



Transformation From Within: Meeting Local Outcomes and Spending Targets



New approaches to drive service transformation

Local service transformation – or central template?

Service improvement is a priority for the majority of local authorities, to put the citizen first in all activities, to improve the quality of services delivered and to achieve ambitious national or locally defined efficiency targets. Not only do chief executives and resource directors face increasing pressure to balance local demands with ongoing policy development, they need to work within a tough financial regime and a rigid central template.

Each council is at a different point in its progress with transformation. Many authorities have already moved beyond incremental, departmental-focused improvements to start building services around the citizen, based in part on realigned corporate-level business systems and through innovations in service delivery. It is assumed at the centre that this reshaping will deliver system-based cost savings –unlocking local knowledge to drive further service and staff performance uplifts.

While local government chief executives are committed to driving reforms and achieving efficiencies, with many local success stories, they are often frustrated by the pace of service change, particularly in view of the considerable and wide-ranging investments and departmental improvements they have already made.

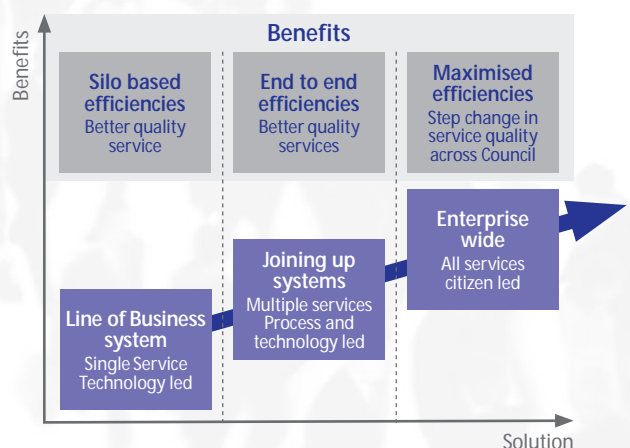
Civica believes that a clearer picture of local government transformation and service innovation is required to help councils and third parties understand the barriers to change. By carrying out national level

research, Civica is helping to clarify the level of progress made to date and identify challenges to success, to better support transformation programmes. With a 20-year track record in software-based solutions that help organisations to improve service delivery and efficiency, the company has already noted authorities' pragmatic approach to the Transformation Agenda.

Civica categorises councils' responses into four areas:

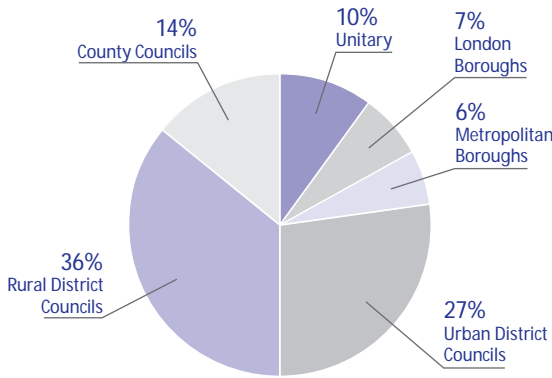
- 'point' service solutions addressing specific areas of council services
- outsourcing of non-core activities, ICT and infrastructure
- shared services between authorities and public sector partners
- 'blueprint' plans that examine the broader scope for structural change and service re-design

Fig 1: 'Journey' towards citizen-led transformation



Working with over 700 councils in the UK and internationally, Civica has identified three critical senior management issues – the ability to lead and manage change, to deliver service and process re-design, and to achieve greater performance gains from investments already made.

Fig 2: Civica’s research of local authorities’ approaches to transformation (authority types)

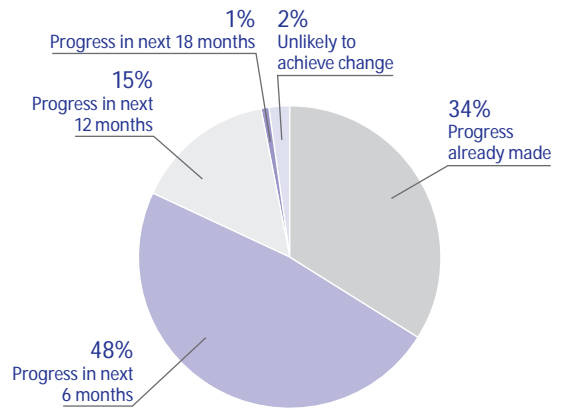


Civica’s study of CEOs, heads of service and change management officers in over 100 UK local authorities reveals a mixed picture of progress towards transformation. These findings broadly align with other studies and anecdotal evidence suggesting wide variations in local service priorities and authorities’ ability to deliver improved outcomes through innovation and reform.

