



Transforming Services
Transforming Leadership

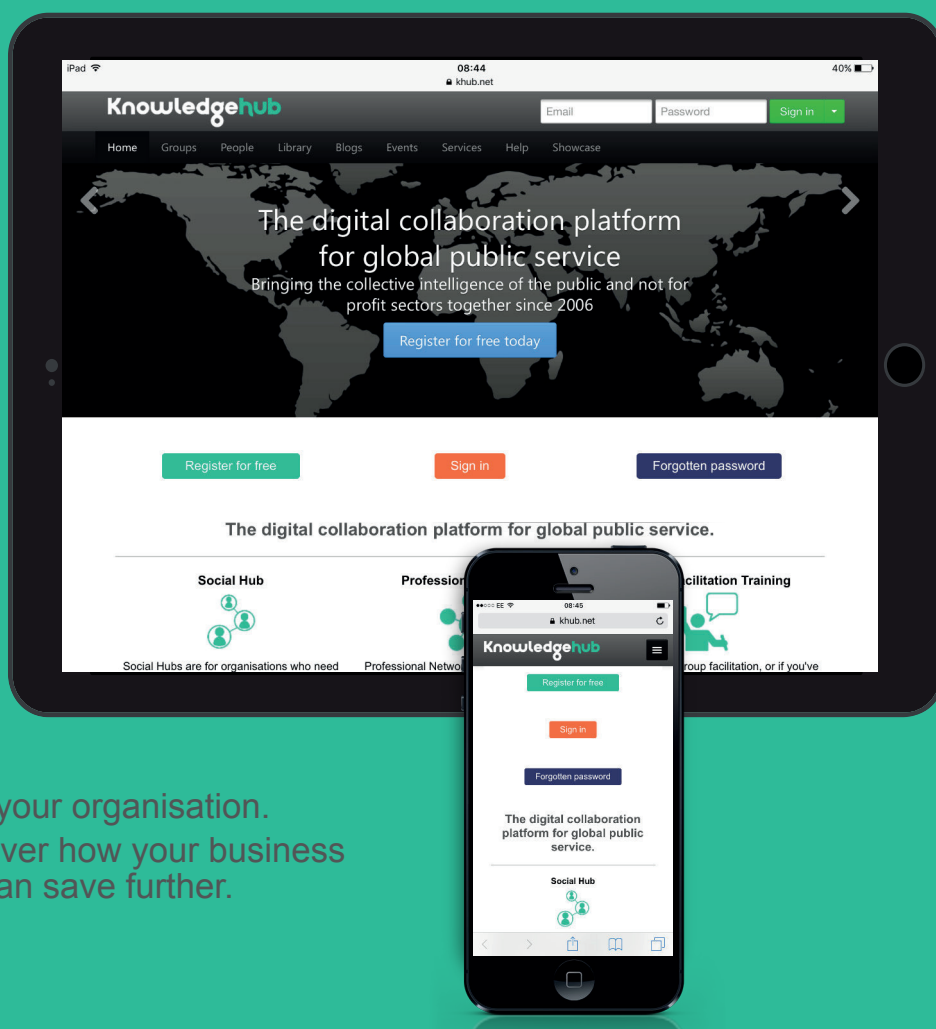
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Foreword

The Solace policy vision is first and foremost informed by the membership of our society. As the professional membership body for Chief Executives and Senior Managers across the UK, we use our distinct perspective to comment on, shape and inform policy development and implementation.

The majority of our members are senior professionals in local government, at the forefront of a rapidly changing landscape, many leading the way in negotiating devolution deals and reshaping services in the wake of unprecedented levels of funding reductions. They are leaders in their field, and this leadership expertise and experience is the voice with which Solace speaks.

The value of that voice cannot be understated in the current period of transformation, when much is still unknown or contested around the future of local government and public service delivery more broadly. To this end, this report is a key part of our efforts to reinforce and raise the volume of Solace's voice with policy-makers, influencers and other key stakeholders as the real experts in the field.

However, as a Society we aim to represent not just 'leadership' per se, but the highest quality of leadership, underpinned by clear ethics, values and standards of accountability. Our members hold high value in the fact that they are public servants, with a firm commitment to delivering the best for the people and places their respective authorities serve. Everything we advocate in policy is underpinned by this ethic, and our leadership programmes, courses and executive coaching further drive it through professional development.

