

HOW CAN WE LEAD THE NEXT STAGE OF LOCAL GOVERNMENT TRANSFORMATION?

On 27th June 2017, people with responsibility for leading transformation from twenty-two local authorities came together to share their experiences in an intensive, day-long peer-learning session. Participants all came from NLGN member councils. This paper summarises what was discussed on the day with a particular focus on the lessons that were learned and the solutions that were shared. The paper also draws on interviews that were conducted with every participant prior to the event.

IDENTIFYING THE CHALLENGES

Many challenges exist with transforming the way large, complex organisations like councils operate. Interviews with Innovation Exchange participants identified the three most pressing as:

- Aligning the transformation vision with the council's budgetary process and imperatives
- Securing meaningful engagement with and commitment to the transformation vision from all council employees
- Engaging the wider community beyond the council organisation to a transformation vision.

These are dealt with below but initial discussion at the Innovation Exchange focused on identifying the best model for delivering transformation.

THE TRANSFORMATION MODEL

FOCUSED OR DIFFUSE?

Councils who are pursuing transformation face a big strategic choice: should they launch a major, explicit transformation process usually led by a transformation team or should they go for a more diffuse and less explicit approach in which senior managers work together to deliver change within their teams with the support of transformation specialists?

There was general consensus at the Innovation Exchange that both options had strengths and weaknesses. The former could create real momentum and focus for a change process while introducing real challenge to 'business as usual' approaches. However, it did risk turning transformation into something owned by one team and thus could lessen engagement and commitment. It also risked focusing too heavily on the transformation model and process rather than on developing and motivating the people who must deliver that transformation across the organisation.

These risks were far less likely to happen with a more diffuse approach but there was the opposite risk that any transformation could become a shallow, tick-box exercise particularly given the pressures on heads of service and other senior leaders. It also relied heavily on the change leadership skills of existing managers which were not always well-developed.

The participants agreed that whichever approach was adopted there was a need to develop strategies to ensure that engagement and momentum were maintained. Part of that must come from clearly choosing one approach and sticking to it for the long-term.

USING EXTERNAL EXPERTS?

There is a wealth of knowledge and experience available to councils to support them through a major over-arching process of change. Many experts can bring technical knowledge as well as design and systems thinking. However, relationships with external consultants have proven highly variable. Some have been extremely beneficial and have genuinely supported change while others feel external involvement has ultimately created problems. Most notably, external involvement can alienate council employees who often feel they are having transformation “done to them” rather than leading it themselves. In addition, some feel that consultants can lead to an outsourcing of innovation and change leadership when it is vital for the long-term well-being of a council that these skills and mind-sets are developed in-house.

There was consensus that external support is often vital and unavoidable but that it must

be used in a way that genuinely engages and develops employees and leaves them feeling empowered to lead change themselves once the consultants have departed.

THE TERM ‘TRANSFORMATION’?

A relatively minor but still significant issue linked to this is the term ‘transformation’ itself. Many felt it has become an unhelpful term having become associated in the minds of staff and members with cuts or being regarded as an idealistic process divorced from the realities of delivering services. As a result, some participants indicated that they had stopped using the term and instead used the more straightforward phrase ‘improvement’ or the need to respond to radically changing circumstances.

1. HOW CAN WE ALIGN TRANSFORMATION WITH THE BUDGETARY PROCESS?

Tensions between transformation and budgetary processes exist on two main levels:

- Financial efficiency imperatives often operate over a short-term time-scale linked to annual budget cycles. This can work against the long-term realignment required. There is a financial imperative to transformation, but that doesn’t necessarily mean it should be finance-driven.
- Financial mind-sets and finance teams’ cultures can often come to dominate

councils particularly in the current fiscal climate. But those mind-sets and cultures are rarely conducive to nurturing long-term transformation visions. The Medium Term Financial Strategy (MTFS) process, for example, can quash creativity and risk appetite and encourage a siloed approach with each directorate focussing on reductions in their own “bit” of the council rather than acting in a more co-ordinated or externally focussed fashion.

