

PUTTING THE FRONTLINE FIRST:

MEETING THE LOCAL GOVERNMENT CHALLENGE

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Introduction

We all know that councils will be making tough choices in the coming months in deciding how to meet the expectations of their residents, whether it is tackling social, economic or environmental concerns, within the context of tighter council budgets.

The evidence shows that local government already has a strong track record in delivering efficiency savings. However, it is becoming increasingly clear that councils cannot rely on making small savings here and there but that they need to consider how services can be redesigned around, and with, the customer.

There are choices here. The best councils will be taking a long hard look at their businesses and making tough but strategic choices to protect frontline services, focused on their customers. Councils taking the approach of salami slicing budgets to get by but potentially damaging services in the process will fail their residents and service users. We are clear that there are actions that local authorities should be taking before looking to put frontline services at risk.

As council leader, you should be asking yourself...

Do we know where our authority needs to be in five years time?

Following on from this, do we know:

- what outcomes we will need to deliver with our partners?
- how we can redirect our collective resources to focus them on these outcomes?
- what services will be needed in our area and who should deliver them?
- what will be the best organisational structure to deliver these services?
- how our authority will be positioned in the context of the wider public sector?

Do we know how our authority is performing currently?

Following on from this, do we know:

- how our costs, and those of our partners, compare to the best and to organisations in other sectors?
- how satisfied our citizens and customers are with our services and how we are shaping our 'place'?
- how well we are working with our partners in identifying and tackling our priority outcomes?
- how best to motivate and engage staff at all levels of the organisation?
- what is our organisational capacity to manage change on the scale required?

If you answered 'yes' to any or all of these questions, have you really challenged yourself – perhaps by asking other councils or your partners to undertake peer reviews? Can you answer 'yes' for all your activities and service areas?

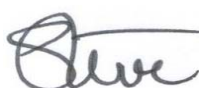
If you answered 'no', this report sets out a number of strategic challenges for local government and the actions, tools and resources that councils have access to in order to bring about radical change in the way they do their business.

Councils should be taking a Total Place approach to their area, looking at what the big spend public sector bodies and wider strategic partners in their area are doing, and taking a more coordinated approach to transforming services focused on the customer. By putting the customer first and understanding their journey through public services, councils should be identifying unnecessary waste and duplication in the system and developing new and innovative approaches to the way that they deliver services. For instance, there is a role here for the third sector in co-designing services around the needs of hard to reach and vulnerable individuals. And councils in two-tier areas have particular challenges in joining up public services and should be exploring how front and back offices, and management teams, can be better shared.

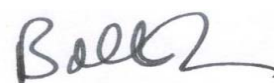
What remains clear is that councils cannot continue with the status quo. Our strong message in this report is that councils need to be taking action immediately. Making these decisions now will make the difference in the coming months. Not only that, but taking the tough strategic choices now, for instance on sharing services and looking at your asset portfolio, will mean delivering services in a different and innovative way, focused on the customer. These choices will make a significant difference to ensure that your council is able to continue to provide high-quality public services into the next five years. It is such choices that will help protect the services which our customers value most.



Sir Richard Leese



Sir Steve Bullock



Making your council more efficient

The framework below sets out 10 key questions to help councils when they are considering how to improve the efficiency and effectiveness of their organisation. There are lots of tools and resources that councils can access to help them on the journey, with some of the more prominent examples signposted in the framework.

Any approach to public service improvement needs to begin with a clear understanding of who customers are, and what their needs are, to help improve their outcomes and to understand how to improve the customer's journey. Councils can draw on the resources and support offered by the RIEPs and the sector improvement bodies to improve and transform their services, making them more efficient at the same time as being better placed to meet customer needs. These bodies can provide the expertise and best practice to support councils on their transformation journey, whether they are a council taking the first steps, or a top performing council striving for continued improvement.

In addition, councils need to ensure that they are undertaking peer reviews, learning from the Local Innovation Awards and Local Improvement Advisors, and are getting the most out of the resources that are available through the inspectorates.

