



HM Government

Delivering Efficiency

in Local Services

2

Further Guidance for
Local Authorities

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Foreword

by Nick Raynsford, Minister for Local and Regional Government

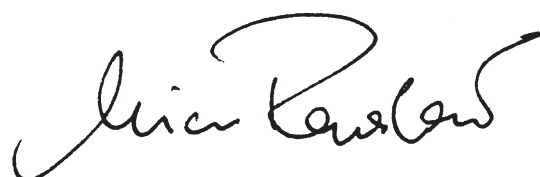
In November, the Government published an Information Pack that set out the approach to raising efficiency in Local Government, and how we can work together to achieve the improvements that will sustain and strengthen communities. That means delivering better services for better value for money and striving for greater efficiency. As promised then, this pack concentrates on the system of measurement of efficiency gains, the role of the Regional Centres of Excellence, the activities of change agents, and examples of good practice.

The arrangements for measurement have been determined following a period of consultation and testing with a group of local authorities and a number of representative organisations. I am very grateful for the efforts made by them in guiding the work of ODPM.

Your council has full flexibility on how and where to achieve the required 2.5% per annum efficiency gains. To support you, the Regional Centres of Excellence (RCEs) – the lead change agents for local government – are very much the first port of call for advice. Their work is given strategic direction by the Chief Executives’ Taskforce, chaired by Tim Byles, and is strengthened through collaboration with key players including the Improvement and Development Agency (IDeA), 4ps, Employers’ Organisation, Office of Government Commerce (OGC), and other regional partnerships.

I hope that this detailed guidance pack will help to clearly set out the work involved in delivering the local government efficiency agenda. This pack contains the contact details of your RCE and some examples of activities already in progress. Please do get in touch if you have suggestions for taking forward this agenda – we want to work with local authorities to ensure that the target for efficiency gains of at least £6.45 billion is met.

As I mentioned in my foreword to the November information pack, we know that local government already has a great deal of experience and we want to use this experience, and build on it, to deliver even better, more efficiently organised, public services. I hope that that every authority, change agent and local government organisation will embrace the opportunities there are to improve the way local services are delivered.



Nick Raynsford

Minister for Local and Regional Government



Comment from the LGA and IDEa

Local Government has considerable experience of finding and realising efficiency gains and of investing in and improving front line services. This guidance sets out how authorities can evidence efficiency gains in ways that complement their own budgeting and financial management processes, and that are capable of being reviewed independently as a part of normal audit processes.

Change agents, operating at national and regional levels and involving local authority elected members and managers, will work together with partners to support local authorities in delivering efficiency gains. The greater clarity on the role of the change agents and the Regional Centres of Excellence is welcomed.

The examples of efficiency gains contained in this guidance illustrate very clearly the significant work that local government has been doing on efficiency for many years and reflects an ability to innovate and deliver practical solutions to a challenging agenda. The diversity of what is already being achieved demonstrates how local government is working collaboratively across authorities, with the private sector and also the wider public sector.

The drive for efficiency gains will accelerate. The LGA, IDEa, other central bodies and change agents will 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

Executive Summary

1. In November 2004, the Government published an Information Pack that introduced the efficiency agenda, setting out implications for local authorities and highlighting the support available to help councils deliver efficiency gains. This second Pack goes into more detail on the measurement and reporting of efficiency gains, the role of the various change agents supporting your work, and examples of good practice on ways to deliver improved value for money.

Background to the Efficiency Agenda

2. The efficiency agenda is about improving productivity – getting more from the same resource, or achieving the same results for less resource. Cuts in service do not count as efficiency gains.
3. As set out in the Spending Review 2004, local government is required to achieve efficiency gains totalling at least £6.45 billion by 2007/8. Over the next three years, each local authority is expected to achieve 2.5% per annum efficiency gains compared to their 2004/5 baseline. Local authorities will have full flexibility on how and where to achieve those gains.
4. At least half of the efficiency gains made should be cashable, which means that they release funding for use elsewhere, either for reinvestment in frontline services or holding down Council Tax.
5. If all the parties involved in delivering the local government efficiency agenda work positively together, it will be possible to achieve even greater gains than those expected; a ‘win-win’ situation to enable the release of even more support for front-line service provision.

Measuring & Reporting Efficiency Gains

- 6.** Local authorities will report the gains that they have made through an Annual Efficiency Statement. The Statement will include a forward-looking part, where authorities will outline their expected efficiency gains and the strategy for achieving them, and a backward-looking part on the efficiency gains achieved in the previous year. Subject to the Audit Commission's current consultation process, from 2006 the Statement will be assessed as part of the 'Use of Resources' section in the Comprehensive Performance Assessment.
- 7.** In addition, single-tier and county councils (with the exception of those that have achieved 'Excellent' status) should provide ODPM with a mid-year update on progress. The format for these is the same as the Annual Efficiency Statement, showing the current forecast for the year and explaining any changes from what had been expected in the previous forward-looking statement.

Support for Local Authorities

- 8.** The ODPM has the role of co-ordinating and leading the local government efficiency agenda amongst central government departments. It is responsible for implementing the system for measuring efficiency gains made by local authorities and also sponsors the RCEs.
- 9.** The Regional Centres of Excellence (RCEs) are the lead change agents for local government in assisting Councils to find and make efficiency gains. As part of this process, the RCEs will look to gather data that will identify where improved performance can be achieved and develop opportunities for shared working within their region. The RCEs are supported by, and will look to co-ordinate the activities of, a variety of change agents working both at national and regional levels.
- 10.** There are two 'Champions' working to liaise between the key players involved in the local government efficiency agenda; Barry Quirk as the Efficiency Champion and Tim Byles as the Procurement Champion. Tim Byles also chairs the Chief Executives' Taskforce, which gives strategic direction to the RCEs.

11. There are a range of other change agents involved in this work, with whom the RCEs will be working. The principle ones are set out in the table below:

Regional Centres of Excellence work with...	
National Change Agents	Regional Change Agents
■ Office of the Deputy Prime Minister (ODPM)	■ ODPM Regional Directors of Practice
■ Office of Government Commerce (OGC)	■ e-Government Partnerships
■ e-Government Unit (eGU)	■ Regional Employers Organisation (REO)
■ Chief Executives' Taskforce	■ Regional Local Government Association (LGA)
■ Local Government Task Force (LGTF)	■ IDeA Regional Associates
■ Employers' Organisation for Local Government (EO)	
■ 4ps	
■ Improvement and Development Agency (IDeA)	

12. This Pack explains in more detail the specific roles of these different change agents, their current and planned activities, and their contact details. In the sections on crosscutting workstreams and service sectors, the content of the Information Pack has been revised to suggest some of the potential areas where efficiency gains may be found, illustrated by a range of case studies demonstrating what local authorities have already achieved.

1

Measurement of Efficiency Gains

- 1.1** The arrangements for the measurement of efficiency gains made by local authorities have now been determined, and are set out in this chapter. This approach has been developed following consultation and exploration with a number of local authorities and representative organisations. These arrangements do not apply to the police, schools or the fire service.

Definition of Efficiency

- 1.2** Efficiency is about raising productivity and enhancing value for money. Efficiency gains are achieved by one or more of the following:

- 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 proportionally more outputs or improved quality in return for an increase in resources.

- 1.3** Efficiency is not about cuts. 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 councils may have to face hard choices and sometimes implement cuts, the savings that accrue from these will not count as efficiencies.

Requirements from Baseline Expenditure

- 1.4** The requirement for councils is to achieve 2.5% per annum improvements on their 2004/5 baseline, of which at least half should be cashable. By 2007/8, efficiency gains equivalent to 7.5% of the 2004/5 baseline should be achieved.

For a council with a 2004/5 baseline expenditure of £200m, this means the following set of efficiency gains are required:

	Year-on-year improvement	Total improvement relative to 2004/5	Year-on-year improvement – cashable	Total improvement relative to 2004/5 cashable
2005/6	£5.0m	£5.0m	£2.5m	£2.5m
2006/7	£5.0m	£10.0m	£2.5m	£5.0m
2007/8	£5.0m	£15.0m	£2.5m	£7.5m

1.5 It should be noted that:

- Efficiencies achieved in 2004/5 count against the target, providing that a clear audit trail is available, and that those gains continue throughout the SR04 period;
- 2004/5 out-turn data is unavailable for the 2005/6 budgeting round, so the target for 2005/6 is based on estimated 2004/5 out-turn data;
- Available 2004/5 actual out-turn data will be used to calculate the target on a more robust basis in subsequent years;
- Transfer payments, such as gross expenditure on rent allowances or rebates, are not included in the baseline; and
- One-off or transitional grants are excluded from the calculation of baseline.

1.6 Exact details of items included and excluded in baseline calculations are shown in the table below:

Revenue Contributions to Baseline	Calculation
Total service expenditure (sum of net current expenditure by service block)	Main form Row 68 (col.1)
Pensions interest cost	Main form Row 98
Appropriations to/from Pensions Reserves	Main form Row 107
<i>minus</i> Schools expenditure	Main form Rows 1 to 4
<i>minus</i> Police expenditure	Main form Row 56
<i>minus</i> Fire expenditure	Main form Row 57
<i>minus</i> Specific grants	
– LPSA performance reward	Grants form Row 51
– Neighbourhood Renewal Fund	Grants form Row 52
– Historic Buildings and Monuments	Grants form Row 62
– Countryside Commission	Grants form Row 63
– New Deal for Communities	Grants form Row 76
– Single Regeneration Budget	Grants form Row 77
– European Community	Grants form Row 78

Capital Contributions to Baseline	Calculation
Capital spend in all sectors <i>except</i> education and police	CER Rows 21 to 24 and 26 (col. 1)
<i>Minus</i> capital receipts in all sectors <i>except</i> education and police	CER Rows 21 to 24 and 26 (col. 2)

Sources:
 Main form – ODPM RA Revenue Accounts Budget estimates 2004/5
 Grants form – ODPM RA(SG) Income from Specific and Special Grants 2004/5
 CER – ODPM Capital Estimates Return 2004/5

Capital spend

- 1.7** One-off projects do not enable year-on-year comparisons of costs and outputs. Nonetheless, capital spend can be undertaken at varying levels of efficiency, with some projects being undertaken to time and budget, and others not, and some projects greatly improving the efficiency of operating processes, and others not. Either type of efficiency can be reported against the target. However, councils must ensure that efficiencies are not double-counted.

Mechanisms For Reporting Efficiency Gains

- 1.8** Most councils already follow good practice in planning for, and monitoring progress on, improved efficiency and value for money:
- Identifying actions to improve efficiency, and expected benefits from those actions, in setting the annual budget as part of their medium term financial planning process;
 - Monitoring progress on their actions, to determine whether any change in plan is required; and
 - Identifying the £ impact of actions taken after the end of the financial year.
- 1.9** The process of accountability for improved efficiency is being formalised by ODPM in two different ways:
- A requirement to complete an Annual Efficiency Statement; and
 - A requirement from single-tier and county councils (with the exception of those that have Excellent status) to provide ODPM with a mid-year update.

Annual Efficiency Statement

- 1.10** The primary source of information on efficiency gains by each council is an Annual Efficiency Statement (AES). It will be signed by the Leader of the Council, Chief Executive, and Chief Financial Officer, and comprise two parts.
- 1.11** The forward part should be a very brief (one or two pages) outline of the strategy for securing efficiency gains, the key actions that will be taken during the next year, and the efficiency gains that are expected to result from them.
- 1.12** The backward-looking part of the Statement should set out the cashable and non-cashable¹ efficiency gains achieved in the past financial year by service sector and crosscutting area. A simplified template for this part of the Statement is reproduced below (the full template is set out in the Local Government Efficiency Technical Note).

Area	Quality Cross-Check Met?	Annual efficiency gain (of which cashable)	Cumulative efficiency (of which cashable)
Adult Social Services			
Children's services			
Culture and sport			
Environmental services			
Local transport			
Non-school education services			
Supporting people			
Other cross cutting efficiencies not covered above			
- Corporate services			
- Procurement			
- Productive time			
- Transactions			
- Other forms of efficiency			
Total			

- 1.13** Subject to the Audit Commission's current consultation process, the Commission will include an assessment of the Annual Efficiency Statement in the "Use of Resources" section for the Comprehensive Performance Assessment (CPA). The process for this assessment will be incorporated into the annual external audit. The assessment will be provided by the Audit Commission to the council and ODPM by mid-December following receipt of the Statement.

¹ The definitions for cashable and non-cashable were included in the first Information Pack.

- 1.14** The forward look for 2005/6 efficiencies will be required by 15th April 2005. The backward look at efficiencies achieved in 2004/5 (that are expected to be maintained throughout the SR2004 period) will be required by 15th June 2005.

Mid-year updates

- 1.15** ODPM will be requiring, from all single tier and county councils that do not have 'Excellent' status under CPA, an update on or before 17th November 2005 on the progress they have made towards improved efficiency. Districts and 'Excellent' upper tier authorities will be invited to submit updates. The format for this update is the same as the Annual Efficiency Statement. It should:

- Show forecast efficiency gains in line with the required template; and
- Set out the reasons for any expected major shortfall and plans for overcoming that shortfall.

Principles for Assessing Efficiency Gains

- 1.16** Councils are required to self-assess the efficiency gains they have achieved in the previous year. There are three stages to the process – initial analyses, end of year reporting, and review by auditor.

Initial Analyses

- Councils to calculate their efficiency target as 2.5% p.a. of their 2004/5 baseline expenditure.
- Councils to choose a suitable quality crosscheck (from those to be identified by a Measurement Taskforce) for each category of the reporting template.

End of Year Reporting

- Efficiency gains from 2004/5 that carry through to 2007/8 may be included against the 2005/6 efficiency target.
- Councils report efficiency gains achieved through specific projects in the appropriate category of the reporting template.
- Councils report whether the efficiency gains are cashable or non-cashable, and whether they are one-off or recurring.
- Councils show the position both in respect of annual efficiency gains, and of efficiency gains relative to the 2004/5 baseline.
- Each category of the reporting template indicates whether the quality crosscheck for that category has maintained or fallen in value.

Review Process

- From 2006, Councils' reports of efficiency gains are subject to review by the Audit Commission's appointed auditors – assessing the robustness of the process by which the authority identifies and calculates its efficiency gains.
- The auditor will require an adequate audit trail with evidence to support the reported efficiency gains and show how they were calculated.
- Those categories that have a quality crosscheck that is met do not require further evaluation in relation to quality. Projects in those categories where quality has fallen will be subject to stronger scrutiny to assess whether they are cuts or can be counted as efficiencies.

- 1.17** Prescribed efficiency indicators would play no formal role in this process. Nonetheless, the facilitation of benchmarking information is important to the efficiency agenda. The Audit Commission, Department of Health and the Highways Agency are among those who will be looking to gather data for the purpose of developing benchmarks.

Timescale for Future Actions

- 1.18** The timetable for future measurement activities over the next two years is set out below:

Date	Action
15th April 2005	Local authorities submit the forward part of the AES, looking ahead to the year 2005/6
15th June 2005	Local authorities submit the backward part of the AES, looking at countable efficiency gains for 2004/5
17th November 2005	Single tier and county councils that do not have Excellent status are required to provide a mid-year update to ODPM
14th April 2006	Local authorities submit the forward part of the AES, looking ahead to the year 2006/7
16th June 2006	Local authorities submit the backward part of the AES, setting out efficiency gains achieved in 2005/6
17th November 2006	Single tier and county councils that do not have Excellent status are required to provide a mid-year update to ODPM

Contact Point

- 1.19** Queries about the arrangements for measuring efficiency gains should be directed to:

Neil Reeder	neil.reeder@odpm.gsi.gov.uk	020 7944 6916
Derek Egan	derek.egan@odpm.gsi.gov.uk	020 7944 6244

2

The Role of Change Agents

2.1 Overview of Change Agents

2.1.1 There are a number of key change agents that will be working with local authorities to help them achieve efficiency gains, at both national and regional levels. The Regional Centres of Excellence (RCEs) are the lead change agents for local government and are very much the first port of call for local authorities. Their work is given strategic direction by the Chief Executives' Taskforce, chaired by Tim Byles, and is supported through collaboration with key players involved in helping to deliver the efficiency agenda, as set out in the table below:

Regional Centres of Excellence work with...	
National Change Agents	Regional Change Agents
■ Office of the Deputy Prime Minister (ODPM)	■ ODPM Regional Directors of Practice
■ Office of Government Commerce (OGC)	■ e-Government Partnerships
■ e-Government Unit (eGU)	■ Regional Employers Organisation (REO)
■ Chief Executives' Taskforce	■ Regional Local Government Association (LGA)
■ Local Government Task Force (LGTF)	■ IDeA Regional Associates
■ Employers' Organisation for Local Government (EO)	
■ 4ps	
■ Improvement and Development Agency (IDeA)	

2.1.2 ODPM has the role of co-ordinating and leading the agenda amongst Government Departments for achieving the efficiency gains expected from Local Government. It sponsors the RCEs, and is responsible for implementing the measurement system for Local Government. Barry Quirk is the Efficiency Champion for ODPM; his role is to liaise between the key players involved in the local government efficiency agenda. Tim Byles is ODPM's Procurement Champion, and his role is set out in detail below.

