

efficiency | quality | accountability

# The Changing Context of Local Government (1)

**Mark McAteer**

**&**

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**The Improvement Service**

# The Purpose of The Masterclass Series

- To allow elected members to engage directly with the IS on issues relevant to local government
- To allow elected members from different councils to engage in debate & learning with one another

## 3 Simple Propositions

- Things change
- Organisation & institutions have to change
- Manage your context or it will manage you

# Local Government In Scotland 1

- Structure & functions prescribed by Parliament & SG
- Duties & powers determined by Parliament & SG
- 80% of current income determined by Parliament & SG
- Accountability requirements set by Parliament & SG

A Highly centralised context ?

## Local Government In Scotland 2

- Most legislation evolved consensually
- Statutory basis to Community Planning
- Power of Well Being
- Statutory basis to membership of Health Boards
- Cosla/ LG input into key policy agendas

Context is contingent not fixed

## The Concordat: Game Plan not Permanent Fix

- Partnership in Governance: two way commitment
- Mutual responsibility for outcomes
- Restructuring “off the agenda “
- Elimination of formal ring fencing
- Joint policy development: fully costed (?)
- Delivery of manifesto commitments (?)

# Highly situated development.....

- Minority Govt: Facing an immediate spending review
- Narrative of self determination: living the future now
- Declining real growth..... decentralisation & local priorities
- Extra parliamentary partnership - managing parliament
- Local government with a developed position

All can change

# Dealing With Change The Critical Clichés

- Proactive rather than reactive
- Opportunities & threats
- Incremental & transformational change
- ‘Drivers’ & ‘burning platforms’

# A Simple Framework

- P..olitical (electoral system; political balance; national government)
- E..conomic (finance; unemployment; debt/poverty; service demand)
- S..ocial (culture; social cohesion; demography; expectations)
- T..echnical (new technology; models of organisation; new demands)
  
- Read the trends: Plan for influence & implications

# Group Exercise 1

- Take P.E.S.T. and.....
  - (1) Identify the most important trend under each heading
  - (2) Can you influence or modify the trend?
  - (3) Are its implications 'opportunities' or 'threats' incremental or transformational in nature?
  - (4) How would you turn it into a 'burning platform' to mobilise change in your council?

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# The Changing Context of Local Government (2)

