

# Transformation: The iESE way

New technology, new ways of working and new relationships with residents and businesses provide an unprecedented opportunity to reinvent local public services and rejuvenate communities. But the financial headroom to experiment and test new systems alongside old ones no longer exists. The iESE Way brings certainty to your transformation from savings and new systems and processes to culture change and your relationships with customer and community. iESE has been reinventing local public services for more than a decade. We can do more than help you survive - we can help you thrive

**By** 2020, almost half of councils will no longer receive core central government funding. We know from our White Paper published in 2015, *From surviving to thriving*, that Chief Executives recognised the challenge they faced in the five years to 2020. They understood that local authority needed to transform. And while some are tackling the challenge head on, for others the pace of change may be too slow.

A report published in 2019 by Grant Thornton, *Financial Foresight*, found a third of councils in England are at risk of financial failure over the next decade. It predicted that 36 per cent of all local authorities in England could fail in the next ten years, with 17 per cent at risk of financial failure by 2021. It is now clearer than ever that making incremental improvements by streamlining and finding efficiencies will not make enough difference.

**"There have been year-on-year cuts in local public finance for decades and the last ten years have been brutal," said Dr Andrew Larner, Chief Executive at iESE. "Potentially councils are going to go bankrupt. Politicians don't get elected to cut services so they try to preserve the frontline but they end up at a point where they are rearranging deckchairs on the titanic. They need a new way of working. Most models are not that transformational, there are lots of models, but they are various versions of the same design."**

The iESE Transformation Model offers a new way of working - a future where the local authority is there to help the community meet its own needs rather than trying to meet all of its needs itself.

Our model is backed up by a suite of consultancy tools, including the Innovation Mandate, which can help move the change agenda forward. The case study box on the right shows how East Lothian Council used the Innovation Mandate.



## CASE STUDY

### East Lothian Council: A Transformation Manager's view

One council that has benefitted from the Innovation Mandate - one of iESE's transformation tools - is East Lothian. Caroline Rodgers, Transformation Programme Manager at the council, said the process had been beneficial for getting member buy-in to transformational ideas.

"One of our challenges is that we have quite substantial targets to deliver against transformational change but elected members are sometimes reluctant to approve innovative transformation proposals which may be controversial. There is sometimes a bit of a disconnect between what may be required of the organisation and what is politically acceptable," Rodgers explained. "We thought the Innovation Mandate would be a good way to bring members and officers together. Really what we were looking for was an agreed direction to give us a steer as to what to focus on in terms of budget savings."

The council went into the Innovation Mandate workshop with some ideas but they also wanted iESE to help generate more and validate the ones they had. The day was attended by five of nine elected members of the administration and 13 officers. Rodgers said the way the workshop was carried out was very effective. "What was good learning for our members - and some of our officers - is that what they perceived to be transformational change in relation to what had already been done, or was being done, turned out to be not as significant as they thought. I think the process iESE took them through to get to that realisation was excellent. There was no judgment, they learnt it for themselves and realised we could innovate and transform much more."

## What local authorities say about iESE

"iESE's experience with other councils, their understanding of the local area and utilisation of data insight meant we were able to develop a bespoke area officer programme, which has been a resounding success. The range of expertise iESE brought to the table meant we felt equipped with the best insight at all stages of our transformation journey."

**Councillor Jenny Hollingbee, Folkestone & Hythe District Council**

"iESE has worked with us to identify ways to deliver a best-in-class planning service. This meant working closely with customers, officers and members. The iESE approach has been a good fit for Hambleton, working in partnership and sharing a range of transformational change techniques with us."

**Dr Justin Ives, Chief Executive, Hambleton District Council**

"In an environment where the future outlook for local authorities is uncertain, I am now confident we will have the right organisation for its purpose and one which is able to adapt to meet future challenges."