2.1.3 Contact details for the Local Government Modernisation and Efficiency team in ODPM, the Local Government Association and Barry Quirk are as follows:

Office of the Deputy Prime Minister		
Sue Reid	sue.reid@odpm.gsi.gov.uk	
Neil Reeder	neil.reeder@odpm.gsi.gov.uk	020 7944 6916
Mark Holder	mark.holder@odpm.gsi.gov.uk	020 7944 4450
Local Government Association		
Sarah Wood (Director of Economic and Environmental Policy)	sarah.wood@lga.gov.uk	020 7664 3233
Keith Beaumont (Programme Manager, Local Government Finance)	keith.beaumont@lga.gov.uk	020 7664 3336
Efficiency Champion		
Barry Quirk	barry.quirk@lewisham.gov.uk	

2.2 Regional Centres of Excellence (RCEs)

2.2.1 At the centre of our regional delivery model are the re-purposed Centres of Procurement Excellence, which will provide support to local authorities to achieve efficiencies in:

- Procurement of commodity goods and services;
- Procurement of construction and facilities management;
- Corporate services; and
- Transactional services.

2.2.2 The Centres are hosted by, run by, and act for local authorities, and receive core funding through the Challenge Fund and Capacity Building Fund. The main roles for the RCEs include:

- Acting as the first point of contact for local authorities in relation to the efficiency agenda;
- Co-ordinating and analysing data relating to local authority performance across the four 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

- Co-ordinating the support for local authorities to ensure that the efforts of individual organisations support the needs of the region.

2.2.3 The Chief Executives’ Taskforce, along with the ODPM and LGA, is establishing a Strategic Implementation Framework in order to co-ordinate interaction between change agents.

2.2.4 RCEs will have strong links to many Government Departments’ change programmes and the OGC’s work on efficiency. More details are included in the sections on individual service sectors in Chapter Four, but they include:

- Working with DfES’s Centre for Procurement Performance and with Local Education Authorities for general schools procurement gains;
- Working with the Highways Agency to promote efficiency gains in local roads construction; and
- Linking with the Department of Health’s change programme for adult social care on procurement opportunities.

2.2.5 Connections are beginning to be made between RCE Directors and ODPM Regional Directors of Practice to ensure effective governance and co-ordination arrangements in regions. The aim is to maximise the support available for local authorities in tackling both the National Procurement Strategy and the Efficiency Agenda.

2.2.6 The RCEs have made good progress in taking forward projects and developing forums for greater collaboration. They will take forward work undertaken by ODPM’s Strategic Partnering taskforce (which can be found on the ODPM website at: www.odpm.gov.uk/ssdp), including research findings and the “Partnership Assessment Tool”.

2.2.7 The table below sets out the contact details for each of the RCEs:

Steve Holland	East of England	steve.holland@norfolk.gov.uk	01603 704014
Chris Allison	East Midlands	chris.allison@nottssc.co.uk	0115 977 3875
Julia Vernalls	London	julia.vernalls@alg.gov.uk	020 7934 9955
David Wright	North East	necpe@gateshead.gov.uk	0191 433 2230
Colin Cram	North West	colin.cram@tameside.gov.uk	0161 342 3762
Dr Andrew Larner	South East	andrew.larner@kent.gov.uk	01622 696317
Julian Morley	South West	j.morley@dorsetcc.gov.uk	01305 225423
Robin Edwards	West Midlands	redwards4@worcestershire.gov.uk	01905 763763
Tony Wiltshire	Yorkshire & Humber	tony.wiltshire@leeds.gov.uk	0113 247 4483

2.3 The National Procurement Champion

Tim Byles, Chief Executive Norfolk County Council

- 2.3.1** I was asked by the ODPM to become its National Procurement Champion in 2003, coinciding with the launch of the National Procurement Strategy for local government (NPS). Both the ODPM and LGA envisaged the role as promoting to local government the benefits of high quality procurement performance to improve services and increase efficiency.
- 2.3.2** In order to help achieve these objectives, the ODPM provided funding to establish a Centre of Procurement Excellence in each of the nine English regions, hosted by lead local authorities with the support of other authorities. Alongside this, I developed, together with colleague Chief Executives in the lead authorities, a Chief Executives' Taskforce to work with the ODPM and LGA to provide leadership, co-ordination and support for the Centres.
- 2.3.3** The Taskforce has now been joined by lead change agents from government spending departments, OGC, IDeA and 4ps in order to develop a strategic framework to ensure that support provided to enable local authorities to realise their own targets is complementary.
- 2.3.4** The Taskforce, ODPM and LGA all agreed that the Centres' work could potentially be reshaped to achieve efficiencies across the workstreams set out in the Gershon Report. Consultants were asked to advise on how the Centres for Procurement Excellence could be re-purposed into broader Centres of Excellence. These would incorporate the procurement of commodities, construction and corporate and transactional services, as well as working with other Change Agents in key sectors such as Education, Social Care and Environment. The recommendations of the report have now been adopted and additional funding of more than £20 million will now be shared between the nine Centres in 2004/05 and 2005/06.
- 2.3.5** The Taskforce, ODPM and LGA all have a clear recognition of the need to engage elected members at the national, regional and local levels. This is being achieved through the establishment of a national panel under the chairmanship of Sir Jeremy Beecham, at regional level through the governance arrangements established in each region and locally through the links being developed between Regional Directors and elected members.
- 2.3.6** The Regional Directors Group will be working closely with Change Agents, IDeA and 4ps on firming up actions to provide and channel support through the Centres to local authorities in each region. This work will begin in earnest early in the New Year.

- 2.3.7** Local authorities are already beginning to engage with their Centres of Excellence in order to get support for developing their thinking and ideas for specific efficiency producing projects that will underpin the Annual Efficiency Statements required for the first time from 2005/06.
- 2.3.8** The Centres face a significant challenge in gathering together information about the procurement behaviour of local authorities in their regions in order to be able to identify opportunities for potentially substantial gains, particularly in the area of commodities procurement. The Centres will also be looking closely at the current arrangements for providing corporate services and how important transactional services are delivered.
- 2.3.9** Many local authorities are already leading performers in commodity procurement, benefiting from some of the best deals in the public sector as a whole. The first local authority e-auctions are already being planned and support will be available through the Centres to support these innovations which are already producing double-digit percentage gains.
- 2.3.10** Working with others, the Centres aim to support the establishment of e-procurement for every local authority, eliminating many time consuming and costly manual processes. Many District Councils are already working in clusters to rationalise and streamline their revenues and benefits services and the Centres stand ready to support these important initiatives. All nine Centres will develop detailed business plans over the coming months to support these initiatives.
- 2.3.11** In summary, all of us in the public sector face the challenge of achieving efficiencies in the forthcoming years. We must now use our Centres of Excellence to the full to ensure that we can both individually and collectively successfully address the efficiency agenda and continue to provide the key services that the public require.

- 2.3.12** Contact details for Tim Byles are as follows:

Tim Byles

tim.byles@norfolk.gov.uk

2.4 Local Government Task Force (LGTF)

- 2.4.1** The Local Government Task Force, whose director is Peter Bishop, was established in 2000 to encourage and assist local authorities to adopt the principles of “Rethinking Construction”. It acts as a bridgehead between the local government and construction communities, providing a unique lobby for the adoption of best practice. It works closely with the ODPM and DTi, as well as all of the major organisations that are influential in the public sector, and operates under the umbrella of Constructing Excellence.
- 2.4.2** Constructing Excellence manages and publishes details of over 400 demonstration projects that provide tangible evidence that the principles of Rethinking Construction really do deliver very real tangible benefits. Nearly fifty percent of these projects involve local authorities, making local government the single, most participative sector. In addition, Constructing Excellence also collects KPI data, which records the performance of the construction industry, and against which the demonstration projects are benchmarked.
- 2.4.3** The table below sets out the contact details for Peter Bishop and the Local Government Task Force Regional Champions:

Peter Bishop	LGTF Director	peterbishop@lgtf.org.uk	020 7592 1100
Mike Britch	East of England	mike.britch.nps@norfolk.gov.uk	01603 223448
Roger Latham	East Midlands	chief.executive@nottsc.gov.uk	0115 977 3582
Trevor Pugh	London	t.pugh@richmond.gov.uk	020 8891 7907
Chris Tunstall	North East	Christopher.Tunstall@Durham.gov.uk	0191 383 3000
Mike Foy	North West	mikefoy@sthelens.gov.uk	01744 456308
Dr Alastair Jefford	South East	alastair.jefford@kent.gov.uk	01622 694192
Dave Ayre	South West	d.n.ayre@dorsetcc.gov.uk	01305 224257
Steve Vickers	West Midlands	Steve.vickers@birmingham.gov.uk	0121 303 6388
Keith Hilton	Yorkshire & Humber	keithhilton@ukonline.co.uk	0113 205 3928

2.5 Local e-Government Programme

- 2.5.1** The potential efficiency gains from e-Government are considerable. Research by Deloitte Touche indicates scope for gains of £1bn from e-procurement, while other research on seven national projects assesses that they offer scope for gains of over £2bn.
- 2.5.2** The Local e-Government strategy was developed in 2002 as a partnership between local and central government. At its heart is customer service change and service transformation. The 'e' stands equally for electronic and for electronic enabling business, technical, organisational, and people change. The awareness of new ways of serving customers is a vital opportunity for achieving efficiencies. Local strategies and local determination of 'what fits', and how to use it are vital to success.
- 2.5.3** Jointly sponsored by the LGA, HM Treasury, ODPM, and the Cabinet Office e-Government Unit the local e-Government programme has provided strategic direction, funding, and key stakeholder commitment to a range of enabling initiatives.
- 2.5.4** Every English local authority will have received £900,000 by the end of 2005 through the programme to invest in their individual e-Government plans. Other funding streams have supported Councils in the national project and partnership working to develop common solutions and partnership service delivery. This individual and national investment has acted to modernise ICT access infrastructure, web sites, call centres, customer management systems, and providing online access to all customer-facing services.
- 2.5.5** The ICT and organisational infrastructure of front line services nationally is now in good position to use redeployed resources effectively. The potential of National Project outputs and of local partnerships is available to provide efficiency benefit realisation. The potential of National Projects is highlighted in the following section.

The Potential of National Projects

- 2.5.6** On 8 December 2004, Phil Hope, the Minister for Local e-Government, announced a further series of Benefits Guides to a number of the completed National Projects. These guides, which are short and accessible, are available at: www.localgovnmp.org. They are in addition to the Guides already produced by e-Procurement (www.nepp.org.uk) and e-Payments (www.epayments.org.uk/benefits).
- 2.5.7** The following extracts illustrate the potential for Councils to identify and achieve efficiency gains. Using the outputs of National Projects will involve some cost to Councils and the scale of benefits (High, Medium, or Low) is dependent on local circumstances. All this information is included in the Guides and Councils will wish to consider them in full.

2.5.8 LAWS (Local Authority Websites) has tailored to the requirements of local authorities, to assist with the delivery of a transactional website. LAWS is an enabling, facilitating project, standardising connections rather than standardising services. The Government has made use of the Local Government Category List (a taxonomy for services available within a local authority), developed by LAWS, mandatory for all local authorities.

LAWS (websites) Case Study – Coventry City Council

Coventry has used LAWS with their intranet site. Since going live with APLAWS+ (the LAWS product) the page response time has improved to 4 seconds per page with availability at 97.5%.

2.5.9 PARSOL (Planning and Regulatory Services Online) provides software and guidance to assist local authorities in implementing online planning, licensing and consultation processes.

PARSOL Case Study – Birmingham City Council

Birmingham will be using the PARSOL Expert System to assist with their planning processes and decisions about planning consent. The system will aid on-line answers to regular planning questions and reduce the number of calls to the council.

2.5.10 Valuebill helps local authorities to increase the effectiveness of collection of property based taxes (Council Tax and Non Domestic Rates) through the provision of a more efficient electronic process for storing property information within a local authority.

Valuebill Case Study – Huntingdonshire District Council

Huntingdonshire used Valuebill to help it achieve joined up government. With Valuebill, Huntingdonshire now benefits from a 100% property database, significantly increasing the tax base and collection rate and presenting a joined up picture to the customer.

2.5.11 e-Pay allows citizens to make payments to their local authority by a range of electronic channels, including the Internet and telephone. A study by RSE Consulting looked at the potential benefits from the e-Pay national project. They concluded that it would allow local authorities to deliver a better service for citizens and make significant efficiency gains in terms of improved productive time and reduced transactional costs.

National Savings from National Projects (£ millions)			
Project	Cost Reduction & Efficiency Savings (£)	Service Improvements/ Added Value (£)	Strategic/ Intangible Benefits
CRM (Customer Relationship Management)	97m	425m	Modest
LAWS	6m	26m	Significant
NOMAD (Mobile Working)	54m	170m	Modest
PARSOL	35m	402m	Modest
Valuebill	20m	145m	Modest
Workflow	105m	231m	Modest
e-Pay	208m	500m	Significant
Total Average Savings from these National Projects	525m	1,900m	Modest

Source: National Projects benefits guides

2.5.12 The National e-Procurement Project has also published a guide describing the sort of gains that local authorities can make by implementing e-Procurement solutions. Together with e-Pay, these projects can offer authorities ‘quick wins’ in terms of gains and may, therefore, be particularly useful at this time. The guides for both e-Procurement and e-Pay can be downloaded from the Projects’ websites.

Delivery

2.5.13 During its final year the Local e-Government programme will continue to support Councils and Government departments in realising efficiency gains through e-government.

- **Projects and products.** The ROADS (National Project Rollout & Dissemination) project is a focal point for advice and guidance, as is the IDeA e-Government Strategic Support Unit. The *Explanatory Notes for Practitioners* document provides implementation guidance on Priority Service Outcomes (PSOs). This is the latest in a series of best practice guides published by IDeA. Guidance is underpinned by research and development and supplemented by specialist advice to the sector on topics ranging from CRM and business process re-engineering to access strategies and change management.
- **Partnerships and Regional mechanisms.** The Local e-Government funded partnerships workstream ended in July 2004 and work is underway to collate and document partnership benefits and outputs. There is a large knowledge base of good practice within local authorities from this joint working. Regional e-Partnerships are now focusing in regional e-projects, and there are links establishing with the

RCEs. The North West e-Government Group’s regional study of efficiency review “challenges and potential barriers” has already pointed the way to regional approaches to efficiency gains and priorities for action, and this approach will be evaluated in other regions.

- **Directgov: Transactional Services.** Directgov is the Government website that is being developed by the e-Government Unit, with individual sections being developed as franchises by relevant central government departments. The website is public facing, and Directgov aims to link to relevant local authority transactional services.
- **IEG statements and Priority Outcomes.** Councils will be reporting (IEG4) progress electronically via the esd-Toolkit. The esd-Toolkit is ‘owned’ by the local authority community and therefore will exist beyond the life of the e-Government programme. The Toolkit also contains business process maps, many of which have been re-engineered and optimised for cost and efficiency. This potential as a tool for practical process re-engineering to deliver efficiency gains will be further explored.
- **Support.** Through IDeA, funding and support packages are put in place for councils experiencing the greatest difficulties (75 councils have been engaged in this way). Support frequently focuses on programmes to deliver improved access and customer service including the establishment of contact centres and CRM/back office integration. Efficiency in call handling, switching (where appropriate) to cheaper access channels, change management and benefits realisation are all major targets.
- **Communication and dissemination.** The events planned for the rollout and dissemination of the National projects and their products will support Councils in making the connections with their efficiency objectives. A series of regional events is underway.

