



The public sector
transformation partner

From surviving to thriving

How councils can re-shape local public services
to meet the next spending review challenges

Paper 2: Consultation outcomes

A white paper by the national Improvement & Efficiency Social Enterprise (iESE) – the UK's
leading local government improvement partner

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Foreword

From Dr Andrew Larner, CEO of iESE

Review. Remodel. Reinvent.

It has been a privilege to work with so many local authorities during the consultation for our 3R transformation and reform model. The first order of business must be to thank all those who have given their time, data and insight to the engagement process – without them, we could not authoritatively say this is a product for local government, by local government.

We started with a question – embracing the fact that demographic need makes every council different, can a single transformation framework be built which allows any authority to benchmark where they are in the reform journey, access best practice models and data from relevant councils, and provide a roadmap for council reform that councils can use to drive effective change?

Over 80 authorities responded to our detailed questionnaire on the current level of change and the future options for authorities. Those responses were not just from chief executives – the largest sample within the survey responses was service delivery managers and staff. Alongside the survey, we held management, and member-level discussions at a range of conferences and events, including MJ Forums, LGA events and our own roundtable discussion with council CEOs to capture leadership level views.

This approach has given us a uniquely rounded insight into both the leadership perceptions for reform priorities and the impact on the service delivery outcomes and the residents those services affect.

The findings have been fascinating. Data from the LGA and Institute of Fiscal Studies has already shown us that authorities are performing better than could have been expected overall when it comes to dealing with cuts. But that experience is emboldening the sector to shape its own future solutions.

An example is trading models and commercialism. A few years ago the concept was untested in local government and generated uncertainty. Now, ten years later, our consultation shows that councils have embraced it, tested it, delivered it - and a growing number are now even suggesting it is not fundamental enough to deliver reform and has been left behind by the bigger rewards from shared services, combined authorities and devolution.

There was also data to demonstrate where councils are currently performing within the 3R model - with the majority of councils, expectedly, have been operating around Levels 1 and 2 (reviewing and remodelling services).

Those performing consistently at higher levels of the 3R Model - delivering reinvention of services rather than review and redesign of them - are benefitting from the actions at Level 1 (such as procurement, corporate oversight and efficiency reviews) becoming embedded into culture. Councils recognise that Levels 1 and 2 will, in the future, not be sufficient to deliver the transformation required following the Chancellor's 2015 Autumn Statement.

Culture, however, has perhaps proven to be the biggest priority to emerge since we began the consultation - responses from CEOs in particular centred around the need for changes to the behaviours and leadership culture of organisations if reform and devolution can be successfully delivered.

This paper sets out to highlight local government's response to the model, use that data to update it, and provide a roadmap to support the sector on its ever-changing journey towards devolution.

Dr Andrew Larner

Chief Executive

iESE

What this report aims to achieve

The national Improvement & Efficiency Social Enterprise (iESE) has worked with more than 90% of councils in various forms, delivering more than £600m of savings through supporting a range of transformation activities – from structural and organisational change to implementing joint authorities and shared service functions.

This has given us real, practical experience to examine the success and cost of various solutions – such as shared service functions in different service areas – and develop models that, potentially, may be able to be replicated or individualised for other areas.

Our not-for-profit status, and our approach of “for the public sector, by the public sector”, has seen us work successfully with significant numbers of councils across England, Wales and Northern Ireland – helping share innovation and delivering real, “more for less” outcomes sought by council’s residents and the Dept for Communities & Local Government.

Over the past 10 years, iESE has helped councils deliver many millions of pounds of savings and improvements, sharing innovation and resources and protecting the people who need their services.

- We have proven experience in supporting public services to innovate through major change – with overall savings of £600m for partner councils and improved services.
- We recently supported authorities in Northern Ireland as they undertook a review of local services, reducing the number of councils from 26 to 11 to provide more targeted, localised services.
- We are the leading partners for helping councils deliver shared service models, leading on numerous shared service projects delivering many millions in savings – while maintaining or improving services.
- We developed the country’s first integrated Care Calculator for projecting and managing adult social care costs, saving £65m for the authorities who use it.
- We have worked with an authority to reinvent the planning process for small developments to franchise 40% of the activity to local business turning the service from a consumer of tax to a generator of surplus.
- We have worked in partnership with Local Authority Building Control to develop a business case for helping authorities across the country consider new trading models for delivering building control services.

Using this knowledge and trusted position in the sector, we launched a single improvement framework for use by all councils – the iESE 3R model.

Pooling best practice and categorising transformation activity to provide a sector wide roadmap, the model intends to help councils benchmark where they are with transformation and consider their future priorities for reform.

To create a final model, owned and influenced by councils, we broke this exercise into three stages:

Paper 1 (Summer 2015)

The first report set out the developing strategic reform models and service options that have provided good practice and delivered savings to date – creating the draft 3R model. Effectively, it shared what iESE has learned to date from its work with local authorities.

This was then followed by:

- Quantitative research (online survey) with more than 80 councils to discover what their priorities are for reform, what stage they are currently at, and shaping a view on a single framework for improvement.
- Qualitative research with members and chief executives across 5 months – including events, discussion forums and one-to-one interviews with chief executives.

Paper 2 (Autumn 2015)

Our current paper takes into account the feedback, data and views gathered from the quantitative and qualitative consultation work, and updates the model to reflect the input from local authorities. It sets out councils' priorities for reform and the current levels of transformation within the sector (set against the 3R model).

Paper 3 (Winter 2016)

Once the emerging model and future delivery solutions are validated and enhanced by local authorities, we will gather evidence to give quantitative data on the impact of the model and develop practical solutions.

How has the landscape changed for councils since the first white paper was published?

It is important to note that, during period of consultation with councils, there has been a further evolution of the fiscal landscape for local government:

Funding reductions

Although the Chancellor confirmed in his 2015 Autumn Statement that councils would receive full control of business rate income by the end of the Parliament, details are still to emerge about a grant loss of as much as 40%, predicted by the LGA.

An extra £10m would be made available to councils to tackle homelessness, but the full detail of the impact of the statement is yet to be analysed at the time of going to press.

