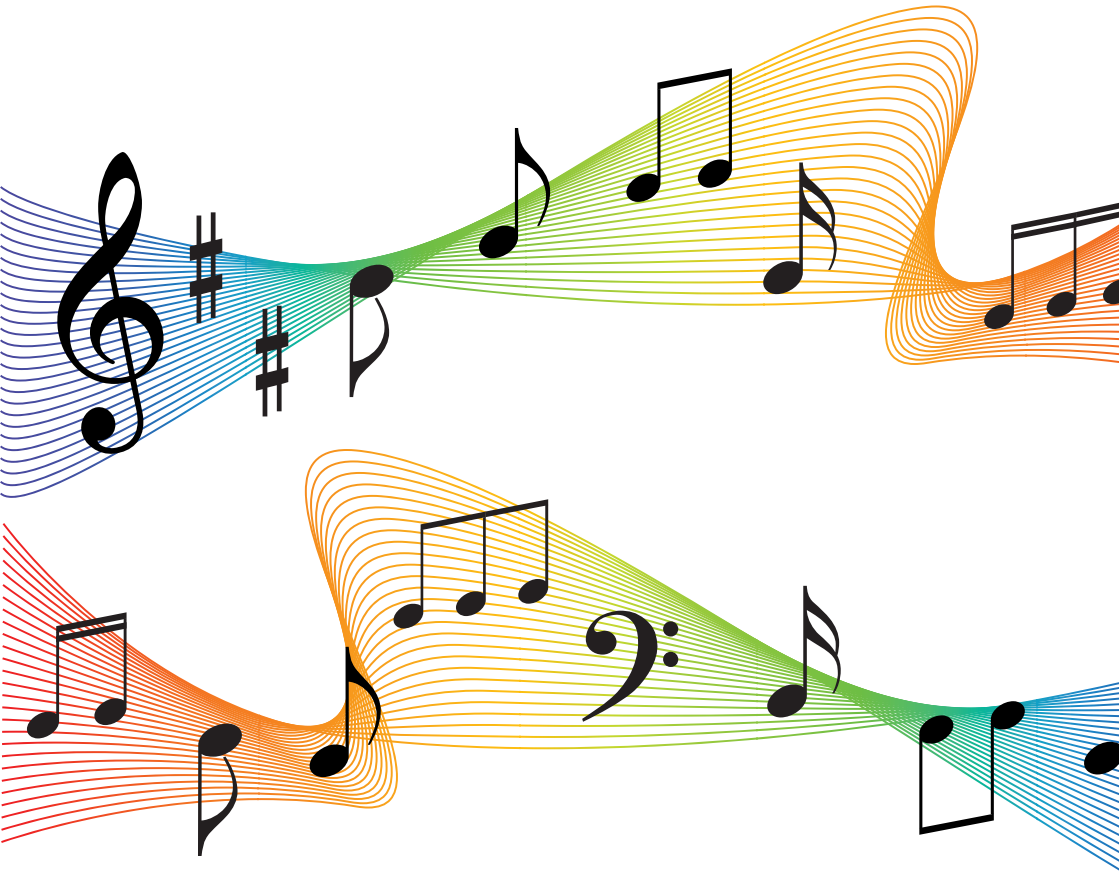


RIGHT TIER RIGHT NOW

PERSPECTIVES ON HARMONY
IN LOCAL GOVERNMENT

AN ESSAY COLLECTION



New Local Government Network (NLGN) is an independent think tank that seeks to transform public services, revitalise local political leadership and empower local communities. NLGN is publishing this report as part of its programme of research and innovative policy projects, which we hope will be of use to policy makers and practitioners. The views expressed are however those of the authors and not necessarily those of NLGN.

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FOREWORD

Mike Wallace, Director, PwC

Few now underestimate the scale of the challenge confronting local government. As councils look to 2015 and beyond, there's growing recognition that the reality of funding reductions and growing demand means that continuing in the same way as before is just not possible.

Nowhere is this reality starker than in two tier areas, where the fragmentation and duplication of services too often means higher costs and unsatisfactory outcomes for the people using them. As the contributors to this collection show, the solutions to these challenges are more complex than the well-rehearsed and long standing debates for, and against, unitarisation suggest.

Although not all the scars have healed, things have moved on significantly from previous rounds of local government reorganisation. The financial predicament that the sector finds itself in has increased the attractiveness of the potential dividend from unitarisation. New models of service delivery have emerged and councils have new tools at their disposal that enable greater collaboration and sharing of services. For example, digital technology offers the means to join up organisations seamlessly, as well as providing new platforms and opportunities to engage citizens and communities.

At the same time, health and social care integration, and Community Budgets in some areas, has highlighted the futility of taking a parochial approach to reorganisation. The key challenge is how to join up local public services to deliver effectively for the people who need and use them. Meaningful reform must take a whole public sector view. For local government, the question to be addressed is: to what extent does the two tier structure assist or impede the joining up of services in a citizen centric, efficient and effective way?