Contact Point

2.5.14 Further information can be found at or from:

e-Government website:	www.localegov.gov.uk
e-Procurement website:	www.nepp.org.uk
e-Payments website:	www.epayments.org.uk
National Projects website:	www.localegovnp.org
IDeA e-Government helpline:	020 7296 6194
Roger Clarkson:	Roger.Clarkson@odpm.gsi.gov.uk 020 7944 4210

2.6 LGA Performance Partnership

2.6.1 The LGA Performance Partnership brings together the activities of the Improvement and Development Agency (IDeA), the IDeA Regional Associates, the Employers' Organisation (including productivity and HR dimensions to efficiency) and 4ps (including project support know-how and benchmarking, gateway reviews and skills development). The recently launched Improvement Network provides further links to CIPFA and the Audit Commission.

Improvement and Development Agency (IDeA)

2.6.2 IDeA manages a range of programmes on behalf of the local government sector. These programmes are focused on :

- Leadership, including the Leadership Academy;
- Performance improvement, including peer review, longer-term support packages and beacon council networks;
- e-Government, being developed to include support on corporate and transactional services, productive time and e-procurement;
- Procurement (capability and skills programmes);
- Governance (including LPSAs and Local Area Agreements); and
- Improving priority frontline services (education and children's services, adult social care and sustainable communities).

2.6.3 The Agency helps the sector to realise efficiencies and improve performance by marshalling and publishing best practice, challenging with best practice, and supporting improvement (targeted on those councils in most need).

2.6.4 A key feature of the IDeA's model is learning from "peers" (fellow practitioners), which has proved highly effective. The Peer Clearing House (PCH) is the sector's database of accredited member and officer peers.

2.6.5 The IDeA Knowledge website is a key resource for the sector and the Agency has agreed to assist the Regional Centres of Excellence in the development of a Knowledge Exchange to support their work. This will help in the identification of opportunities for efficiency gains, enable learning from exemplar projects to be disseminated across the whole sector and facilitate integration of the work of the RCEs, LGA Performance Partnership and government change agents.

2.6.6 Reflecting the efficiency agenda, there is an increasing emphasis on collaboration and the delivery of support packages to groups of councils. Senior managers based in the regions (Regional Associates) play a pivotal role in this. They work with regional

partners, including in particular the Regional Centres of Excellence, to assess sub-regional and regional needs, identify and share best practice, broker collaboration among groups of authorities; and mobilise appropriate packages of funding and support (including programmes managed by the LGA Performance Partnership).

2.6.7 Contact details for the IDeA are as follows:

John Hayes	john.hayes@idea.gov.uk	020 7296 6847
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Employers’ Organisation (EO)

2.6.8 One of the main routes to enhancing efficiency and improving services lies in effective people management and a systematic approach to productivity, pay and workforce issues. The Employers’ Organisation for local government (EO) and Regional Employers’ Organisations (REOs) provide a range of advice and support to assist authorities in achieving efficiency gains.

Reducing sickness absence levels

2.6.9 The EO provides handbooks, toolkits and advice on best practice based on continuing research into sickness issues, including examining the practices of authorities with low absence rates. The EO’s Consultancy Service can conduct absence and stress audits for authorities; contact jo.fowles@lg-employers.gov.uk for details.

Case Study – City of York

The City of York wanted a radical approach to help reduce their sickness absence rates. After joining with a specialist provider who operates a call centre staffed by occupational health nurses, employees now report their absence and are given advice on how to deal with their symptoms. There is follow up contact with the nurses, as necessary. Early indications are that there has been a reduction in sickness levels.

Cost effective recruitment

2.6.10 The EO estimates that authorities spend around £1 billion annually on recruitment. The EO provides advice on modernising recruitment to make sure it is both efficient and effective. The EO works with Jobs Go Public to provide a cost effective electronic recruitment service, lgjobs.com. Most REOs are supporting the setting up of joint recruitment portals or other regional or sub-regional recruitment schemes to help to promote local government jobs and save costs.

Case Study – Surrey

In Surrey, 44 public sector organisations joined together to set up a public sector recruitment portal. This has been successful both in promoting local public sector jobs more effectively and in reducing costs significantly. It is popular with applicants because it cuts down paperwork and speeds up the process.

Reshaping rewards and working time

2.6.11 There is substantial scope for authorities to save costs through:

- Increasing the value of the output of each employee ;
- Reducing expenditure on premium wage rates; and
- Re-modelling the workforce to supplement scarce and expensive skills with appropriately skilled support staff.

2.6.12 The EO is developing further website guidance in all these areas, which will include in-depth advice on creating skills pathways, remodelling and achieving flexibility.

Case Study – East Riding

East Riding introduced a home-working option for its revenues processing staff to help tackle recruitment and retention problems in their largely rural council. As well as resolving the recruitment issue, the scheme has resulted in improvements in the performance and efficiency of the service and is highly valued by the workforce.

Developing and implementing effective people strategies

2.6.13 Having an effective people strategy saves authorities costs in many ways. By retaining skilled staff, there can be a reduction in recruitment cost and performance levels can rise. Workforce planning also helps to avoid skills shortages, saving the cost of employing agency staff or recruitment incentives such as golden handshakes. Developing more effective leaders and managers is vital in improving performance.

2.6.14 The EO provides guidance, advice and support on all aspects of effective people management, such as:

- developing a people strategy
- undertaking workforce planning
- leadership development
- management development
- achieving flexible working
- employee relations in the context of change

2.6.15 The EO's Regional Skills and Capacity Advisors (RSCAs) assist with workforce planning and producing workforce development plans. REOs also provide local support and advice on achieving efficiencies through developing and implementing better people management practices. RSCAs and REOs are now developing and implementing regional pay and workforce strategies, supporting authorities by undertaking joint initiatives to help save costs.

2.6.16 The EO and REOs are working together to support the development of more strategic and effective HR services, and are implementing regional development activities such as strategic HR coaching schemes, action learning sets and pilot HR Peer Reviews. The EO is also producing a HR performance framework with competencies and performance standards. Contact your REO for details of what is planned in your region:
<http://www.lg-employers.gov.uk/links/index.html>

Case Study – Tameside

In Tameside Metropolitan Borough Council workforce planning is seen as essential to ensure that the right people with the right skills can be attracted and retained. Workforce planning has been embedded into the council's overall business planning process and fully cross-referenced to its Human Resources Strategy. In addition there is a strong system of performance management in place to ensure service delivery is well supported.

2.6.17 For further information on the EO's services see the EO website www.lg-employers.gov.uk and the new improvement website www.improvementnetwork.gov.uk that provides help and advice on improvement, including achieving high performance people management, developed by the Audit Commission, the IDeA, CIPFA and the EO. Contact your local REO for details of their services: <http://www.lg-employers.gov.uk/links/index.html>. The EO's Assistant Director of Best Practice may be contacted at:

Tracey Connage

tracey.connage@lg-employers.gov.uk

020 7296 6731

4ps

2.6.18 4ps is local government's procurement expert for large, complex projects and partnerships. It provides independent advice, guidance and skills development (with IDeA) to local authorities undertaking projects, procurement and partnerships. This includes private finance initiative (PFI) schemes, strategic service partnerships and other forms of partnership working.

- 2.6.19** With extensive experience and expertise in developing, procuring and delivering large, high risk, complex projects, 4ps offers comprehensive procurement support to local authorities, including hands-on project support and project management services, Gateway Reviews, skills development and “know-how” procurement guidance in the form of procurement packs, case studies, benchmarking and extranets.
- 2.6.20** 4ps works in partnership with the IDeA and the EO as a member of the LGA Performance Partnership. It has close service relationships with each of the Regional Centres of Excellence and has a particular focus on supporting councils most in need, and collaborative procurement.
- 2.6.21** 4ps staff are procurement experts in specific sectors, including schools, social housing, transport and street scene, waste management, corporate services, social services and leisure. A range of procurement packs have been developed by 4ps to provide specific assistance to local authorities in England with procurement in these areas through the Private Finance Initiative (PFI).
- 2.6.22** For more information about the 4ps, see their website (www.4ps.gov.uk), call on 020 7808 1470, or send an e-mail to enquiries@4ps.gov.uk

2.7 Office of Government Commerce (OGC)

- 2.7.1** The Office of Government Commerce (OGC) is an independent office of the Treasury, with its own Chief Executive. OGC is the organisation responsible for developing Gateway reviews of major projects to support better delivery, and is driving forward and co-ordinating implementation of the efficiency programme. At the request of the Chancellor, OGC’s remit is widening from 1st April 2005 to cover smarter procurement and better project management across the whole public sector.
- 2.7.2** OGC has, since its beginning, represented the Government on EU negotiations over public procurement policy and the implementation of government wide supply arrangements with big suppliers such as Microsoft. It also encourages the professionalism of procurement staff in central government. OGC is responsible for co-ordinating procurement policy across the public sector and works as a catalyst to promote good practice in procurement and set up effective trading agreements.
- 2.7.3** The Efficiency Delivery team is part of OGC. The team is working alongside government departments and the wider public sector enabling them to make the step changes needed to deliver their efficiency gains. The team aims to capitalise on the size, scale and potential of the efficiency programme by keeping people focused and informed on direction and progress against plan. OGC has also set up three specific change agents to assist the public sector in making efficiency gains, as described below. Further

support and change agents are also under development in the Productive Time and Policy, Funding and Regulation workstreams.

Co-ordinated Procurement

- 2.7.4** Commodity goods and services include many items that are bought widely across the public sector, with total spend of over £25 billion per year. Many of these items are bought by all parts of the public sector, yet the public sector often does not intelligently use its purchasing power to effect and is seen as a fragmented client by suppliers.
- 2.7.5** As explained earlier, OGC change agents are keen to engage with the local government sector and are working with the RCEs and Chief Executives' Taskforce. Discussions have taken place to put in place effective structures to jointly tackle improvements in local procurement. Co-ordinated Procurement, in conjunction with its stakeholder group (which includes representatives from all parts of the public sector), has started feasibility and scoping studies for six spend categories: temporary labour, print, uniforms, fleet, telecoms (principally equipment) and freight/couriers/post.
- 2.7.6** These studies will look at what is currently happening in these areas and recommend next steps, which could be a full, detailed 'strategic sourcing' project; work to roll-out current successful contracts; or a 'do nothing' option as appropriate. These studies will report back in February 2005. Work has also started in three other areas:
- Identifying "quick wins"; deals already in place, or current contracting activities (including e-auctions) that could be beneficially implemented across a wider user base;
 - A website to communicate and share useful information is under development; and
 - An investigation of how benchmarking can best be used to assist in promoting good practice and good deals in the commodities area.

Smarter Construction

- 2.7.7** The work of Smarter Construction will be based on best practice activity already undertaken by a number of existing bodies including the former Property and Construction Best Practice division of OGC, and will also build upon the findings of the first Kelly market review on the construction market, which are due in early 2005.
- 2.7.8** Smarter Construction is currently being developed and recruitment is underway. It will work with other agents in this area, including the RCEs and the Local Government Task Force, and provide support with:
- Individual deals which are mission critical and/or are market significant (in terms of innovation, effect on market capacity etc.);
 - Skills and professionalism;
 - Information sharing and benchmarking;

- Market shaping and the Kelly agenda; and
- Collaboration and the development and application of tools and best practice.

Corporate Services Change Agent (CSCA)

2.7.9 The Corporate Services workstream is setting up a cross-government change agent capability focussing on HR, Finance and IT. The CSCA will provide support and advice on implementing shared services, develop standard processes and systems for HR and Finance and introduce measures for the effectiveness and efficiency of corporate services.

2.7.10 The CSCA will also be working with central departments and the wider public sector to encourage experience and best practice sharing. Recent activity includes:

- Setting up the Shared Services Forum for those developing shared services. For example, Home Office and DfT are sharing how best to get their programmes underway. The outputs from the forum will include a series of guidance notes on the key issues.
- Developing a guide/toolkit for organisations on their options for transforming their corporate services and giving them a quick start. This will take the form of ‘off the shelf’ workshop material which can be delivered by the change agent to any government organisation.
- Communicating the common HR processes being developed by Cabinet Office, HMT and ODPM.
- Establishing standard measures of HR and IT effectiveness and efficiency and agreeing benchmarks for performance. We are working with HR Directors across government and commissioning external assistance to develop a standard approach that can be used by any public sector organisation to drive a transformation programme.

2.7.11 The outputs from the above activities will be available to the Regional Centres of Excellence (RCEs) as they develop their plans to support local authorities in transforming their corporate services. In particular we are:

- Planning a workshop with the RCEs to understand their specific needs and how the outputs from our activities can be adapted to meet the needs of local authorities; and
- Working with the ODPM and CIPFA to assemble comparative information on corporate services efficiency across local authorities, utilising existing data collection returns. Local authorities can then establish baselines and develop improvement plans.

2.7.12 Contact details for the OGC are as follows:

Glynis Davies

glynis.davies@ogc.gsi.gov.uk

020 7271 2813

2.8 e-Government Unit (eGU) – the Transactional Services Change Agent

- 2.8.1** In the Spending Review 2004, the e-Government Unit (eGU), located in the Cabinet Office, was given the task of acting as the change agent on transactional services for public services as a whole.
- 2.8.2** The primary purpose of the eGU, in its role as the Transactional Services Change Agent is to facilitate the achievement of efficiency gains through improvements in the delivery of transactional services across central and local government. In addition to this, the eGU will offer support to make further efficiencies and improvements in quality as part of normal business.
- 2.8.3** The overall approach will be one of support to public service providers, coupled with appropriate levels of challenge. The main focus will be to work with and through the RCEs, with generic outputs (e.g. good practice guidance) also available to public service providers direct from the eGU.
- 2.8.4** In particular the eGU is keen to support the integration of the local e-government programme, including the outputs of the national projects and the partnerships programme, into authorities' efficiency plans.
- 2.8.5** The eGU will be in a position to identify opportunities for any public service provider to benefit from the expertise and experience of another. This should enable the sharing of good practice and the development of common solutions to shared problems across government. There will be an active engagement and communication process to ensure that good work is given recognition and promoted to others.
- 2.8.6** In addition to facilitating seminars and workshops, the eGU will also support the creation of an informal peer-group or 'buddy' network, putting public service providers in touch with one another, and also with experts in the private sector.
- 2.8.7** The eGU will also source or develop good practice guidance as required. A take-up plan checklist and Service Delivery Guide have already been developed and Customer Segmentation Guidelines and Benefits Realisation Guidelines are in the pipeline for the first quarter of 2005.
- 2.8.8** Contact details for the eGU are as follows:

Jason Burg

jason.burg@cabinet-office.gsi.gov.uk

020 7276 3027

3

Cross-Cutting Guidance

The following sections, written by ODPM in conjunction with change agents, sets out the planned approach to supporting the work of local authorities in achieving efficiency gains in the cross-cutting workstreams, and provides a number of case study examples.

3.1 Corporate Services

Introduction

- 3.1.1** Corporate Services includes such functions as Finance; Human Resources (HR); Information and Communications Technology (ICT); Legal; Procurement; Facilities or Estates Management; and Marketing and Communications. Efficiency gains can be made in a number of ways:

Simplifying and Standardising Processes within Authorities

- 3.1.2** Kent County Council's corporate services improvement project is implementing common processes across the organisation. The project cost £32m to implement but will produce an estimated £9m per annum cost saving with 300 Full Time Employees (FTEs) freed up from corporate services activities.

Improved Partnership Working across the Public Sector

- 3.1.3** Wigan and Wakefield Councils are both benefiting from an innovative Public Service Partnership which has resulted in the creation of public trading companies competing successfully against the private sector, again achieving savings of 10% or more compared to previous arrangements for delivering the same services.
- 3.1.4** Adur, Mid Sussex and Horsham District Councils are engaged in partnership activity with a view to having one centre of ICT support and development.