Devolution of powers

The devolution of responsibilities from central to local government has been widely welcomed by authorities - but continues to be an emerging process. The devolution of the business rate in its entirety to councils, for example, will have a vastly different impact on areas with strong economies and low reliance on formula grant - with likely overall benefit - while areas with more dependence and higher deprivation levels will not yield as much additional income.

Structural change

In order to prepare for future requirements and the expected devolution of powers locally, authorities are already making structural changes to accommodate new responsibilities. As shared services become a more embedded solution, and combined authorities begin being approved in conjunction with devolution bids, councils are already examining and changing their structure to meet requirement.

Overview

The 3R model for council reform

The origins of the iESE 3R reform model

Launched at the start of the consultation, the 3R Model is built on the insight collected from our own support work with authorities over a decade of change, and aims to provide a single framework in supporting councils with the reform journey.

By analysing a range of council transformation activities, their outcomes and their impact on the taxpayer, staff and the authority and its culture, we proposed that, while different councils are at different stages, most are facing broadly the same options and opportunities:

Level 1: Review

Departmental change. Focusing on internal efficiencies and improvements within existing structures. Continuously looking to drive down spend, streamline work and reduce waste in processes.

Level 2: Remodel

Transactional change. Greater cross-functional working and multi-skilling, and improving ways of working to move away from 'professional silos' and toward integrated services for the public.

Level 3: Reinvent

Whole Organisation change. Where customer need is understood, analysed and met through new services and business models, and where the demand itself is re-shaped and managed while engaging service users to ascertain priorities and support themselves.

The original 3R model



The consultation

Purpose & engagement process

With a data-led model, we embarked on a 5 month engagement process, designed to achieve the following outcomes:

The Engagement Objective

TALKING

to local authorities
to engage them in
the debate

TESTING

the model as an
effective reform
framework for councils

TUNING

the model to
incorporate feedback
from the engagement
process

Responses

The consultation has generated a wealth of feedback from over 80 councils, with a wide range of qualitative data from events and conference workshops:

89

responses
to the
online
survey

More than **90** professionals
engaged at
3 dedicated
events

25 councils involved
in 121 interviews

“As cuts become more severe and services become amorphous through alternative delivery models organisational structure will become more organic and flexible to change.”

Consultation outcomes

What is the current level of reform activity among councils?

Survey results

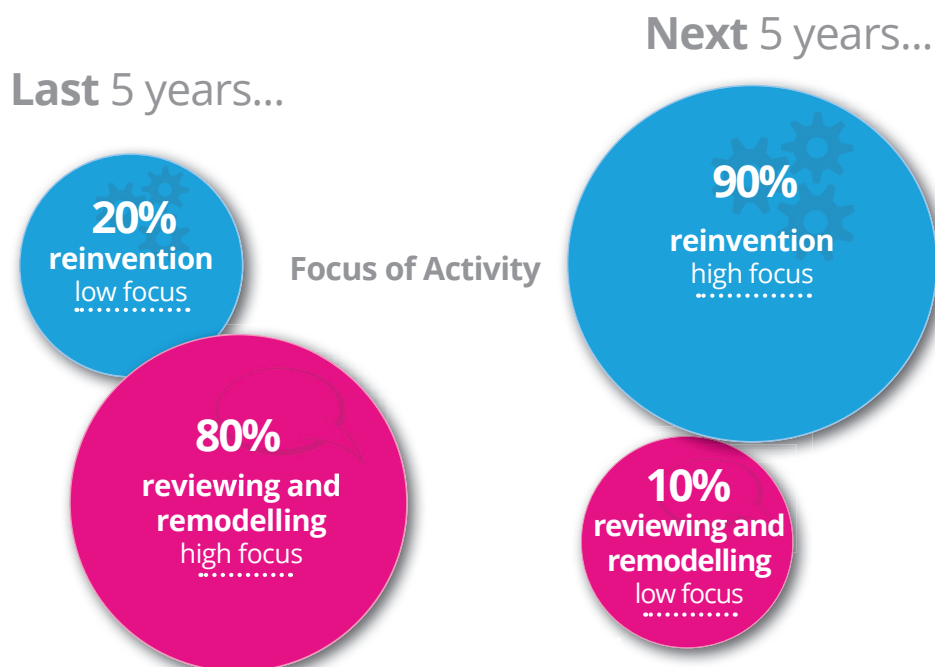
The first part of our consultation focused on establishing where local authorities are now with their transformation and reform activity – not only within the original 3R model, but also gathering perceptions more widely on the future change needed.

More than 80 councils responded to the consultation, providing a wide base of detail on the key questions. The responses are summarised in this section, along with a breakdown of the audience who responded.

The key questions & responses

Our consultation has shown that over the past five years the majority of the activity for local authorities has been around improving and making more efficient their processes and structures and controlling costs. This is to be expected and is good practice for any organisation. It has also shown that a number of organisations have been beginning to move their attention towards remodelling, such as structuring around customers, rather than professions. Fewer than 20% felt their focus has been on re-inventing their organisation. This accords with the National Audit Office review on the financial sustainability of local authorities (2014) which found that the majority of spending reductions had been on employee and running costs.

However, for the coming five years the consultation showed that there is a complete change of focus. Whilst reviewing and remodelling will still be necessary priorities and part of any continuous improvement activity, 90% of respondents recognised that the focus of change will also be on re-inventing.