In the short term, with little political appetite for top down local government reorganisation, it is up to counties and districts themselves to develop

new models of collaboration from the local level up in order to secure their own futures. We have been looking at the case for two tier integration and have found that significant savings can be generated through models of collaboration that draw on the relative strengths of both the county and district. Indeed, the scale of the savings needed means that working alone is not financially sustainable for either tier.

Collaboration along these lines requires a willingness to consider more innovative arrangements than the typical top down approach seen in most unitary cases, but could also offer the promise of better citizen engagement and a combined focus on improving outcomes. Our experience has shown that rather than leaping straight to structural solutions, progress is best made when local parties come together to agree a shared vision of the outcomes they're seeking to achieve for their people and places. It is from this shared foundation that improved outcomes will emerge.

Whether local innovation alone will bring about local government reform at the scale and pace needed is another question. But it is the responsibility of counties and districts, in collaboration with their public and private sector partners, to explore potential solutions to meet their financial challenges and deliver better outcomes for people and communities.

As the contributors to this collection show, some areas are forging ahead and establishing new collaborative models that are reaping benefits. To unlock the potential that two tier collaboration offers, we look forward to working with the New Local Government Network and two tiers across the country over the upcoming months to move this agenda forward.

INTRODUCTION

Simon Parker, Director, NLGN

The future of two tier local government is one of the most vexed questions facing the sector as a whole. It is quite clear that the current division of labour between counties and districts is unsustainable for some parts of the country as both tiers struggle to cope with unprecedented budget cuts. Some districts will cease to be viable in their current form, while growing demand from an ageing population could turn some counties into little more than single-purpose health and social care authorities.

But despite what many regard as an open-and-shut case for unitarisation, ministers and their shadows remain reluctant to impose reorganisation from the centre. They too have evidence on their side. Past experience tells us that unitarisation is hugely time consuming, involves significant up-front costs and can harm public service performance in the short-term. All of this at a time when councils need to be focused on the most difficult period of austerity in living memory and for a financial prize that is probably worth less than £700m a year.

We appear to have arrived at a crossroads, and when you are at a crossroads there are only three ways forward. The first is to try and persuade central government to introduce a snap process of reorganisation, imposing the new structures at breakneck speed and realising the savings in 12-18 months. The second is to find policy levers which make it far simpler for shires to bring forward their own voluntary proposals for reorganisation. The last is to try and achieve similar savings through collaborating with districts and others. All are fraught with political difficulty.

This is a complex and highly charged debate in which solutions must emerge from localities. The essays gathered here are not intended to provide easy answers, but to explore how counties and districts are approaching the problem in practice. They are intended to clarify the options and to move the discussion forward. Over the coming months, NLGN and PwC will be undertaking further research and setting out recommendations for shires and central government.

In his contribution, Warwickshire's Jim Graham makes a compelling case for unitary status. The savings are an important part of the story – integrating waste and back office costs would undoubtedly yield a financial dividend without any real damage to services in the medium-term. Just as importantly, unitary status would make it easier to achieve a wide range of policy goals, from supporting vulnerable people to fostering strategic economic growth.

Both his essay and that from Buckinghamshire's Nick Cave reflect a deep-seated frustration from both tiers at the difficulty of collaborative working. They have a point. Failed past attempts at reorganisation have left a toxic legacy in parts of the country, with some districts feeling that any attempt at joint working is a prelude to unitary status. In some cases, they are probably right to be suspicious. A few districts are already clustering together in groups that look an awful lot like proto-unitaries. Will they simply bypass the counties and form stable clusters that preserve their sovereignty, or perhaps ask to be reorganised on their own terms?

This highlights the need for a much clearer pathway to voluntary reorganisation. It is simply too difficult for many shires to get all of their councils to sign up to their own abolition. We need a new generation of policy that can help two tier shires get to unitary status on their own. This might involve a failure regime which triggers unitarisation if enough districts cease to be viable. Or it might involve new provisions allowing citizens to trigger a referendum on a unitary proposal.

Several counties have decided not to wait for central government. Instead of hoping for a new wave of unitarisation which may never come, they are seeking ways to collaborate with their districts and other local public services. Suffolk's contribution to this collection shows how that part of the world has forged a highly collaborative culture between its districts and county and is now moving to share more services and perhaps even management teams across tiers.

Lancashire is embarking on a similar journey, seeking tactical opportunities to work with its districts to save money and drive growth. It is an approach which is endorsed by Blaby's chief executive, Sandra Whiles, who writes of

the opportunity to use systems thinking to evolve new ways for counties, districts and others to work together to deliver better services.

Why should a new generation of collaboration prove any more successful than previous attempts at change, such as the two tier pathfinders of the late noughties? As Nick Cave points out, the key difference might be the fact that austerity provides the proverbial burning platform. Ten years ago, most counties and districts were reasonably well-funded and many were high performers. In those circumstances, it is hardly surprising that many organisations decided that county-district collaboration should not be top of their agenda. Today, the picture could not be more different. A decade of austerity might accomplish what 20 years of government policy could not. Ministers may use cuts to bomb recalcitrant leaders to the negotiating table.