Working with the Private Sector

- 3.1.5** Westminster City Council has transferred 67 cross-directorate services to Vertex. Improved processes and the transfer of 300 FTEs from the council are resulting in substantial efficiency gains. It has utilised Customer Relationship Management (CRM) technology to redesign services around a ‘one-stop’ centre.
- 3.1.6** Blackburn with Darwen Borough Council, transferred 480 jobs to Capita as part of the Strategic Service Partnership, improvements in corporate services have included improved infrastructure and stretched targets in terms of both quality and cost of service delivery. Regeneration was an important part of the partnership agreement and Capita has successfully grown 720 new jobs. Reductions in costs have allowed resources to be re-directed to frontline services such as Social Care.

Actions to Improve Efficiency

- 3.1.7** Activities to help local authorities improve the efficiency of their corporate services are underway at both the national and regional levels.
- 3.1.8** Building on the work of existing networks, such as the regional e-Government groups, we will look to create stronger links between the e-Government National Projects (such as the CRM project) and the RCEs to facilitate greater partnering amongst authorities. An important part of their work will be collating and disseminating benchmarking information and examples of good practice.
- 3.1.9** We will explore opportunities allowing authorities to call-off standard ‘approved’ solutions for corporate services, and intend to create a framework within which groups of authorities would share infrastructure and systems for their common processes.

Contact Point

- 3.1.10** Queries about the Corporate Services workstream should be directed to:

Neil Reeder	neil.reeder@odpm.gsi.gov.uk	020 7944 6916
Mark Holder	mark.holder@odpm.gsi.gov.uk	020 7944 4450

3.2 Procurement of Commodity Goods and Services

Introduction

3.2.1 This includes an array of procurement, covering energy, travel and subsistence, vehicles, ICT hardware, consumables, temporary staff, professional services, office equipment and supplies and telecommunications. It excludes elements of procurement relating to construction and premises, or to sector specific procurement². Case studies illustrate the ways that efficiency gains can be made.

Improved Contract Management and Partnership Processes

3.2.2 Sheffield City Council has achieved savings of over £75,000 per annum by making use of the OGC mobile phone contract mandatory across the authority, with additional substantial savings on processing of invoices.

3.2.3 Starting from an idea in early 2003 the East Lancashire Procurement Service has developed into a valuable joint resource. Early activities have already saved £80,000 with estimates of £250,000 for the current financial year.

3.2.4 Kent County Council offers an energy procurement contract management and administration service on behalf of 68 local authorities. It is estimated that savings on administration costs alone amount to some £3.5m.

3.2.5 The South West RCE has started training skills and development mapping throughout the region. Two councils have conducted skills audits within their councils and have established programmes of local skills training and development. Devon County Council is well advanced in its training programmes and the Centre will consider if this is a model that can be used or modified to roll out into other sub-regions or services.

Case Study – London Centre of Excellence and Strategic Procurement Services

LCPE and SPS have devised a training programme which will be rolled out in the new year to enable authorities to analyse their own procurement expenditure in order to identify opportunities to achieve savings, identify collaborative opportunities and deliver key corporate objectives.

The London Centre of Excellence plans to deliver cashable gains in a number of key markets including temporary staff, advertising, ICT, Consultancy and Utilities. It is estimated that the current expenditure in these areas across London alone totals approximately £850m. In addition significant gains are anticipated from a range of exemplar projects including Partnerships in Parking, London Recruitment Portal, Integrated waste disposal and improved co-ordination of council tax and pension administration.

² e.g. adult social care, waste management, highways construction and social housing

Implementation of e-Government Projects

- 3.2.6** Woking Borough Council has piloted an e-tendering process, which has delivered a 58% reduction in time taken to process tenders (this equates to a saving of approximately £8,000 based on standard labour rates) and also saved printing and publishing costs.
- 3.2.7** The North Eastern Purchasing Organisation (NEPO) is a long-standing consortium of the region's local authorities whose role is to derive significant purchasing and procurement efficiencies. NEPO has recently established an e-Procurement Portal, a regional public sector portal hosting a suite of e-Procurement tools.
- 3.2.8** In the Yorkshire & Humber RCE, initial discussions have been held with companies for a regional web based Contract and Supplier Management System. This will be a vehicle to deliver efficiency opportunities. A single core database to hold supplier, contracts, pricing and performance data which will enable authorities to identify and manage collaborative procurement activities (i.e. One Council will lead a tender on behalf of many).

Case Study – Cambridgeshire

Over the past 15 months, Cambridgeshire County Council's approach to procurement has set the groundwork to deliver real savings of £222,900 to date, and a further £695,500 (via purchase cards and price reductions via the Eastern Shires Purchasing Organisation – ESPO) over the next three years. In addition, it will lead to a range of soft benefits that will bring improvements to the services provided for customers.

To maximise the value for money obtained from cross-authority contracts they have established a number of 'Corporate Contracts'. These may be with a single or a range of suppliers. Departments within the Council are required to use corporate contracts for goods and services, ensuring maximum efficiency.

Two Framework Contracts have recently been placed. The first is for a Contract for Temporary Agency Workers for short-term placements of up to 13 weeks. The second is also a Framework Contract, for printing companies, to ensure there is a sufficient choice available to meet the wide-ranging printing needs of the Councils. The estimated value of these two Framework Contracts alone exceeds £5m per annum. There is an initial minimum targeted saving required of 5% on existing spending – equivalent to £250,000.

- 3.2.9** Established in 2002, London Marketplace is working to develop traditional e-Procurement, such as e-Catalogue purchasing and also more innovative solutions. The latter includes e-RFQ (e-Request for Quotations) for temporary agency staff, electronic invoicing, the use of purchase cards and e-Auctions for electricity and computers (which was one of the first times a UK local authority had used this method of tendering). Data shows that the boroughs are generating savings of between 40% and 75% on the cost of routine items bought through London Marketplace compared with traditional methods. Better value can be gained from contracts by identifying shared goals and making more effective use of resources. Integrating operational functions that are currently carried out separately may also result in direct savings on expenditure.

Actions to Improve Efficiency

3.2.10 Activities to help local authorities improve the efficiency of their commodity procurement activities are underway at both the national and regional levels.

National Activities

- 3.2.11** The National Procurement Strategy is now being implemented throughout local government³. It sets out the strategy for the way that local government, working with IDeA 4ps, and other partners from public, private and voluntary and community sectors, can streamline procurement and pool buying-power.
- 3.2.12** The Office of Government Commerce provides advice, guidance and information on general procurement practice and good deals in commodities procurement. This work is described in more detail in Chapter 2.
- 3.2.13** Actions are well underway to disseminate e-Procurement. The national e-Procurement project is holding regional experience sharing workshops and monitoring rollout of e-Procurement. In addition the project will provide a Taskforce to support authorities struggling to implement e-Procurement.

Procurement

The joint ODPM/LGA *National Procurement Strategy* (NPS) allocates IDeA lead responsibility on a range of tasks designed to develop capability and skills in the sector. To coincide with the launch of the NPS the Agency published *Procurement Essentials*, implementation guidance that draws on best practice across local government and the wider public sector.

Short leadership guides were published and widely disseminated (every politician in the sector received a copy of the member guide). Detailed guidance on a range of topics followed, including procurement performance measurement. There has been an initial round of consultation on model contract documents and framework agreements and the need for further guidance and templates will be established through dialogue with RCEs.

To embed sector best practice, the Agency provides procurement advice (a helpdesk), undertakes research, and delivers organisational “fitness checks” and member/senior manager training (delivered jointly with 4ps). Priority is accorded to districts and poor and weak councils. Based on a skills framework, a certificate of competence in local government procurement has been developed with CIPS and SOPO for launch early in 2005. A programme of embedding workshops is being discussed with RCEs as a component of their regional skills programmes.

Modelled on the Agency’s peer review process, some 77 “fitness checks” against the best practice benchmark have been carried out to date. The aim is to build sector capability so that opportunities for efficiency gains can be recognised and seized and major projects delivered successfully. 60 procurement professionals from local government and the wider public sector have participated in the programme as peers taking the learning back to their own organisations.

The Agency’s procurement capability and skills programmes are being reshaped through dialogue with the RCEs. Regional support programmes based on collaborative models are the preferred way forward and new services will be developed if the need is established.

³ National Procurement Strategy for local government (2003), ODPM and LGA

E-marketplaces

IDeA has incubated a number of national infrastructure projects intended to deliver efficiencies across the whole sector. This is the origin of IDeA:marketplace. Currently, some 24 public sector organisations (councils and police authorities) subscribe to this system, which now allows systematic comparison of prices in marketplace and OGC buying.solutions catalogues.

Perhaps the best know implementation is the Essex Marketplace. Started back in 2002, today this e-marketplace comprises the county council and seven districts. It is linked to a shared Procurement Agency that provides support to 14 councils, police authorities and emergency services across the county. Essex has pioneered the placing of shared contracts that may be used by marketplace subscribers throughout the country and electronic auctions have been used with significant benefits. Essex Marketplace has demonstrated how collaboration can achieve savings of between 9 and 13% across the most common spend categories.

The creation of a regional e-marketplace in the Northeast is also well underway through the NEPO Portal. For some time the North East Purchasing Organisation has provided members with access to e-sourcing tools. Now, five members have opted to implement IDeA:marketplace with scope for others to follow. In the South West, five police authorities have come together to implement the solution.

Regional Activities

3.2.14 RCEs will take the lead role in promoting efficiency gains in procurement in all local service sectors apart from police and schools construction. Working in collaboration with authorities, police authorities and the Building Schools for the Future programme, they will be helping authorities to achieve efficiency gains.

3.2.15 Business plans are currently under development so specific details are unavailable, but for them to receive a share of Efficiency Fund and additional Capacity Fund resources their activities will need to include:

- Encouraging the uptake of best-practice procurement processes;
- Promotion of greater use of framework contracts and pre-tendered ‘call-off’ arrangements for specific goods and services;
- The facilitation of enhanced joint working and wider use of consortia purchasing by authorities; and
- Commissioning training to promote professionalisation of the procurement function.

3.2.16 Queries about the procurement of commodity goods and services workstream should be directed to:

Helen Style	helen.style@odpm.gsi.gov.uk	020 7944 8399
Rehan Haidar	rehan.haidar@odpm.gsi.gov.uk	020 7944 5157

3.3 Construction Procurement

Introduction

- 3.3.1** This area relates to the procurement of construction and premises. Crosscutting construction procurement sits with the broader approach to asset management, but it excludes sector specific construction for schools and roads (for which, see education and transport sections in Chapter 4).
- 3.3.2** Case studies illustrate the ways that efficiency gains can be made by utilising a proven template from the 'Rethinking Construction' initiative.
- 3.3.3** Norfolk County Council has achieved savings of over 12% to date, reducing more than 800 contracts to a more manageable total and expects to make on-going savings of between 1% and 2% per annum.
- 3.3.4** St Helen's Council has saved 18% on construction costs through partnering arrangements.
- 3.3.5** The Nottinghamshire County Council building partnership is an arrangement with a Nottinghamshire based building contractor for a project management approach to small building contracts value £350k each. This allows for a professional partnership approach allowing the contractor to manage the peaks and troughs within the business through better planning of projects, savings on contract values are anticipated.

Actions to Improve Efficiency

- 3.3.6** Activities to help local authorities improve the efficiency of their construction procurement activities are underway at both the national and regional levels.

National Activities

- 3.3.7** We intend to implement best practice findings identified by the Kelly Report on construction, and to work closely with the Local Government Task Force (LGTF) on construction. Through a series of publications and events, the LGTF have disseminated key messages on achieving best value, identifying high quality contractors, looking at whole life costs and avoiding costly contractual disputes.
- 3.3.8** New arrangements for social housing construction procurement are being put in place, and these are being considered as a model to disseminate more widely. In addition, there are improvements to be gained through the implementation of the National e-Procurement Project (NEPP).

3.3.9 Sir Michael Lyons has conducted, on behalf of the Government, a study into the management of public sector assets, and how efficiencies might be made in this area. The report envisages that the total level of local government asset disposals would continue at broadly its current level for at least the next six years, i.e. around £2.5bn per annum. The Report recognises that asset management in local government has improved in recent years, but also notes that performance in this area varies between authorities. We will be implementing its recommendation for local government that good practice examples be promoted to help all authorities improve.

Regional Activities

3.3.10 Working closely with the LGTF as well as other ‘change agents’ such as the OGC, the Regional Centres of Excellence (RCEs) will act to implement the lessons from the Constructing Excellence regional network by:

- Enhancing the use of framework contracts through Constructing Excellence,
- Promoting more use of joint working, such as use of the Procurement Centres of Excellence for specific ‘off the shelf’ service contracts and FM arrangements;
- Creating buying consortia and strategic partnerships; and
- Developing unit costs for demonstration and Beacon projects using new procurement methods compared with traditional methods.

3.3.11 In addition, working in co-operation with OGC market intelligence, the RCEs will engage with suppliers and contractors to prioritise and co-ordinate sector demand at regional levels.

Contact Point

3.3.12 Queries about the Construction Procurement workstream should be directed to the LGTF or ODPM at:

Melvin Hughes	melvin.hughes@odpm.gsi.gov.uk	020 7944 4147
Peter Bishop	peterbishop@lgtf.org.uk	020 7592 1100

3.4 Productive Time

Introduction

- 3.4.1** This area involves changing working and management practices to maximise the amount of time that existing members of staff are engaged in productive work. Case studies illustrate the ways that efficiency gains can be made.

Use of Flexible Working Practices

- 3.4.2** Many local authorities are already engaged in efforts to improve services through developing flexible working, providing opportunities for home working and dedicated teleworking centres. Indeed, the use of flexitime systems is higher within local authorities than in the wider economy. In places, there has been a shift in emphasis from counting working time to the management of outcomes. These principles can be taken further. For instance, there is scope to introduce working patterns that are more tailored to the needs of individual services through such means as extended public opening hours.
- 3.4.3** East Riding of Yorkshire Council, a unitary authority, introduced home working supported by new technology into their benefits office 18 months ago. Productivity increased, sickness absence went down and staff turnover fell from 35% to 8%. The time taken to process a new claim has been reduced from 103 days to 26.

Use of New Technologies

- 3.4.4** The widespread adoption of new technologies should support flexible working patterns and reduce the time spent on unproductive activities, such as travelling and routine administrative tasks. Taken together, there is the opportunity to improve local services and the work/life balance of local authority staff. Better ways of working can reduce high staff turnover and costs associated with recruitment and training.
- 3.4.5** As a result of their 'Workstyle' programme, which uses new technology to support new ways of working, Surrey County Council has reduced the number of council buildings from 70 to 35. It plans to have 21 offices, nearly all with 'touchdown facilities'. The business case has been made for Surrey Workstyle, with the overall annual net revenue savings predicted to be about £1m. This example also shows the possibilities of savings from the better use of capital assets.
- 3.4.6** The Trading Standards department of Hertfordshire County Council has made major strides in flexible working using new technology, to the great benefit of both the employees and the Council. They have reduced their office space by 50%, and in-work travel time has reduced by 10%, with the in-work miles (reimbursed) reduced by 9,000, representing a reduction of between 5-8%.

Review of Procedures and Staff Management

- 3.4.7** The amount of time that members of staff spend in contact with the public varies hugely between services. Productive time strategies need to include reviews of the bureaucratic burdens faced by frontline staff.
- 3.4.8** Cambridgeshire County Council, in conjunction with the local Primary Care Trust, use a hand-held device to record assessments of vulnerable older people and ensure that only one visit is required to assess a client for services from both the Council and from the Health Trust. Information is then uploaded to corporate services systems to ensure accuracy of data and avoid duplication.
- 3.4.9** Neutral Vendor Solution has been implemented for the supply of temporary staff via Carlisle Managed Solutions. Year One savings on rates have exceeded £375,000 and are now operating on one electronic monthly invoice removing in excess of 14,000 invoices from the system and calculated indirect cost savings of £28,000, estimated time released from processing time sheets equals 14,000 hours.