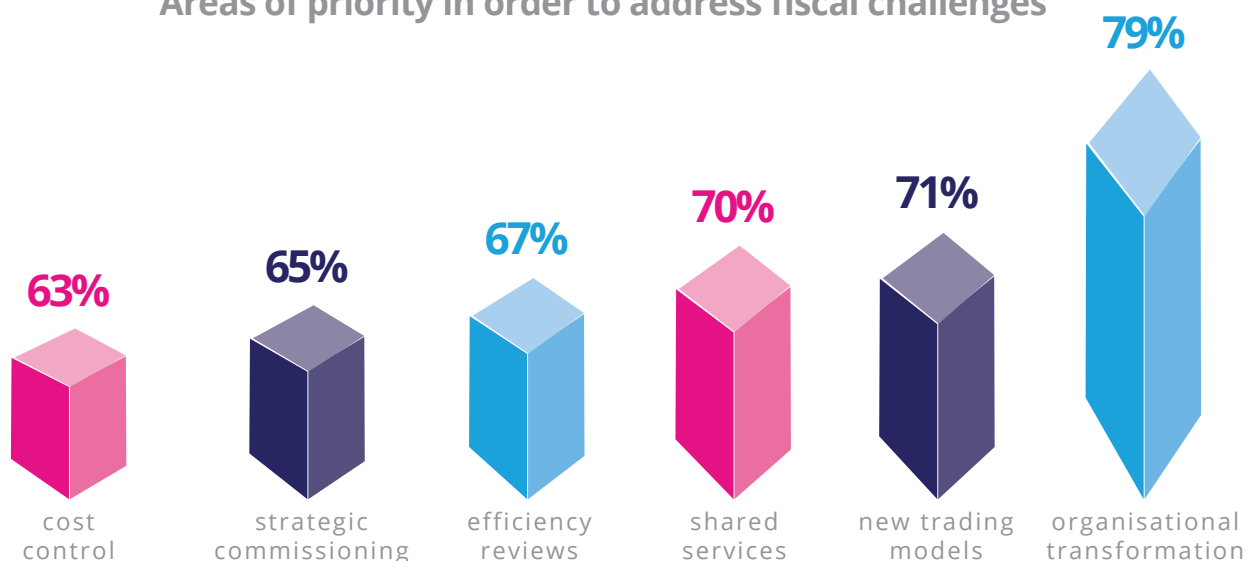


*rating average from all responses on a scale of 1 – 6 where 6 is high focus.

Priority Areas

The consultation showed that by far the highest area of priority for the future is organisational transformation. Respondents recognised that to achieve the scale of financial cost reduction required whole organisation change will be the only way that they can be sustainable into the future. The areas of new trading models and shared services are not as high as they may have previously been and we have, through conversation and engagement, refined the model to reflect that these areas will not alone deliver the shift required. Organisations have found that they are not always the 'solution' - you first have to understand the 'problem'.

Areas of priority in order to address fiscal challenges



The Change Enablers

There was a strong recognition that the enablers of change (Behaviour Change, Business and Commercial Acumen, Situational Leadership, Capacity and Capability) were all seen as critically important, with Commercial Acumen as the most important. A new culture of Profit with Purpose is emerging. This shows the vital importance of culture change and transformational leadership in successful reform - the 'soft' changes, as opposed to the 'hard' changes of service design and structures. In short, it reflects the fact that even at councils where innovation has been strong it has only succeeded where it is matched by a real focus on the right behaviours, culture and leadership. These findings were echoed in a recent iESE Chief Executive round table event, which was dominated by the behaviours question. Whilst new ways of working and delivering services are critical, how do we create a culture where people embrace risk, use it to lever improvements, challenge norms and are willing to consider doing something totally different?

“There will inevitably be some short term negative impact on the citizen, but hopefully the benefits will outweigh them eventually.”

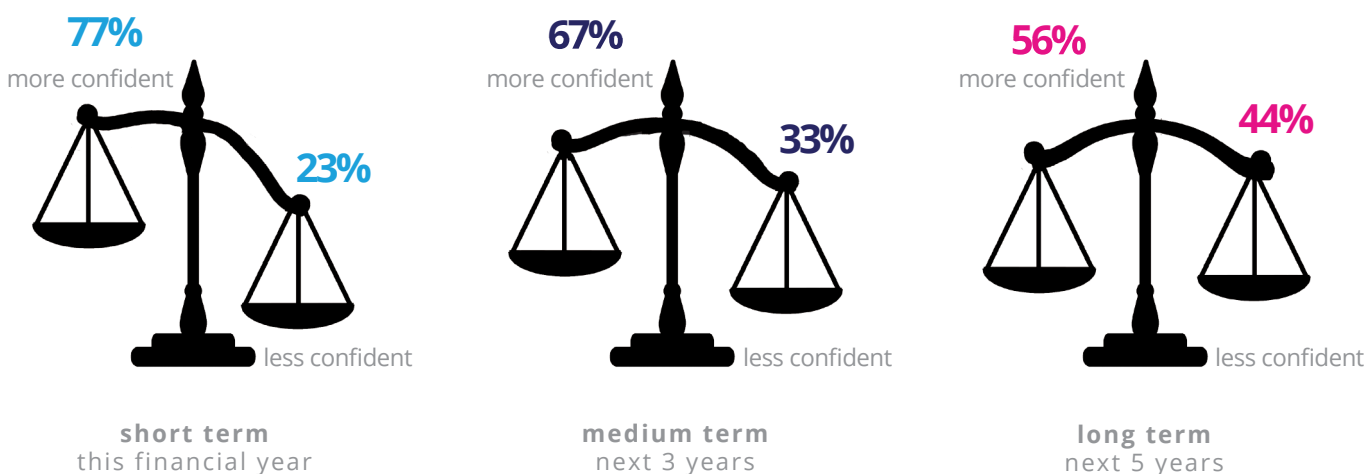
Levels of Confidence to Deliver the Change

Responses on whether the staff within the council have the ability to deliver against the future requirement were mixed. More than a third lacked a degree of confidence, whilst the remaining two thirds were more positive. This shows that while there is reasonable confidence that staff will be able to see the changes through, there is likely to be a need to develop those staff to equip them with the necessary skills to suit the changing demands on councils. It was interesting to note that chief executives and senior managers who considered that they were further advanced in the model (towards Level 3) had a greater degree of confidence that they had some of those essential skills in their workforce to deliver the change. This raises a question of whether the skills need to be in place before the change can happen, or whether they can develop in parallel.

Achieving the Savings

The consultation asked whether the savings could be achieved in the short, medium and long term. Whilst it would be expected for respondents to be more cautious about achieving the long term savings goals, there was a degree of confidence from around half of respondents (56%). However, the number who said that they were 'very confident' they could achieve the savings in the long term was very stark – at only 1%.

How confident are you that the council will be able to achieve its anticipated financial savings?