A wide range of information, together with examples of good practice in action, has been drawn together to inform this framework and the web resource is being developed to make this available in a single location. This will include case studies and the tools and resources to help your council to take action. Before this goes live you can access a lot of the information set out in the framework through the organisations that contributed to this work. Their contact details and website addresses can be found in the Appendix.

Strategic questions	Actions, tools and resources	Examples of benefits
<p>1. Are you taking a coordinated approach with your partners, <u>centred on the customer</u>, to transforming, sharing, and reshaping services in the front and back office?</p>	<p>A coordinated approach to efficiency that actively explores a range of solutions to reshape services in the front and back office and centred on the customer can help to identify the best balance between improvement and efficiency. Your council should look at using customer insight tools and techniques to help you and your partners understand the needs of your customers and communities. This customer intelligence should be used as the basis for redesigning services to better meet customer needs, as well as reducing duplication and wastage.</p> <p>Sharing resources can offer a balance between efficiency and service performance, although the transformational service model you choose should fit with the culture and goals your organisation. Your council should be looking across the full range of frontline and back office services to identify opportunities for transforming services and sharing resources.</p> <p>The following tools and resources can help your council decide its priorities and transformational approach:</p> <ul style="list-style-type: none"> • Business Improvement Package website (BIP) – <i>RIEPs</i> • Transformation Programmes (RIEPs Efficiency Casebook) - <i>RIEPs</i> • Front Office Shared Services (FOSS) – <i>IDeA</i> • Customer Insight - <i>IDeA</i> • Sharing the Gain – <i>CIPFA</i> • Oneplace – <i>Audit Commission</i> 	<p>A two tier pathfinder has reduced duplication and overlap between council tiers, identifying £18m of cashable efficiencies.</p> <p>A partnership of London boroughs and other organisations has established a shared 'out of hours' call handling service, yielding up to £200,000 savings annually for each partner.</p>

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<p>2. Are you <u>engaging with all of your partners</u>, taking a ‘Total Place’ approach, to secure outcomes for the customer which maximises value for money?</p>	<p>Your council can benefit from local service providers coming together to; use a ‘count’ to identify total public expenditure on specific issues in a place and what sources that money comes from; develop customer insight to identify opportunities and enablers to improve and integrate services, reduce cost and duplication, and create innovative ideas; and finally to create a focus on complex problems and find practical ways to tackle these through stronger leadership and collaborative working.</p> <p>The following tools can help your council engage with your partners to secure outcomes value for money outcomes for the customer:</p> <ul style="list-style-type: none"> • Total Place: better for less - <i>Local Leadership</i> • Total Place online community of practice – <i>Communities of Practice for Local Government</i> 	<p>Total Place pilots have identified significant potential savings and improvements, ranging from reducing capital costs to providing better single-agency services that focus on individuals’ needs and save money to the taxpayer.</p> <p>One pilot has said they could cut their £147m local crime bill by integrating offender release with a more joined-up benefits access service to reduce reoffending</p> <p>One council believes they could save one third on their administration of unemployment claims by simplifying the system.</p>

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<p>3. Are you <u>improving processes, systems and practices</u> whilst you transform and share resources to ensure that new services are efficient and designed for the customer throughout?</p>	<p>Using Business Process Improvement (BPI), LEAN, and systems thinking can help your council to deliver efficient and streamlined services, removing unnecessary waste or duplication and better meeting customer needs. Undertaking these processes can help to ensure that new services do not incorporate old waste. Your council should be exploring how new technology can allow your council to provide services in new and innovative ways.</p> <p>Management processes and structures can also be improved in this way and benefit the organisation by ensuring that these structures add value rather than bureaucracy to your council.</p> <p>In addition your council should be implementing good financial management, ensuring financial literacy is embedded in all parts of the organisation. Your service managers should be encouraged to pay close and ongoing attention to costs, budgets and financial decision-making to support regular reviews of budgets and medium term financial plans.</p> <p>The following tools can help your council improve processes, systems and practices:</p> <ul style="list-style-type: none"> • RIEP Business Improvement Package - <i>RIEPs</i> • LEAN systems methodology – CIPFA • Organisational Development - <i>IDeA</i> • Government Connect – <i>GCSx</i> • Efficiency Exchange - <i>IDeA</i> • Business Process Improvement training - <i>RIEPs</i> • Financial Management Model - <i>CIPFA</i> • Doing the Business: embedding financial management skills in government - <i>HM Treasury</i> 	<p>A health agency reduced the number of steps involved in delivering a service by 78% through adopting a LEAN approach</p> <p><i>IDeA</i> are working with a group of councils and their partners on a benefit realisation programme which uses data from the Government Connect Secure Extranet (<i>GCSx</i>) to redesign services and processes.</p>

