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# THE FUTURE OF LOCAL POLITICAL LEADERSHIP

ROUNDTABLE WRITE-UP

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**In January 2015, NLGN held a discussion event in partnership with Zurich Municipal to look at the future of local political leadership. With the role of councils rapidly changing and developing, how will the Leaders and Chief Executives of the future differ? How will they act and what will be the skills they need to lead their 'Places' successfully? This paper outlines the key themes to come out of this discussion; new attitude to risk, partnership and transparency.**

## **ATTITUDE TO RISK**

In the face of cuts and the resultant search for savings, the shape that political leadership takes is inevitably shifting from traditional models. Innovation is becoming increasingly essential and partnerships with external groups unavoidable. With such changes, risk grows, and modern municipal leaders face the challenge of understanding, encouraging and embracing this. While some councils have begun to recognise this and to work in new ways, others maintain a 'can't do' attitude closing themselves off to both the risk and – crucially – the rewards that come with transformation. Either way, the stark fact remains that our demographics dictate that all councils will need to have a different attitude to risk in the future.

Avoidance of risk due to fear of failure – while understandable – is ultimately

counterproductive, limiting councils' ability to learn and evolve from their mistakes. Having the freedom to fail can instead be enabling. Instead of avoiding risk, focus should be on building the capacity to deal with it; capacity that can also help with the stringent financial circumstances local government is experiencing. This positive approach to risk engenders a climate of innovation that can lead to a future of improved public service provision, even in the face of cuts.

As well as reluctance amongst councils, central government's structure and diktat often has the result of constraining local innovation. Active efforts to encourage greater flexibility and risk-taking at a local level are needed. However at present, many of those working at a local level believe that central government doesn't want or enable this. In fact it is felt that it is often discouraged. Central government must make clear that it too is willing to accept the new risk paradigm and give councils the freedom to innovate for themselves.

Some council Leaders will need to adapt to this new working environment and some will need to learn a new skillset – such as being more commercially-minded - in order to take full advantage of opportunities presented to their places by measures like localisation of business rates. This does not necessarily mean accepting a commercialisation of their role, but an understanding of the drivers of their partner organisations and an ability to negotiate the best deal for their place.

While an entirely new breed of political leader may not be essential, there is a need for all current leaders to accept their changing remit. From Barnet's Easy Council model, to Lambeth's Cooperative Council, leaders have taken this new model and interpreted it through their very different political priorities. But what both have in common is this new approach to risk and partnership.

This new emphasis on brokering and partnering may even present an opportunity for local government, with it potentially attracting a new crop of political leaders who are better versed in the commercial aspects of the role. Recruiting good leaders can be exceptionally difficult, and anything that makes working in local government more attractive must be viewed positively.

## **ATTITUDE TO PARTNERSHIP**

There is increasing financial pressure on councils to commission and outsource services rather than deliver them in house, but this provokes mixed responses. Some feel it is no longer possible to save money by outsourcing as prices have gone up. Some contractual arrangements of the past have had negative consequences for councils with poor procurement processes delivering bad value for money for the council and dissatisfaction for the citizen.

However, others cite outsourcing as the best way of avoiding in-house inefficiencies,

for instance by shifting administrative tasks to outsourcers who specialise in these processes and can deliver at scale. Good contractual relationships work well for both partners, sharing both risk and reward. What will be vital going forward will not be an old fashioned choice of whether or not to bring in partners – for most councils this will become inevitable if it is not already. Instead the vital decisions will be based around what kind of partnerships are developed and using which delivery models.

Some council officers spoke of the concept of 'partnershaft' –where the partners end up trying to get one another to essentially pay for some of their services without giving much in return. It is essential that from the beginning contracts are well designed to forge genuine partnerships – based around a shared sense of the outcomes needed, not a list of outputs.

A culture of challenging and negotiating contracts, fundamental in the business world, is still not standard practice within councils. There is notable concern about the risks inherent in partnering – for instance the potential for unfair deals leaving councils out of pocket. This only signals the importance of new leaders being commercially aware and able to broker good deals, so that value for money is more assured. Furthermore, the time it takes to build up effective partnerships means that councils need to step up their work in this area immediately, as strong relationships will only become more important

in the future. Partnerships can also be a way of bringing expertise together from across the community – for instance through using board structures to help manage contracts – with private, public, voluntary and community organisations involved in sharing both risk and reward. Councils should see such collaborative management as integral to their leadership practices and key to minimising the risks of private partnering.

