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**Briefing 06/52**

**TO: ALL CHIEF EXECUTIVES, MAIN CONTACTS AND EMAIL CONTACTS  
(England)**

**CC: ALL CHIEF EXECUTIVES, MAIN CONTACTS AND EMAIL CONTACTS  
(Scotland, Wales and Northern Ireland)**

**'Strong and Prosperous Communities' - The Local Government  
White Paper, DCLG**

**Efficiency – transforming local services**

***Key issues:***

- The Efficiency agenda will retain a high profile
- Working in partnership, the importance of ICT and process review are important tools to realise efficiencies
- 3 year formula grant settlements will be introduced for 2008-11

**1. Introduction**

The Local Government White Paper 'Strong and Prosperous Communities' was issued by the Department of Communities and Local Government (DCLG) on 26<sup>th</sup> October, 2006. APSE will be issuing a series of briefings referring to the White Paper. This briefing is relevant to chapter 7 titled 'Efficiency - transforming local services'.

**2. The White Paper**

This chapter begins by noting the introduction of Best Value as a replacement for Compulsory Competitive Tendering and some of the resulting benefits. It goes on to describe the National Procurement Strategy and the Regional Centres of Excellence and some supporting facts such as the saving of £1.1 billion of efficiency gains identified to date through the Local e-Government Programme. The Paper notes that people's expectations of public services are rising putting

pressure on councils to deliver the transformed services and value for money that communities want.

Cross-sectoral working is seen as key to delivering more efficient services and DCLG expects local partners to consider how they can maximize the opportunities that Local Area Agreements (LAAs) provide to collectively drive efficiency and achieve better outcomes for citizens as a priority.

### **3. Transforming local services through efficiency**

The Paper notes that new technology, and specifically customer service centres, have revolutionised service delivery and that there is a hunger for greater efficiency and effectiveness from local people. Local authorities are recommended to adopt a strategic approach to service delivery to meet such a challenge.

The chapter is then divided into 9 sections.

#### **3.1 Business process improvement and flexible working**

The benefits of reviewing and reshaping the way public providers currently operate are noted and some examples are given of business process improvements with details of cost reduction and savings. A 'Business Improvement Package' will be produced for local government incorporating lessons learnt from an ongoing project with the North West e-government Partnership and Blackburn and Darwen BC.

#### **3.2 Collaboration between public bodies**

The Paper claims there are significant improvements in services to be made via collaboration with other local authorities, other local public service providers and with the private or third sector. These are not limited to common transactional services but frontline services can also benefit from partnership working and sharing. DCLG will work with public agencies to establish a number of pathfinder projects to spread and extend best practice, develop benchmarking data, test the new performance framework and strengthen LAAs to promote and deliver partnership working within and across local authority boundaries.

The problems experienced by smaller district local authorities working within two tier areas are recognised. DCLG expect to see a 'virtual unitary' approach where two tier government remains with sharing of some resources within existing administrative arrangements.

### **3.3 Use of technology, including information sharing**

The use of new technology is described as one of the most important tools for transforming services and the level of Government investment in this area and some efficiency gains are noted. The Paper highlights how services from a variety of public services can be brought together and made available at contact centres, community one-stop shops or customer's homes via the Internet. DCLG will work with key technology partnerships to learn from good practice and incentivise joined-up access to services as well as seamless delivery. The work of the Varney Review on customer centred services will also seek to provide further opportunities for local and central government and other providers to work together.

Information sharing is a vital issue and Government Connect will develop a system that enables citizens to authenticate themselves once and use this in a range of transactions with public organisations, so removing the need to supply the same information to different providers. The issue of switching the provision of services between different channels, e.g. from face-to-face provision to website provision (termed 'channel migration') is addressed and the work of Tameside and the resultant benefits are detailed. DCLG will publish a report drawing on examples and showing how channel migration can be managed while ensuring the customer has a strong voice in securing better delivery of services.

### **3.4 Smarter procurement**

Three critical aspects of effective procurement are addressed.

The first is e-procurement and the use of procurement cards is noted as a source of major efficiency gains. E-marketplaces and associated benefits are also highlighted.

The second aspect is the need to understand procurement spend. Knowledge of what is procured from whom and for how much is vital to identifying greater efficiency as well as the environmental, social and economic benefits that could arise from sustainable procurement.

The third aspect is aggregation of demand. A national procurement programme for commodities, goods and services providing reliable benchmarks for every local authority and a contracts register providing common contracts will be developed.

Further advice to support effective procurement will be produced. The aims will be to utilise technology, to provide more consistency with regard to data management, to increase regional or sub-regional procurement consortia to secure better deals, to develop Regional Centres of Excellence as a pool of procurement experts and to increase access to good value framework contracts.

### **3.5 Competition**

The Paper states that councils can encourage more providers to enter the market and compete for contracts by improving commissioning and procurement processes. One piece of revised guidance will be issued which will strengthen the key principles of best value and it will cover the commissioning role of councils, community participation and provide that councils should regularly test the competitiveness of their performance in comparison with others. The paper states that when services are found to be underperforming, they should where practicable, introduce fair and open competition. A code of practice on competition on the core practices expected in all councils and suppliers will also be developed. Working with the Audit Commission, the appointed auditor's ability to respond to complaints from the service providers about unfair and unlawful procurement will be strengthened where possible.