This report takes a snapshot of local government in the winter of 2015. It is a sector synonymous with budget challenges and pressure to change at an increasing pace. But it also demonstrates a leadership cadre ready and willing to take forward that change, own it and set out clearly what is required: put simply, tearing down of the professional and organisational silos that have been built up over decades, to give way to the creation of more sustainable local public services based upon the principles of democratic accountability, collaboration, integration and prevention.

We would like to thank **KnowledgeHub** for its support of this report; members can continue the conversation at www.khub.net/solace.

Methodology

This report was informed by the outcomes of the Solace Insights Survey conducted in December 2015. We received 164 responses, which is 40% more than we received last year. The population sample consists of 66% male and 34% female respondents.

In total, 99% of respondents were Solace members. Overall, 68% of respondents were current chief executives or senior managers of a local authority, 10% were former chief executives or senior managers, 2% were current middle managers, 15% were graduates or at other early career levels, 2% were current chief executives at other public sector organisations, 1% former chief executives or managers at other public sector organisations.

Of these, county councils were represented at 7% of the total, district councils at 35%, unitary/London borough/metropolitan borough councils at 44%, private sector at 3%, third/voluntary sector at 2% and any other organisations at 7%. The responses are therefore representative of the different types of authority across the UK.

Overall, 40% of respondents had more than 25 years of local government experience, 16% had worked in local government for 16-25 years, 21% had been in local government for 6-15 years. 10% had worked in the sector for up to five years, and 13% had worked in the sector for less than one year.

Respondents were asked to reflect on the current and future local government priorities and key drivers, examples of best practice and innovation, the future of local government finance and devolution, comparing their experience over the past twelve months and their long-term vision for local government in ten years' time.



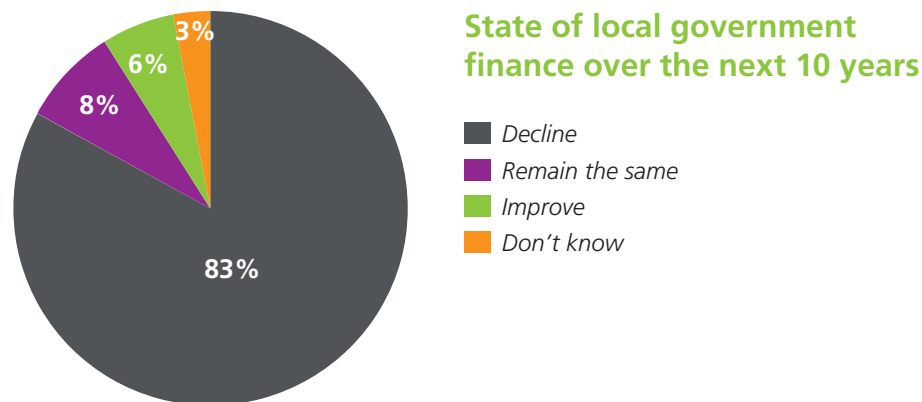
Foresight

The financial outlook for local government remains bleak. The past twelve months have left the nation's fiscal outlook unchanged, and more cuts and austerity are to follow over the next five years.

In 2010-2015, local government saw a 37% real terms reduction in government funding and a 25% estimated real terms reduction in local authorities' income¹. The largest local authority real terms budget reduction was 40%². Overall, the average change in spending power of councils between 2009-10 and 2015-16, according to the Institute for Fiscal Studies, is an above 25% decrease³.

2010-15 has seen a 46% real terms reduction in spending on planning and development, a 7% increase in spending on children's services, 40% of savings between 2013/14 and 2014/15 being made by reducing adult social care services, and a 16.6% reduction in FTE posts in local authorities between 2010-2013⁴.

This picture was far from unexpected and expectations remain the same for the foreseeable future. In our survey, 83% of Solace members thought that the state of local government finance over the next 10 years would decline – a slightly more pessimistic outlook compared to last year's 75% – and we can point to a long list of local councils preparing for severe levels of financial restraint ahead. Many also argued that without more powers to generate income or to innovate, local government as it is would become unsustainable and the current devolution exercise would prove a "meaningless sham".



