

FOREWORD

STEPHEN CHURCH Head,
& PAULA SPEIRS Director,
Local Public Services, Ernst & Young



Funding gap means a focus on priorities

The roundtable discussion highlighted a variety of alternative delivery models being considered to address the funding challenges local authorities are facing. The focus of the past few years has largely been on outsourcing and the contracting out of services (to the private sector, other public sector bodies or not-for-profit and local community organisations).

In addition, sharing chief executives, merging back offices and joining forces to procure goods and services are also predicted to save councils millions of pounds over the next decade.

Delivering services differently in such ways remains a vitally important element of the local government reform agenda. But how services are delivered is only one part of the picture. Do these really provide sustainable solutions, not only financially, but also against the role that councils have in addressing wider social and economic issues?

Based on the discussion, and from our experience in the sector, it is clear that councils need to take a more strategic view of how services are commissioned to meet the needs of their local communities. This is not about councils taking a universal approach to service delivery, but rather agreeing at council level common design principles to frame the way services are commissioned.

Authorities may well have to work differently, manage (and be managed) more innovatively, present themselves and communicate in new ways, agree ground-breaking (and sometimes challenging) partnerships with organisations, and generally operate in a way that in time will be very different from the local authority of today.

Though extremely challenging, the funding gap presents the public sector with the opportunity to honestly assess both the scope and shape of services currently being delivered; a robust and honest examination of priorities as well as areas to 'protect to invest'.

Local areas typically spend a disproportionate amount of their resources on a small proportion of their population. If we took a more holistic view of these issues, say, looking at the needs of an entire family rather than how individual family members engage with services, we could find ways to significantly reduce overall spend and target resources more effectively.

The roundtable discussion recognised the need to explore alternative commissioning models. In our view, local authorities need to do this while also challenging fundamentally the future scope of services being provided.

Taking a priority-based approach to commissioning of services will provide the platform to examine the scope of future services and critically enable a more affordable and sustainable model of services that responds to the future needs of our communities.

FOREWORD SUPPLIED
BY ERNST & YOUNG
www.ey.com/uk/localgovernment

 **ERNST & YOUNG**
Quality In Everything We Do

Making sense

LGC and Ernst & Young's roundtable explored how the sector can tackle uncertainty and upheaval, writes **MARK SMULIAN**

The impact of public spending cuts has turned the long-familiar local government landscape into a mess, and it's about to get messier.

Whether officers and councillors see that as a threat to be deflected, or an exciting opportunity to be embraced to redesign local services, depends on local politics, ambition and circumstances.

Lack of money is the spur to looking at alternative service delivery – through shared services, with the voluntary sector, private firms, social enterprises or community groups – but could this upheaval actually result in something better for the public than they received in the 'good old days' of free-flowing public money?

Participants at LGC's roundtable debate in London earlier this month were in no doubt about the 'messiness' of local government, as the familiar pattern of every council providing every service dissolves.

But they were also, mostly, energised by the possibilities, though sceptical about the extent to which the public really wants to volunteer to run services on the Big Society model.

Whether local politicians feel the same way is a moot point. They have to face voters on the receiving end of this new 'messiness', who may be distinctly



unimpressed to find that a service has ceased, or that they are expected to volunteer to provide it for themselves.

Jim Graham, chief executive of Warwickshire CC, said the government's Open Public Services white paper, which seeks to encourage alternative models of service delivery, contained, "really interesting but naïve propositions", and he felt it was local government's job to "help ministers better understand" what was possible.

Mr Graham said there was a widespread lack of imagination about the shape of the public sector, which the white paper did not address, with "too many

nse from messiness



Jon McGinty



Abdool Kara

“ We must face up to the reality that we need fewer public organisations and a smaller, leaner and more efficient state. We've got to kill off organisations
Jim Graham, chief executive, Warwickshire CC

public bodies already, and from citizens' perspective there is not a clue which does what”.

He explained: “We must face up to the reality that we need fewer public organisations and a smaller, leaner and more efficient state. We've got to kill off organisations.”

While many senior officers looked forward to the challenge of making this change happen, he admitted that politicians might be less enthusiastic.

“I am sceptical that members collectively are positive,” Mr Graham said.

“Some are grimly hanging on through difficult times in the hope that in four to five years' time funding comes

back to normality, and a lot of energy is going into keeping the organisation going as an outcome. That's not what's needed,” he added.

Many councillors were “desperately unhappy” about having to make cuts and radically change familiar services, he added.

Anne Gibson, head of human resources at Norfolk CC, saw a general reluctance to think in new ways to meet new financial conditions, partly because officers felt uncomfortable outside their area of expertise.

“People need to think outside the box and beyond their future job, and that's a big ask in the current climate,” she said.

“They come up through particular professional routes and if asked ‘are you a professional or a manager’ a lot go back to their professions. That gets in the way of transformation,” she added.

Sutton LBC strategic director of environment and leisure Daniel Ratchford also saw the danger of an opportunity sliding by: “I'm worried that in five years'

time we will not have grasped the nettles and that lots of members and officers just hope we will get through this period, and do not have the sense of excitement to grasp the messiness of the moment.”

He felt that out of ‘messiness’ new shapes of service provision might emerge from trial and error.

“My fear is it will get even messier because we are all outsourcing using social enterprises, resident groups and sharing services with different councils in a patchwork of shared services.