What is clear from the essays gathered here is that shires are talking about much more than a traditional reorganisation process. Both counties and districts are thinking about the future of their organisations and new themes are emerging, from economic collaboration to health and social care integration. No matter what emerges from the two tier shires over the rest of the decade, we should expect it to look very different from what has gone before. Constraints can spur immense creativity. It would take a brave gambler to lay a bet against two tier working still being with us by 2020, but a braver one still to back the status quo.

SMART REORGANISATION IN LANCASHIRE

Jo Turton, Chief Executive, Lancashire County Council

A vital truth about our sector cannot be overstated: Local government relies on taxpayers to deliver services.

For Lancashire County Council, the largest Labour-led organisation in the country, this reality means we have a clear duty always to make the best use of taxpayers' money. The current model of multiple layers of local government mystifies many taxpayers and doesn't necessarily provide value-for-money to those who pay our bills. Reforms have surely mitigated some of the excesses of the past and boosted good practice nationally. But, at some point, as the pressure builds to save money and expand efficiencies, the public may demand stronger evidence of good performance from multiple discrete political structures across a particular county.

A lot of attention is consequently paid to the spectre of reorganisation. Many observers accept that, due to local circumstances, creation of county unitaries in 2009 may have had some positive effects. When councils face varying levels of financial health, however, we should be wary of cures reliant on just a single policy intervention. Some English councils enjoy better health than others thanks to the New Home Bonus, the retention of local business rates or the Community Infrastructure Levy. These councils face no impetus for immediate change, nor is central government brandishing any sticks. The rationale for sector-wide disruption simply isn't there. Meanwhile, less well-off councils approaching the cliff edge of financial crisis must face the challenge of transformation.

SO WHAT'S THE WAY FORWARD?

Plans for wholesale structural change are not on the agenda in Lancashire. We're much more interested in building a new type of organisation that more effectively integrates with health, police, and other public services.

The county council respects the organisational sovereignty of Lancashire's city and borough councils, representing the strong sense of local pride and tradition felt by many Lancastrians. At the same time, there are proven benefits to pooling local public expenditure and resources and devolving them to new local structures supported by willing public bodies. Cultural, not structural, change is needed.

We believe there are clear opportunities to work on a voluntary basis with partners in the public sector and to do that we need a much wider view of services. Yes, we want to work with other councils. But we also want to work with all sides of the health sector, the county police and crime commissioner and others (like local higher educational establishments, social enterprises and more) to create joint delivery plans focused on specific services, or other obligations, based on a pragmatic as well as geographic basis.

There will be case-by-case opportunities to work flexibly with others to design and implement joint services by combining resources and reducing costs as a consequence of collaboration. For some services we'll work with a particular group of organisations and for others the makeup of the group will be different. The county council's position is that a greater, associative "council of the willing" made up of autonomous but interdependent actors is ambitious enough to work in new ways and capable enough to deliver.

Once we develop a good example of integration in Lancashire the question for others becomes: Why not us? If working together is a prize worth having, leading to demand reductions and gains in efficiency, we can create real momentum – an escape velocity, if you will – that encourages others to join by example. But initially we just need enough critical mass to get rolling.

We hope to start with health and social care integration and the promise of greater wellbeing. Our ambition is to give each child the support and encouragement to make the best possible start in life. Just think what we could achieve if all public services knew what each child needs, and how, when and where best to intervene to deliver on that ambition. So we're working with the willing to map and understand our communities and commission integrated services, all of which focus on early intervention, prevention, and maximising assets.

Our current work with city and borough councils in Lancashire explores the priorities and potential for collaboration around specific services and systems with a focus on integrated wellbeing and resilience. Where can we avoid duplication and ensure support for children and families is holistic rather than issue-based? We'll look at co-delivery of early support information and advice like our Help Direct service, which offers people the help they need before a small problem becomes a crisis. Everyday services like these, aimed at helping those who want more practical support to gain confidence and capacity, make a huge contribution to a community's strength. Our colleagues in fire, health and police could well want to look at integrated planning of emergency services. There's also plenty of scope to look at sharing services like trading standards, sustainable travel, road safety, and environmental and countryside services.

We're only halfway through the era of austerity and cuts will hit council budgets even harder in coming years, so there's no turning back. Implementation will of course be a challenge and integration requires concrete plans that acknowledge the relative risks and rewards of "different" organisations. But a county council of our size and type cannot afford to ignore the potential of "smart reorganisation" – working within existing arrangements and using enhanced methods to honour our contract with the taxpayer.

SUFFOLK'S JOURNEY TO COLLABORATION

Charlie Adan and Deborah Cadman, Chief Executives Babergh & Mid Suffolk and Suffolk County Council

Suffolk's local authorities are committed to collaborative working through a combination of innovation, building on success, pragmatism and sensitivity local needs. The relationship between the eight local authorities has fundamentally shifted since the divisions created as a result of the last government's attempt to impose a form of unitary local government in the county, a plan that was finally abandoned by the coalition government in 2010.