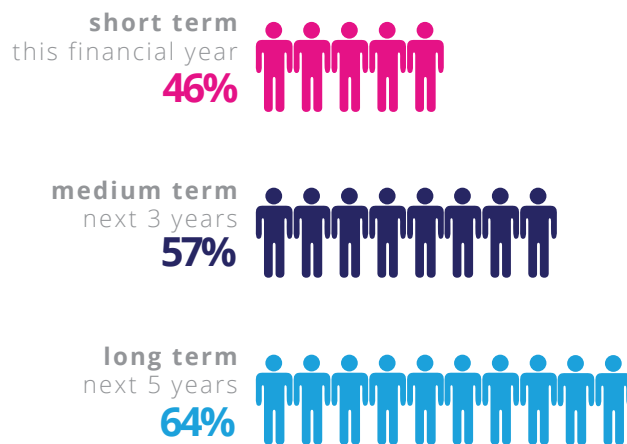
Impact on the Citizen

The majority of respondents felt that in the short term the citizen can be protected from the negative impact of the savings. This chimes with a recent IPSOS MORI survey around the impact of savings to date on the delivery of council services – for example 51% of people thought bin collection services have stayed the same in the last five years, with 22% saying they have actually seen an improvement. And with recycling services, nearly half (48%) said they have seen an improvement in the past five years.

“Achieving savings will be extremely challenging and will require going beyond efficiency and conventional transformation approaches to completely redefining the paradigm of local government.”

However, as the graph shows, into the medium and long term more respondents felt there will be greater impact.

To what extent to you feel that by delivering the required savings there will be a negative impact on citizens and communities?



But, it's not all bad news. By really reinventing the way services are delivered some respondents felt that there is the potential to not only minimise the negative impact, but truly make a positive impact.

Delivering the Change

Respondents were asked what kinds of things would be most important in delivering the change and to consider which of them were needed now and then which of them will be needed in the future. Whilst common themes run through both the current requirements and the future needs, there are some significant swings. One of the strongest themes that emerges is that the most pressing current requirement is to ensure that there is a coherent vision in place and also the capacity to deliver the change. Partnership working whilst already seen as important is seen as becoming even more so in the future.

When looking at the future there are two areas that grow significantly in importance. These are an external focus on public value and the right staff with the right culture and behaviours. This reflects the fact that an increasing number of councils are recognising the risks of depending on government grant and are developing alternative financial models which offer long term stability and sustainability. Again, the theme of Profit with Purpose emerges. This is not about trading and income for its own sake, it is about survival. But to achieve this officers and members need to be equipped with commercial skill and acumen in order to develop, implement and manage future services in a business like way. However, as councils develop new operating models they are challenged by the need to balance public value, and public value creation, with commerciality. In addition many need to adjust their current organisational behaviours and cultures and build confidence among officers and members.

Consultation outcomes

Testing the iESE 3R model with councils - engagement analysis.

In addition to the survey to establish the current level of transformation happening, we also carried out qualitative research with a wide range of key local authority stakeholders to test the 3R model itself. These included a range of stakeholders:

- One-to-one interviews with 25 chief executives and senior officers at iESE member authorities
- Group discussion events on the 3R model (including the Open Forum event in Manchester, the 2015 LGA Conference, and a roundtable debate with chief executives hosted by the Municipal Journal).
- Qualitative discussions generated a wide range of strong contributions - ranging from language used and broad concept to specific additions which could improve the model.

From demand management to need assessment

A continuous theme from respondents was the need to differentiate between “demand” and “need” within Levels 2 and 3 of the 3R model.

The types of activity within Level 2 (Remodelling services) are typically designed to make access to services more integrated and easier for the service user. At Level 3, services are moving towards managing and reducing demand, rather than meeting existing demand in a more efficient way.

For example, at Level 3 we talked to authorities who, while meeting the demand for housing benefit by issuing it to those who need it, use those interactions to provide wider support to the individual which, over time, will negate their need for the housing benefit.

Many authorities we spoke to are now focusing resources around economic growth for this purpose - so that rather than reduce services, they build learning and economic opportunities locally and give people opportunities to succeed without state reliance.

As a result of the feedback, rather than reinventing the service model, we recognise that this is a Level 3 activity because it fundamentally reinvents the need for the service in the first instance.

The role of members

Possibly the most unanimous feedback outside of culture change and leadership styles was the role of the elected member in transformation.

A key part of members' roles has always been to support residents in accessing services - in particular, with vulnerable people and those who have had less than satisfactory service.

At Level 2, this role diminishes - customer interaction is improved and demand is being more effectively managed. In particular, those Members on backbenches - not holding a Cabinet or committee role - find themselves struggling to redefine their role as the environment changes.

Yet Members have a critical role to play in any authority hoping to operate at Level 3 (reinventing services). They are the outward-facing element of the council, and as strategic approach and service access changes they must be fully engaged in order to pass that information on to residents, rather than divert them into a system which is based on meeting demand, not managing need.

To achieve Level 3 successfully, a greater level of member engagement is needed.

As a result we have added the development of member skills to the update model at Level 3.

Technology as a driver for reinvention

Another continuous theme was whether information technology should be added to the model as a standalone activity to enable reinvention Level 3 activity or beyond. For example, only through efficient use of modern technology will authorities be able to reduce their estates costs, and with emerging software solutions for service access, technology does offer a significant step forward in Level 3 achievement. We also wondered whether it could in fact form another level of the model altogether.

After consideration, it was agreed that technology should be a continuous presence throughout all levels of the model, as a means to deliver an outcome rather than a solution in its own right.

Challenging the sustainability of any model

Reality is a challenge to any systematic model – especially in local government, where different services have very different levels of need in different places dependent on a wide range of influencers such as education, economy, deprivation levels and other environmental factors.

For example, some authorities are operating at all three levels in different services areas.

In other areas, they are more systematic – moving through Reviewing to Remodelling and then Reinventing in a more corporate way. Some have a corporate approach they have started on Reinvention and Remodelling at the same time, whilst others have added level 3 services and only once this has progressed started Remodelling. None of these approaches are wrong – the feedback simply highlighted that the reality of service need and demand will always challenge the model.