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<p>4. Do you have the data available to understand how your council is performing, and do you share and benchmark this information against others to identify areas for increased efficiency?</p>	<p>Adopting the same performance metrics, definitions, and reporting procedures as partners can help your council to critically assess their performance against your peers and the best across the sector, other sectors, and globally. Your council can benefit from conducting internal organisational health checks to understand your performance on efficiency and value for money in back office areas and frontline services.</p> <p>Effective peer benchmarking can also offer the opportunity to share best practice. Engaging in best practice networking and learning opportunities can make the wealth of resources already available in the sector more accessible and meaningful. Adopting shared development programmes with partners should become the norm for your council.</p> <p>The following tools and resources can help your council benchmark better and share best practice:</p> <ul style="list-style-type: none"> • Value for Money profile tool - <i>Audit Commission</i> • Efficiency Exchange - <i>IDeA</i> • Benchmarking club and statistical services - <i>CIPFA</i> • Local Area Performance Solution (LAPs) (Value for Money – front office) – <i>Capital Ambition</i> • <i>ESD Toolkit</i> • Local government data standards - <i>LGE</i> • Other commercial benchmarking offerings are available 	<p>A group of Fire and Rescue services have instigated a program to exchange data which reduces duplication and inconsistency and increase the capacity to data exchange between the regional control centre and other local partners. Cost avoidance efficiencies are anticipated in the region of £2.7m</p> <p>A group of councils have set up an efficiency challenge which sees authorities challenging themselves and their peers on efficiency performance. A peer visit results in an action and support plan for improvements.</p>

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<p>5. Are you considering where you can collaborate with others on the <u>procurement</u> of technology, goods and service provision, and how you can achieve wider social objectives through innovative procurement?</p>	<p>Local government revenue expenditure on procurement alone is over £50 billion. Therefore procurement is an area that can offer the opportunity to make significant efficiency savings. This can be through greater collaboration in contracting with other local authorities or the wider public sector. E-auctions and making better use of framework contracts can yield significant quick wins.</p> <p>A more innovative and outcome based approach to procurement can also contribute to how your council is delivering your wider strategic and social objectives, including delivering local benefits. In addition, involving the third sector early in the procurement process, and undertaking capacity building, can lead to better co-design of services and a more efficient outcome for customers and the council.</p> <p>In many cases, choosing the cheapest contract will not deliver efficiencies over the life of the contract. Your council should be considering the whole-life cost of a particular option and choosing the solution which offers best value for the customer, local area as well as the council.</p> <p>The following tools and resources can help your council procure more efficiently and innovatively :</p> <ul style="list-style-type: none"> • Regional and sub-regional procurement hubs - <i>RIEPs</i> • <i>Pro5 Group of Professional Buying Organisations</i> • Buying Solutions - <i>OGC</i> • Strategic Commissioning Beacons – <i>IDeA</i> 	<p>One local area has developed a procurement hub that includes key public sector partners in the area and is anticipated to achieve £20m efficiency savings per annum from 2011.</p> <p>A recent ICT e-Auction saved the 25 participants around £6 million on a £30 million contract.</p> <p>12 local authorities and the Highways Authority working collaboratively to reduce costs and improve the design of major capital schemes has saved £3.2 million to date and projects savings of £22 million by 2011 through collaborative procurement and early contractor involvement.</p> <p>One council has used procurement to set up an apprenticeship scheme which uses social clauses to secure jobs, training opportunities, and apprenticeships with their supply chains targeting those young people in most need.</p>