Improved Staff Absence Management

- 3.4.10** The other area to be tackled is the management of staff sickness absence, which could be improved by using measures such as target setting, providing suitable training for managers, and improved attention to staff welfare. A particular focus needs to be made on long-term absences, which form a small percentage of cases, but account for a large number of days lost.

Actions to Improve Efficiency

- 3.4.11** Activities to help local authorities maximise the productive time of their staff are underway at both the national and regional levels.
- 3.4.12** ODPM plans to work with the Employers' Organisation (EO) in 2005/6 to implement the Staff Absence Strategy. This strategy will spread the best practice approaches that characterise authorities with the lowest rates of absence. These include:
- The collection of a robust set of absence data;
 - The building of a culture where people want to come to work, that rewards good attendance, and promotes healthy living; and
 - The appropriate use of Human Resources, Health & Safety, and occupational health advisors to work collaboratively to reduce absence through sickness and accident.

3.4.13 During the three-year period outcomes from the Health, Safety and Productivity Taskforce should become available, including a range of tools to improve staff absence management. These will be promoted for local authorities to utilise.

3.4.14 The EO will take forward the implementation of organisational development by:

- Publishing a national local government workforce remodelling framework, and developing and implementing a national action plan under the remit of departmental Pay and Workforce Strategies;
- Promoting national HR leadership development programmes and regional development centres; and
- Launching the National Performance Management Information system (PMMI).

3.4.15 Mobile working technology, piloted as one of the e-Government National Projects, will facilitate the use of teleconferencing and flexible and home working. This project looked at new opportunities including staff using hand held devices on site visits to avoid paperwork and duplication of activity; and the use of remote access to office systems to avoid unnecessary travelling and to increase productive time.

Contact Point

3.4.16 Queries about the Productive Time workstream should be directed to either the EO or ODPM at:

Husna Mortuza	husna.mortuza@odpm.gsi.gov.uk	020 7944 8764
Tracey Connage	Tracey.Connage@lg-employers.gov.uk	020 7296 6731

3.5 Transactional Services

3.5.1 Transactional services undertaken by local government include the administration of Council Tax, National Non-Domestic Rates (NNDR), Planning, Council Tax Benefit and Housing Benefit.

3.5.2 There are wide variations in collection and administration costs between authorities. For example, the gap between the best and worst performing quartiles in respect of unit cost of Council Tax collection per dwelling is substantial: £11.60 best and £18.40 worst⁴. However, it is important that any reduction in unit costs does not impact on service quality and effectiveness, e.g. tax collection rates. Case studies illustrate the ways that efficiency gains can be made.

⁴ Calculated from CIPFA FinGen statistics 2003/04.

Deploying Best Practice within Each Channel

- 3.5.3** Bristol City Council implemented a business re-engineering programme. It has seen collection rates improve, and has achieved a cost saving of £0.5m in real terms.
- 3.5.4** Blackburn with Darwen Borough Council's partnership saw substantial increases in Council Tax collection rates within the first six months of operation (£1m) and improvements in the time taken to process Housing Benefit claims.
- 3.5.5** The Voluntary and Community Sector offers significant opportunities for authorities to improve efficiency. An innovative project with Woking CAB illustrates this. Many people, including those with mental health problems, learning difficulties, whose first language is not English, or other complicating factors often find it difficult to resolve problems in relation to Housing and Council Tax Benefit especially if telephone or Internet access is involved. Since December 2003, Woking CAB have had access to the software that Woking Borough Council use to calculate these benefits, enabling the Bureau to see how awards for clients are calculated and when benefit has been paid while achieving a better outcome for the client through sharing information, this partnership working significantly reduces the time required to satisfactorily resolve cases, improving the efficiency of both the CAB and Council.

Making a Major Shift from Manual to Electronic Processing

- 3.5.6** Valuebill is a national project that uses technology to improve collection rates of Council Tax and NNDR. This automates links between authorities and the Valuation Office Agency to ensure that business properties are identified and council tax is collected. Pilots sponsored by the project have indicated a reduction of 74% in time taken for the cycle from change in property details to billing (12 weeks to 2 weeks). There has been a reduction in the number of property databases within one local authority from 40 to 1, reducing input and retrieval time and eliminating duplication.
- 3.5.7** Adur and Horsham District Councils have jointly procured a Capita/Academy NNDR and Revenues systems with a go live implementation of May 2005 Together with Mid Sussex District Council (which is already with Capita), they are placing all systems on one server to be based at Horsham District Council. The next step in the plan is to combine tax collection, then to be followed by Benefits.

Actions to Improve Efficiency

- 3.5.8** Activities to help local authorities improve the efficiency of their transactional services are underway at both the national and regional levels.

3.5.9 The Regional Centres of Excellence (RCEs), working with other regional partners and National Projects, will play a key role in ensuring awareness and facilitating joint working.

3.5.10 e-Government is crucial to improvements in transactions. The CRM (Customer Relationship Management) project is an important e-Government National Project, facilitating the integration of corporate services, to improve processes and resource efficiency. In addition, ODPM will explore the current collection mechanism for NNDR.

Contact Point

3.5.11 Queries about the Transactional Services workstream should be directed to either the ODPM or DWP (in regard to Housing Benefit and Council Tax Benefit) at:

Neil Reeder	neil.reeder@odpm.gsi.gov.uk	020 7944 6916
Mark Holder	mark.holder@odpm.gsi.gov.uk	020 7944 4450
Barry Dennett	barry.dennett@dwp.gsi.gov.uk	020 7712 2223

4

Service Sector Guidance

The following sections, written by Departments, set out their overall approach to supporting the work of local authorities in achieving efficiency gains in the sectors that they sponsor and provides a number of case study examples.

4.1 Cultural and Leisure Services

Introduction

- 4.1.1** Local authorities spend around £2.6bn on culture and leisure each year. DCMS is committed to taking on a new role in our relationship with local authorities, to influence and support the achievement of efficiency and productivity gains.
- 4.1.2** To ensure that we deliver on our responsibilities, we have set up an internal project that will assess a number of areas where efficiency gains can best be realised. It will focus on identifying, in consultation with local authorities, non-departmental public bodies (NDPBs), and other stakeholders, which of these areas is likely to maximise efficiency gains.

Project Approach

- 4.1.3** Our overall internal project will consist of a number of sub-projects and the initial emphasis will be on libraries and sport, since these constitute the highest spending (around 70% of the total). These projects are:

Public Library Procurement and Efficiency

- 4.1.4** This will identify how funds are used; opportunities for the more efficient or effective use of existing budgets; and areas where there are potential shortfalls in revenue funding levels. It will particularly look at the stock supply process in terms of efficiency and cost-effectiveness and developing best practice and efficiency indicators for library services more generally.

- 4.1.5** The Museums, Libraries and Archives Council sponsor this project and we are working with the Regional Centres of Excellence on the procurement aspect of the project. An interim report will be produced in December 2004, with the final report due in March 2005. In addition to this project, we are implementing the Building Capacity section of the 'Framework for the Future' action plan, which will include leadership and workforce skills training.

RIU/DCMS 'Making a Difference': Reducing Burdens in School and Community Sport

- 4.1.6** This project aims to reduce or remove bureaucratic burdens, related to specific aspects, on frontline staff in school and community sport and to identify potential productivity gains through the following:

- Identify unnecessary burdens in the process of delivery at a local level of school and community sport;
- With front line staff, policy departments and other relevant stakeholders, identify practical solutions to the issues raised;
- Agree specific measurable changes to reduce or remove burdens identified to free up front line staff to manage and develop sport for all ages with a particular focus on areas such as the process for funding sport; and
- Monitor and evaluate the effectiveness and impact of agreed actions.

The report on agreed actions will be delivered in March 2005.

"Game Plan": Improving the delivery of sport and physical activity by local government and the NHS

- 4.1.7** This project aims to improve the delivery of sport and physical activity by local government and the NHS (Game Plan recommendation 7.4), by implementing the plan, including the adoption by Local Authorities of the Framework Towards an Excellent Service (TAES) in sport and recreation.

Cultural Pathfinder Programme

- 4.1.8** The Cultural Pathfinder Programme will commence in April 2005. We are currently selecting 10 local authorities to become Cultural Pathfinders, with the specific objectives to:

- Provide a focus for innovation and experimentation;
- Provide a focus for efficient delivery of cultural and leisure programmes;
- Test ideas at a local level with a view to understanding potential for transferability or inspiring good practice elsewhere;

- Highlight barriers to implementation and improvement, and suggest how these might be addressed; and
- Emphasise the need for joined-up delivery.

Project on analysis and measurement of efficiency gains/performance measurement in cultural and leisure services.

- 4.1.9** We are commissioning a project, working with IPF to analyse local authority expenditure and develop a method of measuring efficiencies in the cultural and leisure sectors. This will start in early 2005.

Culture Block: Establishing a culture block in the Comprehensive Performance Assessment 2005 (CPA)

- 4.1.10** The Audit Commission has included culture and sport in its consultation for CPA 2005, a major step forward in benchmarking performance. A decision on the form of CPA will be announced in May 2005.

Cultural Connections

- 4.1.11** Our aim is to help local authorities to build capacity to deliver what is important to their communities and to stimulate the efficient use of our sectors and services to meet local needs. We want to encourage all local authorities to learn from the best and to assist with this we have, in partnership with the IDeA and local authorities, developed the Cultural Connections website. This resource can be found through the IDeA Knowledge site at: <http://www.idea-knowledge.gov.uk/idk/core/page.do?pageId=767>
- 4.1.12** It provides an accessible source of good practice information for the whole local government community; an example of the case studies on the site is reproduced below. We want it to be useful to policy and decision-makers as well as practitioners, and to provide a focus for debate about performance and improvement. The site was launched in October 2004 and we would welcome good practice case studies, identifying good practice in delivering efficient culture and leisure services. You can send your case studies to dempster.marples@culture.gsi.gov.uk

Chance for Change – Supporting Young People in Sunderland

Performance indicators: *Chance for Change* embraces 21 funding/delivery partners and 29 sports interventions, including a particular emphasis on motor sports, in two targeted wards.

The project has been much cheaper than the other possible ways of dealing with those young people who have the same profile as the ones on this scheme. The annual cost comparisons are:

Each young person on scheme	£7,813
24-hour supervision in community unit	£79,000
24-hour supervision in secure unit	£150,000 – £200,000

The project is leading to reductions in reported crime and disorder incidents, behavioural change, increased aspirations, better educational qualifications and improved employment among 10-16 year olds. Of the 58 participants, 38% got positions with the council, 12% got jobs with other employers, 34% improved their qualifications, one person left for personal reasons, and only 14% finished the project without getting either a job or better qualifications.

4.1.13 We are developing a communications strategy and plan to ensure that we have a continuing dialogue with you and other stakeholders. We will use all appropriate channels of communication to reach different audiences and to ensure that there is a system whereby you can feed information back to us.

4.1.14 Contact details for the project manager are as follows:

Cathy Page cathy.page@culture.gsi.gov.uk Tel:020 7211 6491

4.2 Education and Children’s Services

4.2.1 The Department for Education and Skills aims to achieve efficiencies from Schools, Local Education Authorities (LEAs) and Children’s Services. These will principally be achieved from improvements in productive time; procurement; policy funding and regulation and transactional services.

4.2.2 As explained earlier, the efficiency gains from Schools will be monitored centrally by the DfES and will not form part of the Local Authorities’ self-assessment process. However all of these efficiencies will contribute to achievement of the overall target for Local Government, and Local Authorities will have an important role to play in achieving efficiencies in the schools sector as well as in the work of LEAs and Children’s Services.

Productive Time

- 4.2.3** We aim to enable frontline professionals in schools to use their time more productively, helping institutions to achieve more with their resources. Benefits will be generated through workforce reform, investment in ICT and reducing administrative burdens.
- 4.2.4** *Workforce Reform* includes school workforce remodelling, which is an integral part of the wider schools' productive time agenda. The key elements are:
- Rollout of a national change programme to influence how schools deploy their staff to best effect, including implementing the phased changes to the teachers' contract;
 - Additional 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.
- 4.2.5** Remodelling will help schools get the best out of their resources by maximising the contribution all staff make to raising standards. LEA remodelling advisers have a key role to play, supported by the National Remodelling Team.
- 4.2.6** The contribution of *ICT in Schools* includes time saved for teachers through accessing curriculum material on line; time saved through interactive whiteboards; time saved through computer-based marking; improved asset management through ICT; improved student and teaching management through ICT; and development of e-learning standards to enable sharing of tools and resources.
- 4.2.7** LEAs will have a key role in promoting greater use of the tools and advising schools on issues of interoperability when procuring technology. The DfES will be able to provide more detail on these efficiencies and LEAs' role in helping to deliver them following the publication of the *e-Learning Strategy*.

Procurement

- 4.2.8** We believe that savings can be made for schools, LEAs and Children's Services through better procurement of goods and services. DfES is establishing a *Centre of Procurement Performance* (CPP) to work with its delivery partners, including the nine Regional Centres of Excellence (RCEs).

4.2.9 The CPP is a new unit established to identify and encourage the adoption of better procurement across all parts of the children’s services and education system, with the aim of ensuring that a greater proportion of funding is redirected to frontline service delivery. The CPP has a national focus and will work in partnership with all sectors of the education, skills and children & families system to promote the advantages and benefits of more cost-effective procurement arrangements. The CPP is being established to:

- Gather up-to-date, reliable intelligence on the best procurement deals throughout the children’s services and education system;
- Share this intelligence within and across children’s services and education sectors, and assist all stakeholders to take advantage of these deals;
- Promote the adoption of improved and more cost-effective purchasing arrangements at all levels, to achieve best value for funds spent;
- Negotiate and facilitate greater economies of scale in procurement across the children’s services and education system, informed by the collective needs of stakeholders as they procure goods and services;
- Join up procurement demand across the system and across each sector, in order to maximise purchasing power (“aggregating demand”); and
- Encourage, in all matters of procurement, the most effective use of funding in the children’s services and education system.

4.2.10 The key initial role of the CPP will be to identify elements of school and Local Authority procurement that could take advantage of economies of scale or otherwise be improved. Initial fieldwork indicates that at least the following areas of expenditure may be worth examination:

- School insurance. A feasibility study has been commissioned to identify areas of opportunity to reduce the cost of school insurance.
- School meals. Work is in development on model catering contracts and guidance on monitoring to ensure schools achieve value for money and healthy eating objectives from their catering service.
- School curriculum materials. It may be worthwhile looking into potential savings for books and other curriculum materials.
- School transport. We need to work with local authorities to integrate the school transport system into other services to enable savings across services.
- Teacher and supply teacher recruitment. We need to roll out a change programme to influence how new contract requirements are met; in particular, through taking advantage of more flexible contracts and better deployment, monitoring, performance management and training and development.

- A range of common services across the system as a whole such as utilities, cleaning and grounds maintenance.

4.2.11 The CPP will have a concrete focus – to deliver the best *opportunities* for savings rather than simple best procurement *practice*. It will not issue orders and instructions to budget holders, but will facilitate and encourage better procurement by purchasers across the system, by showing them the benefits to be gained from adopting new procurement methods, collaborating and sharing the best purchasing opportunities, and identifying the best opportunities provided by existing purchasing arrangements and consortia.

4.2.12 The *Building Schools for the Future (BSF)* programme should also result in particular efficiency improvements in addition to the other procurement improvements outlined above. Efficiency gains will be sought on capital procurement, particularly through the establishment of Partnerships for Schools and the aggregation of demand through BSF, but also more widely across the whole field of construction and maintenance. BSF is aimed at delivering efficiencies through streamlining the procurement, construction and management process. The main areas of focus will be:

- 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
- Off-site and modular construction, and
- Life-cycle costing and Facilities Management efficiencies.

Case Study: North Nottinghamshire Schools Rebuilding Project

This is a PFI deal of £100m+ spread over two phases involving the rebuilding of six secondary schools in Bassetlaw.

Case Study: Schools Information Brokerage Services

Local Education Authorities in the South West region have created an innovative and nationally acclaimed approach to the procurement of Education Advisory Services, bringing about efficiency gains, curriculum and management benefits. The participating councils are Dorset, Somerset, South Gloucestershire, Bath and North East Somerset and the Borough of Poole and Torbay. This brokerage service is hosted by Dorset and it is hoped other South West councils will join as the benefits become clearer.

