolled out across the country. These reforms led to improved efficiency across children's services in 2005/6 and will continue to deliver efficiency gains in 2006/7.
- 5.2.13 Researchers from Loughborough University have been commissioned to carry out a research project investigating ways of valuing changes in welfare resulting from the provision of Children's Social Services in England. It aims to produce a method for an annual quantitative valuation, including attempting to capture changes in the quality of the interventions. The value of preventative services and the long term impact on welfare as well as issues such as whether benefits to parents and carers should be included will be considered.
- 5.2.14 The first stage of the project, which will seek to define welfare, changes to welfare and identify measures, should be completed by June 2006. This will include consultations with relevant stakeholders and literature review. The final report of the project is due in January 2007 which will attempt to present preferred models for valuing the welfare impact of Children's Social Services.

- 5.2.15 Work is ongoing on the Information Sharing (or 'Child') Index which will be rolled out fully by 2008. The index is being fully funded by the Government but in the expectation that there will be substantial efficiencies that will accrue to local authorities. The project will lead to:
- (a) Quicker access to all relevant information and higher quality information exchange between several agencies;
  - (b) Less time taken to enter data about a child, locate a child who has moved, and construct chronological record of the child's service access; and
  - (c) Less time taken to identify other practitioners involved with a child, with associated reduction in the number of duplicated or inappropriate referrals.

Further Information

5.2.16 Contact details for more information about the work ongoing in this area are:

DfES Children's Services	Website	<a href="http://www.everychildmatters.gov.uk/strategy/planningandcommissioning/efficiency/">http://www.everychildmatters.gov.uk/strategy/planningandcommissioning/efficiency/</a>	
	Paul O'Connor	<a href="mailto:paul.o'connor@dfes.gsi.gov.uk">paul.o'connor@dfes.gsi.gov.uk</a>	020 7925 5696
	Kevin Norris	<a href="mailto:kevin.norris@dfes.gsi.gov.uk">kevin.norris@dfes.gsi.gov.uk</a>	020 7925 6247
Every Child Matters	Website	<a href="http://www.everychildmatters.gov.uk/">http://www.everychildmatters.gov.uk/</a>	
	Sabine Mittag	<a href="mailto:sabine.mittag@dfes.gsi.gov.uk">sabine.mittag@dfes.gsi.gov.uk</a>	020 7925 6988
CPP	Website	<a href="http://www.dfes.gov.uk/cpp/">http://www.dfes.gov.uk/cpp/</a>	
	Marc Cetkowski	<a href="mailto:marc.cetkowski@dfes.gsi.gov.uk">marc.cetkowski@dfes.gsi.gov.uk</a>	07800 870774

### 5.3 Culture and Sport

Introduction

- 5.3.1 Local Authorities spend around £3.2bn on culture and leisure each year. The Department for Culture, Media and Sport (DCMS) remains committed to the development of a new role in our relationship with local authorities, to influence and support the achievement of efficiency gains. Excellent progress has been made by authorities, with £28m gains achieved for 2004/5 and an estimated £48m to be achieved for 2005/6.
- 5.3.2 Over the last year DCMS has taken a number of steps to enhance our understanding of local authority performance in the delivery of cultural services and to support local authority efforts to improve performance and deliver the required efficiency gains.

i. Comprehensive Performance Assessment

- 5.3.3 Working with local authority colleagues and the Audit Commission, a new cultural services assessment has been added to the Comprehensive Performance Assessment (CPA) arrangements. We are developing additional performance indicators for CPA 2006 - 08

ii. Cultural Services Improvement Unit

- 5.3.4 We have commissioned a new Cultural Services Improvement Unit within the IDeA to help local authorities to improve the overall performance of cultural services in their area, and to support the implementation of performance management initiatives. The contact for the Unit is: *martyn.allison@idea.gov.uk*

iii. Public Libraries Stock Procurement Model Development Project

- 5.3.5 The Public Libraries Stock Procurement Model Development project is being conducted by PricewaterhouseCoopers LLP and the Museums, Libraries and Archives Council. The goal is to achieve better library services through better stock procurement.
- 5.3.6 The project will consider how improvements in technology, procurement and stock management practice that have already been adopted by some libraries and in other sectors, can be harnessed more widely for the benefit of all libraries. Key stakeholders, including local authorities, library services and users, will be involved throughout. The steering group is chaired by Councillor Chris White, representing the Local Government Association.
- 5.3.7 The project will support better library services in three ways:
- Better availability and more efficient management of stock, with flexibility to meet local needs;
  - Freeing up library staff time and resource from 'back-office' work to provide additional services; and
  - Creating the potential for reinvestment of gains so libraries can provide the best possible service to their communities through better opening hours, stock and other services.
- 5.3.8 The project will first identify the national scope for efficiency in libraries stock procurement in order to produce a range of potential models for consideration. All feasible options will be considered, from minor improvements to the current system to more significant change. The intention is to achieve the greatest possible level of efficiency consistent with retaining the best of local accountability. The project will not impose a solution, but aims to create proposals that will generate maximum buy-in.
- 5.3.9 The senior responsible officer within the MLA is Andrew Stevens, Senior Policy Adviser (Libraries), Museums, Libraries and Archives Council:  
*andrew.stevens@mmla.gov.uk*

iv. Audit Commission Leisure Services Option Appraisal Study

- 5.3.10 The aim of this study, being carried out by the Audit Commission is to assess the effectiveness of a sample of local authorities' different approaches to management of leisure services, including the impact on costs and participation. The output from the study in early 2006 will be a report on findings and a web-tool to assist local authorities carry out option appraisals for the procurement and management of leisure facilities.

