

# Second LGA/IDeA Submission to the Varney Review

## Introduction

This paper sets out a local government view on the shared vision that should underpin the Service Transformation Programme and the Local Government White Paper together with thoughts on how this vision can be put into effect.

It has been put together in conjunction with a group of leading practitioners in the local government sector. It will form the basis of a more developed paper to be presented by LGA/IDeA to the Central-Local Partnership Efficiency and Local Public Service Reconfiguration Sub-Group meeting on 25 October.

## A shared vision

The Service Transformation Programme and Local Government White Paper need to be underpinned by a vision of the future of local public services that is shared between central and local government.

The shared vision might look something like this:

### **2020 Vision**

In 2020 people throughout the country access public services that are tailored to their needs and preferences in a way that is customised for the community in which they live.

For self-service, people living in the cathedral city go to the “Worcestershire” public services portal, when they ring the single non-emergency number they get through to “Worcestershire” and if they wish to they can walk into a convenient “Worcestershire” one-stop-shop.

The arrangements differ in Tameside, Southwark and East Riding because they are shaped around what local people said they wanted. But the principles are the same.

In South West London a “Sutton” team reaches out to people who would otherwise find themselves excluded from public services, carries out a single assessment of their needs and their means and commissions appropriate services for them.

This is typical of how it works across the country but the requirement is greater in those communities facing the biggest socio-economic challenges.

Citizens identify these local public services teams with their council. Behind the scenes the council co-ordinates a network of public bodies, private and third sector partners to provide seamlessly access to these services.

The frontline delivery of services is also integrated. Older people, children and young people, workless people and other customer groups can choose packages of public services tailored to their needs. Public, private and third sector partners collaborate across the delivery chain in a way that is invisible to the public.

The partners pool their intelligence about the needs and preferences of local people and this informs the design of public services and the tailoring of packages for individuals and groups.

Value for money is a central principle in the design of public services but this does not mean there is a uniform solution in every community. There is room for difference and experimentation drives improvement.

Where there are measurable benefits, services and facilities are shared between councils and between councils and other public bodies. The public do not see this. They experience only public services packaged for the people of Liverpool, Kent or Lewisham.

Value for money considerations have led to the joint commissioning of services from private and/or third sector partners. This applies equally to “back office” services including processing activities and support services.

## Making it happen

The raison d’être of local government is to provide for communities.

There is a natural local **leadership** role for councils. They are best placed to **engage local people** in the design of the single “front office” for the community and to co-ordinate the activity of public, private and third sector partners in the locality.

Councils are key players along with other agencies in the design and delivery of frontline public services for particular customer groups.

Councils are excited about this vision and the best are already pursuing it energetically. They will continue to press ahead because it is the right thing to do. They acknowledge that the solutions they develop will need to be efficient as well as serving customers better.

To help make the vision a reality across the whole country by 2020, the **Government** can –

- Align the system of **incentives** behind the vision
- Remove **barriers** to progress
- Help build delivery **capability**

Incentives conventionally comprise “carrots and sticks”. The enthusiasm of local government for this customer-led agenda means that the emphasis should fall on the “carrots”.

However, it must be acknowledged that council performance varies and that starting points therefore vary. So the use of “sticks” cannot be ruled out. This approach may also be necessary to secure the engagement of other public bodies who are less enthusiastic partners than councils.

Local government championed the idea of **Local Area Agreements** and is looking forward to their further development as part of the post-2008 system. The agreement of outcomes among the parties supported by **pump-priming and reward grant** makes this the natural framework within which to take the shared vision forward.

These resources can help local partnerships overcome hurdles of the **“invest-to-save”** type that so often hinder major projects.

It is recognised that there are unlikely to be the resources to support projects in every part of the country in the immediate future. Indeed, it is desirable that there are **“proof-of-concept” demonstration projects** before models are rolled out across the country.

Some **projects already underway** should be recognised nationally as demonstration projects and **supported to move to the next stage** of development. The next stage might typically involve major IT investment or back office reengineering – in other words a significant financial commitment by the partners that is difficult to meet from main programme resources.