BE CONSCIOUS OF THE TENSIONS

It is vital to be open and honest about the tensions that can exist between financial and transformational imperatives. The budget process can be seen as three different simultaneous conversations: a finance-led one with the priority to balance the books; a politically-led one with the priority to tell the story about using resources for delivery; and a third conversation about how to transform the way the council works and services are delivered. Leadership teams and members need to consciously create time and space to have the third conversation to make sure transformation does not become the poor relation of the other two.

CHANGE THE BUDGETARY APPROACH

A number of Innovation Exchange participants explained how they have experimented with different approaches to the budgetary process to allow a longer term and more transformational approach to emerge. These included replacing a star chamber approach with a more open dialogue with heads of

service and others designed to build trust and achieve strategic goals alongside savings. Another council’s approach involved adopting the language and mind-set of investment rather than traditional finance. This includes calling the role of S151 officer the director of investment and changing the budget process from annual slicing to update reports on progress towards a four year target. The focus of commissioning structures is on investment rather than service delivery per se, and the council is taking a more commercial approach to growth and development.

A further council sought to make the outcomes approach real by getting service teams to make investment plans up to the budget, rather than a plan to cut services down to it. They looked at all the key areas of spend in adult social care and identified the ones which were most likely to create problems financially. Front line officers and senior staff were then consulted about where improvements could be made, efficiencies, and interventions for long term prevention work. In this way they initiated conversations around identified cost pressures.

ENGAGE MEMBERS

Ensuring any transformation is sustainable, particularly when it involves changes to the budgetary processes, requires significant engagement and support from members. This is a big ask of councillors who may find it hard to secure public enthusiasm for processes that can sound risky and expensive. One council undertook a scenario planning budget exercise with members to ensure they understood the options

and consequences. This involved doing a simulated budget process describing median deviation and scenarios with the council tax up or not, which got the politicians planning and focussed on how resources can be used to deliver meaningful change.

Another council has convened a “Quad” – the leader, deputy and two cabinet members who were crucial influential characters within the leading group. They meet weekly to catch up on the transformation programme. Their buy-in is key to the process and this has worked well disseminating the strategy with other members.

CHANGE THE CULTURE OF FINANCE

Participants recognised that there is a need for the wider local government finance community to acknowledge that the world is changing: the S151 discipline needs to move away from its heavy focus on efficiencies and become more of an enabling force. That would involve different training, the development of commercial awareness, a focus on budget sustainability not just year-on-year balancing, and to recognise that local government isn't itself a silo but rather part of a public service system.

2. HOW CAN WE SECURE WHOLE COUNCIL BUY-IN AND MOVE TO IMPLEMENTATION?

Moving from a vision of transformation to actual implementation and then from that to

real impact is one of the biggest challenges facing any transformation process. Creating engagement with and commitment to a vision of change is key but is rarely easy or straightforward.

In particular, some parts of the council are more impervious to transformation, for example if they are funded through non-revenue budgets there is deemed to be less of an innovation imperative. And in some ways the more dysfunctional a service, the less likely people are to take a step back and consider a different approach as they are mired in the day-to-day. Even for outcomes-led processes, the emphasis is still on the process. Transformation programmes can lead to too much analysis for its own sake.

HAVE A VISION AND ARTICULATE IT

A genuine and inspiring vision for the desired organisation and culture is absolutely fundamental to any significant and positive change. This vision must be articulated clearly and appropriately, sometimes in different ways for different audiences, but never sacrificing the core message of the change sought.

The basis for any communication should be the ‘before’ and ‘after’ pictures. Change-leaders should talk about what is going to be different once change has been achieved; how the organisation looks and feels and how people act in this new culture. By talking about current and desired cultures, the reason for the change should already be clear. However, it could be useful to make this implicit message explicit.

When communicating, the audience should be considered. Simplified and everyday language should be used - this can be particularly difficult for change-leaders who have hitherto considered their work in an abstract and conceptual way.