#### v. Analysis of Performance Data

- 5.3.11 To enhance our understanding of performance in the delivery of cultural services by local authorities, we have, within the Regional and Local Government Unit, started work on collating and analysing performance data. In future we will use this database to identify good practice and potential areas for improvement. During 2006 we will, through the IDeA Cultural Services Improvement Unit, work with authorities to develop robust and consistent performance indicators and performance management systems. The contact for this work is: [natalie.golding@culture.gsi.gov.uk](mailto:natalie.golding@culture.gsi.gov.uk)

#### vi. Good practice case-studies – Cultural Connections website.

- 5.3.12 To assist with the dissemination of good practice, we have, with the help of local authority colleagues, written up a number of good-practice case-studies, taken from the 2004/5 Annual Efficiency Statements. These case-studies give examples of how efficiencies have been made and the outcome of the action taken. They can be accessed through the Cultural Connections website at <http://www.idea-knowledge.gov.uk/idk/core/page.do?pageId=777735>
- 5.3.13 We will be producing more case-studies in the next few months and will post them on the same site. If you have any case-studies you would like to submit for the web-site or for more general dissemination, you can send them to [daniel.thorne@culture.gsi.gov.uk](mailto:daniel.thorne@culture.gsi.gov.uk)

#### Further Information

- 5.3.14 Contact details for the overall project manager are as follows:

Cathy Page                      | [cathy.page@culture.gsi.gov.uk](mailto:cathy.page@culture.gsi.gov.uk)                      | 020 7211 6491

### **5.4 Environmental Services**

#### Progress to Date

- 5.4.1 The Annual Efficiency Statements recently submitted by local authorities show that considerable progress is already being made in delivering efficiency gains in the Environmental Services area. £53m was reported achieved in 2004/05, a further £84m is projected for 2005/06, meaning £137m gains should be achieved by the end of this financial year. Around 70% of the declared efficiency gains are cashable and 30% non-cashable.

#### Waste Implementation Programme

- 5.4.2 Defra's Waste Implementation Programme (WIP) has been agreed as the Gershon Change Agent in Environmental Services (Waste Management and Street Cleansing). WIP was established before the Gershon Efficiency Review to address the requirements of the Landfill Directive, but it is evident that the

original eight WIP workstreams<sup>4</sup> are also efficiency enablers. Environmental Services Efficiency has been added to the programme as a ninth workstream.

- 5.4.3 Efficiency is becoming increasingly embedded throughout Defra's Environmental Services work, and these nine areas of work provide a wide range of efficiency-related support to local authorities. This includes direct consultancy support, a range of tools and advice to assist with standardised and collaborative approaches to procurement and operations, and a range of generic case studies to which the local authorities can refer for guidance.
- 5.4.4 In addition, Defra funds the Waste and Resources Action Programme (WRAP) to address waste minimisation, waste awareness, and approaches to kerbside waste collection. In all, Defra's activities provide around 25 efficiency enablers in support of the local authorities.

#### Efficiency Measurement

- 5.4.5 In May 2005, WIP published the first version of the Defra Environmental Services Efficiency (DESE)-Toolkit, to help local authorities to identify and calculate the Gershon efficiency gains that are being achieved, and complete their AES returns. The DESE-Toolkit is currently at version 2.3, and is available on CD-ROM and via two websites.

#### Local Environment Quality – Street Cleansing

- 5.4.6 As of October 2005, Defra has formulated and published guidance for local authorities on how they can achieve improvements and efficiencies in the area of street cleansing and related services: *"Achieving improvements in street cleansing & related services"*.
- 5.4.7 This document was developed in consultation with local authorities and sets out the key challenges to delivering a cost effective and targeted street cleansing service, and possible solutions to those challenges. It will be supported with a programme of training evaluation for the industry.

#### Engagement with the Regional Centres of Excellence

- 5.4.8 Defra has engaged with the Regional Centres of Excellence (RCEs) in a number of areas:
- 5.4.9 **Action Plans:** Defra has developed an Environmental Services' Strategic Action Plan, in conjunction with the RCE Environmental Services' lead (Steve Holland, East of England), and has promoted the development of operational level Action Plans in the nine regions.
- 5.4.10 **Road Shows:** From November 2005 to January 2006, Defra joined forces with the RCEs to run a series of regional Efficiency Road Shows. The objectives of the Road Shows, entitled *"Efficiency and Transformation in Environmental Services"* were to:

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<sup>4</sup> The eight workstreams are: 1. Local Authority Support; 2. Local Authority Funding; 3. New Technologies; 4. Data; 5. Research; 6. Waste Minimisation; 7. Kerbside; and 8. Waste Awareness.

- Present information and guidance on efficiency and transformation in Environmental Services;
- Demonstrate the wide range of support available to local authorities, through WIP, other areas within Defra, and other agencies, and signpost who to go to for assistance;
- Provide feedback on the direction and status of the local authorities and RCEs in terms of efficiency improvements in Environmental Services;
- Outline the DESE-Toolkit to local authorities, and take feedback on its current and future usage; and
- Take feedback on emerging good practice and local issues.

5.4.11 **Operational Working Groups:** Defra has promoted the establishment of Regional Environmental Services Efficiency Operational Working Groups in each of the nine regions. The RCE Directors have expressed enthusiasm for this mechanism, and several groups are due to meet shortly. Defra has also established a National Environmental Services Operational Working Group, with representatives from each Regional Working Group, Defra and other key agencies. The emerging National Working Group has already met twice.

