

Efficiency News

Contents

[Efficiency News Update](#)

[Going Forward on Transformation, Improvement and Efficiency Together](#)

[News from Communities and Local Government](#)

[News from the Regional Centres of Excellence](#)

[News from the National Process Improvement Project](#)

Welcome to the fifteenth edition of *Efficiency News*, published by the Department for Communities and Local Government in partnership with PricewaterhouseCoopers.

To receive a copy of Efficiency News, please e-mail:

ted@communities.gsi.gov.uk

If you have any comments or wish to submit content to this newsletter, please e-mail: ted@communities.gsi.gov.uk

The views expressed in this newsletter are not necessarily those of the Transformation and Efficiency Division, the Forum, Communities and Local Government or Government ministers

Efficiency News Update

Welcome to the Fifteenth Edition of Efficiency News, published by the Department for Communities and Local Government in partnership with PricewaterhouseCoopers.

We start with a couple of apologies. You may have noticed that *Efficiency News* has been absent for several months, for which we apologise, but we would like to reassure you that this publication will be returning to its traditional bi-monthly cycle from this issue.

You will also notice that this is a shorter edition than normal, but this is only a prelude to greater things for *Efficiency News*, as described in the article below.

Look Out for the New Look

Efficiency News, the source of news on the transformation and efficiency agenda, is undergoing a transformation of its own and will return in May with a new look and new name for 2008-09!

With the integration of the transformation, improvement and efficiency agenda for local government, we are pleased to announce that *Efficiency News* will be revamped to take a wider view across these important issues. The feedback that we got from the readers' survey last year will help us to ensure that the new look meets your needs.

With its wider scope, we want to make sure that we are still reaching the right people in all the organisations that receive this communication – whether they are in the public, private or third sector.

Therefore, we would especially like people receiving this issue to forward it on to other colleagues, particularly anyone who has joined your organisation in the last few months and might not otherwise be aware of it, so that they can register to receive the first of the new issues.

As always, to add your name to our circulation list, please e-mail your details to:
ted@communities.gsi.gov.uk

Going Forward on Transformation, Improvement and Efficiency Together

Over the last few months, the Department has been setting out in greater detail how the Transformation, Improvement and Efficiency agenda are going to be tackled together during the 2007 Comprehensive Spending Review. This article reviews recent developments.

Since the last edition of *Efficiency News*, the Department has merged the former Transformation and Efficiency Team with the division working on the Improvement agenda, bringing policymaking in these important areas together in one place. This reflects our approach in seeing efficiency and improvement as two sides of the same coin and, of course, the picture in each region with the merger of the Regional Centres of Excellence and Regional Improvement Partnerships (a process which will be complete at the end of this month).

But this approach goes beyond changing the structures through which the agenda is delivered: it has been the key emphasis underpinning recent policy announcements. This article takes stock of a number of key publications produced by the Department in recent months.

The first of these was **Delivering Value for Money in Local Government: Meeting the Challenge of CSR07**¹, which set out a route map for delivering the target of £4.9billion annual efficiency gains by councils over the three years of the 2007 Comprehensive Spending Review (2008-09 to 2010-11). This document identified actions on an array of facilitators of efficiency (i.e. the tools and techniques for improvement) as well as the practical options that deliver tangible gains.

It is important to recognise that to meet the ambition on greater efficiency and better services requires strong leadership and the right skills, especially in change management. A culture of innovation and focusing on users' needs will also be necessary. Developing these facilitators will be vital as they will ensure the sector has the capacity to implement the projects that actually deliver gains.

The VfM Delivery Plan identifies three broad areas through which the £4.9billion efficiencies can be delivered: smarter procurement (57% of the total); business process improvement, including collaboration (37%); and improved asset management (6%). These are not targets, but the broad estimates of where the evidence from current research and improvement projects suggest there is scope for further gains.

The Plan makes clear our view that it is the sector itself that is best placed to help councils build up their capacity and deliver greater value for money. £384m has been allocated to support the delivery of the improvement and efficiency agenda in local government, and the majority of this will be used by the sector through the Regional Improvement and Efficiency Partnerships and the IDeA.