ENGAGE AUTHENTICALLY

Understanding the psychological factors that can influence people's adoption of change are deeply important. Time should be spent with those going through the change with a view to understanding them as human beings with demands, concerns and fears outside of their work life as well as in it. Change-leaders and implementers should get to know the people within their organisation and build relationships that are not simply focussed on achieving the change. The engagement should be genuine, two-way and led by a real desire to understand and be understood.

False or facile 'engagement events' should be avoided - when team members view them as a cynical box-ticking exercise it can be counter-productive and create resistance.

When communicating the vision, it should also be made clear where the change is being sought and where no changes will take place. Focusing on what will stay the same can help help those feeling overwhelmed by change.

UNDERSTAND YOUR ORGANISATION... THEN WORK IT

Taking a flexible approach to innovation is key - some organisations develop separate

teams or get outside help, some make it the responsibility of every employee, some have representatives in each team. Developing an informal network of 'doers' can be useful. This group of people can transcend hierarchy but share a positive approach to change and carry influence. Winning the trust and collaboration of these key individuals can be key to driving change within their own teams and parts of the organisation that might be difficult to reach.

DON'T FORGET THE BASICS OF GOOD DELIVERY

It's crucial to be realistic about the costs and scale of implementation - getting this wrong is likely to lose the trust of team members that you've got on board. It's equally important to get the timing right - avoid busy times in frontline delivery, for example, but still make best use of the momentum that's been built. Temporary capacity can be brought in to help with any transition.

During implementation, the goal of the changes should be continually reiterated, helping the team to recall why they're being asked to make the extra effort and what the benefits will be.

Evaluation should be continual and shouldn't only come at the end of the project. An intelligence-based approach that adjusts the timetable and details of the project based on the reality of its implementation will be more accepted and successful than one that pushes ahead regardless of the situation on the ground.

3. HOW CAN WE ENGAGE AND MOBILISE RESIDENTS AROUND A TRANSFORMATION VISION?

As councils move from being gatekeepers and regulators to a role as facilitators and enablers, there is an imperative not only to bring their communities with them, but to ensure those communities play an essential part in a new relationship. Making this relationship an integral part of a transformation process is therefore crucial.

Engaging and mobilising around a transformation vision are two different tasks and engaging does not necessarily lead to mobilisation. Mobilising could imply that a transformation strategy is being 'done to' residents, rather than working with them. True engagement is about open conversations and co-production of a transformation vision. Councils need to make it possible for residents to be self-determining. It is crucial that councils do not approach co-production with a 'we need to commission services; how do we get away with it' mindset. Instead councils need to ensure that they are as good as their word, otherwise residents become cynical about the council and all its promises.

There are differing levels of appetite between different professions within local government to engage with the community. For example, social workers are predisposed to engaging with the public, whereas engineers tend to think their decisions should only be based on 'fact'. Frontline staff are the core of transforming relationships with the public. There is a

need to ensure all local government officers, regardless of profession, see engagement with the public as core to their role.

Local authorities need to engage with the community well in advance of any transformation happening or decisions being taken. Ideally councils would approach the community with a blank sheet of paper, however, engagement is always more time consuming than planned, and councils have limited capacity to do it meaningfully. Despite this, there are several ways to think about what engagement and opening up the council means in practice:

DIVERSIFY CHANNELS OF COMMUNICATION

Local channels such as parish councils, schools, employers, sports clubs should be used to engage with the community on transformation plans. The VCS can be particularly useful and are often the gateway to the community. Stockport Council developed a three-point model to position the council as an enabler rather than commissioner of community activity. This was based on an emerging recognition that traditional commissioning of the VCS had been less effective in the borough over a number of years. There are three parts to their new model:

- Accessing info and marketing community groups online through a [group finder/directory](#).
- Curating peer support networks, for example of groups with buildings that others can use, or social enterprises.

- A new grant funding model, focusing money on small groups upstream of need.