#### Key Plans for 2006

5.4.12 Defra's plans for 2006 include the following:

- **Regional Centres of Excellence:** Defra plans to develop its engagement with RCEs, which can provide a further vehicle for delivering expert efficiency and procurement guidance to local government. Key focuses will be further to develop the National and Regional Action Plans, and to promote and engage with the National and Regional Operational Working Groups. Following the successful regional Efficiency Road Shows, the feedback will be analysed, consolidated and disseminated to local authorities and other stakeholders;
- **Waste Implementation Programme:** Defra will continue to develop and provide a wide range of efficiency-enabling support through the WIP, Procurement and Contracts Division, and other divisions;
- **Second Kelly Market:** Defra anticipates the need to develop an Action Plan for the implementation of the recommendations from the Second Kelly Review once they have been finalised and made public; and
- **DESE-Toolkit:** Defra plans to issue an updated version of the DESE-Toolkit in March 2006, in time to help local authorities complete their April Forward Look AES returns, followed by a further update later in the year.

#### Case Studies

5.4.13 Some useful case studies of actions taken to improve efficiency in the environmental services area have already been developed and are available on the Internet. Details are as follows:

Sector	Region	Location and Brief Description
Recycling and Waste	SW, East	<a href="http://www.idea-knowledge.gov.uk/idk/core/page.do?pageId=678952">http://www.idea-knowledge.gov.uk/idk/core/page.do?pageId=678952</a> 2 case studies on joint working in waste
	All regions	<a href="http://lasupport.defra.gov.uk/">http://lasupport.defra.gov.uk/</a> 25 direct consultancy support generic case studies relating to: <ul style="list-style-type: none"> <li>• Development of Waste Strategies;</li> <li>• Civic Amenity / household Waste Recycling Centre design and management;</li> <li>• Waste Composition Audits;</li> <li>• Estates and High Density Recycling;</li> <li>• Procurement;</li> <li>• Bulky Goods Collection, Re-Use and Recycling; and</li> <li>• Hazardous Waste.</li> </ul>
Street Cleansing	London, SE, WM, Y&H	<a href="http://www.defra.gov.uk/environment/localenv/pdf/street-clean.pdf">http://www.defra.gov.uk/environment/localenv/pdf/street-clean.pdf</a> “Achieving improvements in street cleansing and related services”: A variety of short case studies throughout the document outlining how authorities have achieved some of the suggested solutions for achieving street cleansing efficiencies.

### Sources of Help

5.4.14 Other sources of useful information include:

General WIP e-mail enquiries	<a href="mailto:wip@defra.gsi.gov.uk">wip@defra.gsi.gov.uk</a>
WIP LA Support Unit website	<a href="http://lasupport.defra.gov.uk/">lasupport.defra.gov.uk/</a>
DESE-Toolkit e-mail enquiries	<a href="mailto:dese-toolkit@defra.gsi.gov.uk">dese-toolkit@defra.gsi.gov.uk</a>
DESE-Toolkit	<a href="http://www.rce.gov.uk/rce/core/page.do?pageId=10106">www.rce.gov.uk/rce/core/page.do?pageId=10106</a>
WRAP e-mail enquiries	<a href="mailto:rotate@wrap.org.uk">rotate@wrap.org.uk</a>
WRAP website	<a href="http://www.wrap.org.uk/local_authorities/">www.wrap.org.uk/local_authorities/</a>
Street Cleansing e-mail enquires	<a href="mailto:ivor.llewelyn@defra.gsi.gov.uk">ivor.llewelyn@defra.gsi.gov.uk</a>
Street Cleansing website	<a href="http://defraweb/environment/localenv/litter/index.htm/street%20cleansing">defraweb/environment/localenv/litter/index.htm/street cleansing</a>

## 5.5 Local Transport – Highways

### Highways Efficiency Liaison Group

5.5.1 The Highways Agency (HA) is assisting local authorities to achieve roads procurement efficiency improvements. In early 2005, it set up the Highways Efficiency Liaison Group (HELG) to represent the highways industry’s initiatives on delivering efficiency. The Group subsequently agreed to take on a wider liaison role to champion aspects of delivery of the Highways Strategy.

5.5.2 The Group meets on a quarterly basis and includes senior industry representatives including: the County Surveyors Society, Institution of Highways and Transportation, Technical Officers Group, Constructing Excellence, 4ps, Regional Centre of Excellence, Civil Engineering Contractors Association, Association of Consultancy and Engineering, the Highways Term Maintenance Association and Constructing Excellence.

### Overview of Progress in First Year

- 5.5.3 HELG agreed at its meeting on 21 June 2005 to progress the development of measurement through the establishment of a workshop, held on 17 October, with invitations to a wide range of parties and groups from the public and private sectors with an interest in measurement. This included representatives of the HELG, CSS, TAG, national and regional benchmarking groups and industry.
- 5.5.4 The outcomes were endorsed by HELG on 2 November 2005. The workshop wished to continue to be involved in development of measurement and agreed to further work being carried out jointly by a working group comprising representatives of the workshop and of the CSS service improvement group which is meeting generally on a bi-monthly basis.
- 5.5.5 In September 2005, HELG published a document "*Achieving Efficiency Gains From Collaborative Roads Procurement – A Highways Industry Strategy*" which set out a strategy for the whole industry to deliver efficiency gains. This followed an extensive period of consultation with local authorities and suppliers. The Strategy aims to improve the quality and cost of service provision across the whole road network and for the benefit of all customers, i.e. those using, relying on or affected by the road network.
- 5.5.6 The 164 councils that submitted a Mid Year Update statement in November 2005 reported that new efficiency gains of £13.1m had been achieved in the first two quarters of 2005/6 in the Roads workstream.