Government departments will continue to provide support in the service areas for which they have policy responsibility, but they will also be looking to work with the sector to deliver that support effectively. The Audit Commission also has a vital support and challenge role, and their proposals (alongside the other local inspectorates) for the **Comprehensive Area Assessment**² show that the delivery of value for money services will be a central element of that work.

The Plan also set out the key principles about how the achievement of new efficiencies in CSR07 would be monitored, and these were set out in greater detail in a follow-up document, **Measuring and Reporting Value for Money Gains**³. As well as going into more detail about how councils will report the value of gains achieved in CSR07, it also sought to answer a number of frequently asked questions, such as how a council could voluntarily calculate its baseline expenditure and how gains achieved in excess of the current targets will be treated in the future.

A major step forward came just before Christmas, when the LGA and the Department jointly agreed the **National Improvement and Efficiency Strategy**⁴. This document sets out the ambition, principles and priorities that underpin our vision for the way in which local government will own and drive its own response to the agenda in CSR07.

¹ Accessible at: www.communities.gov.uk/publications/localgovernment/deliveringvalueformoney

² Accessible at: www.audit-commission.gov.uk/caa

³ Accessible at: www.rce.gov.uk/rce/core/page.do?pageld=10329

⁴ Accessible at: www.communities.gov.uk/publications/localgovernment/efficiency

It places the RIEPs at the heart of delivery support arrangements, working in partnership with Government Offices, inspectorates and other government departments. Responsibility for the co-ordination of the RIEPs work will lie with the revitalised Chief Executives' Task Group and the IDeA which will provide programme management support.

The RIEPs are now developing their own Regional Improvement and Efficiency Strategies, identifying the key needs and objectives for their specific area and the means by which they might be met. Some RIEPs have published the draft versions of their strategies on their websites, but all are engaging people in their regions to help develop the strategy and ensure it provides a sound basis for meeting the challenges of CSR07.

As a follow up to the national strategy, this month the Department will publish a **Prospectus**. Going through each service area or crosscutting theme in turn, it describes the kind of support available to councils and its sources. It also considers the options available for further streamlining that support, to make it more accessible and focused. Once the prospectus is published and the Regional Improvement and Efficiency Strategies are approved, then the hard work of delivering these programmes will begin.

Also connected to this work is the implementation of the new **Performance Framework**, with 198 National Indicators and no more than 35 targets (plus the statutory education targets) in each Local Area Agreement. This agenda has two National Indicators that are particularly relevant: NI14 which relates to service transformation and seeks information on the proportion of customer contacts with a council that are avoidable; and NI179 which relates to efficiency and replaces the Annual Efficiency Statement process previously in use.

Following a public consultation on draft definitions for these indicators at the end of 2007, the Department published the final versions for NI14 and NI179 in February⁵. Every council will be required to report data on both these indicators. NI14 data will be submitted annually, but due to the fact that NI14 is a new indicator, no data on this has to be collected before this October.

In contrast, NI179 data will be submitted in October (where councils will provide a forecast for the total gains to be achieved by the end of the financial year) and in July (where they will set out what was actually achieved in the financial year just ended). The figure submitted will be calculated in the same way as the value of total cumulative cashable gains reported in the AES; but unlike the AES the total will not be broken down by service area nor will any textual information be required.

The process of agreeing which indicators will be adopted as targets in each LAA is currently underway; a handful of authorities have expressed an interest in adopting NI14 or NI179 as a target and negotiations in these areas are ongoing.

These developments are all part of an encouraging start to the CSR07 period; one in which improvement and efficiency will be closely aligned, and local government will be taking a clear lead in driving its own improvement, making the most of the freedoms and resources devolved from the centre. The challenge has been laid down, but all the signs are that it is one that can confidently be picked up and met.

⁵ Accessible at: www.communities.gov.uk/publications/localgovernment/nationalindicatorsupdate

News from Communities and Local Government

The Local Transformation, Improvement and Efficiency Team review some of the recent events of interest to local government.

The **Minister for Local Government, John Healey**, has appeared at a number of high profile events recently emphasising the role the sector has in driving its own improvement and efficiency. He has also highlighted the need to involve citizens and announced the intention to require the inclusion of information on efficiency gains achieved by local authorities in Council Tax Bills. We will be consulting with councils later in the year to explore how this can be implemented effectively.