Policy, Funding and Regulation

4.2.13 We aim to streamline the delivery system for each sector through improvements in policy, funding and regulation.

4.2.14 The *Every Child Matters: Change for Children* programme will bring together local authorities' social service and education functions insofar as they relate to children. Local authorities are in the process of making their children's trust arrangements, which will involve integration at every level around the needs of the child, including integrated front-line delivery, processes, strategy and inter-agency governance.

4.2.15 Having children's trust arrangements in most local authorities by 2006 and all by 2008 is likely to lead to:

- More effective analysis of local need and priorities for service provision so that resource can be better targeted and moved further towards prevention with fewer competing and overlapping initiatives and programmes;
- More multi-disciplinary teams and lead professionals in place – often situated in children's centres and extended schools – enabling earlier intervention and greater accountability. Introducing up to 3500 children's centres by 2010 will lead to one-stop access to a range of services, which will be better integrated and more cost-effective;
- Better workforce development, recruitment, career progression and lower staff turnover as workforce capacity is analysed regularly and there is effective cross-service planning on tackling recruitment & retention issues through joint training and the common core of skills and knowledge;
- Common assessment and information sharing processes and protocols in place reducing the duplication of paperwork and practitioners' time;
- Better prioritisation and greater flexibility in allocation of funds, leading to less waste;
- More services commissioned jointly following best value criteria with budgets for specific services and other resources pooled to aid co-operation between partners, e.g. staff, goods, accommodation; and
- Rationalisation of management structures with Directors of Children's Services and Lead Members for Children's Services having key roles in ensuring greater co-ordination of services across partner organisations. This will facilitate their participation in decisions about the provision of services and enable them to identify potential efficiency savings across the range of children's services. This will benefit strategic planning and help avoid work being duplicated by diverse arms of the local authority.

- 4.2.16** Local areas will be supported in making their children's trust arrangements by 10 Regional Change Advisers (jointly appointed by DfES and DH) who will assist with strategic planning and share good and emerging practice both regionally and nationally.
- 4.2.17** In addition, specific improvement programmes have been implemented, such as the choice protects programme, to develop the range of placement choice required to meet the needs of the local population of looked after children, giving them the stability they need and reducing the use of residential care.
- 4.2.18** Work to create a *New Relationship with Schools* aims to put schools in the driving seat of reform with better and more focused support from the Department. The aim of the New Relationship is to strip away clutter and bureaucracy in schools and align national and local priorities. It will act as a platform to enable more effective release of resources to and across the front line in the education system.
- 4.2.19** The introduction of an improved data collection system, streamlined and more user friendly communications and a School Improvement Partner, acting as a conduit between central government, Local Authorities and Schools, will give schools greater freedoms and autonomy. This will release greater local initiative and energy in schools helping them to raise educational standards.
- 4.2.20** Local Authorities are essential partners in making this New Relationship happen and trials are currently taking place with a number of Authorities across the country.
- 4.2.21** There will also be efficiency gains from changes in the balance of funding. In 2004-05 we increased provision for most LEA central functions by a smaller percentage than funding for schools, rather than giving both the LEA block and the Schools block an equal increase. We will be taking similar steps for 2005-06 and expect this to continue in 2006-07 when the ring-fenced grant for the Schools Budget is introduced. This implies that more resources will go through to schools and therefore will also contribute to the efficiency agenda.

Transactional Services

- 4.2.22** We aim to free up resources in LEAs from the cost of transactional services by simplifying systems for the administration of student support. Centralisation of IT provision through the PROtoCOL system should lead to improvements in efficiency.

Additional Gains

- 4.2.23** We will also pursue additional efficiency gains, principally through improvements in school-level financial management.

- 4.2.24** To improve financial management, DfES is running the *Financial Management in Schools* programme to provide direct support to schools and LEAs. DfES has also launched a new Financial Management Standard and Toolkit for schools. This helps schools to evaluate the quality of their financial management and to aid in training staff to become better financial managers. It provides a guide to other sources of advice and good practice.
- 4.2.25** This is further supported by the increasing use of *financial benchmarking*. DfES, in collaboration with the Audit Commission and Ofsted, established a Schools Financial Benchmarking website, which is pre-populated with Consistent Financial Reporting data from schools. The website, found at www.teachernet.gov.uk/schoolfinance, enables schools to compare their expenditure levels with other similar schools. Consequently, it plays an essential role in maintaining and continuously improving school performance.
- 4.2.26** Financial benchmarking helps to raise school efficiency by the use of the information available to them on the website, 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. They can use the patterns of expenditure from these good practice comparator schools to challenge the way their resources are being used. Guidance on making the most of the Benchmarking website can be found at the Value for Money website at www.dfes.gov.uk/vfm.

Contact Point

- 4.2.27** The current key contact for this workstream is:

Geoff Beresford-Cooke

geoff.beresford-cooke@dfes.gsi.gov.uk

020 7925 5051

4.3 Adult Care Services

Background

- 4.3.1** Local councils spent approximately £12.5 billion on adult social care services in 2003-04 with the majority of services commissioned from the independent sector. The Care Services Efficiency Delivery Programme has been established to support the implementation of the recommendations of the Gershon Review. The Programme is working in partnership with local councils, the NHS and service providers.

Scope

4.3.2 The scope of the Programme will focus on social care provided in the following settings and areas:

- Care homes
- Domiciliary care
- Extra care housing
- Intermediate care
- Community equipment and adaptations to the home
- Day care
- Direct Payments
- Meals at home
- Respite care
- Rehabilitation and home care services for people with alcohol/substance misuse problem

4.3.3 For the purposes of this Programme, adult social care services means those services provided to persons aged 18 years and over with care needs arising from:

- Physical, sensory, learning or cognitive disability and impairment
- Mental Health difficulties
- Substance misuse problems (alcohol/drugs)
- Factors associated with ageing

Delivery Programme

4.3.4 The work programme focuses on obtaining a detailed understanding of the key three dimensions in the delivery of quality care to adults. They are:

- How the efficiency and quality of delivery can be improved within local councils;
- Current and future market trends; and
- What good practice can be successfully integrated from other sectors that will improve informed choice and person centred services.

4.3.5 The Programme is being conducted in two stages, as set out below.

Stage 1 (June 2004 – First Quarter 2005)

Obtaining a detailed understanding of how the ‘end to end’ process, or ‘lifecycle’ of care, is delivered across local councils.

4.3.6 The Programme is currently gaining a detailed understanding of the key elements of councils’ adult care delivery systems in order to develop jointly robust solutions which will achieve real efficiency gains. The programme selected a range of councils to directly engage with based on geography, CSCI star ratings (November 2003), population, finance and structure.

4.3.7 Our first visits commenced in week commencing 25 October 2004 and it is anticipated that the Programme will complete detailed engagement with councils in the process by 28 February 2005.

4.3.8 The focus of our initial visits to councils was an assessment of the ‘end to end’ or ‘lifecycle’ delivery process of social care (from referral through to the review of services) using tools such as a ‘Knowledge Bank’ to facilitate discussion with members of the councils’ senior social services management team. These initial visits sought to:

- Explore jointly with councils which steps of each process that form part of the care delivery system (i.e. referrals, assessment, care management, commissioning etc.) directly add value to people using the services ;
- Explore, jointly with councils, new ways of configuring, procuring and delivering social care in order to support the release of efficiency gains into higher quality and sustainable services for adults; and
- Support the introduction and implementation of global ‘best in class’ efficiency and service practices.

4.3.9 The Programme has now engaged with 23 councils in visits and the knowledge and understanding gained from these visits means that future visits to councils will now be focused on three key areas, from which we will develop efficiency solutions in partnership with councils. These are:

- Commissioning/procurement of adult care services;
- Delivery of adult care services; and
- Back office functions.

4.3.10 The Programme will continue to provide, at regular intervals, to councils we have visited:

- Observations on good practice and opportunities for efficiency gains that will improve the quality of care for adults;

- 'Quick win' opportunities;
- Emerging best practice observed in other councils;
- Collaboration opportunities for efficiency gains; and
- Updates on the progress of the Programme.

4.3.11 The Programme will also seek to disseminate quick win opportunities and emerging examples of good practice on achieving efficiency gains to councils which are not part of the group selected for Programme team visits. The Programme has now produced a monthly newsletter which will be published to all councils. The Programme intends to establish a knowledge-room website that all councils will be able to access. As the work evolves from generating efficiency ideas to testing and refining these ideas (February/March 2005), the Programme will seek to utilise natural forums and workshops through which all councils can participate.

4.3.12 A Green Paper on the 'Future Vision for Social Care for Adults' will be published shortly. The Programme has contributed to the development of this to ensure that service delivery systems achieve person-centred care.

Market Research

4.3.13 The aim of this work is to assess and analyse the present and future size of the care market and predict the likely development of adult social care services based on their needs. This will be achieved by:

- *Desktop Research:* Examining existing research on care markets both in the UK and in other countries.
- *Qualitative Research:* 26 in-depth Stakeholder interviews with key providers and consultation with national voluntary organisations. The Programme will also be seeking to obtain the views of people using services on current and future delivery of social care and the sorts of services they would wish to see
- *Quantitative Research:* Structured telephone interviews with a large number (1,000+) of care providers, designed to provide robust data representative of the overall provider market

Stage 2 (Second Quarter 2005 to July 2006)

Solution development and implementation

4.3.14 The evidence and understanding obtained through the market research exercise, together with the detailed understanding and knowledge gained from our engagement with councils will be utilised as a robust evidence base.

4.3.15 The overarching factors that will guide the solution development phase are as follows:

- Improving informed choice;
- Maximising the full potential of new technology for streamlining services;
- Providing practical solutions for local authorities; and
- Ensuring the person centred care is delivered seamlessly and built on a sound knowledge base.

4.3.16 The Programme will be developing pathfinder projects derived from these solutions and there will be the opportunity for individual councils to participate, supported by the Department of Health.

4.3.17 The aim of the programme is to provide councils with a range of possible solutions suited to their local circumstances. These should enable them to implement solutions that will succeed in aligning resources to support front line services that meet the needs of adults who require some input of social care. The implementation of any efficiency gains identified should lead to the delivery of improvements in the overall quality of person centred care.

Contact Point

4.3.18 The key contacts for the Care Services Efficiency Delivery Programme are:

Dan Brandenburger	Dan.Brandenburger@dh.gsi.gov.uk	020 7972 4953
John Crook	John.Crook@dh.gsi.gov.uk	020 7972 4361
Ronan Segrave	Ronan.Segrave@dh.gsi.gov.uk	020 7972 4715

4.4 Social Housing

Introduction

4.4.1 Effective and efficient housing procurement is central to the delivery of our vision for everyone to have the opportunity of a decent home in a sustainable community, at a price that they can afford. Investment in housing and communities has increased to £38 billion over the five years to 2008. But the scale of the challenges faced remains high, and costs are increasing well above inflation, with land prices rising at a rate of more than 15% a year, and rapidly increasing construction costs. It is vital that we make the best possible use of the available public money.

4.4.2 ODPM is aiming to deliver efficiency gains in four areas:

- New supply;
- Capital works;
- Management and maintenance; and
- Commodity procurement.

New Supply

4.4.3 The Housing Corporation is making major changes to the way funds are allocated to improve targeting and value for money. The provisions in the Housing Bill to allow the Housing Corporation to pay grant to private companies will also have a role to play in increasing efficiency in new supply.

4.4.4 We also want to see more use of supply chain partnering, to generate efficiencies through the whole construction process. Research commissioned from the Housing Forum shows its demonstrations projects have reduced new build project costs by up to 8% through partnering.

Capital Works

4.4.5 To help social landlords do more with the money available for decent homes and capital works we will be setting up a network of local procurement consortia, to maximise efficiencies *throughout* the supply chain and reduce the cost of housing capital works projects. We have set up a £33 million Efficiency Loan Fund, providing loans to fund the set-up of local procurement consortia.

- 4.4.6** A successful model of this approach is already operating in Merseyside – Fusion 21. This has shown that collaboration on product specifications, work programmes and procurement can not only lower costs, but also improve quality and deliver wider community benefits, including training and employing over 500 local people.
- 4.4.7** Local Authorities and RSLs should be reviewing their existing contract procurement practice and be seeking to identify and establish procurement networks at a sub-regional level.

Management and Maintenance

- 4.4.8** Management and maintenance accounts for the majority of expenditure on social housing – so it is absolutely vital that social landlords focus on improving efficiency in these services. A major way to do this is by investing more in planned maintenance, rather than expensive responsive and emergency repairs.
- 4.4.9** We are piloting a range of innovative approaches to help social landlords deliver more efficient housing management and maintenance services (such as ‘systems-thinking’ to streamline service provision) and will roll out successful approaches identified from April 2005.
- 4.4.10** There are examples of good practice where efficiency has improved services as well as saving money. For instance, by streamlining their response repairs service, one group has delivered major improvement on the previous average 38 days. Others are improving efficiency through innovative approaches such as tenant incentive schemes, handyperson schemes, and annual property MOTs.

Commodity goods and services

- 4.4.11** An important element of reform will be the switch of money from back office administration to the provision of new and better housing.
- 4.4.12** Many organisations are already seeing what can be achieved through collective purchasing. A national collective purchasing agent for the social landlord sector, Procurement for Housing, was launched this year, offer gains through joint procurement of commodity goods and services (telecoms, gas, office supplies etc).

Next steps

- 4.4.13** We need to talk and work with local government and RSLs to achieve the efficiency gains. To this end we are working closely with the Housing Corporation and the Housing Inspectorate. We want the social housing sector to tell us about best practice that is out there. ODPM's key role will be to act as a source of guidance, advice and information and to communicate such best practice.
- 4.4.14** We are working within ODPM, and with the Housing Corporation and the OGC to ensure that all information on best practice is available on, or reachable from, the ODPM website. We have made arrangements for sounding boards with representatives of the sector to be put in place. We will be undertaking further seminars in the coming months with the Housing Corporation and the Housing Inspectorate to try and share information with the sector.

Contact Point

- 4.4.15** Queries about this workstream should be directed to:

David Clarke

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020 7944 3570

4.5 Local Transport

Introduction

- 4.5.1** There is considerable scope for the achievement of efficiency gains in the delivery of local transport services. At a time when cost pressures are real, it is vital that all avenues to achieve better-targeted delivery and value for money are explored and solutions implemented. The Gershon Efficiency Review has provided a timely opportunity to look again at the way services are administered and delivered.
- 4.5.2** There is real potential through better procurement, sharing of best practice, and better-targeted delivery to make services more efficient and effective. Priority areas for improvement include looking at tendering of subsidised bus services, the administration of concessionary fares and focused delivery of capital schemes.
- 4.5.3** The Department for Transport and the Highways Agency recognise that collaboration is essential for the successful delivery of efficiency gains and we will be using every opportunity to engage with local authority stakeholders to seek advice, develop partnerships and share best practice. As part of this process we will be working with an advisory group of local government representatives to help inform our progress.

Bus Services

- 4.5.4** Enabling local authorities to continue providing the same level of socially necessary supported services is part of the Government's strategy for transport. However, the cost of supporting non-commercial local bus services has been increasing significantly in recent years and is a concern. We are keen for funding to be allocated in a way that best serves policy objectives.
- 4.5.5** To support the achievement of efficiency gains, we will work with local authorities to help identify and implement efficiency improvements; in particular in the area of concessionary fares administration and tendering processes.