### Future Plans

- 5.5.7 A number of key projects, outlined in the Strategy, are being developed for implementation in 2006. These include:
- The development of a uniform approach to performance measurement (draft measurement toolkit to be published in early February 2006);
  - Aggregation of demand - Bulk Purchasing;
  - The formation of client/supplier communities – to help drive continual improvement initiatives;
  - Identifying collaborative opportunities between the HA and local authorities when HA Maintenance Contracts are renewed;
  - Collaboration on major projects in progress;
  - Regional Framework Contracts; and
  - We will also publish and implement a Communications Plan, including making available examples of best practice.

### Where to find further information

- 5.5.8 The document "*Achieving Efficiency Gains From Collaborative Roads Procurement – A Highways Industry Strategy*" can be found on the Highways Agency website: [www.highways.gov.uk/business/procure/ef\\_gains/index.htm](http://www.highways.gov.uk/business/procure/ef_gains/index.htm)

5.5.9 Further information is also available from there and examples of best practice will be posted there soon. Information can also be found on the websites of our strategic partners in the Highways Efficiency Liaison Group:

- The County Surveyors' Society (CSS) - [www.cssnet.org.uk](http://www.cssnet.org.uk)
- The Technical Advisors Group (TAG) - [www.t-a-g.org.uk](http://www.t-a-g.org.uk)
- Public Private Partnership Programme (4Ps) - [www.4ps.co.uk](http://www.4ps.co.uk)
- Civil Engineering Contractors Association (CECA) - [www.ceca.co.uk](http://www.ceca.co.uk)
- The Institution of Highways and Transportation (IHT) - [www.iht.org](http://www.iht.org)
- Association for Consultancy and Engineering (ACE) - [www.acenet.co.uk](http://www.acenet.co.uk)
- Highways Term Maintenance Association (HTMA)
- Constructing Excellence - [www.constructingexcellence.org.uk](http://www.constructingexcellence.org.uk)
- Regional Centres of Excellence (RCEs) - [www.rce.gov.uk](http://www.rce.gov.uk)

5.5.10 Contact with the Highways Agency can be made as follows:

Collaboration &  
Efficiency Team

[ceteam@highways.gsi.gov.uk](mailto:ceteam@highways.gsi.gov.uk)

01234 796133

## 5.6 Local Transport – Non-Highways

5.6.1 During 2004/05, local authorities reported local transport efficiency gains primarily in the areas of tendered local bus services, concessionary travel and the provision of parking.

5.6.2 The Department for Transport (DfT) published good practice guidance on bus tendering ([www.dtf.gov.uk/buses](http://www.dtf.gov.uk/buses)) followed up by regional seminars to facilitate greater understanding. It has been supporting local authorities in developing their accessibility planning capabilities through the *withinreach* ([www.within-reach.org.uk](http://www.within-reach.org.uk)) programme providing training and advice for all stages of accessibility planning and the software based planning tool *Accession*.

5.6.3 Following the announcement in March 2005 about changes in the entitlement to concessionary travel the DfT produced guidance to local authorities on the new statutory minimum and for the first time a 'toolkit' which local authorities can use to help calculate the re-imburement to operators. Further work will be carried out into the impact of the free schemes and any guidance that can be developed around efficiencies in the administration.

5.6.4 In September 2005, the North West Regional Centre for Excellence appointed Garth Goddard, previously transport co-ordinator for Cheshire County Council, to lead a transport project, working in partnership with the DfT. It will identify and disseminate best practice and also investigate ways of more efficient working including the way local transport services are organised within local authorities. A series of best practice bulletins will be produced.

### Further Information

5.6.5 For more information, you can contact:

## 5.7 Social Housing

5.7.1 Good progress was made in the first year against efficiency targets. Gains have been driven by a combination of strong performance management by local authorities and good practice promoted by the ODPM, Audit Commission and sectoral bodies. The most significant new activities identified in raising efficiency in the last year were:

- **Better procurement**, including greater use of collective arrangements. Capital works consortia covering over 50 social landlords and 500,000 dwellings have set up arrangements to procure jointly over £2.5bn of works by 2010. Many organisations are using collective arrangements to purchase commodities, securing lower unit prices and reducing procurement and transaction costs;
- **Business process reengineering**, including end to end reviews of management and maintenance activities which have driven out waste and increased value;
- **Identifying and benchmarking costs** and using this information to secure better value; and
- **Ongoing good practice** in managing performance and securing continuous improvement.

5.7.2 The Audit Commission has identified value for money in management and maintenance practices. It is publishing web-based packs covering partnering in planned and responsive repairs; performance management; reward / incentive schemes; and rent collection methods. It has also highlighted on its website ([www.audit-commission.gov.uk/housingefficiency/showcase](http://www.audit-commission.gov.uk/housingefficiency/showcase)) other examples from around the country where social landlords have made efficiency gains. We encourage all social landlords to look at this site for practical ideas which can work in their own organisation.

5.7.3 The ODPM is continuing to support the establishment of sub-regional consortia of social landlords to procure capital works. NCA Housing ([ncahousing.org.uk](http://ncahousing.org.uk)) is the National Change Agent for social housing capital works, managed by Davis Langdon LLP in association with Trowers and Hamlins on behalf of the ODPM. It gives support and advice to social landlords wishing to establish consortia. The ODPM Efficiency Challenge Fund provides financial assistance towards the set up costs of new housing procurement consortia.