“But I'm also optimistic that by trying things around the country we'll find some that do work really well, but we need to get through the messiness for a few years to find interesting and clever responses,” he added.

Abdool Kara, chief executive of Swale BC, felt that making sense of the ‘messiness’ was not helped by “the different approaches of the Whitehall departments and the atomisation of state into academies, police reorganisation, health commissioning and so on”,

PARTICIPANTS

Ian Bancroft area relationship director, Knowsley MBC

Paul Blatern chief executive, Northamptonshire CC

Stephen Church partner and

Paula Speirs director, local government services, Ernst & Young

Anne Gibson head of human resources, Norfolk CC

Jim Graham chief executive, Warwickshire CC

Abdool Kara chief executive, Swale BC

Emma Maier editor LGC (chair)

Jon McGinty deputy chief executive, Aylesbury Vale DC

Daniel Ratchford strategic director of environment and leisure, Sutton LBC



◀ which meant councils had increasingly complex partnering arrangements.

He pointed out the limitations of outsourcing for a smaller council. Swale had contracted out major services such as waste and cleansing and would offer community assets, including allotments and football pitches, to parishes.

“That leaves a small core of services internally that are either strategically important, or there is no market for them, and the big issue will be universal credit because our biggest remaining services will be revenues and benefits, and if that goes ahead then our critical mass disappears,” Mr Kara said.

“The debate about core and non-core services is a red herring issue, because if I go below critical mass I am no longer viable,” he added.

Officers felt themselves under pressure to advise members on what services were ‘core’ or not, with the implication that the latter were not important.

Stephen Church, partner, local government services, at Ernst & Young, asked: “You have to decide what top priority is in a future service provision model, but if something is not a priority, what do you do with it?”

Panellists noted that this political distinction was often challenging, with members still reluctant to designate non-priority areas, despite spending constraints.

“ You have to decide what top priority is in a future service provision model
Stephen Church,
 partner, local government services,
 Ernst & Young



(Centre) the roundtable discuss the drastically changing local government landscape. (Clockwise from top left) chair Emma Maier, Jim Graham, Paula Speirs, Paul Blatern, Ian Bancroft and Daniel Ratchford



Anne Gibson

Northamptonshire CC chief executive Paul Blatern said long-term objective were important in setting priorities. He gave the example of a £2m fund set up by Northamptonshire to attract jobs through foreign investment, with the long-term objective of building a prosperous county.

It was also clear that within priority areas further

differentiation is also needed to ensure that councils are achieving the most impact.

Ian Bancroft, area relationship director at Knowsley MBC, raised the point that worklessness in deprived communities might be affected by a range of other issues. “In some disadvantaged communities their educational aspirations are so low, so should one

“The danger of going down the road of specialist services is that we are providing for the few when actually we need to scale up the interventions that will have the most impact

Ian Bancroft, area relationship director, Knowsley MBC



Stephen Church



universal service be speech and language?” he asked.

“We provide it as a specialist service, but do we provide it right across the borough or just in those communities that need it? The danger of going down the road of specialist services is that we are providing for the few when actually we need to scale up the interventions that will have the most impact,” he added.

Involving communities in providing services has been raised as one solution in lower priority services. But panellists felt that



understanding communities’ capacity would be essential before any attempt to implement Big Society solutions, such as handing services to volunteers or local trusts.

Mr Blanter said that, while assessing communities in Northamptonshire, “we found we had three groups in all our communities: pioneers, prospectors and settlers.

“Pioneers embrace the Big Society message on their own, and our message to them is giving them the challenge.

“Prospectors are the ones where you need to make it sound trendy and engage them.

“Settlers think things used to be better in the olden days, and you say to them ‘if you think you can do it better, why don’t you do it?’”

He said these groups were found in 40%, 30%, 30% proportions across the county, regardless of age or economic status.

“We see it as part of our learning to make sure we differentiate how we sell the same messages to different audiences because we don’t do that very well, do we?” Mr Blanter said.

Mr Graham warned that some services were not amenable to alternative delivery: “I’ve never found anyone else daft enough to take on the risk of protecting vulnerable people, because when this goes wrong, careers get damaged, you get in the newspapers.

“Libraries can readily find Big Society solutions, but it is really difficult for care, no one would take it on, including the private sector,” he added.

There was also doubt about the enthusiasm and ability of community groups and parish councils to take on service delivery.

Mr Kara said Swale’s parishes were “a mixed bag of ability and capacity” while Mr Graham felt the Big Society approach expected “the whole

country to act like a turbocharged parish council, and that’s not the real world”.

Aylesbury Vale DC deputy chief executive Jon McGinty warned that procurement rules hampered alternative service delivery.

“I’m a great believer in competition but I think public procurement works against the interest of public value and competition,” he said.

“Barriers to entry with European procurement legislation are such that a number of markets we would like to be engaging with are very small and closed.

“When you talk about street cleansing and a parish council ‘we’ve got someone who can open and close the toilets’ European procurement just pulls you towards the economy of scale argument, which works against decentralisation,” he said.

Paula Speirs, director, local government services, Ernst & Young, said she saw among councils “a lot of discussion about alternative service delivery, outsourcing, and lots of different models.

“It’s not about getting one thing that is right for each service. There is definitely not one size that fits all,” she added.

One size may indeed not fit all. But it will be some years before it becomes clear from the current ‘messiness’ which sizes of alternative service delivery do indeed fit.