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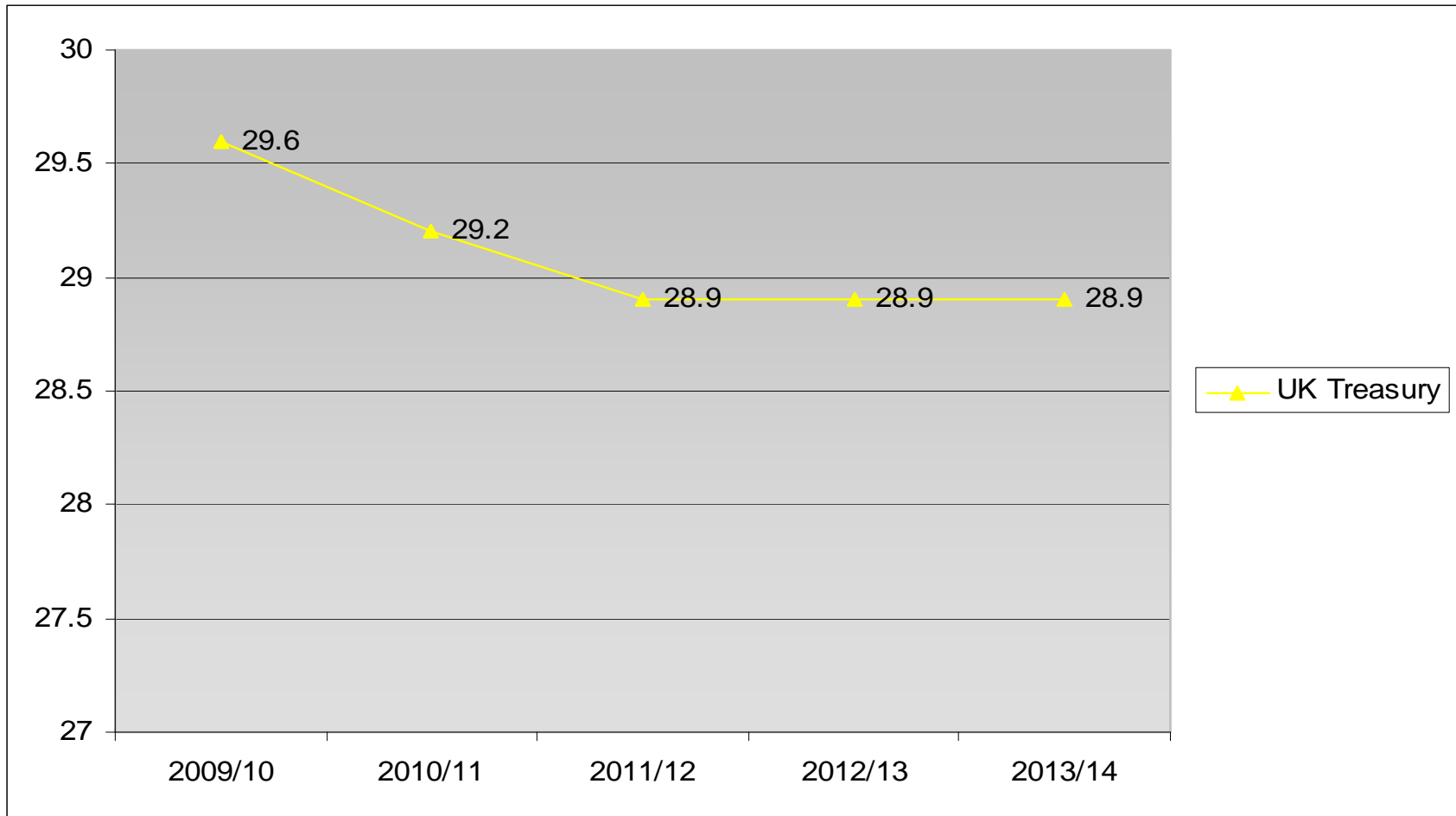
**The Improvement Service**