5.7.4 Whilst the overall response of social housing bodies to the first year of the Efficiency Review was impressive, a number of local authorities did not offer any social housing efficiencies in 2005/2006. We remain clear that no targets are being set for individual organisations in service areas, but we want to ensure that in the next year all housing bodies identify opportunities for efficiency where they exist. Workshops and other opportunities to share learning will play a key part in this, again with the very valuable support of housing sector organisations.

### Further Information

5.7.5 Contact details for more information about the work ongoing in this area are:

ODPM website	<a href="http://www.odpm.gov.uk/index.asp?id=1150232">http://www.odpm.gov.uk/index.asp?id=1150232</a>	
Stephen Edwards	<a href="mailto:stephen.edwards@odpm.gsi.gov.uk">stephen.edwards@odpm.gsi.gov.uk</a>	020 7944 3566
Jenny Sewell	<a href="mailto:jennifer.sewell@odpm.gsi.gov.uk">jennifer.sewell@odpm.gsi.gov.uk</a>	020 7944 3428

## **5.8 Education Services**

5.8.1 School-level decisions are fundamental to securing value for money (VfM) throughout the education system. Schools will retain any financial resources they release as a result of efficiency gains. Key drivers for reform will be effective local leadership, the sharing of best practice and the right balance of challenge and support.

5.8.2 The Department for Education and Skills (DfES) will measure school-level efficiency progress centrally, mostly using existing data. However, DfES aim to work with councils and School Forums to ensure the local system has a good understanding of where it needs to focus effort in providing appropriate challenge and support. Local authorities should engage with schools on efficiency as part of their support and challenge for good financial and resource management in schools.

5.8.3 There are five main areas where VfM improvements are expected: better strategic resource allocation and financial management; workforce reform; better use of ICT in schools; better procurement; and better arrangements for capital investment.

### Better strategic resource allocation and financial management in schools

5.8.4 The new school funding arrangements, with more stable and predictable school budgets, provide schools with an unprecedented opportunity to review their strategic objectives and how they allocate resources to achieve these objectives.

5.8.5 We want to secure a sharper focus on the priorities for improvement specific to individual schools. The key to this will be strong school self-evaluation, challenged and supported by a School Improvement Partner (SIP) and more regular inspection. Local authorities have a very important role to play, in partnership with DfES, in making these arrangements work effectively.

5.8.6 We have made significant progress on financial benchmarking. DfES has established a Schools Financial Benchmarking website (at: [www.teachernet.gov.uk/schoolfinance](http://www.teachernet.gov.uk/schoolfinance)). The data here enables schools to compare expenditure patterns and identify other schools that are achieving the same level of attainment, but using fewer resources; or a higher level of attainment with the same resources.

5.8.7 The Financial Management Standard and Toolkit (FMS&T), developed by the DfES and Institute of Public Finance (IPF), focuses on the quality of financial

management. By September 2005 schools will be able to request and receive an external assessment of the standard. By March 2007 there is an expectation that all secondary schools will have achieved the standard. In consultation with partners we will shortly also be setting a timetable for all primary and specialist schools to have met the standard.

- 5.8.8 To date about 33% of schools have accessed the benchmarking website. Local authorities can help by encouraging and promoting the use of benchmarking and the standard in their schools. We are able to supply a list of schools for authorities upon request. We will be approaching local authorities in the near future to identify examples of best practice in the use of these two tools, and to share these across the system.

#### Transforming the School Workforce

- 5.8.9 People costs account for a large proportion of school budgets and hence effective management of this key resource is crucial to securing VfM. The key opportunities here arise from initiatives on school workforce remodelling. These include rollout of a national change programme to influence how schools deploy their staff to best effect; extra investment in support staff and the creation of a new tier of more highly skilled support staff; and quantitative and qualitative changes in how teachers actually spend their time.

#### Better Use of ICT in Schools

- 5.8.10 Significant investment has been made in ICT in schools. This is making a real impact on learning and teaching. But there is scope to do better. Key opportunities include more informed and timely decision making by school leaders and managers; time savings for teachers; improved assessment management; streamlined administration. The e-Strategy, published in March 2005 by DfES, aims to bring a more direct and focused approach to ICT procurement; implementation; support and standards across all children's services and the education sector.

#### Better Procurement

- 5.8.11 There is substantial scope to identify and disseminate good practice. We plan to collate and share knowledge on the best procurement deals locally, regionally and nationally, to facilitate the attainment of major gains. The national procurement landscape for local authorities and schools is currently being analysed in joint work by DfES, OGC and the RCEs.
- 5.8.12 In addition, DfES has established the Centre for Procurement Performance (CPP). It will ensure that local authorities, as well as schools, colleges, training providers and universities get access to better procurement deals by:
- Identifying the best opportunities provided by existing purchasing arrangements and consortia;
  - Inform the sectors of the benefits of change, challenging existing practices where necessary, but also sharing best practice; and
  - Fostering more collaboration and partnering across the whole education system (facilitating greater bargaining power in procurement).