**Janet Waggott, Chief Executive, Ryedale District Council**

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# The iESE Transformation Framework

Transformation is about building a positive future for a local authority, its residents and local businesses to enable the council and its local area to thrive, not just survive. We have developed a three-part model based on our extensive work and research with local authorities around the country which explains the three levels of transformation we are seeing and assisting councils to undertake

## The iESE Transformation Framework has three components:

- Our three-part model which helps design the new organisation
- A toolkit of tried and tested tools to deliver transformation securely
- A methodology which lays out all aspects of the transformation in clear and easy-to-follow stages

The iESE Transformation Model has three levels: Service, Customer and Community (see diagram A). Our extensive work with local authorities across the country has found most councils are focusing their transformation activity at the Service Level (level 1). This is where the council is revamping and tweaking services to make them more efficient and achieve cost savings. Looking at diagram B below, level 1 relates to route optimisation.

At the Customer Level (level 2), councils are looking more at what the customer needs to give a

better and more efficient service, preventing unnecessary repeated contact with the council and making savings at the same time. In diagram B, level 2 tallies with removing waste collections.

The Community Level (level 3) is at the cutting-edge of transformation and we are starting to see examples of this in some local authorities. At level 3, the local authority is concentrating on designing out the need for the service in the first place. Level 3, if well designed, should have better outcomes and lead to less reliance on the local authority. In diagram B, level 3 relates to installing a home incinerator in all houses to avoid the need to collect refuse at all.

## Wigan Council CASE STUDY Wigan Council: The Wigan Deal

Wigan Council is one local authority considered to be at the leading-edge of transformation. Although not an iESE client, we believe in sharing and citing best-practice to benefit the whole sector.

In 2010, Wigan Council had its budget significantly cut by central government, meaning the local authority had to save £160m by 2020. From this point, the council will receive no government grants. This makes the area the third worst-affected in the country according to the Institute for Fiscal Studies.

Recognising this challenge, the council remained positive and launched The Deal in 2013, a pioneering way of working with residents to ensure frontline services could be protected in spite of austerity and delivered in a way tailored to local need.

The Deal is an informal contract between the council and everybody who lives or works in the area to come together to create a better borough. In return for paying council tax on time, developing digital skills and recycling, the council pledges to keep council tax as one of the lowest in Greater Manchester, provide value for money and cut red tape.

Thanks to the values set out in The Deal, communities have been empowered, with more than £11m being invested in local groups to help deliver invaluable services at the root of communities. Working with the voluntary sector in this way has encouraged community cohesion, while reducing demand on frontline services.

Six years after The Deal was launched, and nine after the cuts were implemented, the council has launched its Deal 2030 strategy, which outlines the local authority's plan to make the borough the best place it can be over the next decade.

As a result of Wigan Council's approach to working differently with communities and thanks to local people doing their part of The Deal, recycling in the area has surpassed the 50 per cent target, council tax has been frozen for the sixth year running and 3,000 more people have been helped into employment since 2016-17.

• For more information on The Deal, please visit [www.wigan.gov.uk/thedeal](http://www.wigan.gov.uk/thedeal)

CHARACTERISTIC	LEVEL		
	Service	Customer	Community
Role of the Authority			
Role of the Customer			
Role of Staff			
Role of the Member			
Role of the Public			
Focus on Income			
Use of Data / Intelligence			
Use of Digital / Technology			
Partnership Working			
Main basis for Structures			

Underpinning the model are key characteristics that our research shows need to be in place for successful transformation. These are the golden threads that run across the three levels and ensuring these are recognised is essential to the successful implementation of the new way of working. These characteristics, such as the role of staff, the role of the elected member and the role of the customer, change at each level. These characteristics are the foundation of the essential design principles for your future public services, not just the 'hard changes' of business processes and technology, but the 'soft' changes from roles to the behaviours that deliver culture change. There are also some characteristics that are essential whatever change is envisaged.

The iESE Transformation Model currently goes up to level 3, but we see a future where the model evolves beyond this. A council could also be operating at different levels in different areas. With its array of consultancy tools, including the Innovation Mandate, iESE can pinpoint which level the council is operating at and identify ways to innovate and transform individual services or the organisation as a whole.



Diagram A



Diagram B

# The iESE Way: supported by research

Our first White Paper published in 2015, *From surviving to thriving*, gathered the views of more than 100 local authorities on a sustainable model for local authorities and the impact of budget cuts. This research, updated annually, not only looks at how local authorities have transformed but how they plan to transform in the next five years. This research provides powerful evidence that underpins the iESE Way

**O**ur research has found Chief Executives support the view that local authorities need to switch their priorities in order to survive, moving their organisation away from one that provides all of the services their community needs, to becoming a local authority that helps enable the community to meet its own needs.