New Combined Authorities are essentially creating a new, more efficient Level 1 starting point – but some are already looking straight to Level 3 reinvention activity.

It was felt this was an important and valid contribution – but that the 3R model should complement this view, as it is designed as a framework to guide authorities, not a systematic step-by-step approach.

Terminology

The terminology used to define specific activities was raised by a number of respondents. An example of this was the use of the term “New Trading Models” as a Level 3 activity.

Feedback highlighted that this activity does happen already at various levels across the model. For example at Level 1 (reviewing services), councils have long been trading spare capacity with other councils.

At Level 2, councils are embedding parts of their activity into the local business market – removing the cost of provision from the authority, adding value to the business and providing a joined up service to meet customer demand.

At Level 3, however, authorities are using those activities to engage with residents and businesses earlier, ensuring need is met before demand arises in the first place (and in some cases generating a return back to the authority). For example, Eastbourne Council has invested into a broadband company to ensure the growing need for access is met, reducing demand on other services and increasing ability to access services online in a non-metropolitan area.

Another interesting area was property and the way in which it is used – many authorities we spoke to were operating an out-of-area commercial property simply to generate revenue for the council, while others were using it to meet demand management and outcomes for communities – for example integrating housing with regeneration and ensuring enough affordable housing would be available to meet local demand and reduce housing benefit reliance, or to enable older people to live longer and more independently (reducing social care reliance).

As a result of the consultation it has been recognised that New Trading Models operate in various ways at all levels in the model.

The Refined 3R model

Assessing the level of transformation within local authorities at present

A fundamental rethink of how we deliver services for residents

To sustain or even enhance services in the current (and future) financial environment means stepping away from traditional and perceived models and delivering real innovation, re-design and a total focus on exactly what public service customers – tax-paying residents - want.

iESE knows that councils are often on a journey from improvement to transformation to innovation, and can be in different places in different service areas at any one time. This reflects the complex nature of local services, with different communities and political priorities across the country.

However our work with local authorities across the country has identified that whatever stage they are at, the options and opportunities for most councils are similar:

Level 1: Departmental-level change

Focusing on internal efficiencies and improvements within existing structures. Continuously looking to streamline work and reduce waste in processes.

Level 2: Transactional-level change

Greater cross-functional working and multi-skilling, and improving ways of working to move away from 'professional silos' and toward integrated services for the public.

Level 3: Demand-level change

Where customer demand is understood, analysed and met through new services and business models, and where the demand itself is re-shaped and managed while engaging service users to ascertain priorities.

"The leadership culture is the biggest barrier to reform. We can drive efficiencies from existing services with our existing skills base. Delivering them in a completely different way, with higher levels of risk, commercialism and commissioning, means we need the right skills and leadership approaches to embed change."



The emerging options for local services and the “3R” model

Through our work with local authorities, iESE has identified clear trends in the approach being taken to tackling the fiscal challenge – this will vary in different areas depending on the local demand for services and the deprivation levels, as councils in the most deprived areas are more dependent on grant formula funding – thus decreases in funding impact deprived areas the most. In these areas the watchwords are ‘survival’ and ‘relevance’.

However, there is enough information and case studies to begin identifying themes of successful reform and service redesign – allowing us to map approximately where individual authorities may be in terms of both what they are achieving, **but more importantly what scope may remain and what their future options could be post-spending review.**

Broadly, authorities are at one of the following stages:

Level 1: Review

Many councils are still able to make savings from reviewing their existing services & structures – continuously improving internal processes, delivering immediate but constrained savings, ultimately reducing expenditure minimally within each service area. Some councils have already exhausted this process and are now at levels 2 and 3.