Although an imposed and generally negative process, LGR forced local government in Suffolk to look beyond the status quo. This, coupled with the unprecedented financial pressure caused by austerity (Suffolk is expecting a total shortfall in its local government funding of £55 million in 2015-16 and £69.3 million in 2016-17) has instigated bold actions to improve the sustainability and impact (in terms of finances and positive local outcomes) of Suffolk local authorities.

For example, by early 2012 six of Suffolk's district and borough councils shared three chief executives. These district/borough 'pairings' have proven a powerful catalyst for more effective collaboration – not simply between themselves but with the county council and other partners such as the police and NHS.

It has also raised ambition for collaboration in the county; two of these 'pairings' have implemented fully integrated officer structures and the third has merged its management. This has provided not only a financial benefit but an opportunity to create a different organisational culture that is better suited to a more collaborative, smaller and locally accountable Suffolk public sector. As a result of this work, there has been wealth of learning, which has helped to drive collaboration across the county.

Firstly, and fundamental to successful collaboration, is setting a *shared purpose and vision*. This requires partners to take time to find those issues

that unify and orientate everyone involved and create a common shared endeavour. In doing this, however, it is important to remember the outcome and not get tied up with simply the organisational goals. Setting some principles for how those outcomes will be achieved also helps to clarify what is important. This was significant for the management merger and single management re-structure for the district and borough pairings that, whilst ambitious in their organisational transformation, needed to be mindful of each council's continued sovereignty.

It is also important to *resist retreating into local government bureaucracy and structures*. The shared vision needs to be coupled with pragmatism. Acceptance that parity and equity - not equality - will unlock the most effective collaborations has helped Suffolk be more ambitious and have more impact locally. The recognition that collaboration has to involve a win-win means that rather than imposing the same 'right answer' everywhere, accompanied by a traditional bureaucratic plan, we have been able to achieve real changes in Suffolk by focussing on those areas where there is a compelling shared will.

This has meant taking some leaps of faith but investing in the relationships and identifying the shared key drivers has led to much greater innovation. For example, the *Lowestoft Rising* collaboration (described more fully later) was born out of a shared sense of frustration across public sector and VCS partners that despite individual organisations' investments the desired improved outcomes were never fully delivered. This frustration developed into a shared commitment to jointly focus on tackling the town's areas of greatest need.

Thirdly, *relationships* are critical to the success of collaboration. Governance, of course, is important for transparency and clarity; however, these structures need to be driven by positive relationships across the partners. It is important to make space to have a dialogue. Although this can be challenging and time consuming the benefits will outweigh the investment needed. The ability to be honest, trust and cede power or territory (*allow your sandcastles to be demolished!*) will at times be needed to achieve the bigger picture outcomes. Therefore, it's important not to assume commitment and acknowledge the personal and professional

anxieties that will arise from the ambiguity created by being radical in our collaborations.

Finally, we should not underestimate the *skills* needed to make collaboration effective. Our ambition for collaboration is demanding on those involved and often requires a very different approach to anything previously experienced. It can challenge professional status and values and frequently creates an ambiguous working environment both of which are far removed from 'old school' local government. To develop 21st century public services, we need 21st century public servants that are talented, flexible, adaptable and deliverers. Our learning from the district/borough re-structures has demonstrated that creating different job descriptions that reward collaborative behaviours rather than the traditional individual or team objectives can assist in achieving the necessary culture shifts. Developing such a skills and reward framework that is shared across organisations is a key area for development as we progress our collaborations.

It is already clear, that Suffolk's experiential learning has shaped how it implements collaboration. Suffolk's approach is characterised by the desire to be innovative, whilst grounded in pragmatism with a focus on what would work best for the local circumstances. It was with this in mind that we embarked on the Future Councils work with NLGN.

SUFFOLK'S FUTURE COUNCILS JOURNEY

Through the Future Councils work councillors and senior officers in Suffolk's local councils were able to reflect on and challenge: previous successes, failures, gaps and identify future opportunities for better ways of working together. A survey also looked at how collaborative Suffolk is and also what we think of each other. As a result, a set of principles for collaboration were agreed by Suffolk's Public Sector Leaders and four themes for future work were identified against which, the following case studies are set:

- 1. The opportunity to coordinate decisions across Suffolk to support growth:**

CASE STUDY: COLLABORATION FOR GROWTH

In keeping with the diversified approach to collaboration – based on what works – there are a number of examples of collaborations created to forward the growth agenda in Suffolk. The Suffolk Growth Group (composed of representatives from all Suffolk local authorities) launched the Suffolk Growth Strategy in May 2013 with the acknowledgement that: “collaboration will be key to delivering economic growth.” It provides a: “broad framework showing how the county, district and borough councils – working together – intend to ‘do whatever they can’ to enable business to be successful.” The Suffolk Growth Strategy has provided strong foundations for the LEP’s new Strategic Economic Plan.

Underpinning this plan, is an agreement across all District and Borough Councils and the County Council to pool Business Rates. The pool has agreed governance rules which will see the first £1m go to serve as a safety net, the second £1m going 50% to Districts and Boroughs and 50% at the discretion of the Suffolk Public Sector Leaders and any benefit above going 40% to Districts and Boroughs, 40% to the Suffolk Public Sector Leaders and 20% to the County Council.