Junior local government minister Parmjit Dhanda has also been promoting improvement in the sector, as he announced 44 innovative local authorities as winners in the **2008 Beacon Awards**. The prestigious award ceremony celebrating innovation, excellence and quality local services, took place on 4 March at the Royal Horticultural Halls in London.

The Beacon Awards, which are now in their tenth year, have been shown as key to driving improvement and resourcefulness among local authorities, and winners have become an important source of information to authorities aspiring to change. Particular congratulations go to the three councils that have been awarded Beacon status for service transformation (citizen engagement and empowerment): Chorley, Staffordshire Moorlands and Tameside. Well done!

This year's winning authorities will receive a share of £3m of government funding to expand their work in sharing best practice and to motivate further innovation across public services. Ministers also announced the themes for round 10 and application process at the ceremony. Further information, including a full list of Round 9 winners and the Round 10 themes, can be found on the Beacons website⁶.

The final report on the **National Procurement Strategy** is due to be published shortly. The NPS has been a catalyst for the development of a more strategic approach to procurement in local government, and the final report recognises the major successes that have been enjoyed – in particular the much greater proportion of councils now working in partnership to obtain greater value for money.

It also identifies the next big challenges to face on procurement, including the need to develop local authorities' commissioning role and their market-shaping skills, as well as meeting the agenda on sustainable procurement. This includes issues of equalities and diversity and the engagement of the third sector, as well as the environmental and whole life cost issues that are perhaps more familiar.

The **Local Government Sustainable Procurement Strategy**⁷ was launched in November 2007 and is intended to provide a clear steer to councils seeking to respond to these issues. The local government sector is now developing a more detailed route map for implementation of the strategy, and a complementary volume of case studies is also due to be published.

A report designed to improve understanding of the **activity-based costs** of local government service delivery through the design of a common cost architecture is due to be published later this month.

⁶ Accessible at: www.beacons.idea.gov.uk

⁷ Accessible at: www.idea.gov.uk/idk/core/page.do?pagelId=5246448

Produced by the North West e-Government Group and IPF (the management support services company of the Chartered Institute of Public Finance and Accountancy), and sponsored by Communities and Local Government, this report has been produced in response to demand from local authority practitioners for guidance and tools for identifying the cost of serving their customers.

It addresses a gap in the sector's ability to produce robust, consistent and comparable data on the activity-based costs of service delivery. The outputs from the report are intended assist local authorities in understanding the costs and relative efficiency of service delivery operations across different access channels, including the measurement of business process improvement initiatives.

The report is accompanied by an electronic cost calculator tool, which offers the ability for local authorities to calculate costs at a 'unit of work'/process level – together with requisite dynamic reporting tools to enable data analysis and benchmarking at local, regional and national levels. For more information, email: bip@communities.gsi.gov.uk

Earlier this month, the Department announced plans to publish a **Community Empowerment White Paper**⁸ in the summer. It is also proposed to publish a new framework for regeneration to sit alongside the White Paper.

This reflects the Government's commitment to unlocking the talents of all people and as a first step, the Department is seeking views on the ways to make changes which give people locally more influence, control and ownership of local services such as employment, health, education and transport.

In today's world it is clear that people want a clear voice in how services are provided. Modern public services must emulate and exceed the best of private services; some already do. People want to live in safe, clean neighbourhoods, where their family's security and success is anchored in a strong, safe community. They want public spaces and buildings which inspire and lift the spirits, and which express a sense of pride in their place.

To tap into the talents of all of the people, not merely the few, we need to involve people actively in:

- Improving deprived areas through regeneration and promoting work and enterprise;
- Encouraging active citizenship, and reviving civic society and local democracy;
- Improving local public services by involving local users and consumers; and
- Strengthening local accountability.

Everyone is invited to send their views on how this can be done to:

unlockingtalent@communities.gsi.gov.uk

⁸ Accessible at: www.communities.gov.uk/publications/communities/unlockingtalent

News from the Regional Centres of Excellence

The RCEs, on the eve of their nationwide incorporation into Regional Improvement and Efficiency Partnerships, review some of the work they have been engaged in over their last six months.

Over the last few months a wide range of expert guidance has been published by the RCE Procurement Programme to help councils transform services and deliver efficiencies in key areas of their activity. **How to be Successful guides**⁹, promoting best practice in procurement and commissioning are now available for energy, children's services, e-auctions, insurance, joint waste services, management consultants and social housing construction products.