- 5.8.13 CPP will **not** take away control or decision making from those doing the job already; impose new structures or solutions; or make entering purchasing deals compulsory.
- 5.8.14 CPP is exploring the options for gains in areas including school insurance, teacher recruitment and supply teacher provision, ICT and energy. We have already achieved significant price falls in some educational goods, like interactive whiteboards and Microsoft operating software.
- 5.8.15 Local authorities have a crucial brokering role to play – identifying best practice and opportunities and offering these to the CPP for championing, knowledge sharing and dissemination to schools. There may also be opportunities to get involved in, or benefit from, projects run by the CPP.
- 5.8.16 Local authorities and schools will have the opportunity to pass on ideas to the CPP via the RCE that covers their area. Councils should encourage schools to contact them regarding local practice and ideas about opportunities. For the latest information on CPP progress and activities you can access the CPP website (at [www.dfes.gov.uk/cpp](http://www.dfes.gov.uk/cpp)). Also on this website, you can register for the CPP mailing list so that you can be kept updated on opportunities for efficiency gains as they become available.

*Better Arrangements for Capital Investment (£643m)*

- 5.8.17 There is scope for efficiency through the establishment of Partnerships for Schools, through aggregation of demand by Building Schools for the Future (BSF), and indeed the whole field of construction and maintenance. BSF aims to deliver value for money through streamlining the procurement, construction and management process. The main areas of focus are: procurement and contract standardisation; removal of repeated bidding (for public and private sectors); estate rationalisation; construction efficiencies through strategic partnering, driving economies of scale from long term volume; site and modular construction; and life-cycle costing and facilities management efficiencies.
- 5.8.18 Ongoing support and commitment from local authorities and schools will ensure that we all contribute towards achieving value for money. Partnerships for Schools and our other BSF partners such as Commission for Architecture and the Built Environment (CABE) and the Public Private Partnerships Programme (4Ps) are working alongside the BSF Authority Stakeholder Groups to provide consistency of approach and support to ensure opportunities are maximised.
- 5.8.19 The CPP will play a major role in support of our initiatives in this area, working with the RCEs and other support networks.

*Further Information*

- 5.8.20 Contact details for more information about the work ongoing in this area are:

DfES website	<a href="http://www.dfes.gov.uk/valueformoney">www.dfes.gov.uk/valueformoney</a>	
Andrew Webster	<a href="mailto:andrew.webster@dfes.gsi.gov.uk">andrew.webster@dfes.gsi.gov.uk</a>	020 7925 5681
Darren Pigg	<a href="mailto:darren.pigg@dfes.gsi.gov.uk">darren.pigg@dfes.gsi.gov.uk</a>	020 7925 6564

## 5.9 Supporting People

- 5.9.1 The ODPM is providing a range of support to top tier councils in securing efficiencies in their Supporting People programme, as set out in this section.
- 5.9.2 The Value Improvement Project programme supports 11 local authorities across the English regions. The majority of Projects are progressing well, achieving efficiency gains as a result of re-engineering service delivery, smarter procurement processes and improved competition. A series of Regional Seminars will be held in June and July to disseminate the learning from them. A Resource Pack will be published in the summer and will including details of:
- More accessible and better co-ordinated services;
  - Rationalisation of service delivery models;
  - More consistent service specifications and quality of service;
  - Tools and techniques for market research and capacity building (particularly in the voluntary and community sectors); and
  - Model procurement documentation and procedures.
- 5.9.3 In conjunction with the 4Ps, we are designing and delivering a programme of skills development workshops for Supporting People Lead Officers. The aim is to enable Lead Officers to start to consider what types of efficiency projects they may need to undertake, understand the critical success factors for improvement projects and identify the skills and support their teams need to deliver efficiency and procurement projects.
- 5.9.4 A £2m fund assists around 50 local authorities who have had difficulties in progressing Service Reviews which allow them to establish the strategic relevance, quality and value for money of their Supporting People services. The vast majority are now on target to complete their Service Review programme by the end of March 2006.
- 5.9.5 The ODPM has also funded the design and delivery of a benchmarking initiative to support service providers tackle inefficiency in service delivery. The Pilot involved 34 organisations testing the Supporting People Benchmarking Model developed by PriceWaterhouseCoopers in conjunction with HouseMark, the National Housing Federation and SITRA. More details can be found at: [http://www.spkweb.org.uk/search/channels/www.spkweb.org.uk/subjects/capacity\\_building/provider%20benchmarking%20initiative/pwcreportonbenchmarkingmodelandmeasuresforsprovid.pdf](http://www.spkweb.org.uk/search/channels/www.spkweb.org.uk/subjects/capacity_building/provider%20benchmarking%20initiative/pwcreportonbenchmarkingmodelandmeasuresforsprovid.pdf)
- 5.9.6 In November, the ODPM published a consultation paper on the National Strategy for Supporting People "Creating Sustainable Communities: Supporting Independence". The consultation invites consideration of the benefits of integrating Supporting People services with other local services for vulnerable people, particularly Adult Social Care and Children's Services, the future framework for the administration of the programme and more effective procurement.

5.9.7 Contact with the Supporting People team can be made as follows:

Christopher Smith | christophera.smith@odpm.gsi.gov.uk | 020 7944 3313

## 5.10 Corporate & Transactional Services

5.10.1 ODPM is responsible and accountable for promoting efficiency gains in corporate and transactional services among local government. It is particularly assisted in this work by the Yorkshire and Humber Regional Centre of Excellence, which co-ordinates national support among the RCEs for councils in this field.

5.10.2 Significant improvements have been made in the previous year. Good practice examples on the national RCE website include Pendle Borough Council's public private partnership with Liberata, which saved 12% on services ranging from customer services to property services; and Chester City Council's partnership with Crewe and Nantwich Council to save £350,000 on ICT services.