Similarly, the four relevant district and borough councils working with the County Council and New Anglia LEP successfully negotiated the Ipswich City Deal to develop: “a local skills system that is responsive to the needs of employers and supports economic growth” and establish a business growth service to improve access to finance and more targeted business support.

1. Sharing back and front offices:

CASE STUDY: MILDENHALL HUB

A model of public estate management as much as a physical asset in Mildenhall, the Hub is intended to foster collaboration and community identity and capitalise on new technologies in building design and information technology.

It is a reconfiguration of the public estate to deliver improved outcomes in skills, educational attainment and health as well as to save taxpayers' money and protect frontline services by reducing avoidable overheads. It has drawn together partners from: local schools, police, police and the crime commissioner, district and county councils, the Clinical Commissioning Group and local leisure providers.

<http://www.mildenhallhub.info/>

CASE STUDY: BETTER USE OF BUILDINGS

ENDEAVOUR HOUSE, IPSWICH

There is a commitment to make much better use of the public sector estate across Suffolk, with the twofold benefit of increasing efficiency and improving delivery. At Endeavour House, the County Council's headquarters, a re-configuration of the layout and deploying technology that enables staff to work more flexibly across different locations partner organisations had enabled space within the building to be leased. Consequently, the Norfolk and Suffolk Mental Health Trust and Concertus an independent property consultant business (formerly the service Delivery Group of the County Council's Property Division) are now located in the building.

KIRKLEY MILL AND THE RIVERSIDE, LOWESTOFT

As part of the collaboration around place in Lowestoft (see Lowestoft Rising case study) teams are being co-located. For example, the newly opened (2014) Kirkley Mill building houses staff from: the Police, Out of Hospital Team and Suffolk Family Focus (Suffolk's Troubled Families) Teams to improve efficiency and effectiveness through better join up. The new Riverside complex, under development in Lowestoft will co-locate both district and county council back office functions as well as create a shared public access space.

WEST SUFFOLK HOUSE, BURY ST EDMUNDS AND LANDMARK HOUSE, IPSWICH

West Suffolk House was completed in March 2009 and houses staff from the district, borough and county councils including public

access as well as back office staff. Landmark House has co-located teams from the Suffolk Constabulary and County Council that have significant shared operational interest (eg, trading standards).

1. Joint commissioning of frontline services:

CASE STUDY: HEALTH AND SOCIAL CARE INTEGRATION

The Better Care Fund and wider health and care review have been catalysts for accelerating joint work to establish Suffolk's integrated health and care system. Partners have re-designed local structures to enable more integrated decision making and commissioning. Under the strategic direction of the health and wellbeing board, system leadership partnerships (including specific themed sub groups, for example children and mental health) have been established that bring together partners from the: NHS, county and district/borough councils, police and VCS to focus on joint commissioning.

These groups – currently finalising the integrated system design, will be critical in ensuring its implementation is highly collaborative so that it can deliver the transformational changes needed to: reduce demand, shrink spend, shift from treatment to early intervention and prevention and improve people's health and experiences of care.

Complementary to these strategic developments there are many innovative joint projects being explored in Suffolk for example, a collaborative pilot between the county and Babergh and Mid Suffolk district councils and Age UK is looking at Ageing Well (a theme of Suffolk's Joint Health and Wellbeing Strategy) in local communities. This and future projects elsewhere will be enhanced by the joint (across local government) housing needs survey for Suffolk currently under way (with emphasis on age appropriate and specialist supply housing models).

1. Developing integrating services from all tiers around local places:

CASE STUDY: LOWESTOFT RISING

Lowestoft Rising was born out of a drive from key leaders across the local public sector including: the District and County Chief Executives, Police and Crime Commissioner, Police and Clinical Commissioning Group to improve the efficiency and positive impact of their investments in the town. It applies whole system thinking to the transformation of Lowestoft – a deprived coastal town that has previously seen fragmented investment by parts of the public sector without achieving the improved results expected. Lowestoft Rising is a locally focussed, integrated, long term but pragmatic approach, aimed at tackling root causes of its social challenges.

It is not an initiative but an opportunity for public services and the VCS to: integrate, maximise capacity and have a demonstrable impact on the ground that will encourage independence, reduce demand and deliver better value for money. This systemic working is being explored through four priority work streams:

- Redesign of drugs, alcohol and mental health services
- Raising the Bar (Suffolk's flagship programme to improve education, employability and aspiration amongst its young people)
- Integration across the public sector
- Pride in Lowestoft (ongoing campaign to engage the local community)

<http://www.transformingsuffolk.co.uk/partnerships/lowestoft-rising>

THE FUTURE FOR TWO-TIER WORKING IN SUFFOLK

The best and most efficient outcomes, driven by a balanced combination of pragmatism and an appetite for innovation characterise the direction of travel for local government in Suffolk. There is clear consensus that

outcomes and impact must outweigh structures – governance matters, but not as much as relationships.

Equally, there is consensus that a single prescribed model will not work and to maximise success, activity needs to be locally appropriate and driven by where there are the most compelling, shared incentives and drivers. There is clarity that collaboration does not need to be the same across Suffolk but needs to be focussed on what will have the best impact – whether very innovative and strategic, very practical and locally focussed or somewhere in between.