USE SOCIAL MEDIA

There are benefits and challenges of using social media to engage the community in a transformation process. On the one hand, it can be used to tap into people's sense of pride in their place, but on the other there is some nervousness about using it. There is a potential role for officers using platforms like Twitter to become storytellers and advocates. But there can be lack of clarity over how to engage with critical comments on twitter – but it can be argued that the same level of reticence does not exist over engaging with a resident on email. Various social media platforms can be a way of engaging young people in particular.

DON'T TREAT THE COMMUNITY AS A HOMOGENOUS GROUP

There is a need to understand the different values in varying parts of the community. Engagement techniques need to be tailored to the community you are trying to engage, and these will change depending on demographics and values. A number of resources to help with this are noted in the Appendix.

FEEDBACK TO THE COMMUNITY

Use the feedback people give you to show how you have responded to feedback and when. In addition, online interactive tools

can help to demonstrate the tough choices councils need to make to the public, rather than engaging specifically on transformation. Newcastle City Council engaged the public in the difficult choices the council had to make through its website – they had £17m to save and using a slider, web users could take ££ out of certain budgets to meet saving goals; and the website would show the consequences of those decisions.

CONCLUSION: KEY INSIGHTS

A great deal was discussed at the Innovation Exchange and this paper has only been able to summarise the rich and detailed conversations. However, drawing on the many challenges and solutions that were identified throughout the day, it is possible to summarise even further. Five core principles emerged which could underpin the work of anyone leading transformation in a council in practice.

1. Do transformation *with* not *to* council employees, members and residents.
2. Understand the significance of people and relationships in driving through change.
3. Develop a clear and simple vision of the type of council you want to become and stick to it for the long-term.
4. Work to make the budgetary process and council finances an ally rather than an enemy of transformation.
5. Create time for yourself to step back and reflect on your approach.

APPENDIX: RESOURCES

A number of useful resources were suggested during the Innovation Exchange group discussions. These are listed below with brief descriptions.

1. ALIGNING TRANSFORMATION WITH THE BUDGET PROCESS

[Signs of Safety](#) – A strengths-based model for child protection which has generated savings.

[The Inner Game of Work](#) – Timothy Gallwey – Management development which applies sports coaching techniques to improve team performance focussing on ‘inner’ obstacles such as fear of failure and self-doubt.

[Scenario planning tools](#) – For possible use with members over budget decisions.

2. WHOLE-COUNCIL BUY-IN AND IMPLEMENTATION

[Coaching for Performance](#), John Whitmore – How to unlock people’s potential and maximise their performance using the GROW model of Goals, Reality, Options, Will.

[Golden Circle Ted Talks](#), Simon Sinek – The psychology of selling ideas and products.

[Distributed leadership model](#) – An analytical approach to understanding how leadership takes place in complex organisations.

[The Connected Leader](#), Emmanuel Gobillot – How modern leaders engage with employees by building trust rather than traditional organisational boundaries.

[Motivation: Biological, Psychological and Environmental](#), Lambert Deckers – Exploration of the psychology of emotion and motivation.

[Adapt: Why Success Always Starts with Failure](#), Tim Harford – the ‘Undercover Economist’ on new approaches to solving problems.

[Moore’s Chasm](#) – Theory of adoption of technology which has applicability to new ideas.

3. ENGAGING AND MOBILISING RESIDENTS

[New Citizenship Project](#) – A citizen innovation and participation consultancy that likes to work ‘with’ organisations, not ‘for’ them.

[Values Mode Analysis](#) – A report about how this values framework has been applied to fostering.

[Sensemaker platform](#) – Software to understand what consumers want through analysing trends. [Examples of using SenseMaker](#).

John Benington’s action research with communities in Coventry which one participant discussed is explored in [this book](#) and [this article](#).

[Cormac Russell Ted Talk: Sustainable community development: from what’s wrong to what’s strong](#) – About asset based approaches.

[Online Budget Simulator](#) – Information about the slider tool mentioned above here.

[Delib](#) – Provides digital tools that improve the connection between citizens and government.

[Novoville](#) – A free mobile app for citizens and a live dashboard for local authorities.