The How to be Successful guides are complemented by the **On the Money guides**¹⁰ which bring together good deals in key commodities for the benefit of all local authorities. On the Money guides are available in the areas of translation services, postal services, energy procurement, fleet procurement, fuel, ICT hardware, print and telecoms.

Mietool, a new tool to help authorities to measure efficiency and improvement gains has also been produced. The project funded by the Regional Centres of Excellence, and developed by RSe consulting, is being rolled out with a series of training events taking place in regions.

Mietool is a highly sophisticated Excel spreadsheet that can be used at every stage of the project lifecycle, from options appraisal to benefits tracking. It allows senior officers to make decisions with confidence because it takes a consistent approach and is predicated on robust data. Mietool will also help councils work out how much a particular project will contribute to their total efficiency gain and how a project will contribute to council performance against the 198 national performance indicators.

Other RCE initiatives include the **National Care Costing Toolkit** which is being trialled in over 70 councils before being rolled out nationally. The toolkit provides a breakdown of both the individual package of care and the accommodation related costs, so that care commissioners can strike a fair and sustainable deal for the service needed. A regional version of the model has already proven to be a success in the south east and south west with councils saving up to 13%.

The **Business Improvement Package**¹¹ (BIP), initiated by CLG and available since March 2007, has been significantly extended with material developed by the South West RCE and this went live in October 2007. This project was financially supported by CLG and was carried out by the South West on behalf of the RCEs nationally.

The BIP describes the whole change life cycle, and the supporting activities needed to manage and support change. It provides hyperlinks to a wealth of good practice materials. The West Midlands has also developed a Business Process Improvement / Lean System Thinking Framework which will cut costs for UK authorities by fixing the rates of specialist consultants for four years.

⁹ Accessible at: www.rce.gov.uk/rce/core/page.do?pagelId=39123

¹⁰ Accessible at: www.rce.gov.uk/rce/core/page.do?pagelId=39225

¹¹ Accessible at: www.bip.rcoe.gov.uk

A number of projects from the Regional Centres have recently been recognised in high profile awards. The **South East Construction Framework** – funded by the South East RCE and led by Hampshire County Council won a Guardian Public Service award. The framework, launched in 2006, can deliver up to £3bn of building work with potential efficiency gains of over £40m. It is already dramatically cutting the time and cost of major building projects in London and the South East region.

Similar construction frameworks have been recognised as a way of achieving substantial gains in the largest area of spend for local authorities and most of the Centres have now embarked on developing their own model.

In the East of England **SMARTE EAST** is a jointly owned and managed not for profit limited liability Company that has been developed by local authorities in the region, together with Association of Chief Corporate Property Officers (COPROP) and the Regional Centre of Excellence East. In the East Midlands two complementary construction frameworks have been established for all East Midland Councils with support from the East Midlands Centre of Excellence.

In the East of England, Suffolk's **Doing Business Better** project was recognised at the Public Servant of the year awards. The project, funded by the East of England RCE is one of the first examples of shared corporate services with full participation and support from the County Council and all Districts. It has become an exemplar project in the recent successful Suffolk Pathfinder bid to Communities and Local Government and is a positive example of achievement through co-operation.

An **e-auction for IT** run by the London RCE and Office of Government Commerce was highly commended at the e-Government National Awards. Fourteen councils and six NHS Trusts joined together to save a total of £6.9m.

Two other RCE projects shortlisted for E-Government National Awards include the South East RCE's **Waste Information Network**¹² (WIN). WIN is a support tool for all local authorities and provides up-to-date information on every aspect of waste management relevant to local authorities.

The London RCE's **Partnership in Parking**, a project streamlining parking services across London, introducing new technology for on-street parking and standardising the design of parking tickets was also shortlisted. The project has been steaming ahead with the introduction of pay by mobile phone technology in central London.

Finally, December saw a new Chair of the Chief Executives Task Group following the retirement of Rob Sykes. **Joyce Redfearn**, Chief Executive of Wigan Council, will now lead this group to ensure that the new Regional Improvement and Efficiency Partnerships succeed in building on the work of the Regional Centres of Excellence and the Regional Improvement Partnerships over the last 3 years.