Consequently, there is a focus on building a collaborative two tier model that will: respect the sovereignty of individual councils; be sensitive to local circumstances, whilst mindful of strategic issues and enable swift and effective collaboration. To do this, a framework (building on the collaboration principles and existing shared management arrangements) of shared objectives, associated joint governance and a shared performance framework to encourage collaboration is being explored.

This work will also be complemented by that exemplified in the case studies - where we are working to better engage local communities in identifying how to maximise local assets, so that they themselves, as well as public services can establish better forms of, often hyper-local service delivery. It is recognised that current progress and projects are leading to further 'integration' across organisations.

As a result, the possibility of joint management teams for the County and District Councils in Suffolk is being discussed. The extent and coverage of such arrangements would, in accordance with our learning and approach, depend on whether it best fits local circumstances and is driven by a compelling shared vision. However, the level of ambition for collaboration is shared across councils, as are the financial and social drivers for efficiency and better outcomes; therefore, we will be bold and tenacious in creating the most efficient, effective and therefore, collaborative management structures possible.

It is through a unified commitment to this diversified approach that Suffolk will create a sustainable and flexible model of two tier working: one that is capable of meeting the future financial and social challenges facing local government whilst delivering the most efficient and effective outcomes for its communities.

THE TIER DROP EXPLODES? BUCKS AND THE TWO TIER PATHFINDER

Nick Cave, Service Director, Buckinghamshire County Council

Back in the day, the 2006 local government white paper identified that two tier working “risked confusion, duplication, weak accountability and inefficiency”, warned that “the status quo was not an option for two tier areas” and stated that “all councils in two tier areas needed to work effectively together to address the challenges”.

Still in 2006, the Policy Exchange report “No More Tiers” suggested that: “the current two-tier structure of local government in shire counties is under pressure”. And went on to argue that the “The status quo is not an option, but a move to conventional unitary counties is also unattractive. It would reduce democratic representation and create more remote authorities”.

If only we knew just eight years ago what economic pressure and growth in demand for services was to come the way of local government. Years on from these observations of policy gurus and central government we still maintain tiers of local government that are unnecessarily costly and add nothing to the customer experience.

“TIERS FOR FEARS?”

In response to this challenge, Buckinghamshire and its four districts decided to submit a proposal to become an enhanced two tier pathfinder. This followed a failed proposal to create a single unitary and it was felt (at least by the county council) that pathfinder status would give some extra leverage to encourage greater co-operation between the county and districts and secure benefits for customers.

Whilst some progress was made, the reality was that partnership working in this context proved much slower and more difficult than anyone had

imagined. For example, it took 2½ years (and over £1m) for the county council, three districts and the fire and rescue authority to develop a shared back office project to outline solution stage. The project promised potentially £80m in benefits over 10 years before partners pulled out from the deal.

I am sure many of you may be reading this and thinking... well we have managed to share services and develop partnership working to good effect, so why have you not been able to achieve this?

And on reflection it is perhaps true that the formality of being an enhanced two tier pathfinder was restrictive. At that time and in our particular context, the status sometimes became something to fight back against rather than grasp and drive forward. It may not have helped that we lacked the proverbial burning platform - these were all councils that did and still do perform well.

Let's face it, many shared services and council collaborations have not been forged out of an altruistic approach to saving public funds; they have been developed from having to collaborate to improve performance. The reality is the spark for many shared arrangements has been there is no other option but to collaborate or outsource poor performing or unsustainably small services that lack resilience.

In the Buckinghamshire pathfinder programme we had a wide range of service-based projects attempting to achieve economies of scale that, with hindsight, spread project and officer resources too thinly. An alternative way of delivering shared services, I suggest, would be just five projects:

- 1. Shared management** – as has been often said by those leading shared services implementation, “shared managers deliver shared services”. Bring the management teams together first and let them work through the detail of integration and harmonising services.
- 2. Connectivity** – back in 2006 we did not have the digital tools that are now available. Combined with shared management teams a programme of developing connectivity between geographical areas, services and the customer front end will bring real benefits, new ways of working and economies of scale.

- 3. Governance** – we quickly learned that this is key – councillor involvement and clear routes to working up ideas, formally agree business cases, share funds and resources is vital to success.
- 4. Building trust** – is key to any shared services initiative, often born out of the governance and ways of working but also developed from strong personal relationships and effective stakeholder management.
- 5. Benefits to residents/customers** – proving locally how customers would benefit over and above the current set up in two-tier areas is key.

TIERS OF A CLOWN?

For all the potential and difficulty of sharing services, it can't make sense that nationally just 18% of upper tier councils are left withering on the two-tier vine whilst the majority of councils continue to reap the financial and service benefits of a unitary approach. No unitary council is considering returning to 'two-tier' status, their views are... thank goodness we did it!

With the age of austerity set to continue until at least 2020 if not beyond, perhaps the way forward and the future for public sector services is not so much about shared or unitary or two tier. It is, I suggest, going to be driven by local authorities looking to develop approaches that engage with a plurality of providers more effectively and that are more outcome based.