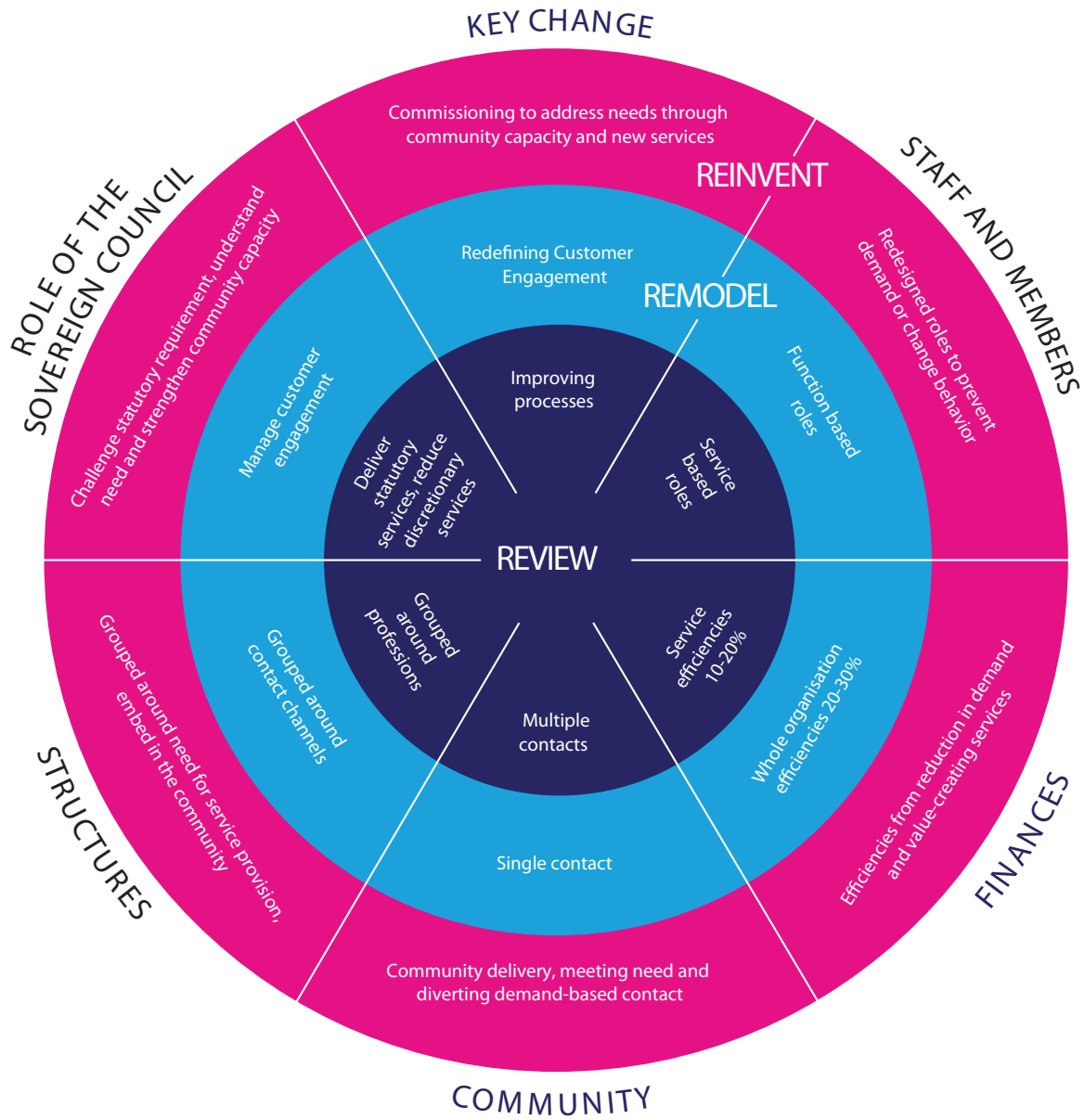
Level 2: Remodel

Remodelling services around a detailed understanding of needs, multi-skilling staff at the point of customer interaction, and sharing some services, delivering sustainable whole authority savings of up to 30%. This is where many councils currently are – and focusses on the “customer first” approach, using the most effective contact methods, such as placing more services online and maximizing customer channels to reduce spend.

Level 3: Reinvent

Those councils at the reinvent stage are building a sustainable portfolio of services. Reinventing councils show an acute understanding not only of the demand for services, but also the causes of demand and the potential for upstream services that both take away the causes of demand but also bring commercial opportunity for the council and local businesses. They are not seeking to make their services more efficient, nor to remodel existing services – they are challenging assumptions about what customers need and how they want to access it, challenging Government on ‘statutory’ services, commissioning and shaping the marketplace, reducing demand for services and redesigning their organisation to meet decreased need more efficiently.

Summary of the 3R Model



The iESE 3R model

	Level 1
Focus of intervention	Service REVIEW
Key element of change	Improving internal processes within services
Main effect on staffing and members	Service based roles – with professional service knowledge: members report demand
Main effect on finances	Service efficiencies. Cost savings in services 10%-20%
Main effect on community	The need to 'queue' multiple times for problems requiring more than one service
Main effect on structures	Groups around professions
Example of customer engagement (e.g. customer safety)	Customer contacts the central Customer Support Unit to report ASB / Graffiti
Role of the Sovereign Council	Delivering statutory services discrete professional groups. Reducing discretionary services
Principal measure of success	Cost reduction / improved delivery

Level 2

Organisational REMODEL

Redefining customer engagement with the local authority

Function based roles processing any service request with multi skilled staff in function based roles: members anticipate and establish demand

Whole organisation efficiencies. Savings of up to 20% – 30%

Single contact for all problems requiring service from the council and its partners

Grouped around channels of contact: web, email, phone, one stop shop

Customer contacts neighbourhood officers who can deal with multiple activities and will resolve the issue.

Managing customer engagement, through joined up functional delivery

Meeting customer demand

Level 3

Whole System REINVENTION

Reshaping the local market (supply and demand) for public service delivery

New skills – Staff and Members offer services that predict and respond to need

Further efficiencies and new income from across the public service. Wider returns on investment for residents and businesses

The need for service does not arise, or the need is met without the need to request service

Grouped around the events / need for service in the community. 'Virtualise' the council and embed in local businesses and community groups

Integrated community run Police Presence Points and Working with schools on Rights Respect and Responsibility leading to a quantifiable reduction in anti social behaviour and reduced costs from less vandalism

Addressing need before the causes of demand before it arises. Challenging statutory as well as discretionary services. Focus on reducing cost and supporting the independence of residents and business

Prevention / Social Return on Investment

Delivering the Change

The 3R model, based on hundreds of projects across the country, should allow most councils to quickly assess where they are currently (both in individual service areas and as a whole council) and where they want to be.

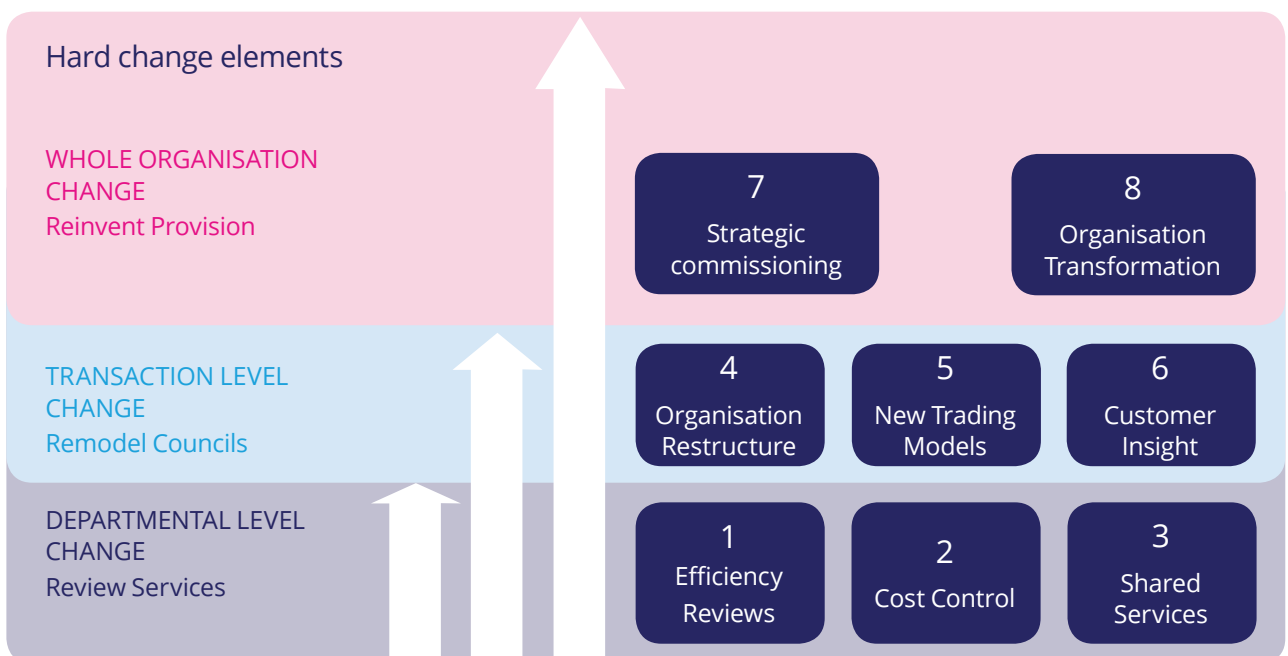
When applying the 3R model, we can identify case studies from authorities to highlight good practice within each level, and begin to construct a “viability model” to inform other service providers working at the same level – and, critically, those seeking to move to the next level in order to make larger whole-council transformations.