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<p>6. Are you considering how you can improve asset management when sharing services, and when considering organisational structures?</p>	<p>Assets can be shared effectively across your council and with other public sector partners in your area to deliver efficiencies. When looking how best to share and transform services, your council should be actively looking at how it can rationalise it's asset portfolio.</p> <p>The following tools and resources can help your council consider how best to improve asset management:</p> <ul style="list-style-type: none"> • Room for Improvement - Audit Commission • Strategic asset management in local government - Royal Institution of Chartered Surveyors (RICS) • Asset management financial comparison tool – Audit Commission • FOSS programme – IDeA • Making better use of assets (efficiency case book) – RIEPs 	<p>A Total Place pilot has identified a 5-6% saving on asset spend, worth a potential £20 billion nationally</p> <p>A property review undertaken by 7 authorities has identified a potential saving of up to £640m across the region in capital receipts and revenue savings.</p> <p>Sharing offices can emphasise customer-focused service delivery by providing a number of services with a shared customer base in the same building.</p>

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<p>7. Do you understand your <u>workforce</u> and how to get the best out of them?</p>	<p>Your council needs to be identifying your critical current and future workforce challenges and be taking effective action to tackle these. You need to know how to maximise staff performance and an important starting point is to improve the flow of management data. Your council needs to have information on your workforce and to have effective plans in place to forecast and address future pressures and demands.</p> <p>With good quality data, your council will be able to focus on the costs that do not add productivity, such as sickness absence. In addition, your council should understand the costs of temporary and agency staff and ensure they offer value for money.</p> <p>Change and efficiency cannot be delivered without staff commitment. Your council needs to be considering whether jobs and career paths provide appropriate incentives and if there are robust performance management arrangements in place to help deliver and manage change. Your council should also be actively involving staff in change management programmes and use two-way internal communications to ensure that staff understand what change means for them and that those implementing the changes understand staff's concerns and issues.</p> <p>The following tools and resources can help your council better understand its workforce:</p> <ul style="list-style-type: none"> • The Local Government Workforce Strategy and good practice resources – <i>IDeA</i> • Productivity – getting the best out of your workforce - <i>IDeA</i> • Total Reward – <i>Cabinet Office</i> • Managing sickness absence in the public sector -<i>Health and Safety Executive</i> • National data warehousing projects - <i>LGA Group</i> 	<p>Research shows that employees who feel engaged are 20% more productive than the average across the economy.</p> <p>More effective performance management arrangements for staff could offer significant savings through improved productivity, focusing resources on priority objectives and tasks, and ensuring that poor performance is challenged.</p>

Strategic questions	Actions, tools and resources	Examples of benefits
<p>8. Does your council have the <u>leadership capacity and skills needed to develop innovative solutions and engage communities and frontline staff?</u></p>	<p>The scale of change required to meet the upcoming challenges needs strong political and managerial leadership from the top. Leaders need to be bold in bringing about the change required and recognise that this must be a whole systems approach. Change must be informed by staff, service users and council managers and leaders need to be able to identify and remove the barriers that prohibit change, wherever they are.</p> <p>Your council needs to be fully engaging your workforce and their trade union representatives if change is to be effectively implemented. Employees will only feel engaged in the services they work on if they are given every opportunity to influence the way they are changed and are modernised.</p> <p>In addition, those staff working closest to customers are often the best placed to identify waste in delivery and to propose new and innovative solutions. Your council should be looking to tap into the expertise and knowledge of their staff and customers to improve services and identify efficient ways of delivering services. Leaders need to create an organisational climate where innovation is fostered and valued and risks are managed. This involves knowing when to listen and when to act.</p> <p>The following tools and resources can help your council engage staff and deliver effective leadership:</p> <ul style="list-style-type: none"> • Employee Engagement – <i>IDeA</i> • Cultural Change - <i>IDeA</i> • The Drive for Change programme toolkit - <i>Cabinet Office/TUC</i> • Transformation Programmes - <i>RIEPs</i> • Leadership development programmes - <i>IDeA and RIEPs</i> • <i>Leadership Centre for Local Government</i> • After the Downturn – managing significant and sustained adjustment in public sector funding – <i>CIPFA/SOLACE</i> • Fostering everyday innovation in employees and organisations - <i>NESTA</i> 	<p>A council's open, confident and clear communications approach to transformation has resulted in 93% of staff stating that they enjoy their job.</p> <p>Joint problem solving between staff and managers helps organisations learn and helps build a wider understanding of how service improvements can be implemented and also recreates much needed 'buy in' to change and innovation.</p>