We found the priorities of local authorities had completely switched in the five years prior to 2015 and what Chief Executives anticipated would be their priorities in the following five years to 2020. Prior to 2015, 20 per cent said reinvention was a low focus area, with 80 per cent stating reviewing and remodelling was a high focus. However, for the five years ahead to 2020, 90 per cent said reinvention would be a high focus (see graph A).

It also found that when it came to addressing fiscal challenges, only 63 per cent said the focus would be on cost control, whilst 79 per cent said organisational transformation would be a priority (see graph B). Furthermore, councils were more optimistic about achieving financial savings in the short rather than the long-term (see graph C).

Our most recent White Paper, *Digital Local Public Services: The path to an effective Digital Transformation Strategy for local government*,

argues that a local authority with reducing resources cannot keep meeting the demands of a society living longer and having more complex medical conditions as it ages. Without an entirely new approach - with a starting point of communities having to meet their own needs - the public sector will simply run out of money.

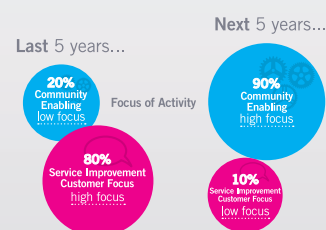
Our second White Paper looked at how local authorities could become the Amazon of its marketplace, joining up service users with providers by matching local supply and demand.

In 2013/14 iESE carried out a trial exercise to demonstrate how using procurement power could have a positive impact for both resident and council. The winter storms of 2013/14 caused damage to many homes along the Sussex coast, including blocks of flats privately owned by retired residents.

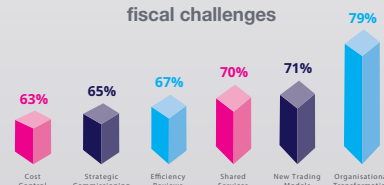
iESE looked at the supply of materials for repairs and was able to source them for 20 per cent of the original price. In one block, two of the ten residents would have otherwise used all their life savings making the repairs. The procurement exercise kept money in residents' pockets and potentially prevented them needing outside funding for care in the future.

## Our findings

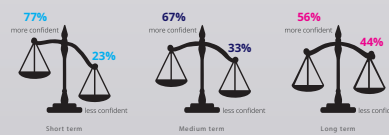
Graph A: Switched focus between 2015 and 2020



Graph B: Areas of priority for addressing fiscal challenges



Graph C: Financial savings confidence



## The Innovation Mandate

While Chief Executives see the need for transformation, how to achieve that can be less clear. The Innovation Mandate is a key part of iESE's strategy for helping local authorities map out their transformation

**T**he Innovation Mandate can be used prior to transformation, with what is learnt helping set the parameters for subsequent activity, or it can be used as a sense check on progress and collective understanding during transformation. It can also help to get the change agenda approved by elected council members.

The Innovation Mandate:

- Provides a clear framework for change
- Sets out design rules
- Unites an organisation's leadership and staff in transforming services
- Avoids wasting resources
- Ensures effort is focused on the right transformations done the right way

In a bespoke workshop delivered by iESE, members and officers come together to look at examples of transformational change in their own organisation, other local authorities and in other sectors. Once they have an understanding of the three levels of innovation (relating to the three Transformation Model levels of Service, Customer and Community) they then look at ideas for transformation in their own local authority. These can be ready-formed ideas to test and/or iESE can help generate ideas based on the council's key drivers. At the end of the workshop, members and officers should be better placed to move forward with transformation plans together.

Going forward, iESE can help set out the blueprint for transformation within the organisation. We can

introduce you to other local authorities which have carried out similar change programmes and help take ideas forward to members and the wider management team. We understand that engagement with elected members is an essential part of securing a mandate for change. iESE has a wealth of experience working with councillors to create transformation programmes that meet the needs of officers and members alike.



