

# Ensuring change: Transformation through capacity building

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# About Public Intelligence

- PI established in 2011 to provide advice, consultancy and insight to the public sector and its partners.
- Mike Bennett, Director: Former Managing Director of SOLACE; 15 years working with government, local government and other parts of the public sector.
- Professor Kevin Orr: Professor of Management at St Andrews University; specialises in local government practice and narratives of change. Associate of PI.

# Context

- Combination of unprecedented budget reductions and changing demand
- Local authorities need to respond and re-shape at pace and with imagination
- Outsourcing and externalisation have been dominant narratives of change in public sector for 20+ years
- Commentators from all sides of political spectrum calling for a re-evaluation and for exploration of other models
- So, what else?

# Project aims

- Our project assumed strengths and weaknesses of externalisation are well documented
- Investigated alternative models and different ways of managing decline of expenditure and service re-design with focus on capacity building
- Research explored local authorities which have chosen to become strategically active agents of change through capacity building rather than externalisation
- Focus especially on change and transformation programmes incl mgt development, recruitment, growth and learning

# Our approach

- Literature and policy review
- Wider local government and national policy community
- Case studies - documentary analysis and interviews (face to face & telephone). Explored from within the strategic choices local authorities are making

# Case studies

- Leeds - civic enterprise
- Telford - Co-operative Council
- Flintshire - organisational redesign
- Glasgow - joining up environmental services

# Leeds

- Leeds 'Commission on the Future of Local Government' brought together 22 'leading thinkers and doers' from all sectors and explored how local government could "evolve in a spirit of enterprise underpinned by strong civic values of trust and transparency".
- Commission concluded that civic action requires both a mandate and **an organisation of capacity and legitimacy** to anchor it.
- Civic Enterprise Leeds is a company limited by shares and wholly-owned by the council. It was created to allow the Council to trade its commercial and enterprise services externally to other organisations.
- Also reforms school transport promoting independent travel - needs driven with budget benefits

# Telford

- Been on the journey towards being a Co-operative Council since 2011.
- Seeking ideas widely, the Council set up two commissions - one internal and employee-led and one external and business-led - to generate ideas, engagement and ownership.
- Council leadership has created a strong narrative of what it means to be a Co-operative Council based on a new way of working with employees and citizens.
- Council's approach unashamedly business-like, with all services having income targets.
- Trading services to schools in other council areas and to other public service bodies



# Flintshire

- The Council is on a journey of change. Looking at its need to redefine itself while building on the best of what it already has.
- The Council's response has been to develop a detailed organisational redesign and change programme and a people development programme based on organisational needs analysis that flows from the strategic improvement plan.
- The change programme has strong links with private enterprise including a joint approach to apprenticeships.
- Reformed leisure offer and new housing landlord company.
- The changes are underpinned by a commitment to maximising connections between services and maintaining adaptive capacity.

# Glasgow

- Council brought together complex range of services and job roles into a new, 'joined-up' department.
- Services face high degree of competition
- Fundamental changes to service design, HR policies, working patterns and overtime arrangements in ways which were challenging to all involved.
- The service undertook an extensive training programme for staff recognising that they are 'the face of the city centre.'
- Management committed to building capacity to shape and influence the service in more responsive ways than would be the case if managing an external contractor.

# Common themes

- The spirit of entrepreneurialism is strong local government. They also show councils which are standing up to these challenges with imagination, resilience and very considerable skill.
- No denying the impact of budget reductions. Staff reductions and workforce changes.
- Councils as “the engine of the community”
- Different councils are pursuing a range of strategies to manage this decline in expenditure, partly depending on the political preferences of the authority but also on the basis of strategic advice from senior managers on the opportunities which are available.
- These councils are not alone, but are pointing towards potential and possibilities for other authorities.

# Findings to Framework

- Detailed case studies based on research interviews
- Evidenced-based framework of principles to guide transformation through capacity building

- ***Pay attention to the ‘public sector ethos’:*** The public sector ethos is one of local government’s most important assets. It informs strategy, it represents a shared outlook, vision and identity, it motivates staff and it is commercially valuable. It can provide a form of social capital that creates bonds between the council and employees, citizens, and partners. But is not indestructible and at times can seem fragile.
- Articulate what it means - purpose not process
- Show how it shapes what you do

- ***Embrace public and civic enterprise:*** Enterprise doesn't just belong in the private sector. Our case studies suggest some LAs are following in Chamberlain's footsteps, reshaping services and increasing revenue ... sometimes discretionary services that would be cut if they did not attract an income ... sometimes services to address market failure in commercial sectors ... sometimes these are entirely new services to increase community capacity, e.g. enabling families to remain economically active through Council investment in infrastructure the provision of support to underpin jobs and enterprise.
- Revenue generation allows local authorities to stand tall - stepping up not stepping back
- Market failure to market making - not crowding out business

- ***Look at sourcing in the round:*** Case studies pursue a mixed approach to sourcing. Flintshire and Telford explicitly articulated a preference for direct delivery over outsourcing, but acknowledged that in practice a significant proportion of their services were delivered through contract. Councils will need to continue to balance political values and pragmatism in service delivery options.
- Where does your service stand on sourcing?
- Is it value-led? Is it practical?

- ***Create a change narrative, tell the story:*** Disrupt negative talk about the public sector with a positive vision of the role, purpose and ambition of local councils. Our case studies involve leaders who construct narratives that draw out apparent contradictions and conflicts into an engaging sense of purpose. They are successful in making sense of complexity for others.
- The language of ensuring, and of civic entrepreneurialism, emerges from the cases as a rich and powerful basis for engaging with the leadership of change.
- Storytelling will soon form part of a new orthodoxy.



- ***Focus on community outcomes and re-invent the organisation:*** Organisational change is too often driven by internal reasons. Our cases provide examples of more strategically-considered drivers for change e.g. tackling complex job demarcation was made possible in Glasgow by the focus on why it was needed by the community. Consensus was achievable because it was driven by and explained in those terms.

- ***Invest in, develop and trust frontline staff:***  
Frontline staff ought to hold an especially important position in any service based organisation. They are the most visible and accessible embodiments of the organisation to service users and they will be among the most influential on the organisation's reputation. Our case studies, e.g. Leeds and Glasgow, exemplify the strong emotional link that can exist between service users and the frontline. The frontline can be a rich source of ideas and insight into service user needs.

- ***Don't fall back on hierarchy & Seek ideas widely:*** Of course hierarchy is important in organisations, especially when making difficult changes to working practices but it is limiting. Leeds's Commission on the future of local government and Telford's Employee and Cooperative Commissions show the power of ideas to provide the basis of sustainable change. But even beyond these formal mechanisms, our case study councils demonstrate the importance of "crowdsourcing" ideas from the community and from within the organisation. Being open to ideas can engage people and resources outside the organisation but it can also empower and motivate staff.
- Where are the ideas coming from in your service?
- What mechanisms do you have reaching out to staff and beyond?