## **This Session...**

- Finance - what are we heading
  - spending & demand trends

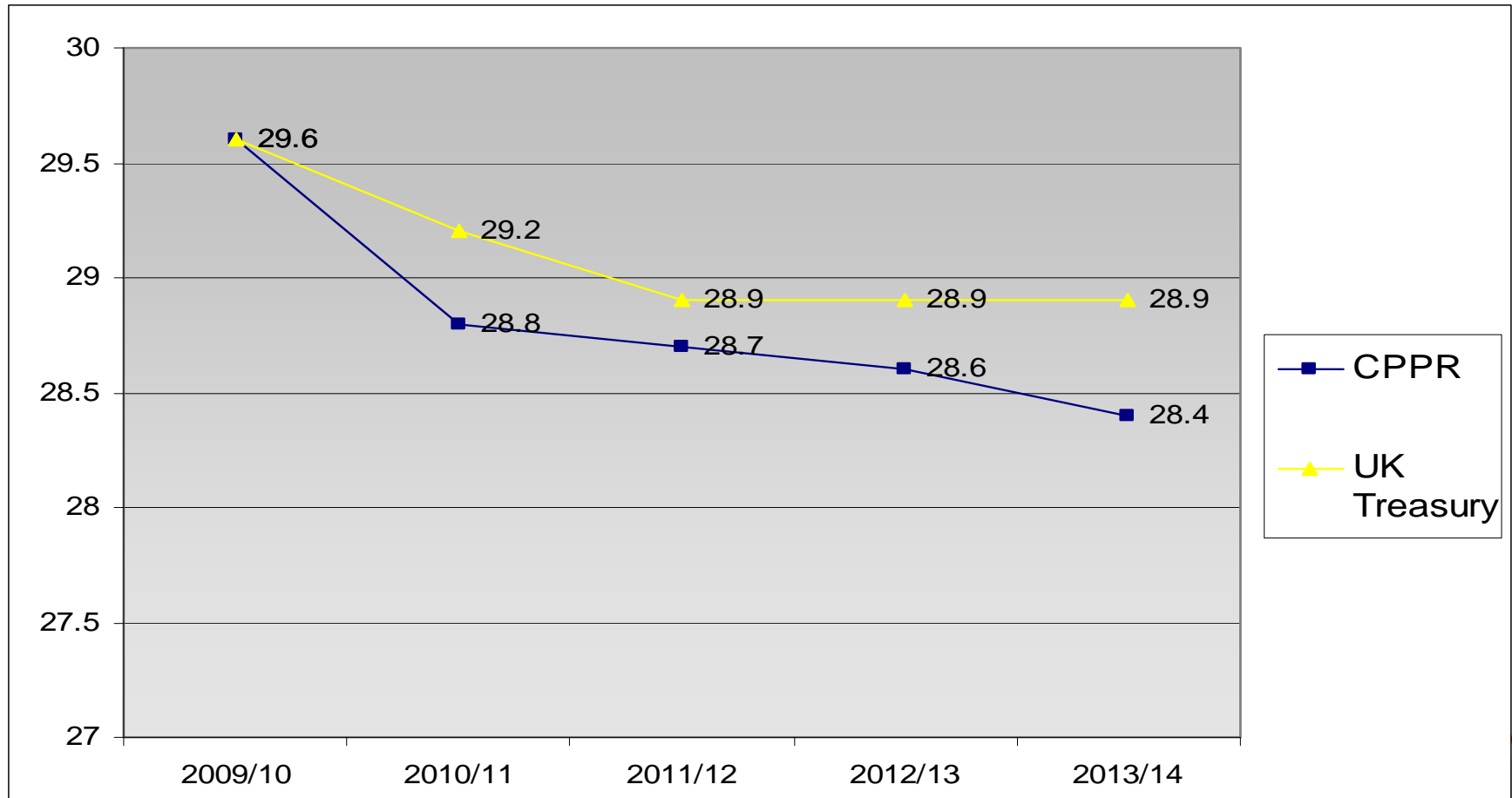
Elected Members critical to effective positioning of LG