There is a risk that these existing projects will lose momentum if they hit a “wall” at this point and their role as exemplars of the benefits that can be achieved will be lost to the agenda. This is not an issue that can be left to the post-2008 environment it needs to be addressed now – perhaps through the creation of an **interim Service Transformation Challenge Fund**.

These **clusters of new and existing demonstration projects** would be used to track and measure the benefits of various models with a view to the subsequent promulgation of the most successful models.

The **infrastructure** to support this programme will require collaboration between central and local government **nationally (a “hub”)** and **regionally**. (The early phase of the Local eGovernment programme and the Centres of Excellence programme regional activity provide examples of how this might work). It will also need to engage our private and third sector partners particularly in regard to **market development**.

The capacity of the supply market to respond to public sector demand is as much an issue as the capacity of the public sector to deliver. This is another good reason to **advance the agenda in waves**. It would also avoid the price-inflationary effects of a “big bang” approach.

The “sticks” must include a **statutory duty on other public bodies** with a presence in communities to co-operate with councils - with specific reference

to this agenda – including **co-operation on business planning** (including resource allocation, workforce planning, asset management, IT investment, procurement etc.).

However, it has to be acknowledged that the particular difficulties being experienced in some parts of the public sector (particularly health) mean that proper co-operation with local government will not be restored for some time. Realistically, in the short term the development of stronger relationships with other partners will be **prioritised**.

A **single “efficiency target” for all public bodies in a locality** would also help bind partners together.

There will be some elements of the agenda that already have **proven benefits**. The number of examples will increase through time. It would be perverse for any public body not to **adopt the best practice** where the benefits are clear.

An example from the current Efficiency Programme is where public bodies continue to let their own separate contracts when it is unambiguously the case that a contract put in place by another organisation offers the best price available to the sector. The **system should discourage this behaviour**. This might be a feature of the new performance management system.

The **capacity and capability** of public bodies to deliver major change programmes varies for a variety of reasons (not least the small size of some councils). So in addition to the **pump-priming and showcasing of demonstration projects**, there will be a need, increasing over time with the roll-out, for more **general capacity building programmes** focused in particular on those councils (and other public bodies) **struggling with the agenda**.

Here again, the later phases of the Local eGovernment programme (**implementation support**) provides a potential model that can be flexed to work in unison with enhanced regional structures (including the Regional Centres of Excellence).

These steps would help to overcome many of the barriers (including the upfront investment hurdle) that hold projects back. There are, in addition, many well-rehearsed **barriers of a more technical nature** which await Government action as they are beyond the reach of individual public bodies.

These include the continuing legal, technical and cultural problems with **data-sharing**, the absence of **common standards/interoperability issues** and **unco-ordinated procurement** of IT systems/BPO services.

In the local government environment, there is also a pressing need for **new legal powers**. Public sector **sharing models** (founded on contractual agreements between public bodies including agreements with local authority-owned companies) fall foul of **EU public procurement rules** and the problem

is being exacerbated all the time by **European Court cases** (following the landmark **Teckal** case).

Changing the rules at European level is not a realistic prospect (in the foreseeable future). The solution lies in giving local government and its local public sector partners the **power to establish voluntary “joint boards”** (special purpose public bodies with their own legal personality whose operation and funding is agreed among several councils [and other public bodies]).

Joint boards could be used to **deliver shared services** or to act as a **joint client for outsourced services**. The ability of councils to create a robust joint client (e.g. for PPP projects) has long been hampered by the absence of the joint board solution

Joint boards (or their equivalent) are available in almost every other major European country as a **service delivery model** for local government. But they are missing from our “toolkit”.

Joint boards should be available as a service delivery model for **any best value or well-being purpose**. This should be written into the **1972 Act** (the basic constitutional framework for local government) alongside delegation and joint committees.

For the reasons mentioned above (European court cases) if this opportunity to legislate is not taken it will be a **show stopper** for the “virtual unitary council”/shared services agenda in the local government sector.

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