However, when asked about the future of local government in ten years' time, attitudes seem to be more polarised compared to last year, with 10% fewer respondents this year feeling neither positively nor negatively about the long-term future of local government. The overall proportion of respondents who felt positively about the future of local government increased from 44% last year to 51% this year, with 2% more feeling "very positively" and 5% more feeling "positively" this year.

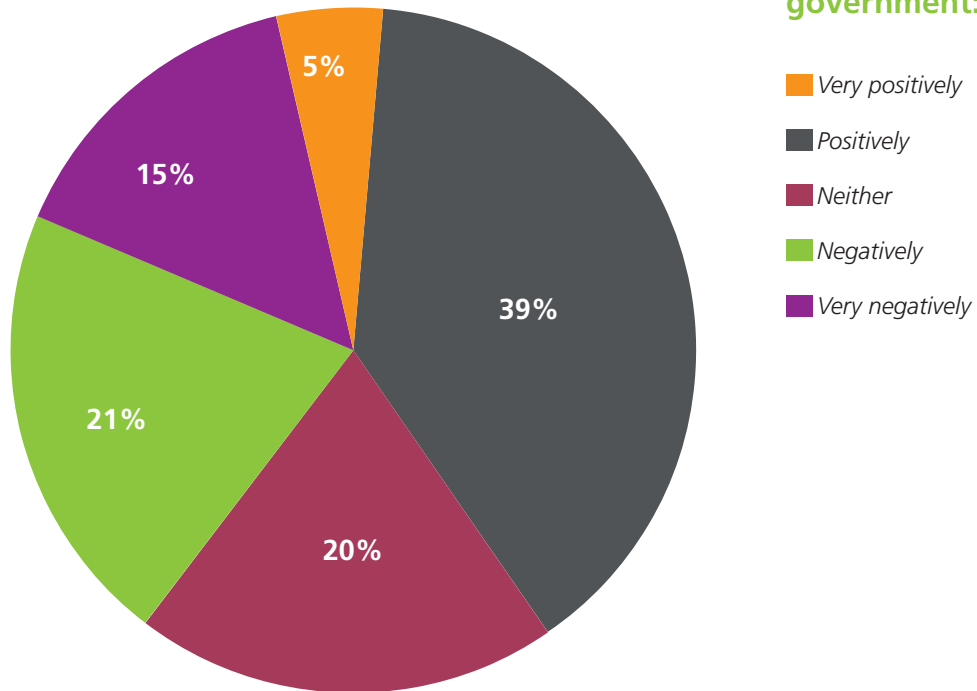
1. The National Audit Office, 'A Short Guide to the Department for Communities and Local Government', July 2015. <https://www.nao.org.uk/wp-content/uploads/2015/08/A-Short-Guide-to-the-Department-for-Communities-and-Local-Government.pdf>

2. The National Audit Office, Local government report by the Comptroller and Auditor General, 'The Impact of Funding Reductions on Local Authorities', November 2014, <https://www.nao.org.uk/wp-content/uploads/2014/11/Impact-of-funding-reductions-on-local-authorities.pdf>

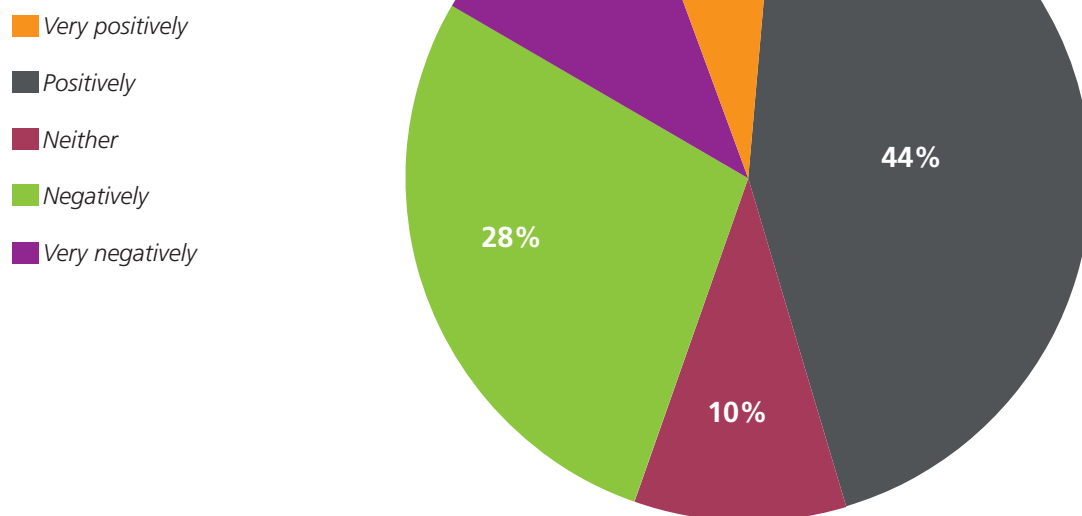
3. The Institute for Fiscal Studies, 'Council tax rises to ease the pace of cuts to local government budgets', December 2015, <http://www.ifs.org.uk/publications/8095>