## Scottish Budget: Projection 2009/10 – 2013/14 (Real Terms £Bn)



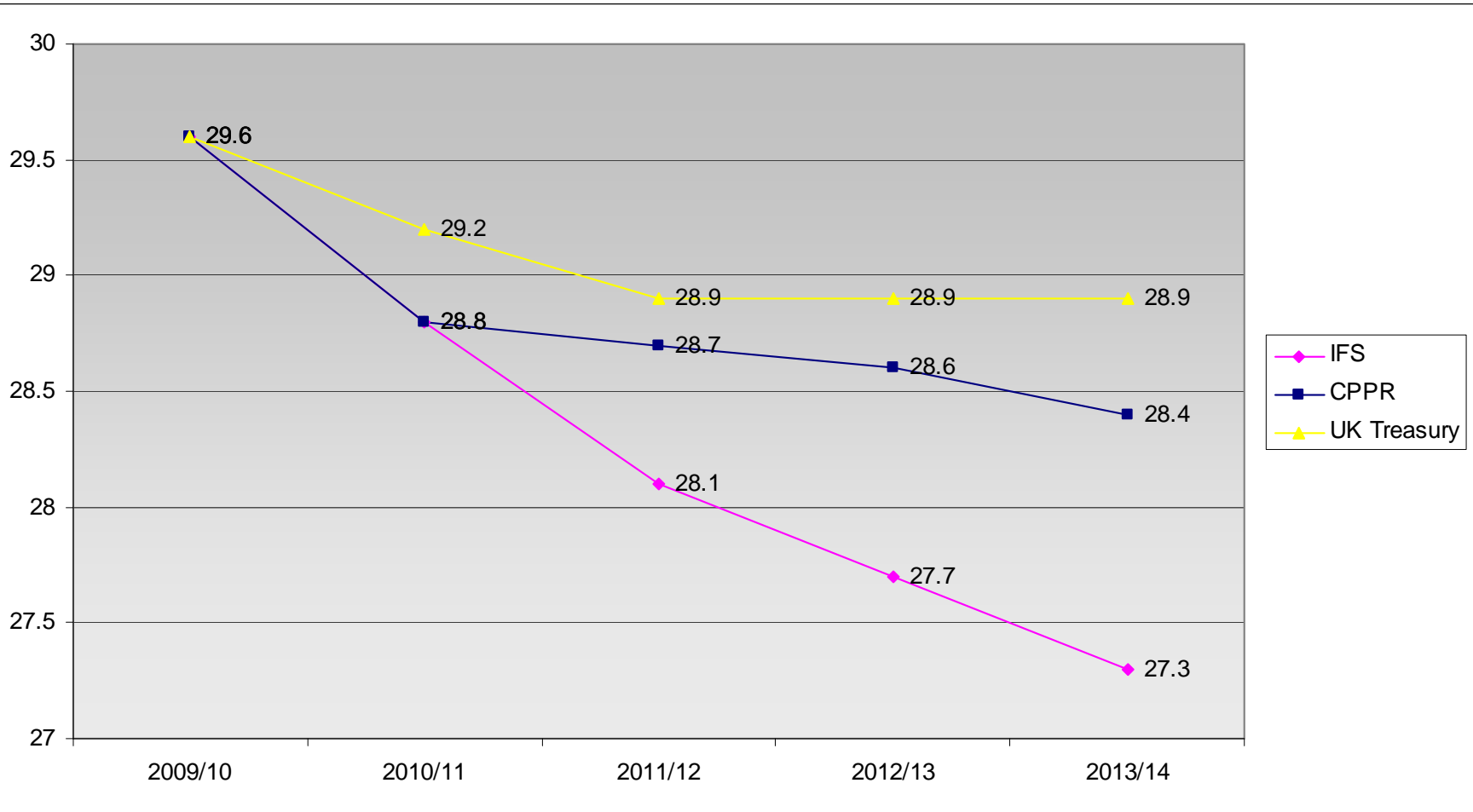
Best Case: -1% in 2010/11 then zero growth

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## Scottish Budget: Projection 2009/10 – 2013/14 (Real Terms £Bn)



Best Case: -1% in 2010/11 then zero growth

# Critical Uncertainties

- Economic performance & tax yield
- Impact of non controllable on cash limited spend (bank risk, debt interest & benefits)
- Scotland's share of UK spend
- Political & policy continuity/ change - 2010: UK Election, Referendum, Calman