5.10.3 ODPM and its stakeholders aim to build on this work. Among other actions, we are taking steps to:

- Collate and disseminate benchmarking information on local government performance;
- Establishing what local authority projects have been successful to date and understand what enabled them to be successful;
- Build on the 2005 measurement toolkit, to be able to establish what issues remain unanswered and where the guidance needs improvement; and
- Determine a route map for improvements – looking at what we are trying to overcome, assessing where local delivery is at now, seeking common ground about where we want to be in the future, and what it might take to get there.

5.10.4 One piece of information that may be useful for local authorities to read when considering the opportunities for efficiency gains in their revenues and benefits activities is the report "Efficiency challenge: The administration costs of revenues and benefits", published by the Audit Commission in November 2005.

### Further Information

5.10.5 Queries about this workstream should be directed to:

General C&TS (ODPM/RCE)	RCE Website	<a href="http://www.yhcoe.rcoe.gov.uk/rce/core/page.do?pageld=12531">http://www.yhcoe.rcoe.gov.uk/rce/core/page.do?pageld=12531</a>	
	Ashley Pottier	<a href="mailto:ashley.pottier@odpm.gsi.gov.uk">ashley.pottier@odpm.gsi.gov.uk</a>	020 7944 4191
	Mark Holder	<a href="mailto:mark.holder@odpm.gsi.gov.uk">mark.holder@odpm.gsi.gov.uk</a>	020 7944 4450
Housing & Council Tax Benefit (DWP)	Angela Mulligan	<a href="mailto:angela.mulligan@dwp.gsi.gov.uk">angela.mulligan@dwp.gsi.gov.uk</a>	020 7712 2159

## 5.11 Procurement

- 5.11.1 Working with a range of stakeholders, including the RCEs and local authorities, the ODPM is supporting a number of activities to encourage efficiency and implementation of all the National Procurement Strategy milestones. This section describes some examples.
- 5.11.2 The nine Regional Centres of Excellence (RCEs) act as the lead change agents in each of the English Regions. A good level of progress has been achieved on the development of a National Action Plan for Commodity Goods and Services (CG&S) work stream.
- 5.11.3 The Centres are in the process of conducting a full supplier spend analysis for every local authority. This is intended to build on the conclusions and analysis of supplier spend, price benchmarking and contracts information already obtained at regional level by creating an aggregated cross-regional picture, therefore enabling a comprehensive and meaningful analyses to be undertaken. Every local authority and other service providers will have access, through the RCEs, to information on prices being paid on over 1,500 commonly purchased commodities. The service will also incorporate on-line web functionality promoting outstanding value deals available for local authorities to choose from.
- 5.11.4 ODPM has provided each RCE with match-funding to take forward e-Auctions activity in their regions. A National e-Auction programme devised and run by the Centres of Excellence will be commencing in April 2006, running through to March 2008. The programme will expose contracts worth at least £250m to e-Auctions.
- 5.11.5 The Centres are providing procurement capacity support through regional training programmes and through the development of sub regional procurement partnerships to enable all local authorities to have access to the right procurement expertise.
- 5.11.6 ODPM, LGA and the Small Business Service (SBS) launched the *Small Business Friendly Concordat* in March 2005. It is an important 2005 NPS milestone. The Concordat asks councils to positively engage with a plurality of suppliers including social enterprises. It is about more than just doing business with SMEs and other bodies. It's also about increased efficiency and the drive to ensure that all councils engage with a broad and competitive supplier base. The Concordat actively urges councils to define the role of procurement in delivering policy objectives, including sustainability, diversity and equality. The ODPM is encouraging all councils to sign up to it.
- 5.11.7 *Delivery of Quality Services through Procurement* was selected as a Beacon theme for Round Seven and bids were invited in the summer of 2005. The theme is geared to recognise achievements of councils that have already gained significant progress in adopting excellent procurement processes that culminate in better outcomes such as improved waste management, street maintenance and care services. Decisions on which authorities should receive Beacon status and will be announced in 20 March 2006.

5.11.8 In collaboration with ODPM, 4Ps, the IDeA and the North-West RCE, the OGC is customising its civil and central government model terms and conditions for goods and services, in order to produce a suitable version for local authorities.

5.11.9 *Sustainable Procurement* is one of five "strategic priorities" identified as part of a National Action Plan for delivery by the RCEs on the procurement of commodities, goods and services. Key aspects of this Strategy encompass enabling councils to understand the strategic and specific impacts of all procurement in order to prioritise their areas for future action, and championing opportunities for development and stimulation of markets that enhance the economic, environmental and social benefits.

Further Information

5.11.10 Queries about the procurement workstream should be directed to:

Goods & Services Procurement	ODPM website	<a href="http://www.odpm.gov.uk/index.asp?id=1136697">www.odpm.gov.uk/index.asp?id=1136697</a>	
	OGC website	<a href="http://www.ogc.gov.uk/index.asp?id=35">http://www.ogc.gov.uk/index.asp?id=35</a>	
	Melvin Hughes	<a href="mailto:melvin.hughes@odpm.gsi.gov.uk">melvin.hughes@odpm.gsi.gov.uk</a>	020 7944 4147
	Rehan Haidar	<a href="mailto:rehan.haidar@odpm.gsi.gov.uk">rehan.haidar@odpm.gsi.gov.uk</a>	020 7944 5157
Construction Procurement	CE website	<a href="http://www.constructingexcellence.org.uk">http://www.constructingexcellence.org.uk</a>	
	Peter Bishop	<a href="mailto:peterbishop@lgtf.org.uk">peterbishop@lgtf.org.uk</a>	020 7592 1100

**5.12 Productive Time**

5.12.1 This cross-cutting workstream has been developed collaboratively to exploit a range of first hand knowledge about local authorities, together with appropriate 'improvement' expertise from:

- ODPM Local Government Modernisation & Efficiency Team,
- The London Regional Centre for Excellence;
- The national Local Government Employers Organisation (former EO function now merged with IDeA); and
- NOMAD (mobile working) team based at Cambridgeshire County Council.