In terms of market development, DCLG will consider ways to stimulate new markets in areas of local government which are currently uncontested or not fully contested and to streamline procurement processes and cut red tape. The Paper claims that the third sector has a key role to play in a mixed market and the Government aims to promote its role further in future.

### **3.6 Asset Management**

Effective asset management is also noted as an area vital to achieve cost savings and help deliver better outcomes for citizens. It states that disposing of, or improving, underperforming assets, and modernising assets that can be expensive to maintain is key to this. Elements key to effective asset management are identified in the Paper including the need to integrate asset planning with corporate planning and the local authority's strategic vision for the area. Two further elements are that key elected members and officers must be engaged in decision making and that forecasting and meeting future asset needs is done jointly with key partners and the local community. This must be backed up with appropriate data. The Paper also claims that a structured approach to challenge the need for whether assets are needed and fit for purpose is necessary. Finally effective project management of major capital schemes should be in place. In particular, the Paper states that better asset management should encourage the disposal of underperforming assets and consider the benefits and disadvantages of encouraging more transfer of assets to community management or ownership where it can lead to best value.

### **3.7 Stable Finance**

There is a clear statement that excessive council tax rises will not be allowed. 3 year formula grant settlements will be introduced for 2008-11 and DCLG expect 3

year council tax figures to follow. It is also expected that 3 year funding of the third sector will be introduced where practicable.

### **3.8 Challenge**

The Paper states that efficiency will continue to be a fundamental element of the new performance framework with one possibility being that an efficiency target be built into the LAA. Attention will also be paid to exploring how the annual scored 'Use of Resources' assessment can be developed to provide robust assurance about organisational effectiveness and councils' performance in delivering increased efficiency.

The Audit Commission is developing its tool for measuring value for money using data already available enabling comparison between spending and performance in different local authorities.

### **3.9 Support**

There is acknowledgement that although support exists from Regional Centres of Excellence, Regional Improvement Partnerships, IDeA, 4Ps and Local Government Employers, the overall picture for support can be confusing. Current arrangements will be reviewed to create clearer support system.

## **4. APSE Commentary**

APSE recognises that the duty to continuously improve services means a concentration on the efficiency of local services and that service transformation and shared services must be pursued. This chapter ensures that the efficiencies agenda retains a high profile and details the kind of projects which councils can learn from and the support available. APSE promotes the use of best practice examples to share knowledge especially where service managers and staff are undergoing transformation and welcomes this approach in the Paper.

The chapter opens by making the point that everyone wants to see improvements to public services which are based on community's needs and at times to suit them but that they should not have to pay for them through excessive tax increases. This is accepted as the ideal situation and local authorities have consistently met raised expectations as services have improved. However managing expectations is clearly important here. Great strides have been made in service transformation over recent years and the Paper acknowledges this throughout. There are of course different ways of achieving transformational change either through a big bang approach or through incremental change. The idea that individual councils will be able to transform the level of performance across all services using a big bang approach is an unrealistic one, especially bearing in the mind the fact that no additional funds will be made available by Government. Incremental change is far more likely to be

achievable if substantial extra resources are not available and such change will take a number of years to be effective.

The potential benefits of councils and local public bodies delivering more services in collaboration with each other are noted both in back office functions (e.g. HR and procurement) and front line services (e.g. street scene and work between councils and PCTs). APSE has strongly promoted the benefits of shared services and how this approach can help support councils looking to make efficiency gains and improve services. APSE welcomes the emphasis on achieving efficiencies through collaboration.

The point is made that there is a changing financial climate for local authorities to operate in. The financial climate has been consistent over the past decade with tight restrictions on council tax increases, funds available for specific projects, extra funds provided but ring-fenced for central Government priorities and the ongoing efficiency agenda. The comment appears to add weight to the general impression that the Comprehensive Spending Review will be very tight for local government.

APSE approve of the introduction of 3 year formula grant settlements. They will make longer term planning easier and 3 year council tax figures will make sure the public are more informed.

APSE acknowledges the fundamental role that accountability plays in local government. However there is concern at the point made relating to “encouraging more transfer of assets to community management or ownership should be considered where it can lead to best value”. Local government has well established levels of accountability and responsibility both for councillors and officers. Transfer of ownership to groups outside the council can run the risk of being managed by well meaning but inexperienced amateurs lacking in expertise. Issues such as loss of economies of scale, poor maintenance, fragmentation of assets and health and safety must also be considered.

The Paper states that guidance will be issued stating that councils should regularly test the competitiveness of their performance in comparison with others. APSE think that if a service is performing well and evidence substantiates this there is no justification for going through such a time consuming and resource intensive exercise. A blanket approach to routine market testing is inappropriate and the new guidance on testing the competitiveness of services needs to take account of the performance of services. Where services are clearly failing, there is the opportunity for challenge, but the reason behind this failure needs to be understood. Is the problem going to be resolved by a different provider or are there local circumstances causing such performance, such as demography?

The chapter concludes by stating that ‘This White Paper gives local authorities the tools, flexibility and support they need to truly transform local services around

the needs and wants of their community'. APSE welcomes the new arrangements in the White Paper and the assistance made available for local authorities to transform services.

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