Helping to get best value from tendering

- 4.5.6** We are committed to the dissemination of best practice across local transport authorities by developing and rolling out a procurement best practice framework. Our objective in this work is to provide local authorities with the tools to achieve better procurement of socially necessary bus services and so achieve maximum value for money.
- 4.5.7** We have been reviewing with the assistance of external consultants how local authorities procure their tendered bus services with a view to establishing best practice and better understanding the key determinants of cost increases and how these might be best managed.
- 4.5.8** We are talking to ODPM and Regional Centres of Excellence as well as local government and bus operator colleagues to ensure that we provide the best advice possible and ensure an effective dissemination strategy. The Good Practice Guidance will be rolled out in early 2005. This will be the first stage; subsequent stages will consider the development of a standard procurement framework and guidance on the criteria for making decisions on which services to support.
- 4.5.9** This guidance will seek to make the best use of recent changes to tendering rules. Changes implemented in April 2004 altered the de minimis threshold, below which tendering authorities can award bus contracts without a competitive tender. This gives authorities greater freedom to negotiate contracts where they consider competitive tendering does not offer the best option in achieving value for money. It empowers local authorities to seek fit for purpose tendering solutions and reduce administrative overheads.
- 4.5.10** We also plan to extend the maximum length of contract from 5 to 8 years. This will give greater scope for contracts that attract better terms from operators because of the security of a longer contract. Other changes to tendering rules and practice are likely to emerge from the developing work on procurement best practice. These changes are designed to help local authorities to get a better price from bus operators.

Improving accessibility

- 4.5.11** Efficiency through improving service levels within existing resources is especially important when looking to improve accessibility.
- 4.5.12** Accessibility Planning software developed on behalf of the Department has been designed to help better identify demand for socially necessary services. This will support the achievement of better targeted delivery of current and future transport priorities, and enable local authorities to look at a range of potential options supported by a sound evidence base. An example could include considering whether a demand responsive service would provide better value and a better service to users than existing tendered bus services.
- 4.5.13** Accessibility planning requires local authorities to engage with partner organisations to discuss problems and solutions. A greater level of co-ordination across sectors leads to more influence in the decision making and service delivery of external bodies, ensuring that accessibility and transport effects are considered when locating and delivering other services and opportunities.
- 4.5.14** We expect Local Transport Authorities to produce accessibility strategies as part of their second Local Transport Plans, to be produced by March 2006.

Making concessionary fares scheme administration more streamlined

- 4.5.15** The Department is investigating the potential for streamlining the administration of concessionary fares, aiming to achieve efficiency gains through the reduction of bureaucracy. Preliminary work with The TAS Partnership Ltd has identified areas for more effective administration and we will be considering how to take forward their recommendations. For example, initial investigations have shown that countywide schemes are more efficient, can offer better concessions (provided all participating district/unitary authorities agree to meet the extra costs of those better concessions) and are less burdensome on bus operators than single authority (district council or unitary authority) schemes.
- 4.5.16** To support our work to achieve efficiencies in this area, the National Audit Office and the Audit Commission have agreed to carry out a joint study examining whether the delivery chains in the provision of bus services in England are efficient and fit for purpose. Their aim will be to identify real, tangible efficiency gains that would allow resources to be released to the frontline services, consistent with the ethos of the Gershon Review. The NAO and Audit Commission will work closely with the relevant efficiency and policy teams, as well as a range of local authorities, in order to build on work already being undertaken in this area as well as identify new areas of potential efficiency gains. The review is due to be complete by April 2005.

Local Transport Planning

4.5.17 The 5-year Local Transport Plan (LTP) process has delivered a long term, stable framework for local planning and delivery. The process already includes built in incentives for local authorities to achieve efficiencies in local transport policy and many have been doing so. We intend to build on this process in the second round of LTPs with a renewed focus on value for money to support local authorities in seeking efficiency gains in this area. In addition, we will develop a range of measures to support the achievement of efficiency gains in local transport capital budgets to maximise output within allocated resources.

Second Round Local Transport Plans

4.5.18 Guidance on second LTPs, now issued, has a clear focus on priority outcomes, and providing incentives for delivering good value for money. The introduction of a “planning guideline” amount of funding for each authority aims to encourage the development of LTPs which focus on core priorities and on those schemes which deliver the best value for money. Over 20% of this funding will be redirected towards authorities providing the best Local Transport Plans – those assessed as being most likely to deliver improved outcomes and good value for money. A set of standard indicators has been developed for LTP 2, to improve measurement of outcomes and progress and the Annual Progress Report (APR) process will be re-orientated to focus on the delivery of high quality schemes in order to achieve targets and objectives.

4.5.19 To support this we will continue our engagement with local authorities, helping to encourage strategic thinking in future transport planning and to anticipate potential problems which could have costly implications.

Major Schemes

4.5.20 DfT will aim to support local authorities to achieve efficiencies in the development and costing of Major Schemes (those where costs are estimated to be over £5m). We hope to encourage local authorities to seek and deliver efficiencies in order to minimise the level of any cost increases, to reduce the risk of cost increases occurring, and to maintain or improve the value for money offered by the scheme.

4.5.21 To do this for newly developing schemes, we will always ask local authorities to appraise a realistic low-cost alternative to their preferred scheme. This will help establish whether the objectives of the scheme could be largely met by spending less. On existing schemes, we will carefully scrutinise any bids for increased funding to meet cost increases to see whether these could be avoided. If not, we will ask the local authority to re-appraise the scheme to establish whether the scheme continues to offer the best value for money at the increased cost.

4.5.22 The Major Projects team will also make the scrutiny and approval of larger schemes subject to consideration of project management arrangements. Consideration will be given to the inclusion of assessment criteria for major schemes based on project management in the next iteration of the major scheme appraisal guidance. This should be published in 2005.

4.5.23 Specifically on light rail procurement, DfT is already working more closely with local authorities that are developing or reconsidering light rail proposals. In particular, we are focusing on procurement arrangements, taking into account best practice from schemes across the country. The potential of the new opportunities outlined in the Transport White Paper, “The Future of Transport”, for quality contracts to assist light rail will also be explored. We are also working with external groups – PTEG and UKTRAM – to encourage the development of other measures to minimise the costs of light rail. Taken alongside the conclusions of the recent NAO report on light rail, these activities aim to enable the development of clear best practice guidance that will encourage more efficient and less costly procurement of light rail schemes.

Collaborative Roads Procurement – Highways Agency (HA)

4.5.24 The Highways Agency will be working with local authorities to achieve efficiency gains by exploring improved and innovative ways of procuring and delivering services. This includes investigating the potential for collaborative arrangements involving both the Agency and local authorities, greater standardisation of requirements and co-ordinated forward planning to make more effective use of resources.

Case Study – Northamptonshire County Council Highways Partnership

This groundbreaking partnership with Atkins, for the maintenance of highways in the County has delivered additional capacity flexibility and efficiency gains. The partnership has attracted government backing for new road schemes.

Case Study: Greater ‘buying power’ – Yorkshire Purchasing Organisation

Economies of scale result from procuring services in larger volumes. Wider ranging contracts may also offer greater flexibility to cope with changing demands.

Successful collaborations include Local Authority purchasing consortia such as the Yorkshire Purchasing Organisation. The YPO is the largest formally constituted Local Authority purchasing consortium in the UK with an annual turnover well in excess of £160 million. A Management Committee of elected representatives from its 13 constituent local authorities governs the YPO. The YPO despatches 400,000 orders per year from its main warehouse, mainly for low- value, high- volume goods.

Local Authorities in Northeast England are collaborating on the procurement of salt for winter maintenance. Substantial savings are being realised from suppliers dealing with one, co-ordinated procurement effort.

4.5.25 There are already many examples of innovative working that are delivering improved value and we are keen to build on these successes. Examples of more efficient ways of working include:

- Greater standardisation of requirements leading to the use of standard contracts;
- Improved demand forecasting, and enhanced forward planning and programming of works and services;
- Better supply chain management, with greater use of frameworks and call-off contracts to achieve economies of scale, including joint contracts and shared highways services;
- Sharing of intelligence and performance data with effective benchmarking;
- Sharing of resources and facilities;
- Sharing of best practice in procurement strategies and/or forms of contract; and
- Collaborative pilot projects.

How you can get involved

4.5.26 The HA is currently consulting local highway authorities, suppliers, statutory undertakers and stakeholders about how efficiency gains in roads procurement could be achieved, how the HA can help and to seek views about both proposals and potential barriers to success and how these might be overcome. The consultation document is available on the HA website and the consultation period ends on 28 January 2005. www.highways.gov.uk/business/consultations/efficiency_gains_collaborative_procurement

4.5.27 Queries about this workstream should be directed to either DfT or HA at:

Rosalind Wall	rosalind.wall@dft.gsi.gov.uk	020 7944 5361
Anne Stanford	anne.stanford@highways.gsi.gov.uk	01234 796251

4.6 Environmental Services

Introduction

4.6.1 Local authorities have a crucial role to play in meeting the challenge of delivering more environmentally sustainable waste management practices – managing England’s rising volume of household waste and reducing the volume of waste sent to landfill.

- 4.6.2** Achieving efficiency gains is an important part of this process. A programme of actions has been established building on existing work under the Waste Implementation Programme (WIP) to deliver targeted support to local authorities.

Local Authority Procurement

- 4.6.3** The Prime Minister's Strategy Unit has suggested that "insufficient local authority expertise in negotiating and producing effective contracts has been raised as a barrier to more sustainable waste management by a number of stakeholders". Too many councils rely on expensive consultancy to support procurement activities.
- 4.6.4** There are several strands of work that WIP is taking forward to tackle these issues. WIP has developed a Waste Procurement Toolkit, designed to improve the minimum standard of contract documents used by local authorities. This will help to reduce the cost of procurement for both client and contractor, resulting in better use of public funds and greater competition. It will also ensure that long- and short-term targets are reflected appropriately in a larger proportion of contracts. The toolkit is due to be available on WIP's Local Authority Support Unit website by the end of January.
- 4.6.5** In addition, a new Waste Management Procurement Pack has been developed by the 4Ps to provide specific assistance to local authorities in England with the procurement of waste management projects through the Private Finance Initiative (PFI) – strongly supported by Defra, Partnerships UK and the Waste and Resources Action Programme. This guidance, which all local authorities can use, will enable the initial delivery of projects to a higher standard, reduce the time taken for them to reach contract signature, and act as a guide and invaluable tool throughout the whole procurement process. For more information, contact Jo Francis at 4ps (jo.francis@4ps.gov.uk).

Case Study: ECT Recycling – a Social Enterprise

In 2001 ECT Recycling (a social enterprise, which may be defined as a business with primarily social objectives) was awarded the contract to run the new Civic Amenity and Recycling Centre in the London Borough of Barnet. The site that this facility replaced had a low recycling and reuse rate. ECT has transformed the service achieving a 50% recycling and re-use rate 18 months ahead of contract requirements and eliminating trade waste from the system with the authority reaping the consequential financial benefits.

- 4.6.6** Further support for joint procurement is being delivered through the waste management PFI programme. Through PFI, credits worth £355 million have been made available over the three years to 2005-06, with a further £275 million available in 2006-07 and 2007-08. As well as helping to meet and exceed Government waste targets, PFI schemes encourage greater partnership working between authorities, more integrated waste management solutions and the benefits of economies of scale that flow from this and a more strategic approach to planning and procurement.

Case Study: Shropshire Waste Partnership – joint procurement action

There are many good examples of local authorities taking up best practice in procurement. For instance, the Shropshire Waste Partnership is currently pursuing a fully integrated waste collection and disposal contract through the PFI procurement route. This contract will cover the waste management needs of Shropshire County Council and four of its five constituent districts/boroughs. Independent research undertaken for the partnership by Enviro suggests that the contract has the potential to produce an 11% saving on costs across the service.

4.6.7 Looking to next year, it is also planned that either one or two of the Regional Centres for Excellence (RCEs) will have additional responsibility for the development of expertise in waste procurement. This would support WIP’s activities to provide waste contract procurement guidance in ways that work for and are fully engaged with the local authority efficiency agenda, providing direction, management and co-ordination of the specific support activities that are needed.

4.6.8 These activities could include identifying procurement consultancy support projects, acting as a host for web-based waste contract support material, and the Waste Procurement Toolkit, and taking a strong role in disseminating guidance, lessons learned and good practice approaches through the other RCEs. It is also possible that the lead RCE would provide a regular forum for discussion between local authorities and industry to discuss procurement issues, helping to bring the demand and supply sides together.

Market shaping

4.6.9 To meet our binding EU landfill reduction targets the UK needs to develop more sustainable options for disposing of waste without involving excessive costs. This requires extensive new recycling infrastructure and developing new technologies to tackle waste as well as landfill. Heavy reliance on cheap landfill sites has meant that England has not needed to invest in alternative waste management options. Work to secure economically efficient outcomes could require further action to stimulate the waste industry to develop greater capacity and offer a wider range of waste solutions. And the current lack of competition within the waste market threatens the value for money that can be achieved by procuring authorities.

4.6.10 Defra is looking to work closely with OGC to increase competition and long term planning in the waste market, in particular to build on the Kelly Action Plan (published in October 2003) which is intended overall to make the public sector better at planning its procurements and communicating its needs to industry in a way that best uses available capacity within markets and enables industry to respond effectively, innovatively and at an affordable price. OGC and Defra will be examining how this work can be applied in the context of the waste market to help in building capacity and improving competition.

- 4.6.11** The WIP programme is funding £30 million worth of pilots for more innovative waste management practices in partnership with industry and local authorities to pump-prime the development of alternatives to landfill. Run by the Environment Agency, a waste technology data centre has been set up to provide detailed and impartial technical data on new and existing waste management options. A programme of advice and training has also been established covering detailed reviews of the new technologies, decision-making and overcoming barriers to implementation.
- 4.6.12** The Waste and Resources Action Programme (WRAP) is focused on creating stable and efficient markets for recycled materials and products. WRAP's work aims to build the capacity and desire of industry in the UK to use recycled materials, and enhance the ability of the recycling sector to generate the quality and quantity of material required.
- 4.6.13** Further, the Renewables Obligation, established in 2002, creates a market in tradable renewable energy certificates (ROCs). Each supplier of electricity must demonstrate compliance with government targets for the amount of renewable energy in the UK electricity generating mix. DTI has established a review of the Renewables Obligation to be conducted over 2004-05. The scope of this review will include Refuse Derived Fuel. An outcome in which RDF counted towards the Renewables Obligation would help establish a market for the output of new waste treatment technologies. The need for further market development measures is currently under consideration.

Improving the planning process for waste facilities

- 4.6.14** The land-use planning system has been identified as a significant barrier to the implementation of sustainable waste management practices. Defra and ODPM are working on the revision of Planning Policy Guidance 10 (PPG10) and the development of guidance on Joint Municipal Waste Management Strategies. ODPM are updating PPG10 (the existing planning guidance for waste management) to Planning Policy Statement 10 (PPS10) as part of the Government's drive to streamline planning policy. The new PPS10 will provide the policy framework and focus for waste planning authorities to plan for, and then consent, the necessary range of new facilities.
- 4.6.15** Defra is also providing guidance to local authorities in two-tier areas with the development of their Joint Municipal Waste Management Strategies. These strategies set out a clear framework for the management of municipal waste, how local authorities intend to optimise current service provision and act as a route-map for any further investment needed.

Support for joint working

- 4.6.16** The split of collection and disposal functions across two-tiers of local authority is not necessarily the best way to manage waste sustainably, and not all local authorities are necessarily the right size for optimum sustainable waste management.

Case Study: Project Integra – partnership working at local authority level

The Strategy Unit has drawn attention to the Project Integra model adopted by Hampshire in showing that co-operation between local authorities can work well – improving market influence and facilitating access to advance collection, processing and recovery systems that would ordinarily be outside the financial or ‘risk’ reach of most second tier authorities. The SU also identified other examples in Warwickshire, Bedfordshire, and West Devon where joint working between districts has led to greater progress and more effective and efficient waste management.

- 4.6.17** One of our top priorities is to provide greater incentives for authorities to consider joint procurement – either of a single collection contract across districts, or of an integrated collection and disposal contract. We also wish to see more examples of collection authorities working together to deliver operational efficiencies. This requires a stronger basis for joint decision-making (for example, on how residual waste should be treated or disposed of) and support for local authorities to develop the capacity and skills to facilitate joint working (perhaps through programme management).
- 4.6.18** There are several work streams under way to encourage joint working, and support efficiency gains. The first of these is a ‘virtual authorities’ project being run through the Innovation Forum by a group of CPA excellent authorities. The project will bring together a number of other groups of local authorities actively engaged in partnership working and, over a two-year period, will identify and tackle current barriers to joint working, and assess and disseminate best practice, including by developing a spectrum of models for joint working – ranging from informal arrangements through to formally established partnerships. Defra and ODPM are sharing the role of “sponsor department” and are represented on the steering group and project board.
- 4.6.19** In December 2004, Government announced a new three-year targeted Waste Performance and Efficiency Grant of £260m to support new and more efficient ways to deliver waste reduction, increase recycling and diversion from landfill. Government is strongly encouraging county-district and Joint Waste Disposal Authority areas to consider joint investment to meet common goals. To assist local authorities the Government has provided an Advisory Note which contains advice on how authorities may wish to invest their grant, and signposts further support. For example, this encourages authorities to invest their grants in long-term strategic and spatial planning, partnership working in two-tier areas or with neighbouring unitary authorities and/or partnership working with private and community sectors, and community leadership.