At Buckinghamshire we are moving to a model of a commercial council. This will comprise a small headquarters function containing the key support to members and the functions of assurance, strategy and policy that help members make the right decisions and achieve the outcomes they wish to see delivered within the council's cash envelope.

In Bucks we will have five business units managing and working with a series of delivery units. Through an outcomes based commissioning approach we will force collaboration across delivery units and incentivise collaboration and commercial activity with external partners.

This model embraces the change that is already underway with authorities looking to reduce costs through creating a variety of delivery vehicles.

The role of the local authority will rapidly become one of managing these external relationships and developing smart outcomes not one of micro managing in-house services.

Technology means that geographical and service boundaries have become merged and are not so important either to management teams and particularly not important for our customers. This direction of travel will increasingly provide new ways of managing demand and service provision that blur the lines of a local authority's sovereignty. I suggest that in the future managing demand and commercial or voluntary sector relationships will become more important than structures.

To continue my 80's bands theme, for the tier drop "to not" explode councils will need to take on another form to ensure that democratic accountability and local knowledge prevail. As any 80's band, still working today will tell you, if you want to have any future and relevance, you need to be focused on delivering outcomes (that the public want) and managing effective commercial relationships. The same will be true for councils.

BUILDING BETTER SYSTEMS

Sandra Whiles, Chief Executive, Blaby District Council

I am writing this from a personal perspective as someone who has worked in local government for many years. During this time I have done lots of different jobs in several districts, one city, one metropolitan and one unitary council, I have been involved in two major structural reviews when functions transferred from one council to another, as well as numerous internal structural changes.

My learning from all of this is that the process of change has the potential to seriously suck out energy, skill and capacity. Size – big or small – doesn't always determine whether a council is effective or not at delivering real public value.

I am passionate about the delivery of public services that make a difference to people's lives. On a personal level I don't get too excited about who is leading what, who does what or the boundaries between different organisations. In reality the money spent on public services in the locality all comes from local people.

The challenges ahead – money, complexity and scale of needs – mean that we are going to have to rethink radically how public services are structured and organised. The big question is how will we do this?

Some would argue that unless this change is forced on local government it won't happen at scale. A bit of me probably believes this, but it still feels like a cop out. We should be grown up enough to be able to make change happen because it's the right thing to do. But then the politics – party, organisational and individual – gets in the way.

As a district council chief executive I believe that I've got a responsibility to support system change in a way that's positive, recognises the value of localism and doesn't become a battle ground. This includes supporting the democratic views of local people and members and setting an example

to my staff. As paid officers it's quite easy for us to look at managerial responses to the challenges of two tier working, changing demands and reducing grant. But managerial solutions don't always fit well with local politicians and local people.

Given the numbers of councillors involved in district councils and the history of some counties' attempts to force the debate on unitary counties through simplistic headlines, it's fairly inevitable that there aren't yet many councils lining up to advocate major structural change.

People argue that the public don't care who delivers which services as long as those services work for ordinary people. This is true and we need to get better at working like grownups to join up services around customers real needs, help people navigate between organisations and do things at the right geographical level.

Change has to happen so that we can wring the best value and outcomes out of the available resources. So we need to find a way to focus the amazing skills and commitment across the public sector and redesign systems and services, focus on prevention, balance the books and build the capacity of individuals and communities to self help and self serve.

So what would I do if I was in charge?

As a systems thinking organisation Blaby District Council gets a bit fixated about purpose, demand, value, waste, flow and measures that relate to purpose to the customer. I often wonder what would happen if we could translate the model of check that we use to improve and streamline transactional services into an organisational change model.

This approach could help us focus with partners in the place and deliver the redesign of local services. But how might it help in terms of overall organisational redesign – in essence we need to take out some of the managerial and organisational overheads and find a way to do this that is supported by local politicians, local people and staff.

My ingredients for this would include things like:

- 1. A collegiate approach to leadership:** the elected leaders in a place (could be a county, an economic area, a collection of district areas) jointly “appoint” and steer the very senior team whilst each individual organisation retains and employs its own “CE”. The CEs and directors in the place work with senior politicians in the place as one team to set priorities, plans and culture and drive change.
- 2. Strong and shared culture and behaviours:** the senior officers and senior politicians champion the place not individual organisations; performance systems reward delivery of shared priorities and behaviours.
- 3. An agreed set of design principles:** shape and deliver services at the right locality level; community budgets and co-located delivery for priority services; shared back office services; strong local focus and identity; shared behaviours.

Some of our experiences across Leicestershire have shaped this thinking. The seven district councils operate a strategic leadership model where one chief executive takes the lead in a priority policy area. In this way we have influenced and secured sign up across all districts to the city deal and strategic economic plan, are reshaping county, district and third sector housing support services to set up a new delivery vehicle.

We are in the second year of delivering the successful Supporting Leicestershire Families programme. where we have pooled resources into a community budget, set up a locality based shared new service model and performance framework and are changing lives.