However, success at any one of the above levels is dependent on two areas – the “hard” changes (physical alterations to the way services are conceived and delivered) and the “soft” changes (embedding a new culture that is essential to make such fundamental change happen). Experience over the past decade has confirmed that applying only the hard changes to how we deliver services is insufficient to embed the change in management culture required to see them through.

Authorities applying only “hard” changes run a risk of remaining nearer to Level 1 (departmental change). Where authorities have combined hard changes with the right skills and mindsets to make them work, community outcomes have been far greater and overall the services are more sustainable.

As a review methodology for such a complex landscape, it is accepted that there will inevitably be some crossovers in options between department, transaction and whole organisation demand level change – this will depend on specific local factors to each authority. Even authorities currently implementing radical change need to keep looking at smaller improvements to meet the spending review assumption.

While the majority of savings have been delivered at department level so far, there have been strong examples of councils delivering real innovation which can be built on and replicated. The “hard” change elements can be seen in the following visual:



Supporting reform changes with the right culture

Our work with authorities over the past 10 years has shown that, to achieve savings beyond Level 1 (departmental change) – eg delivering real innovation and new service delivery models, there are four key enabling elements that must be present: (organisation transformation (box 8) is only possible if you embrace soft change elements.)

Soft change elements



CHANGE ENABLERS – People-focused interventions

These are the “soft” elements – not the actual services themselves, but the approach and mindset needed to deliver innovative solutions for both officers and members.

Throughout the ‘hard’ change approaches, the key factor in unsuccessful implementation has been failure to consider and implement the additional elements (9-12) made up of the ‘softer’ aspects of change.

These are key to developing change successfully. Local Government must continue to evolve into the new mindset – with innovation no longer being the aspiration, but simply the norm.

Conclusion

“The 3R model provides an effective framework, where councils have been able to clearly identify their place within it, and what actions could help them improve as they reform services. They know where they are, and where they want to get to. But there are major concerns over how they get there with falling funding levels, where guidance and support will come from and whether they will have the skills to deliver.”

Although widespread transformation is happening, councils are at varying stages

Quantitative data (online survey) has shown a wide range of ambitious reform activity across councils – but it is at varying stages depending on the funding environment, the culture, and the individual organisation’s demographic needs.

Councils are progressing well with reform and can identify and benchmark where they are in the 3R model.

A framework for change is crucial if we are to really reinvent the way services are delivered

The survey responses clearly define how councils see the last five years in comparison to the next five years, contributing to a clear need for guidance on reaching Level 3 and what it entails:

- The majority of respondents said they were not confident of delivering long-term savings on current models, although in the short term there was more confidence as Level 1 & 2 activity continues to deliver improvements.
- While the number of councils who felt the impact on residents has been managed in recent years, that situation reverses when compared to the next five years
- The three most likely activities to deliver that change – in order of importance – are organisational reform, understanding need and delivering public value.

Culture change must sit the heart of reform

The weighting given to the importance of having the right leadership skills and staff to deliver a fundamentally different type of public service increased significantly during consultation.

- Many respondents in the survey said they were not confident the organisation had the right skills to deliver the future requirement
- Chief Executives raised leadership and organisational culture as their top priority

List of respondents

Adur District and Worthing Borough Councils	Mansfield District Council
Armagh Banbridge Craigavon District Council	Melton Borough Council
Aylesbury Vale District Council	Medway Council
Babergh and Mid District Suffolk Councils	Norwich City Council
Blackburn with Darwen Council	North Warwickshire Borough Council
Bournemouth Borough Council	Poole Borough Council
Bracknell Forest Council	Reading Borough Council
Breckland and South Holland District Councils	Royal Borough of Greenwich
Bristol City Council	Ryedale District Council
Bromsgrove District and Redditch Borough Councils	South Hams District and West Devon Borough Councils
Borough council of Wellingborough	South Lakeland District Council
Cambridge City Council	South Oxfordshire and Vale of White Horse District Councils
Cherwell District and South Northamptonshire Councils	Staffordshire County Council
Chiltern District Council	Suffolk Coastal and Waveney District Councils
Christchurch Borough and East Dorset District Councils	Tamworth Borough Council
City and County of Swansea Council	Vale of Glamorgan Council
Forest Heath District and Saint Edmundsbury Borough Councils	West Oxfordshire and Cotswold District Councils
Gloucestershire County Council	Weymouth & Portland Borough, West Dorset District and North Dorset District Councils
Gloucester City Council	Wigan Council
Gravesham Borough Council	Wiltshire Council
Lancaster City Council	Wychavon District Council

NB Responders listed where they can be identified. Some councils may have had more than one responder

Case studies: How councils are reinventing services to meet the challenge.

Increasingly, councils will need to fundamentally reinvent services to ensure they are sustainable. While significant savings can and should still be gained from Reviewing and Redesigning councils, for many authorities those further down the financial road will have fewer options without a complete re-thinking of service provision. New financial projections from the Treasury mean the upper-tier of change will become the norm in coming years.