Local government expects change sooner or later. Despite some areas of weakness, associated with commercial skills and risk management, authorities understand that many elements of change are in place, although often they cannot be fully harnessed towards strategic change without support from trusted partners. Civica’s research found that one third of respondents (34%) claim to have made

significant progress on service reform while 48% said they expect to do so in the next six months. Larger authorities provided conflicting evidence: none of the seven London Boroughs questioned believed they have yet made significant progress towards service transformation.

Fig 3: Local authorities’ views of likely timescale for transformation (Civica 2008)



Local authorities are developing a more flexible approach to the integration of services and the way they work with public and private partners. Private sector partners are expected to play a major role in driving improvement focused on citizens’ needs and there is a real opportunity for both partners to shape future service delivery.

Civica’s research shows that various types of partnerships capable of delivering change are already established. Virtually all authorities – 95% – regard working with an IT-based services company as either a significant or a high priority, with similar results for: working with a business process provider (94%); a management consultancy (94%); an outsourced service or infrastructure provider (92%); and public-private company (88%).

The Response – and Barriers To Change

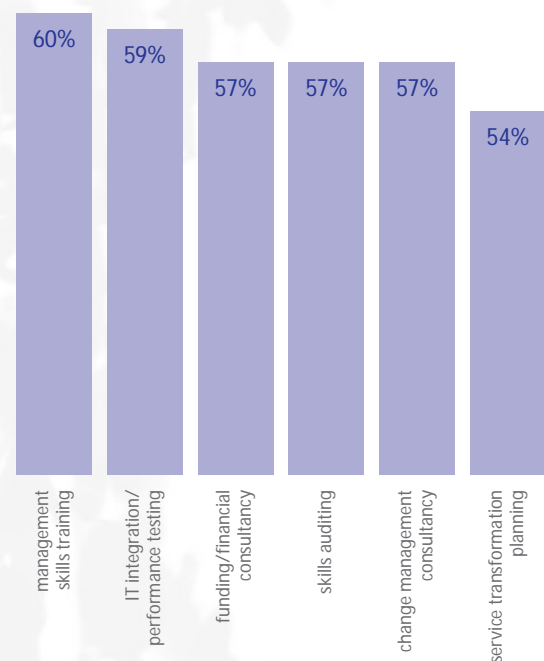
While local authorities are broadly confident that their management teams can achieve service transformation, responses revealed a skills gap in this area.

This finding aligns with recent research by analyst groups Kable and Ovum, and most recently the Audit Commission, that indicate a series of potential barriers to transformation within councils' workforces - a lack of appreciation of risk factors inherent in change programmes and limited commercial expertise as well as loss of corporate wide subject matter expertise as 'baby boomer' employees leave full-time government employment.

Nearly all those questioned by Civica researchers (95%) stated they have the necessary management and change skills to join up services. However, councils are also seeking particular commercial management skills: nearly two thirds of authorities – 60% - said that management skills training was a high investment priority in the year ahead. Nearly the same number – 59% - put the same importance on consultancy advice on funding and/or financial matters.

Although committed to improvement, local government appears to be lacking sufficient breadth of leadership skills and management capacity needed if it is to drive strategic service transformation.

Fig 4: Management skills regarded as high priority for service transformation in next 12 months (Civica 2008)



New approaches to delivering services

To balance Spending Review targets with local outcomes, many councils have gone a step further, developing a 'blueprint' for change that describes structural realignment, based on re-engineered service delivery and the joining up of front line and back office business systems. This indicates a belief that the not insignificant risks of larger scale change programmes outweigh the limited gains from incremental improvements. Critically, these authorities have agreed local outcomes, and are now examining dedicated change strategies and programmes for delivering those targets.

Prerequisites for successful transformation programmes include:

- Understanding how a council's resources, processes and IT systems can be aligned to local service outcomes
- Planning for new service delivery models, shared information systems, and re-engineered processes that will form the foundation for the integration of front line and back office services
- New approaches to financial management, including overview of spending, whether corporate, departmental or by locality linked to smarter procurement

Such blueprints have moved councils on from simple departmental performance improvement to larger-scale council wide service improvements. They are also starting to address the critical success factors underlying transformation: acquiring or managing core leadership skills and addressing change management capability gaps to drive joined-up service transformation programmes as budget constraints take hold.

Local authorities are building the processes and capacity to change service delivery more radically. There is a tension, however, between best practice – improving what is already in place for incremental gains – and innovation, where existing models are challenged and overturned for greater long term benefit. As highlighted by the Authority Forum ⁽¹⁾, chief executives are finding that harnessing real innovation requires an understanding of cultural and change management issues as well as the need to maintain trust with colleagues at different levels. This is a particular challenge in an environment of financial and service pressures, compounded by the difficulty of retaining talented staff. Blending internal resources and specialist outside knowledge can provide the breakthrough and is moving up the local government transformation agenda.

⁽¹⁾ *Authority Forum is a senior roundtable series. For more information, including past reports, contact civica@chameleonpr.com*



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