5.12.2 An agreed Strategic Delivery Plan is a key output from this joint working arrangement. The Plan, associated guidance for local authorities, and several awareness-raising events have been developed on the basis of an identified framework model (agreed vision) and definitions for *productive*, *discretionary*, and *non-productive* activity costs. The model was endorsed by the National Local Government Productive Time Stakeholder Advisory Group (PTAG).

The Improvement Vision

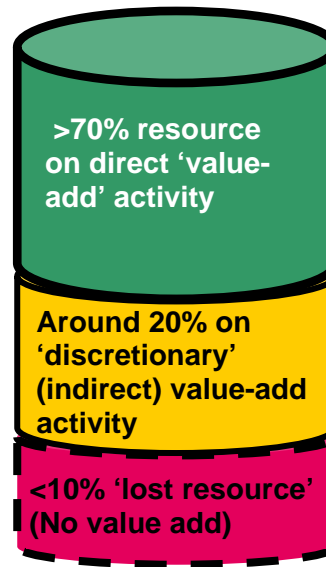
5.12.3 Key to the strategy for optimising time is the identification of the *good practice* framework model (see below) against which local authorities can target and gauge (measure) the potential implications for adding value to frontline delivery from the many possible options available for redeploying/re-focussing staff time.

5.12.4 The model defines 3 types of service delivery (activity) cost – along with guidelines on ‘ideal’ relative proportions of resource expenditure:

**a) Core activity** (costs that directly add value to the end-product or service)

**b) Discretionary activity** (these costs do not directly add value but their removal would be likely to add further costs, e.g. corporate support, HRM, IT, R&D, any quality assurance/checking activity)

**c) No ‘value-add’ costs** (from any ‘down time’: reworking due to errors, sickness absence, travelling, red tape, duplication/overlap of roles & responsibilities, any ‘wasted’ effort accruing from poor process/job design etc.)



**Productive time is time during which the activity or work done adds value to meeting customer needs.**

Model recognises that activities can add value to frontline service delivery both directly and indirectly.

**Latest performance information (BVPI 12) shows that average sickness absence represents 4.5% of lost time – a no value add cost.**

5.12.5 Whilst good information exists to quantify how much time is currently ‘lost’ to ‘officially recorded sickness absence; (the no ‘value add’ bottom part of the model) there is little understanding yet of how near even the best local authority is from the overall ‘ideal’ represented here. Filling this knowledge gap is seen as a prime objective – see paragraph 5.11.10.

#### Where Local Government Is

5.12.6 The first two rounds of efficiency statements from authorities reflect the wide range of possible improvement action that might be taken in the various areas of the framework model. To avoid double-counting, the efficiency gains accruing from these activities are counted against the specific service sectors in which the ‘productive time’ improvement is happening. The principal areas of activity mentioned in the 2005/6 Forward Look statements include:

- Flexible, home and mobile working, reducing travel time;
- Expanded use of IT or e-government to increase staff productivity;
- Business process re-engineering, process mapping or systems analysis;
- Improving agency/temporary staff procurement, reducing reliance on agency staff; and
- Work reallocation or job redesign.

#### Cross-cutting Productive Time Improvement

5.12.7 In the *cross-cutting* sections of the statements, there is a similarly broad range of different types of improvement action. A summary of actions reported in the 05/06 AES is:

- 50% of councils focussing on action around the **people** development aspects of organisation (181 specifically tacking sickness absence management);
- Over 40% of councils focussing on ICT to improve end-to-end **processes**; (8 specifically mentioning crosscutting mobile/flexible working initiatives);
- About 15% of councils focussing on rationalising and improving organisational **structure** including some 'shared service' approaches.

5.12.8 The quantified efficiency gain accruing from these 'cross-sector' actions is equivalent to £120m. A major theme is on reducing levels of sickness absence where progress made is evidenced by the 2004/5 BVPI 12 figures showing an average reduction across all authorities of 0.6 days per full-time employee. The reduction (10.2 to 9.6 days) represents an efficiency gain across the national workforce of at least 4000 additional posts potentially available for frontline services.

#### Support for Local Authorities

5.12.9 A lot of work has been undertaken to provide support for local authorities, including:

- **Awareness-raising seminars/events** (3 in London and 5 in the North) directly engaging with representatives from at least a third of local authorities;
- **Comprehensive guidance** published on RCE and IDeA websites (<http://www.idea-knowledge.gov.uk/idk/core/page.do?pagelId=4103929>) including productive time checklists for service managers, HR managers, and elected officers;
- **Case studies** available from NOMAD on mobile and flexible working and Employers Organisation on sickness absence management and new ways of working; and
- **Identifying new 'good practice' material:** contract let for identification of a further set of practical case studies.

5.12.10 For the future, the key gap to be filled is better understanding of the activity costs of processes. Various projects are looking to map cost metrics for different service delivery and corporate support arrangements.

#### Further Information

5.12.11 More information about this workstream can be obtained from:

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