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Meet Hammersmith & Fulham's controversial leader >16

Free gyms

The Brum fitness revolution >18

Executive salaries

Top staff are not overpaid >20

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Efficiency audits provide 'ammunition' for cuts

LGA flags up risks of DCLG's local spending mapping proposals

DAN DRILLSMA-MILGROM
Political editor

Sir Michael Richard's plans to wring sweeping efficiency savings from cross-public sector collaboration could leave councils open to even tougher funding settlements, council chiefs have warned.

The Treasury's local efficiency guru has recommended the roll-out of a Counting Cumbria-style 'Total Place' programme mapping local spending in at least 12 pilot areas. The Department for Communities & Local Government will lead the work and is understood to be providing £5m of funding.

However, senior officials at the Local Government Association and the Leadership Centre for Local Government believe the opportunities arising from the work could also "provide ammunition" to a government seeking to cut grants.

A report to the LGA's office holders, drawn up by the Leadership Centre's managing director John Atkinson, stated there were risks in pushing ahead with the pilots. "We might provide ammunition to allow government to dictate an even tougher settlement than might otherwise be the case," it said. "Furthermore there is a tendency in work like this for early findings to suggest very ambitious outcomes are possible... which are then not deliverable because of problems later."

The government this week published details of the Operational Efficiency Programme, which found potential public sector efficiency savings of £15bn by 2013-14 — including an extra £6bn next year. It also included Sir Michael's final report recommending roll-out of



Sir Michael Richard: tough measures

the Total Place programme along with other recommendations (see right).

Sir Michael said the principles of the Counting Cumbria project, which involved mapping how all public money was spent across different organisations in the county, should be taken forward "urgently" in at least 12 areas.

Despite the risks, the LGA report said the work "could enhance the local authority as the leader of that place and strengthen the role of local democracy". Office holders endorsed the strategy.

For local government, regional improvement and efficiency partnerships will lead the work in each region. Initial findings will be reported in this year's pre-Budget report.

LGA Liberal Democrat group leader Richard Kemp said the work in Cumbria was "extremely exciting" and the risk of funding cuts was "negligible as the government's going to be making very difficult settlements anyway".

Conservative group deputy leader David Parsons said Leicestershire CC, which he leads, would offer itself as a pilot. It was time for councils to "roll up their sleeves and get involved".

The LGA report also claimed DCLG officials had indicated to ministers the pilots "will be required to deliver full payback in 2009-10 to cover the cost of the work". But the exact sum and timeframe are understood to have been in negotiation right up until yesterday's Budget.

BICHARD: KEY PROPOSALS

- » Roll out 'Total Place', a Counting Cumbria-style programme mapping total public spending in a local area to at least 12 pilot sites, reporting by the 2010 Budget. This will identify efficiencies from collaboration.
- » Reform and reduce the national indicator set to accelerate joint working. Local area agreements should be strengthened.
- » Form a high-level group featuring the Cabinet Office, Treasury, Department of Health, Home Office and Department for Communities & Local Government to eliminate the barriers to local joint work.
- » The comprehensive area assessment should be extended to become the main assessment for all local public sector bodies. Performance frameworks should be aligned across sectors to encourage greater local collaboration.
- » Strengthen local strategic partnerships by avoiding ring-fencing.
- » Regional improvement and efficiency partnerships should use challenge prizes to encourage better design and innovation.
- » Intense reviews of burdens on frontline staff to be carried out by local government in conjunction with the Better Regulation Executive.
- » Embed innovation and collaboration in Whitehall departmental capability reviews.

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the extent of their potential. Their work has only just started.

KEN MORGAN

*Head, public sector regeneration team,
John Rowan & Partners*

The future for ALMOs

It was with great interest that I read your article “ALMOs urged to evolve to survive” (9 April).

I agree that the significant progress of the Decent Homes programme should be celebrated only as a milestone for arm's-length management organisations (ALMOs), not as the end of their useful life. I would go further and say it is imperative that the government strengthens ALMOs' scope and remit — their dissolution would be a terrible waste of resources.

A closer and better partnership between ALMOs and local authorities is the best model for the future. For example, there are already a number of ALMOs which manage new-build projects, for which they receive additional grant funding. There are also discussions on the opportunities that ALMOs offer for bringing empty properties back into use — vital in the current economic climate.

ALMOs have evolved greatly. Through sharing best practice, partnering and engaging with their tenants, these organisations have a key role in the future. The success they have achieved shows