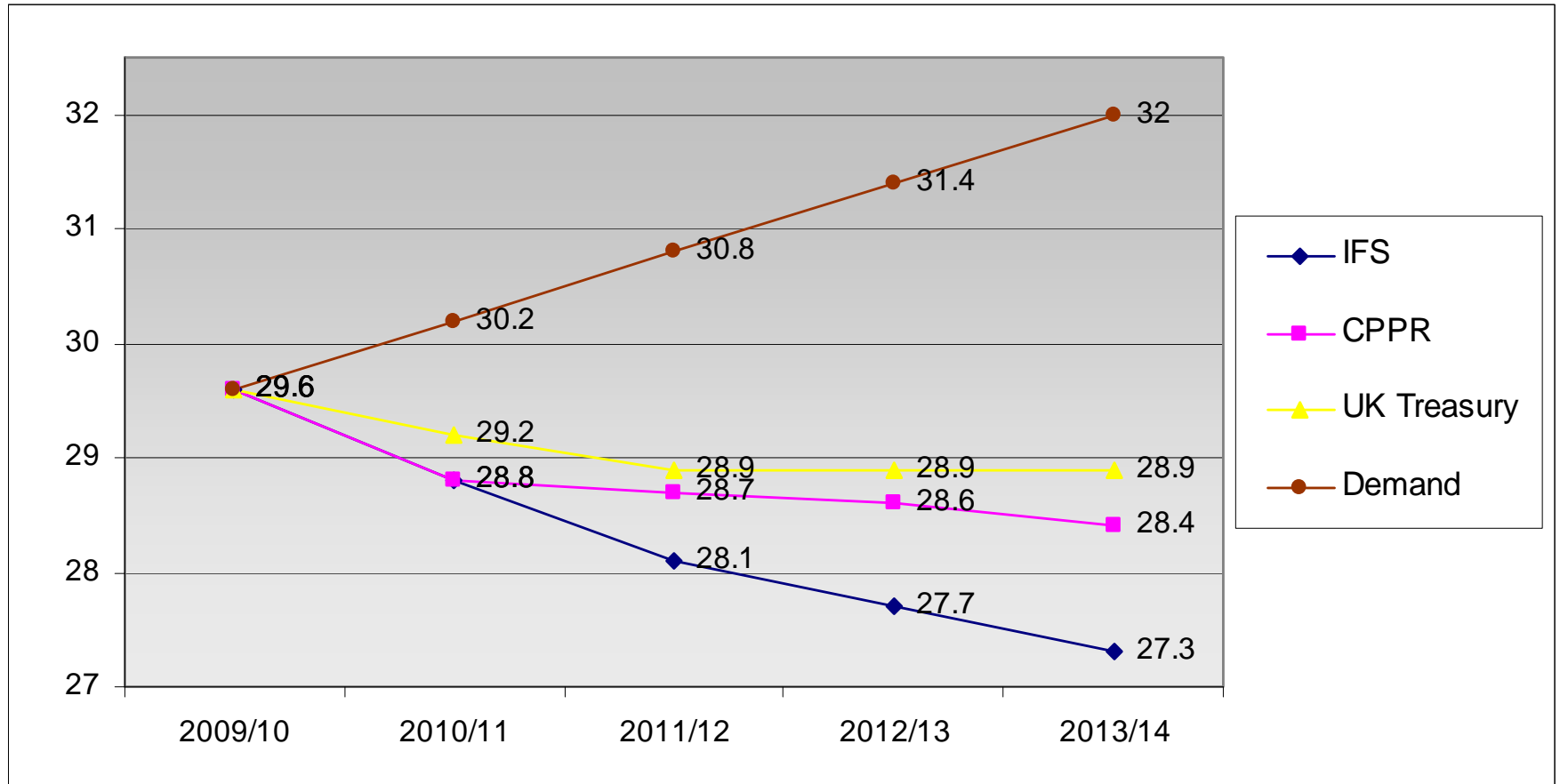
## Impact on Councils

- Depends on share of Scottish spend: priorities & distribution between sectors
- Link between general & sectoral inflation
- Buoyancy of other income flows: fees, charges, rent, council tax, etc.

# Demand Projections

- Services for older people: 2% real growth to stand still (Kings fund; Sutherland review)
- Services for children: policy priorities & increased spend on children with learning support needs/special needs
- Impacts of recession: education; social work; policing & community safety; business support; housing; leisure, etc
- Overall, 1% - 2% real terms per annum

## Finance & Demand 2009/10 – 2013/14 (Real Terms £Bn)



# Implications

- Significant gap between spending growth & demand growth
- Pressure for significant efficiency & productivity improvement
- Need to focus on corporate & partnership priorities: core outcomes
- Need to look 'whole system'....not at elements in isolation

## Acting & Thinking Our Way Out Of Crisis...

- Getting real efficiencies within & across services/ organisations
- Driving service delivery transformation against outcomes for customers/ citizens
- Rethinking our spending priorities e.g. general against targeted subsidies
- Getting more from partnerships & better partners

External factors influence but choices are contingent

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# The Changing Context of Local Government (3)

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## Exercise 2

Thinking of the issues raised in the previous session, please discuss:

1. What will be the key political pressures councils face in balancing short, medium & long term pressures against achieving outcomes for communities & customers?
2. In light of these pressures when reviewing priorities and service arrangements should 'producer' interests be more important than 'consumer' interests – please explain your answer
3. What do you see as the main challenges in driving change within local government?