Scrutinising the procurement of outsourcing is vital and has not always been up to scratch so far, which has resulted in many councils holding financially inefficient contracts that do not address the problems for which they were contracted. This is not only a problem with regard to the services provided through the individual contract, but also hamstrings future efforts at collaboration with the private sector through damage to the relationships and trust between partners. The vast majority of the public is impartial to whether a service is delivered in-house, through commissioning, or outsourced entirely, so long as the desired result is achieved<sup>1</sup>. A new, all-embracing approach to partnering and risk-taking has the potential to ensure better relationships lead to better outcomes both now and in the longer-term, and it is up to council leaders to find the right partners to work with to achieve this.

We should acknowledge that areas like Greater Manchester have managed to extract

<sup>1</sup> <http://www.policyexchange.org.uk/images/publications/do%20the%20public%20back%20more%20reform%20of%20public%20services.pdf>

more autonomy from central government by building credibility and a reputation for successful enterprise that proved they deserved it. They did this both by stepping up their own game, but also by devolving power and responsibility to their communities. They took these risks and are now reaping the rewards. Both local and central government need to follow this example and loosen their control in order to allow for innovation and greater efficiencies to emerge from the bottom up.

The potential benefits of stepping back and letting others lead must be seen as a worthy trade-off for the loss of total control concerning outcomes. Learning to work in a system where you do not have absolute control requires a change in attitude and approach in councils. In part this need not be seen as a risky process: it is instead a common-sense approach where local networks are utilised and strengths are valued above specific hierarchical job responsibilities in order to ensure that the person or group in charge is the one best suited to deliver efficiently and effectively.

## **ATTITUDE TO TRANSPARENCY**

The increasing amount of work councils do with partners requires increased openness to cooperation, balanced by increased levels of scrutiny. As councils become more involved in commissioning and partnership, and less involved in direct delivery of services, their

relationship with the public and the public's understanding of their role has receded.

There is a real democratic deficit at all levels in the UK and this is impairing local government's ability to take action. Lack of knowledge from residents about who or what the council is/does leads to a combination of unmanageable expectations and equally ungovernable cynicism.

As fewer services are directly run by the council, so the emphasis on scrutiny, collaboration and partnership must increase. Not only does scrutiny reduce the risk of bad contracts, it also improves councils' transparency and relationship with the public. Councils should be transparent about their procurement process, publishing tenders and contracts and making sure that not just the documents are clear, but also how they relate to their business plans and strategies.

However, ultimately the public's main concern is with the outcome rather than the details or the deliverer of the service. The councils must reposition themselves not as deliverers of services, but as the champions of them – there to ensure the best contracts, make sure they are enforced and make sure users interests remain represented throughout the process. They can also act as conduits between the providers and the general public, explaining the contracts and benefits and acting as honest brokers between the two.

Ultimately, councils must still be accountable for the public money they spend and answerable to the public for the services they either provide or purchase on their behalf. People want a chance to have their say in how their money is spent, and it is up to councils to both provide this space and the information needed by the public to make it work.

## CONCLUSION

A good council has either a good Leader or a good Chief Executive – a great council has both. However what is meant by this is changing. The humility to lead not through over-exerting top down control but instead freeing people to make their best contributions at every level will be essential for council leadership. Equally, an ability to understand both partnerships and take a new attitude to risk sharing allow this new breed of leaders to develop more fruitful relationships with partners. Finally, the confidence they have in their staff, actions and partnerships should allow them to embrace new levels of transparency, sharing not just information but their thought processes with the public they serve.

## VIEW FROM ZURICH MUNICIPAL

### THE FUTURE OF LOCAL POLITICAL LEADERSHIP

At the heart of transformation, in many cases triggered by the imperative of Austerity, lies the need to take more risk. Traditionally risk adverse organisations and management are rethinking their appetite for risk as the challenges become tougher and more dramatic solutions are needed.

In the future, Leaders and Chief Executives will need to have two critical skills: the ability to have a shared vision of the future, and the trust and confidence in each other to take more risk, in order to deliver that vision. Where bold vision and decisive and positive risk taking come together, we will see real innovation and change. The emergence of Combined Authorities, linked to integrated service delivery, such as in Health and Social Care, are visible evidence of this dramatic shift in thinking.

All activity is fundamentally about risk and reward. Change involves moving from the status quo, and that means increased risk. Managing and harnessing risk is key in the new business environment, which Local Government is creating.

Future leaders, both political and managerial, will be natural risk takers, with governance, tools and techniques to exploit the risks, whilst minimising the potential for adverse effects.

The world has moved a long way from thinking about risk as exclusively negative and exclusively operational.

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