4. The National Audit Office, Local government report by the Comptroller and Auditor General, 'The Impact of Funding Reductions on Local Authorities', November 2014, <https://www.nao.org.uk/wp-content/uploads/2014/11/Impact-of-funding-reductions-on-local-authorities.pdf>

Feelings about the long-term future of local government: 2014



Feelings about the long-term future of local government: 2015



Impact of public sector spending cuts on services

In order to delve a little deeper, our survey asked members to determine the extent to which public sector spending cuts have impacted or would impact on delivering eleven services, both during 2015 and over the next five years of the Spending Review.

Looking back at 2015, according to our members, the top three services on which public sector spending cuts had 'a great deal' of impact were adult services (33%), housing (26%), and welfare provision (24%), closely followed by children's services, parks / leisure / cultural services and waste / environmental / regulatory services (all at 22%). However, the greatest overall impact was felt on children's services (63%), waste / environmental / regulatory services (63%), welfare provision (59%), parks / leisure / cultural services (58%), and adult services (58%).

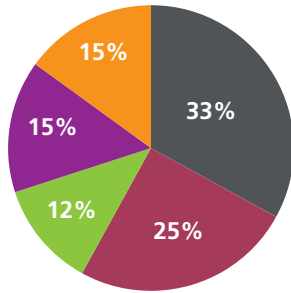
In contrast, when asked to consider the same question but looking ahead, our members painted a more worrying, though not unexpected, picture, with most service areas predicting a significantly bigger impact to be felt over this Spending Review period. Overall, the most impacted areas were expected to be parks / leisure / cultural services (85% overall), waste / environmental / regulatory services (84%), welfare provision (80%), community safety (80%).

The detailed results are shown on the following pages.

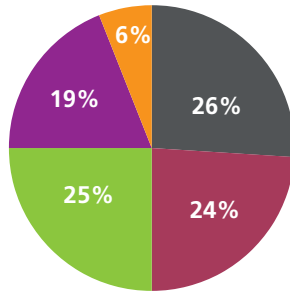


The extent to which public sector spending cuts impacted on delivering the following services over 2015:

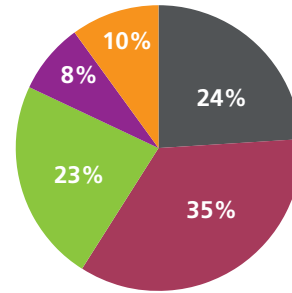
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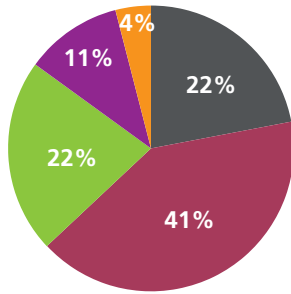
ADULT SERVICES