### CASE STUDY

#### Surrey County Council: A Councillor's view

iESE ran an Innovation Mandate workshop for Surrey County Council. Richard Walsh, a Surrey County Councillor, attended the workshop and found it beneficial for himself and other councillors taking part.

Cllr Walsh said he found the way the workshop was presented and the tasks that got the participants thinking "outside of the box" were stimulating and helped the councillors understand that the organisation needed to change. The workshop helped

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introduce the councillors to the transformation process to be taken forward by the Council. "The meeting was very effective in the way it was put together and that caught councillors' engagement, attention and understanding. At the end the councillors who attended felt the change programme was going to achieve and work," Cllr Walsh explained. "What the meeting did, as far as Surrey County Councillors were concerned, is start the transformation project off."

The transformation process is now underway, beginning with a reorganisation of staff and processes. The council has reduced the number of ranks of staff so no employee now has more than six levels of management above them. "We are getting the organisation into the right place to do the transformation and make it all happen," Cllr Walsh explains.

From his point of view, Cllr Walsh said the iESE Innovation Mandate workshop gave him the

confidence to say transformation was the way forward and helped him become an advocate for change within the organisation. He also feels that, for the councillors as a whole, having an outside body verify that it was on the right track was comforting. "The officers really need to have the councillors onboard with transformation. I would highly recommend iESE and found the process very helpful," he added.

# The iESE transformation toolkit

The Innovation Mandate is one key tool iESE uses to assist with transformation planning but we also have a host of other consultancy aids



One tool iESE can help a local authority deploy is the free online Self-Assessment Improvement Tool. The tool is part of the Transformation and Innovation Exchange (Tie X project) commissioned by the Local Government Association (LGA). Co-designed by iESE, the tool helps local authorities understand where they are on their transformation journey.

Each local authority which takes part responds to a series of statements about the organisation related to the characteristics of an effective council. The aim is to help the council identify how it is currently performing and what it would like to achieve in the future.

The model behind the tool has been designed using the research and learning over the past decade on what makes an effective council and aligns to the three tiers of transformation in the iESE Transformation model: Service, Customer and Community.

The tool works by allowing senior managers and leaders of an organisation to individually compile responses to statements on the different key areas. They respond by choosing whether the statement is something the organisation currently understands, plans, does or is reviewing.

The areas assessed include: role of the authority, use of data and intelligence, use of digital and technology and procurement and commissioning. The model is also complemented by critical success factors which need to be in place to enable successful change: leadership and management, approach to change and getting the best from staff.

Once senior managers and leaders have individually completed their responses, the participants come together to form an official council standpoint. A nominated person then inputs the official view.

Once the official view is submitted, the council receives the table of results to show them where they are performing strongly and where there is potential for improvement. They can then decide whether to submit the results to allow other users to see an anonymous summary for benchmarking purposes. The LGA will be able to see the results whether the council decides to make the results available to other users or not.

Also included within the tool is a large searchable online library of case studies, methods, additional tools and contacts. These aim is that these provide further guidance on innovation and transformation happening in other local authorities.

• To use the LGA Assessment tool visit <https://tiex.esd.org.uk>

## Other iESE tools:

### Customer Focus Wheel:

This diagnostic tool enables organisations to assess customer focus to drive whole organisation efficiency, generating savings and delivering service improvements.



### Efficiency Wheel:

Helping identify sustainable savings in your organisation - this evidence-based diagnostic tool helps organisations draw out real opportunities for efficiencies.



### Cultural Diagnostic Wheel:

With the use of innovative techniques, this tool helps determine whether an organisation has the right culture to deliver successful transformation.



### Business Case:

The business case enables you to make an informed decision on a preferred option for change and future delivery through transparent analysis of research conducted within your organisation.



### CareCubed:

A secure online tool - available for both adults and children's services - designed to give care commissioners clarity on the cost of specialist care placements and help manage care spend.



### Organisation Architect:

Taking organisational data from payroll and HR records gives a visual of the structure of the authority. This can be manipulated to show how the organisation would look structured differently and the affect on costs. It can also join organisational data from separate organisations.



### Cultural Compass:

After the collection of organisational data, which lets you see measures for each team, section, directorate service line and overall authority, the Cultural Compass gives the current position and direction of change for the culture of the organisation.