Operational Efficiencies in Street Cleansing

- 4.6.20** Through their street cleansing functions, local authorities play a significant role in maintaining clean and safe local environments, which directly impacts on the public's quality of life and the economic and social sustainability of communities. Local authorities currently spend around £275 million per annum on these functions.
- 4.6.21** Recent research has shown that there is scope for achieving efficiency savings through operational efficiencies (e.g. effective cleansing strategies and contract management), increasing the net productive of resources (e.g. optimal use of equipment and effective staff training), and the development of robust monitoring systems.
- 4.6.22** Defra has formulated an Efficiency Steering Group consisting of key stakeholders with an interest from central and local government and the cleansing industry, including local practitioners. This group will oversee the programme of work that will deliver the proposed efficiencies.
- 4.6.23** A Service Improvement Efficiency Guide will be formulated which will incorporate the main findings of the research and be a user friendly, living document, that will aid local practitioners to drive up performance. The guide will be communicated and disseminated through a series of regional seminars.
- 4.6.24** In order to deliver increased performance it is vital that those delivering the services on the ground are empowered to become more efficient through increased knowledge and training. This is a key factor to driving up efficiencies and can directly contribute to staff productivity and self-esteem. Using existing practice as an indicator, an accredited qualification in local environment quality management will be implemented and promoted.
- 4.6.25** More information on Defra's work is available from:

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020 7082 8785

4.7 The Supporting People Programme

- 4.7.1** The *Supporting People* programme was launched on 1 April 2003 and provides housing related support to vulnerable people, to prevent problems that can often lead to hospitalisation, institutional care or homelessness. It can also help smooth the transition to independent living for those leaving an institutionalised environment. Examples of housing related support include enabling individuals to access their correct benefit entitlement, ensuring they have the correct skills to maintain a tenancy, advising on home improvements and accessing a community service alarm.
- 4.7.2** The programme provides support services to over 1.2 million vulnerable people. It is delivered locally by 150 Administering Authorities (unitary authorities and County Councils) with over 6,000 provider organisations working to an estimated 37,000 individual contracts. The ODPM has the main responsibility for *Supporting People*, allocating grant to Administering Authorities and monitoring their performance. These councils then contract with organisations to provide the housing related support. A Commissioning Body (a partnership of local statutory housing, social care, health and probation services) sits above the Administering Authority and plays a key role in approving the local *Supporting People* strategy.
- 4.7.3** In October 2003, the Government commissioned an Independent Review of *Supporting People*, in response to a significant growth in costs immediately prior to April 2003. This concluded that: “£1.8 billion is too much to pay for the legacy provision... It is important that the cost of the legacy provision is brought in line with the proper market rate for good quality strategically relevant housing services. It is also important that efficiency gains are optimised and secured as early as possible to release funds for new provision.” A work programme has been developed to take forward many of the recommendations. The focus is on delivering value for money and tackling demand led services that had too few checks on cost or quality.
- 4.7.4** We announced the individual funding allocations to Administering Authorities for future years in December 2004. These take account of work on identifying a fairer relative distribution of funds between Authorities and the evidence on opportunities for Authorities to make efficiency gains, particularly through better integrated planning and mainstreaming delivery of *Supporting People* services.
- 4.7.5** A programme of the size and complexity of *Supporting People* cannot be re-engineered quickly, but many gains can be realised by applying existing authority wide efforts to achieve efficiencies to the programme.

Actions to Achieve Efficiency Gains

4.7.6 Although *Supporting People* is a new programme some local authorities have already been able to demonstrate significant efficiency gains and all are now well placed to identify and exploit the opportunities. We see a number of opportunities to improve efficiency, related in the main to applying mainstream, tried and tested approaches to the procurement and management of services. We have developed a programme to support the delivery of these efficiencies and also to capture learning from the higher achieving authorities for wider dissemination. The work programme includes:

- Value Improvement Projects will involve an ODPM Project Team working closely with Administering Authorities across the 9 English Regions over an 18-month period starting in December 2004. The project will identify, evaluate and pursue opportunities to secure substantial improvements in value for money. A £500,000 fund to enhance authorities capacity to exploit the opportunities has been created and they will have access to advice, assistance and potentially additional resources from a number of other government funded initiatives.
- Additional funding of up to £2m which is being made available for around 50 Administering Authorities that have indicated they are currently behind with their service review programme. These reviews, which establish the relevance, quality and value for money of the current supply of services, must be completed by April 2006. A clear and costed delivery plan, backed by the Commissioning Body, will be approved for each authority receiving additional funding, and progress monitored by the ODPM.
- A 12-month programme will commence in April 2005 aimed at engaging the providers of *Supporting People* services in performance benchmarking to tackle inefficiency in service delivery and to drive out waste. The programme is funded by ODPM and delivered by the National Housing Federation, House Mark and SITRA in conjunction with PriceWaterhouseCoopers.

4.7.7 Other work to improve efficiency in the delivery of the programme is currently being explored and includes:

- The use of web portals for all *Supporting People* contracts to assist the creation and maintenance of a healthy supply market.
- Procurement training for purchasers, to address some of the more urgent capacity issues within Administering Authorities and so helping make them better informed buyers of services in the short to medium term.
- Capability training for suppliers to ensure they have a focused bidding strategy, are properly geared up for the opportunities and understand how to best to present their businesses.

Links to Other Departments' Activities

4.7.8 Many of the vulnerable people who receive *Supporting People* services also receive other public services to help them maintain their independence, health and wellbeing. These services which may include social and health care, community safety, regeneration, education and employment training and are funded through programmes sponsored by DoH, DfES, DWP and the Home Office. There are clearly many opportunities for better co-ordination and joint procurement of these services with consequential efficiency gains and improvements in service delivery to the end user.

4.7.9 The current key contact for this workstream is:

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4.8 Home Affairs

4.8.1 Working with partners in local government, the police service and elsewhere, the Home Office will focus on increasing value for money (VfM) in policing, provision of correctional services, and delivery of support for those who have claimed asylum in the UK. Work will also be undertaken to increase VfM in other areas of Home Affairs expenditure.

Policing

4.8.2 The 43 local police authorities in England & Wales are responsible for working, with their local police forces and the Home Office, to take forward delivery of VfM gains, which are equivalent to gains of at least 3% per annum.

4.8.3 Working through a tripartite national body (the *Police Efficiency Strategy Implementation Group* (PESIG), comprising the Association of Police Authorities, the Association of Chief Police Officers, the Home Office and other stakeholders), VfM planning is concentrating on three key areas of:

- Increasing front line policing;
- Increasing VfM in procurement; and
- Increasing VfM in providing corporate support services.

4.8.4 Increasing front line policing will build on existing tripartite work that developed measures for front line policing and activity-based costing for the police. Consideration is likely to include identifying further scope to release police officers to undertake

increased front line duties, continuing to bear down successfully on levels of sickness absence, and other activities to ensure that the most cost-effective use is made of valuable police officer resources.

- 4.8.5** Led by the APA and ACPO, the police service is developing a national approach to identifying and realising VfM gains in procurement. This includes ACPO establishing a centre of police procurement excellence and the Service developing strong links with the Regional Centres of Excellence and other improvements being led elsewhere in the local government community.
- 4.8.6** PESIG will take forward work to improve VfM in providing corporate services to police forces. The approach is likely to include identifying opportunities for greater collaboration between forces, and with local government and other public services at local and regional levels.

Asylum Support

- 4.8.7** The Home Office will reduce the total cost of asylum support by £450m by 2007-08, although only a proportion of asylum support activity falls to local government. The approach will include ensuring that appropriate levels of support are provided, reflecting claimants' entitlement, and that this support is provided as cost-effectively as possible.
- 4.8.8** The Home Office will work with its partners in local government and other Government departments to pursue the most effective approaches to delivering these gains. This will include helping local authorities to identify gains that can be scored towards their own efficiency targets.

Contact Point

- 4.8.9** The current key contact for this workstream is:

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robert.arnott@homeoffice.gsi.gov.uk

020 7273 2357

4.9 Fire & Rescue Service

- 4.9.1** The Government is committed to improved efficiency and effectiveness within the Fire and Rescue Service as part of its extensive modernisation programme. This is underlined its new Public Service Agreement (PSA) target which commits Fire and Rescue Authorities (FRAs) to achieving long-term reductions in fire deaths and deliberate fires.

4.9.2 In addition a detailed account of the Government's expectations for authorities is set out in the 2004/5 Fire and Rescue National Framework, published in July 2004. The 2005/06 Framework was published in autumn 2004 in time for FRAs' budgeting processes.

Key Actions To Increase Efficiency

4.9.3 Integrated Risk Management Plans (IRMPs), which replaced national standards from April 2003. The Government believes that there is scope to improve the efficiency of Fire and Rescue Authorities in responding to incidents while maintaining the highest standards. FRAs should therefore make efficient and effective use of resources to implement their Plans, including using more efficient working practices where appropriate, including greater shared use of resources. For example using retained (on-call) staff, rather than full-timers, to crew some appliances; introducing new shift patterns under which fewer firefighters are working in times and areas of lower risk; or scrapping rarely used equipment and relying more on mutual assistance arrangements with other Brigades.

4.9.4 Replacement of the existing costly and inefficient pattern of 46 local control rooms with a network of 9 **Regional Control Centres** providing enhanced resilience but also requiring fewer staff for control duties is a key element of the national resilience programme.

4.9.5 The investment of £25m over four years to establish a programme of Home Fire Risk Checks (HFRCs) targeted on the most vulnerable households and combined with the installation of free 10-year battery smoke alarms and automated fire suppression systems. The HFRC grant will support fire and rescue authorities in carrying out their new duty to promote fire safety under the Fire and Rescue Act 2004, in accordance with the guidance on community fire safety set out in the National Framework. It will in particular support work towards the fire PSA target.

4.9.6 Firelink is a project to provide a national radio system designed to deliver interoperability both within the Fire & Rescue Services and with the other emergency services. This will play an important part in assuring the delivery of operational priorities, particularly in relation to wider civil emergencies. The efficiency gains represent the reduction in expenditure necessary to safeguard existing radio systems that have been identified as in need of immediate support before they can be replaced by Firelink.

4.9.7 The introduction by **Regional Management Boards** of wider regional functions, including resilience arrangements; common and specialist services; personnel and human resource functions; training; and procurement. All of these should enable greater efficiencies in the provision of services and use of resources.

4.9.8 Reduction of costly sickness absence and ill health retirements in line with Government targets, through the introduction and administration of effective absence management processes and procedures.

4.9.9 A total amount of £190 million **PFI credits** have been allocated to Fire and Rescue Authorities over the SR 2004 period. These are available to support the capital funding of innovative modernisation projects.

Contact Point

4.9.10 The current key contact for this workstream is:

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5

Frequently asked Questions

- 5.1** In the Information Pack published in November, we printed the answers to several frequently asked questions that we had received. Many of these were very broad questions, so in this publication we have included a new set of questions and answers dealing with some of the more technical questions that we know people have.

Measurement Questions and Answers

Q1. Will my authority be able to count efficiency gains made in 2004/05 against the 2007/08 target?

A1. Local authorities may score efficiency gains achieved in 2004/05 against their 2005/06 requirement if the gains can be demonstrated to last through the Spending Review period (up to 2007/08).

Q2. Why is capital included as well as revenue?

A2. Both involve expenditure by the taxpayer. It is wrong to say that efficiency should not be a consideration in relation to capital expenditure.

Q3. Why is the GDP deflator used?

A3. This is the standard assumption utilised by HM Treasury in efficiency calculations. We are aware that alternative deflators are being developed (e.g. Local Government Deflator) and when they are more fully developed will consider whether there is a good case for utilising them in efficiency calculations.

Q4. Capital expenditure is a one-off event. How can efficiencies be obtained from it?

A4. Efficiency in capital expenditure can be achieved in a number of ways:

- Through the impacts that it makes on revenue (e.g. reducing the need for operating expenditure, increasing outputs); and
- By enhancing the efficiency with which investment is undertaken (e.g. reducing the rate of inflation in capital projects, taking steps to improve the effectiveness of investments).

Q5. What is not included in the above total?

A5. This analysis excludes any expenditure on transfer payments (e.g. student awards, HB, CTB), pensions interest costs, external interest payments, capital expenditure charged to the revenue account and other capital financing.

Q6. What was the basis for this analysis?

A6. In Budget 2004, confirmed at Spending Review 2004, the Government determined a requirement to achieve at least 2.5% efficiency gains from public spending, excluding transfer payments. The above definition is based on that requirement.

Q7. From what source should calculations of revenue expenditure be taken?

A7. This is subject to consultation, with three options being considered – budget figures, estimated out-turn and actual out-turn figures.

Q8. Is there separate treatment for income from RSG, council tax or grant?

A8. No, the target is to achieve 2.5% efficiency gains from spend on public services.

Q9. There is already an LPSA target to make 2% efficiency gains in 2005/6. Will this apply cumulatively (totalling 4.5%) or in parallel (totalling 2.5%) with the Gershon target?

A9. These targets will operate in parallel; local authorities will be expected to achieve at least 2.5% annual efficiency gains over the next three years.

Q10. If one authority provides a service for a number of others in a partnership arrangement, how could the provider authority share the gains made by the other authorities?

A10. If local authorities collaborate to provide a service in this way, then all of them should find that they share in the gains. Though the provider authority may have greater costs (e.g. because it employs additional staff), it will be paid by the other authorities for the service it is providing. If the partnership is successful, then the unit cost of service provision should be reduced for all the authorities involved.

Q11. Can local authorities that have made exceptional progress on efficiencies already, claim some credit against the expectation of 2.5% gains?

A11. The Annual Efficiency Statement will form part of the overall evidence of the CPA Use of Resources block, and the Key Lines of Enquiry include questions regarding cost comparison etc. An authority that is genuinely so efficient that it cannot meet the expectation of annual 2.5% efficiency gains should be able to provide the relevant evidence through this process.

Other Questions and Answers**Q12. What is the connection between Best Value and the efficiency agenda?**

A12. Efficiency has always been an integral part of Best Value. Under the statutory duty of Best Value, authorities must secure continuous improvement in their functions and services they provide, having regard to a combination of economy, efficiency and effectiveness. The current efficiency agenda, with its emphasis on raising productivity and enhancing value for money without reducing quality, reinforces and complements this duty.

Q13. Where can I find information about existing examples of good practice?

A13. This document has set out some of the examples of good practice that we are currently aware of. If you are looking for further examples, you should contact your Regional Centre of Excellence to see what information they have. We are looking for further examples of good practice too, and any local authority that has implemented changes that have provided efficiency gains are invited to contact ODPM to provide details, which we may use in future briefing.

Q14. Which are the specialist local authorities or RCEs for my service sector?

A14. Some RCEs will be specialising in particular sectoral areas, such as waste, but the lessons learned from their experience will be shared among all nine Centres. All of the RCEs will be promoting expertise and shared working in all of these areas. Some RCEs may have identified lead authorities for different sectors or workstreams, and you should contact your local RCE to find out if that is the case.

Q15. Can ODPM provide someone for use as a sounding board for ideas and to help our authority to initiate the outcomes?

A15. ODPM and the other Central Government departments and change agents will be working with the RCEs and ideas and good practice will be shared at a national level for dissemination by the RCEs. Any barriers that affect your ability to deliver which you feel could be addressed nationally should be flagged up with your RCE for further discussion.

Further copies of this guidance can be obtained from:

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