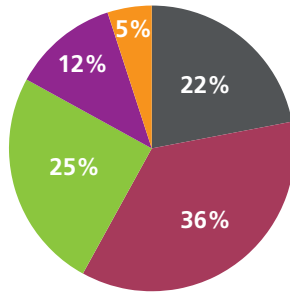
HOUSING



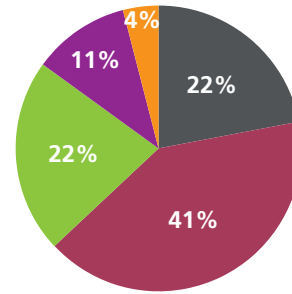
WELFARE PROVISION



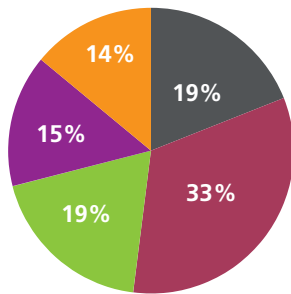
CHILDREN'S SERVICES



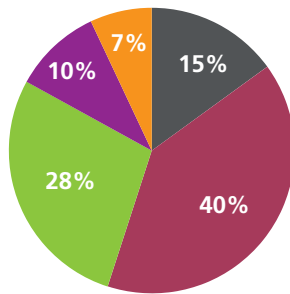
PARKS AND LEISURE



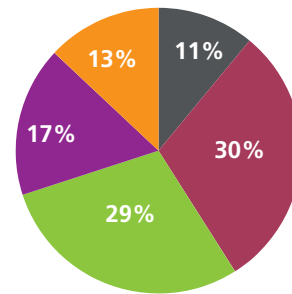
WASTE, ENVIRONMENTAL & REGULATORY SERVICES



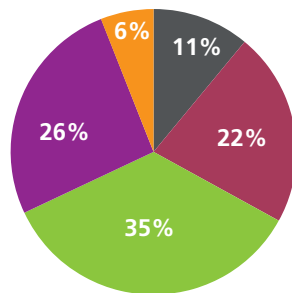
PUBLIC HEALTH



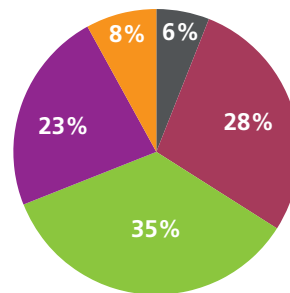
COMMUNITY SAFETY



TRANSPORT AND HIGHWAYS



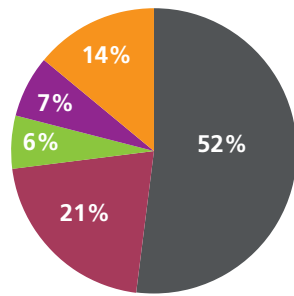
ECONOMIC GROWTH



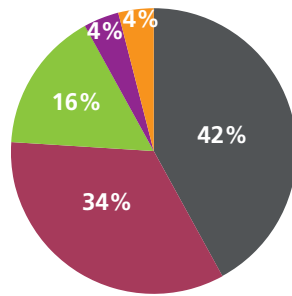
PLANNING

The extent to which public sector spending cuts are EXPECTED to impact on the following services over the five-year period of this Spending Review:

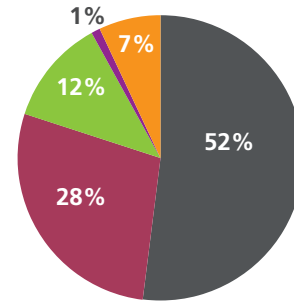
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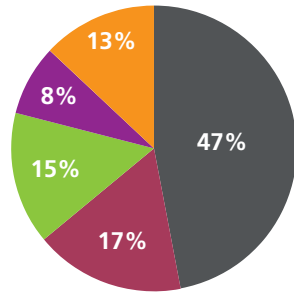
ADULT SERVICES