¹² Accessible at: www.win.org.uk

News from the National Process Improvement Project

Hot news from NPIP includes the imminent publication of research jointly sponsored with the Health and Safety Executive and the launch last month of NPIP Phase 2. These follow delivery of NPIP Phase 1 projects and the well received publication of learning arising from them, as discussed in this article.

NPIP Background

The National Process Improvement Project (NPIP) is practical and highly participative research and development undertaken by a group of proactive local authorities to deploy industry standard business process improvement (BPI) methods. Information including NPIP outputs can be accessed at the Business Improvement Package website¹³.

BPI projects typically involve understanding how services are currently performed, particularly the operational implications for improving customer service, performance and costs, and designing an improved process that removes non value adding activity and increases the overall cost effectiveness.

NPIP Phase 1

For Phase 1 a suite of BPI-led change pathfinders involving 25 local authorities tested the proposition that: “the consistent adoption of BPI methodology in the local government community is a cost effective way of ensuring a customer and community perspective on achieving 3% increased efficiency in the delivery of local services.”

Service areas involved Adult Social Care, Children’s Services, Corporate Shared Services, Highways and Transport, Housing Management, Organisational Transformation, Public Protection, Revenues and Benefits and Waste Management. Results were compelling, for example:

- Across the 11 Greater Manchester ePartnership projects, total efficiency gains identified are expected to provide in the region of a 10:1 to 15:1 return on investment on the cost of carrying out the BPI exercise;
- London Councils identified that, through BPI, the three London Boroughs reviewed could save between 5 and 17 per cent of staff time by removing non-value adding costs from the child protection process from assessment to referral;
- Sedgefield Borough Council identified gains of up to 17 per cent from moving waste management customer services on to the web; and
- Through reducing void times and improved debt collection in its social housing stock, the London Borough of Lewisham has identified improvements that, over three years, will release £5.6m in increased rental income and reduced debt.

Synthesised results are published in two documents. A short booklet *Building Capacity for Business Process Improvement: A summary of pathfinder results*¹⁴ and the more detailed *Building Capacity to Improve Local Services: Using Business Process Improvement Techniques*¹⁵.

¹³ Accessible at: www.bip.rcoe.gov.uk

¹⁴ Accessible at: www.bip.rcoe.gov.uk/rce/aio/43080

¹⁵ Accessible at: www.bip.rcoe.gov.uk/rce/tio/44870

This brings together a series of stand alone guidance modules commissioned as an important part of the dissemination of learning from the pathfinders. Modules cover: Using BPI to achieve your organisational aims; Putting BPI techniques into practice; Comparing the cost of services; Resourcing BPI; Making BPI led change a success; and Planning for Benefits realisation.

Both publications, along with the NPIP project deliverables: reports, process maps and costings and more detailed information on each of the pathfinder workstreams can be accessed on the BIP website.

NPIP Phase 2

Phase 2 aims to build on Phase 1 to disseminate the learning from pathfinders and to support further practical projects to look at the use of customer information and involvement in service redesign, and in using BPI techniques in cross-boundary areas of delivery.

CLG/HSE Local Government NPIP Research

Findings from a range of efficiency projects indicated that where good practice approaches to involving staff directly in improving business process have been deployed, there has typically been improved morale, raised productivity and positive effects on levels of attendance. This link is exemplified in the four cases studies covered by the forthcoming report: *Creating better jobs: lessons from Business Process Improvement*.

The research has identified different stages in an organisational development service transformation process that are significant in their effect on a range of different employees – from service heads to back office administrators. It is thought to represent a first for documenting literally the *ups and downs* of different employee's experiences going through a managed change process.

For others undertaking or needing to start out on a service transformation journey the report makes clear the message that satisfied customers are easier and cheaper to serve both in fiscal and human terms, and it is critically important to involve all to make the change effective and sustainable.

Business process improvement techniques help because they systematically address the costs and causes of inefficiency and stress – not the symptoms of low productivity and poor service.

What has become apparent from NPIP pathfinder authorities and other BPI projects in local services is that the very interventions aimed primarily at identifying *waste* can, when managed well, have positive benefits for the morale and well-being of staff as well.

Crown Copyright 2008

All rights reserved

The publication (excluding the logo) may be reproduced free of charge in any format or medium provided that it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown Copyright with the title and source