# Single Outcome Agreements

- Outcomes are the result of what service providers do or communities achieve for themselves, rather than descriptions of services provided
- Outcomes should focus on improvements in the quality of life & opportunities for citizens & communities, & improvements in the supporting social, economic & environmental conditions
- Evidence-based
- While linking to National Outcomes, the focus should be on local priorities
- Agreed with all major statutory partners locally and with SG (joint accountability)

## Why Focus on Outcomes? - Health

| Standard Mortality Ratios  | 1996 | 2005 |
|----------------------------|------|------|
| <b>SCOTLAND</b>            | 100  | 100  |
| <b>Glasgow</b>             | 120  | 124  |
| <b>West Dunbartonshire</b> | 113  | 118  |
| <b>West Lothian</b>        | 108  | 110  |
| <b>Highlands</b>           | 94   | 89   |
| <b>Inverclyde</b>          | 119  | 113  |

BUT Scottish measure masks significant variations & local challenges

# Why Focus on Outcomes? - Education

| S 4 Attainment by SIMD |            | Average<br>2003 | Tariff<br>2006 |
|------------------------|------------|-----------------|----------------|
| Glasgow:               | All        | 140             | 147            |
|                        | Lowest 15% | 121             | 127            |
|                        | Other 85 % | 165             | 171            |
| Highlands:             | All        | 179             | 181            |
|                        | Lowest 15% | 141             | 114            |
|                        | Other 85 % | 181             | 184            |
| Inverclyde             | All        | 171             | 171            |
|                        | Lowest 15% | 140             | 135            |
|                        | Other 85 % | 192             | 193            |
| West Dunbartonshire    | All        | 157             | 169            |
|                        | Lowest 15% | 129             | 142            |
|                        | Other 85 % | 170             | 181            |
| West Lothian           | All        | 170             | 183            |
|                        | Lowest 15% | 137             | 134            |
|                        | Other 85 % | 172             | 186            |

## Roles For Elected Members re SOAs

- Setting priorities
- Setting outcomes / targets (ambitious / achievable)
- Ensuring clarity of vision / strategy
- Leading & influencing partnerships
- Accountability – with partners & with citizens
- Implementation / capacity / impact / continuous improvement

*A different way of thinking & working –  
influence with limited direct control*

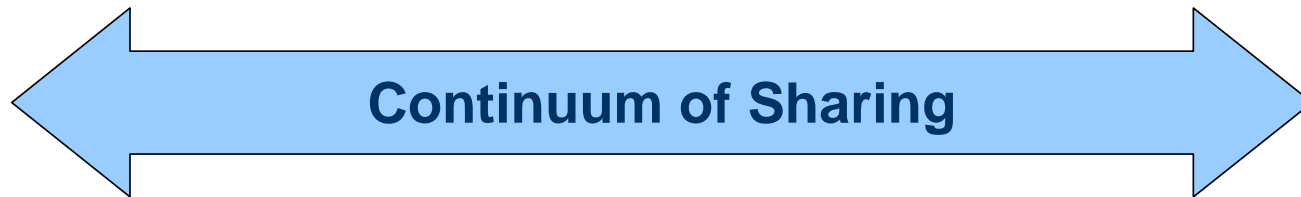
# Getting More From Partnerships

- Clarity about what the council is trying to achieve & why – if no ‘collaborative gain’ stop doing it
- Focus delivery on results that meet local needs
- Redesign how partnerships are organised to deliver (opportunity to streamline / better align)
- Clarity of respective contributions
- Build in robust performance management
- Real accountability against outcomes

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## Shared Services The Theory...

Separate  
Service  
provision



Classic  
outsourcing

Standardisation around best practice

Partnership

Service integration/alignment

Common procurement

Separate Arms Length Organisation

Joint Venture

Outsourcing

# The Challenges

- Overcoming 'gatekeepers'
- Inertia; size & complexity
- Organisational vision / strategy - internally focused
- Clarity of goals & objectives
- Weak performance frameworks
- Risk & innovation - comfort zones
- Weak corporate governance - departments/ professions
- Protecting 'local' jobs

## Summing Up...

- It is really difficult.....long term
- We can't 'busk it': 20/20 vision
- Commitment to outcomes & local governance
- Change & transformation: staff, service users, communities,
- Acting from positions of strength

## What Should LG Do Next ?

- Lead a debate on the structure & governance of local public services
- Get more focused on 'shared services'
- Get more effective partnership with the private & third sectors
- Drive internal change & transformation