We are increasingly seeing county and district staff working together across organisations to solve problems and set up new ways of working in areas such as local area co-ordination, welfare provision and waste strategy.

Because of some local views around unitary governance this is not without the occasional drama and tension. But it convinces me, perhaps as a bit of a naive, pragmatic optimist, that if we get the leadership thinking and behaviours right we can move resources around, work across tiers practically and efficiently and shape a new form of governance.

Over time such a model would shake out other things. We'd really look at the best use of physical and human assets, we'd have a joined up offer to make to other partners, we'd be seen to be joined up to our customers, our staff would be able to deliver services in a properly joined up way.

Alternatively we can wait until someone, somewhere, some day forces structural change on us and then spend lots of time, energy and money fighting amongst ourselves.

So what's stopping us making change happen well?

THE CASE FOR A WARWICKSHIRE UNITARY

Jim Graham, Chief Executive, Warwickshire County Council

The question of unitarisation being debated in Warwickshire has resulted from a number of factors. We have a Boundary Commission review and Members wanted to establish whether the Commission would be prepared to debate a unitary option with us. In consulting on the 2014-18 budget model through an exercise entitled “Let’s Talk,” unsolicited feedback was obtained to question why the County and District system should not be reviewed and reconsidered.

We are a hung council but one that is used to that phenomenon and with changes to the leadership after the May 2013 elections, there was collective agreement across the three main parties that we needed to explore all options into the future.

We had been a “Total Place” pilot and it was evident from that work that the over complexity of the public sector was not helping citizens navigate public services, nor have a clear understanding what ‘their council’ was to become in the future. Finally, we took the view that the current secretary of state’s view that unitarisation is a distraction is not a sustainable proposition for the long term. Consequently, we needed to marshal our arguments for the incoming secretary of state after the general election in May 2015.

We had a public interest debate at Full Council on 25th February and following that discussion, which was joined by a number of outside agencies, we are continuing to work on the detail of the issue. The report to Members on 25th February took a cautious view of the potential savings and benefits which could accrue in the long term. It considered the recent histories of those ex-county/district areas that had opted to go unitary last time in arriving at its final figures of savings up to £17 million PA (We are considering 3 optional geographies). Our detailed work will expose the positives and negatives of his scenario with more rigour and further reports will come back to members in autumn.

Unitarisation matters, but it must sit within a wider debate about the future of our sector as local government, rather than simply the local administration of centrally-set priorities. There are a number of themes that are already evident:

- 1.** Given the scale of change to the whole of the public sector the next few years will bring, the debate is really about unitary plus, i.e., to secure the unitary solution as a first step but keep an open dialogue with the future government on the efficiencies and eradication of duplication which would be achieved by integrating some of the centrally delivered public services into local solutions, e.g., benefits, skills, environmental services etc.
- 2.** One should not assume that the current geography will do for the future. Geography and boundaries have always been fluid. We need to consider seriously whether a smaller number of strong local authorities operating with a wider range of functions than we presently understand them are a better proposition into the future.
- 3.** We also need to consider the future design of individual public services not necessarily based on uniform boundary and accountability models. Some services are extremely local but others require the scale of a large sub-regional or regional geography. In considering future roles and responsibilities, it may therefore be worth considering how council can operate with governance models which span different spatial levels. Combined authority vehicles, for instance, will need to sit comfortably alongside individual local authorities. Rather than create more artificial mechanisms for governance and accountability, we should start with councillors and find ways for them to operate differently.
- 4.** The public is often kept out of these debates by those of us in the trade with our vested interests. If we lay out the arguments for and against the options and ideas in a way which lay people can make an informed choice, then we would be confident in finding that the current configuration of the local public sector could be seen to need changing into a more simplified user friendly system. Consequently, the work we are doing in Warwickshire has the aim of engaging the public in these issues to assist in arriving at a longer term view.

The austerity challenge demands that we think out of the box and turn the threats into opportunities. We do not view unitarisation as a panacea to deal with financial pressures. It is a step towards rationalising an over-complex public sector which the public have to navigate through. If the austerity challenge affords an opportunity to rethink the public sector as a whole on our patch, then we would be remiss if we did not explore that.

We will never secure a complete unanimity of view in what the right solution might be, but a desire to hang onto the status quo at all costs and not even consider the evidence of other ways of delivering public services does not appear to put the public interests at the heart of the matter. There will still be a public sector in the future but we would rather try to fashion that sector with our public in the way which suits our public's requirements rather than await a top down solution to be imposed.

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The future of two tier local government is one of most vexed questions facing the sector as a whole. It is quite clear that the current division of labour between counties and districts is unsustainable for some parts of the country as both tiers struggle to cope with unprecedented budget cuts. Some districts will cease to be viable in their current form, while growing demand from an ageing population could turn some counties into little more than single-purpose health and social care authorities.

This is a complex and highly charged debate in which solutions must emerge from localities. The essays gathered here are not intended to provide easy answers, but to explore how counties and districts are approaching the problem in practice. They are intended to clarify the options and to move the discussion forward. Over the coming months, NLGN and PwC will be undertaking further research and setting out recommendations for shires and central government.

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