Strategic questions	Actions, tools and resources	Examples of benefits
<p>9. Are you considering whether you have the most efficient <u>management layers and structures</u> in place and can these be shared, integrated or aligned with those of partners?</p>	<p>Management structures need to be arranged so as to add maximum value to your council. Undertaking a review of your council's structures should look at whether the layers of management in place are appropriate and are necessary to deliver quality public services.</p> <p>Your council should also be considering whether it should be sharing and/or integrating senior management structures with other councils, in particular in two-tier areas, and the wider public sector, for instance the PCT. More coherent management structures can help deliver efficiencies and improve consistency for customers receiving public services. In doing so your council will want to ensure that you have a common agreement in place with your partners about what the outcomes are that you collectively wish to achieve for your customers. Clear and robust governance arrangements and values will need to be put in place to ensure accountability.</p> <p>The benefits of sharing and integrating management teams can be more than realising efficiencies. Shared management teams can also support the development of a greater sense of place and joined up services for citizens.</p> <p>The following tools and resources can help your council consider the most effective and efficient management structures:</p> <ul style="list-style-type: none"> • Business Improvement Package - <i>RIEPs</i> • LEAN systems methodology – <i>CIPFA</i> • Shared chief executive and joint management: a model for the future – <i>IDeA</i> • Organisational redesign -<i>IDeA</i> 	<p>One council that has a joint executive leadership team across the council and PCT saves £230,000 a year.</p> <p>Two district councils that share a chief executive to improve service delivery are reporting savings of £790,000 per year.</p> <p>A council that reduced layers in its management teams generated savings of £2m and has improved customer satisfaction.</p> <p>Two districts councils combined their management team saving £560,000</p>

Strategic questions	Actions, tools and resources	Examples of benefits
<p>10. Are you considering how flexible your staff are and how specialist <u>professional skill</u> sets can be shared across your partner’s organisations?</p>	<p>Councils have a wide range of staff with specialist skill sets. Sharing such resources with partners could mean that your council had access to the necessary professional skills as and when required, whilst retaining a flexible approach. In two-tier areas this could be sharing specialist, yet expensive, skill sets across and between tiers to offer large returns on the investment by the organisation, such as procurement expertise.</p> <p>Acting with partners, your council should take the opportunity to explore how ‘para-professional’ and support roles can be used to free up the time of core professionals and make better use of resources. Your council should also ensure that all staff have transferable skills to enable greater flexibility in deployment. This may involve asking employees to undertake a broader range of duties to meet changing priorities.</p> <p>The following tools and resources can help your council explore how to share specialist skill sets and help your staff develop:</p> <ul style="list-style-type: none"> • Sharing the gain – <i>CIPFA</i> • Sharing professionals – <i>Capital Ambition</i> • Workforce issues in shared services – <i>IDeA</i> • Workforce remodelling – <i>Training and Development Agency for Schools</i> 	<p>A collection of London Boroughs have adopted an inter-authority Legal Alliance to drive down legal costs and increase efficiency.</p> <p>Sharing a pool of sought after skilled professional can also mitigate recruitment difficulties.</p>

Appendix

Contact details of sector Improvement Bodies

Audit Commission

<http://www.audit-commission.gov.uk>

CIPFA – the Chartered Institute for Public Finance and Accountancy

<http://www.cipfa.org.uk/>

IDeA – Improvement and Development Agency

<http://www.idea.gov.uk>

Leadership Centre

<http://www.localleadership.gov.uk/>

Local Partnerships

<http://www.localleadership.gov.uk/>

LGE – Local Government Employers

<http://www.lge.gov.uk>

RIEPs - Regional Improvement and Efficiency Partnerships

<http://www.idea.gov.uk/idk/core/page.do?pagelId=8595384>

SOLACE – Society of Local Authority Chief Executives

<http://www.solace.org.uk/>