Throughout the consultation on this white paper we will be gathering case studies of the three levels. What follows are a few short examples of the different levels to illustrate the model set out in this white paper.

Reinventing of services is the most difficult challenge – it requires a blank sheet - but it is also the most rewarding for taxpayers and authorities, as it maximises use of resources to target the support and value to the customer.

1. CASE STUDY (BEHAVIOUR CHANGE): South Hams & West Devon Councils

The project: Combining whole services, restructuring provision, reviewing processes and redefining staff behaviours.

South Hams and West Devon (SHWD) councils opted to combine their services last year to save the public money and redesign services from the ground up. Alongside this, they also recognised that structural change is ineffective unless the right cultural change is in place – and simultaneously introduced an innovative, top to bottom, behaviour-based assessment process for staff.

The outcomes:

A single combined authority stretching across a region of 2,066 square kilometres of, with customer-focussed functions, a single point of customer access, and a saving of £6M, representing a 23% saving on the revenue budget for local taxpayers. Further measurements on service improvement will be monitored this year.

Supporting the change:

The councils were supported across the whole process from structure and systems to behaviours. As example of the need for “soft” change (cultural) as well as “hard” change (structural), SHWD was the first combined authority in the country to adopt an approach to behavioural based recruitment – reassessing roles and employing staff based on their ability to adapt, innovate and drive business rather than just experience working in a service.

A completely new HR framework was developed which allowed the councils to assess candidates on a range of six core behaviours required to make public services work in the new era. This allowed the council to test not just the experience of staff, but their drive, communications, and commitment to innovation to maintain service delivery.

Combining the two authorities means huge challenges to deliver efficient services seamlessly for more than 136,000 residents. As well as merging all corporate functions and creating a single management team, SHWD were able to use interim staff to lead the transition – providing stability and continuity while hundreds of new jobs were evaluated for the new council.

2. CASE STUDY (ORGANISATIONAL IMPROVEMENT & SITUATIONAL LEADERSHIP): Northern Ireland Council Reform

The project: National reorganisation

Councils in Northern Ireland have just launched the biggest change in local services for 50 years. In a bid to localise services while devolving more powers to councils and focussing on local need, the country has reorganised its entire local service structure, moving from 26 councils to 11.

As well as structural reorganisation, the NI Executive also devolved a raft of powers to the new councils to empower them to meet local need – meaning completely new responsibilities in regeneration, planning and culture/tourism services.

The outcomes:

After operating in shadow form for the past 12 months, the new local government structure in Northern Ireland was successfully launched in April 2015 – resulting in lower cost, more efficient, more localised public community focused services and a more sustainable structure.

Supporting the change:

Full strategic support was available to the CEOs and Cabinets at all NI authorities. By reviewing the existing research and service needs, options assessments for different structural solutions, and supporting Cabinet members in developing effective appraisals informed decisions around the impact of potential new structures and services were delivered. A Northern Ireland Local Government OD toolkit was developed to help the authorities with the change and to map and assess their progress.

Sensitive political engagement was also required – with 26 councils and 1 million residents affected by the changes.

3. CASE STUDY (SHARED SERVICE): Surrey CC & Buckinghamshire CC joint Trading Standards service

Project: Joint Service

The aim was to find a solution to delivering consumer protection while making considerable savings, whilst not impacting frontline service delivery. Surrey CC and Bucks CC created a single joint Trading Standards service this year.

Outcomes:

The aim of the merger was to provide a better, more resilient service at a reduced cost. Core frontline services, such as Buy With Confidence, local business schemes and enforcement activity, continued as they were – although with the added benefit of sharing knowledge and resources between the two teams, cutting out duplication and saving time. Almost £300,000 – some 10% of the combined budget of the two services – will be saved over the next three years, while officers from both authorities will be able to maintain or improve services, while increasing the pool of resources to deploy in any major incident.

Supporting the change:

Support to the change process was delivered throughout – providing expert project and programme management capacity to keep a tight timescale on track. Additional specialist support was provided to help develop the vision for the service, design a Target Operating Model, engage with the teams and to support the HR process as the teams were merged.

4. CASE STUDY (NEW TRADING MODELS): Aylesbury Vale Planning Applications

Project: Reinventing the planning application process from a laborious and costly one, to one which has excellent customer satisfaction, boosts local business and generates a surplus.

The approach being developed franchises the processing of these applications to the businesses that draw up plans from them. The businesses are appointed by the council and have the right, using a Local Development Order, to create approved plans. Having the franchise and the ability to deal with the process as a one-stop shop for their customers gives the business added value.

Outcomes:

The outcome of the service for the customer is simple. They can go to a local plans shop or architect, order their plans and know that they can commission work that is approved. They no longer have to wait for 6 weeks for an uncertain response.

Local businesses can offer an enhanced service to their customers. And the council no longer handle loss making planning applications but can still receive revenue for each development.

Supporting the change:

It was essential before devising a solution for the council to understand its unit costs and to devise a way of reinventing the service to deliver value to the customer, remove the cost from the council and enhance local business.

5. CASE STUDY (BUSINESS & COMMERCIAL ACUMEN): CloudConnX

The project: Reinventing the local economy using superfast broadband.

Research had shown that residents and businesses alike valued affordable access to superfast broadband. CloudConnX is the local Internet Service Provider for the Eastbourne and surrounding Districts of East Sussex, they improve local businesses IT systems, Voice and Data network services or Internet Access capability whilst lowering operating costs.

The outcomes:

CloudConnX provides true competitive advantage to Eastbourne, Wealden and East Sussex based businesses on a local, national and global basis via advanced network communication technologies and Cloud based services at a fraction of conventional service costs.

From revolutionary high-speed broadband circuit provision that provides greatly improved speeds, flexibility and resilience to local business ICT infrastructure, through to delivery of Internet accessed business applications from their local Eastbourne Data Centre, CloudConnX is integral to the development of 'Digital Eastbourne'.

There is not only an improved local economy, but the council also have a successful local business which generates an income.

www.cloudconnx.net



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