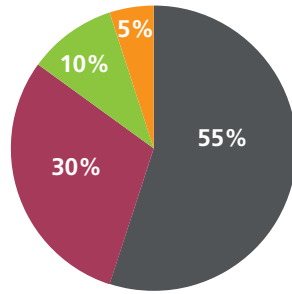
HOUSING



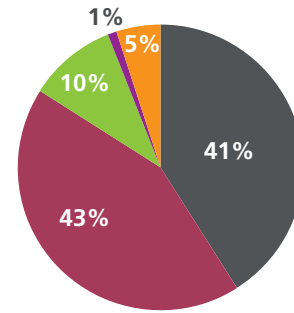
WELFARE PROVISION



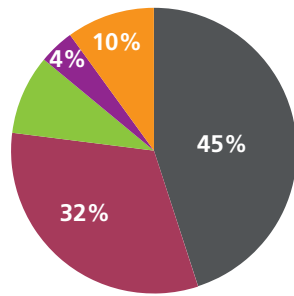
CHILDREN'S SERVICES



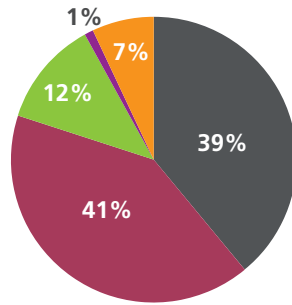
PARKS AND LEISURE



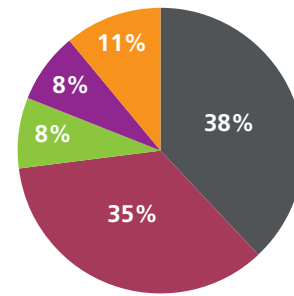
WASTE, ENVIRONMENTAL & REGULATORY SERVICES



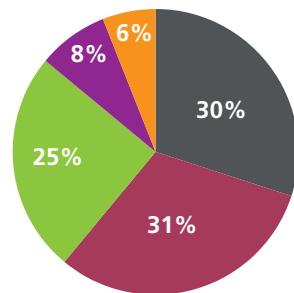
PUBLIC HEALTH



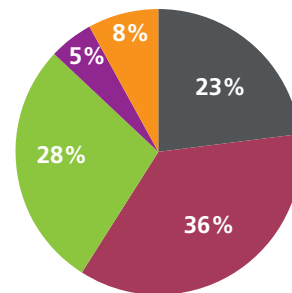
COMMUNITY SAFETY



TRANSPORT AND HIGHWAYS



ECONOMIC GROWTH



PLANNING

Transforming Services

The vastly increased link between an area's economic viability and that of its local public services, resulting from recent Government policy, has driven growth to the top of almost all Solace members' priorities.

Though growth has rapidly become a top priority, members tell us that a number of statutory service areas remain highly pressurised, in particular (depending on the type of authority) Adult Social Care, Housing and Children's Services, and this shows little sign of being stemmed by the financial settlement, local circumstances or other policy currently proposed by Government.

According to the survey, the overall **top three service priorities** for our members' authorities in 2015 were:

1. **Economic development and growth (76%)**
2. **Housing (47%)**
3. **Social services authorities: Adult services (38%)
Districts: Planning (23%)**

Members of all authorities felt the top three 'key drivers' for their organisations for the year ahead were:

1. **Financial sustainability (51%)**
2. **Stimulating economic growth (45%)**
3. **Cost reductions/efficiency (40%)**

However, when separated out, for those with social services responsibilities the key driver was '**demand and pressure on Adult Services**' whereas for Districts this was '**affordability of housing and delivery of new homes**'. This shows there is convergence as a sector, but the different types of authority still face particular statutory pressures depending on their specific roles.

These views were also reflected in what Solace members felt the **priorities for Government** should be over the next Parliament. These were:

1. **Health and social care integration (57%)**
2. **Affordable housing provision/Housing supply (50%)**
3. **Economic growth (43%)**

While there is much that local government is able to do on its own and alongside other local organisations, the results reflect that what Government does, or does not do, also has a profound impact on a locality's ability to solve challenges itself.

These results also reinforce the belief that, in the long term, public services should move away from the current statutory, silo-driven delivery and that instead there should be the freedom to shape them in the formation best able to effectively deliver outcomes for people and place. This may include new models of delivery, new ways of working, and new partnerships.

Many of our members believe that combined authorities represent this 'best level' for service delivery. When asked which organisations *should* deliver different services in the next 10 years, **combined authorities** were the top answer for all of the following:

- **Health**
- **Children's Social Care**
- **Adult Social Care**
- **Welfare**
- **Education**
- **Housing**
- **Planning**
- **Skills and employment**
- **Transport**
- **Waste, environmental and regulatory services**

There were mixed feelings about whether **Libraries and Cultural services** should be run by district councils or the voluntary sector, and whether **Emergency Services** should be run by regional government or combined authorities.

However, there was disparity when considering what *will* happen, around **Health, Welfare** and **Education**, which members felt would nonetheless be controlled centrally.

These results do not represent a clear view as to the model of service delivery that will, or should, emerge but they do reinforce a clear message that the future structure of local public services is contested territory. A single model is not being proposed by Solace; and indeed, a single-dimensional response is unlikely to be accepted everywhere nor prove effective.

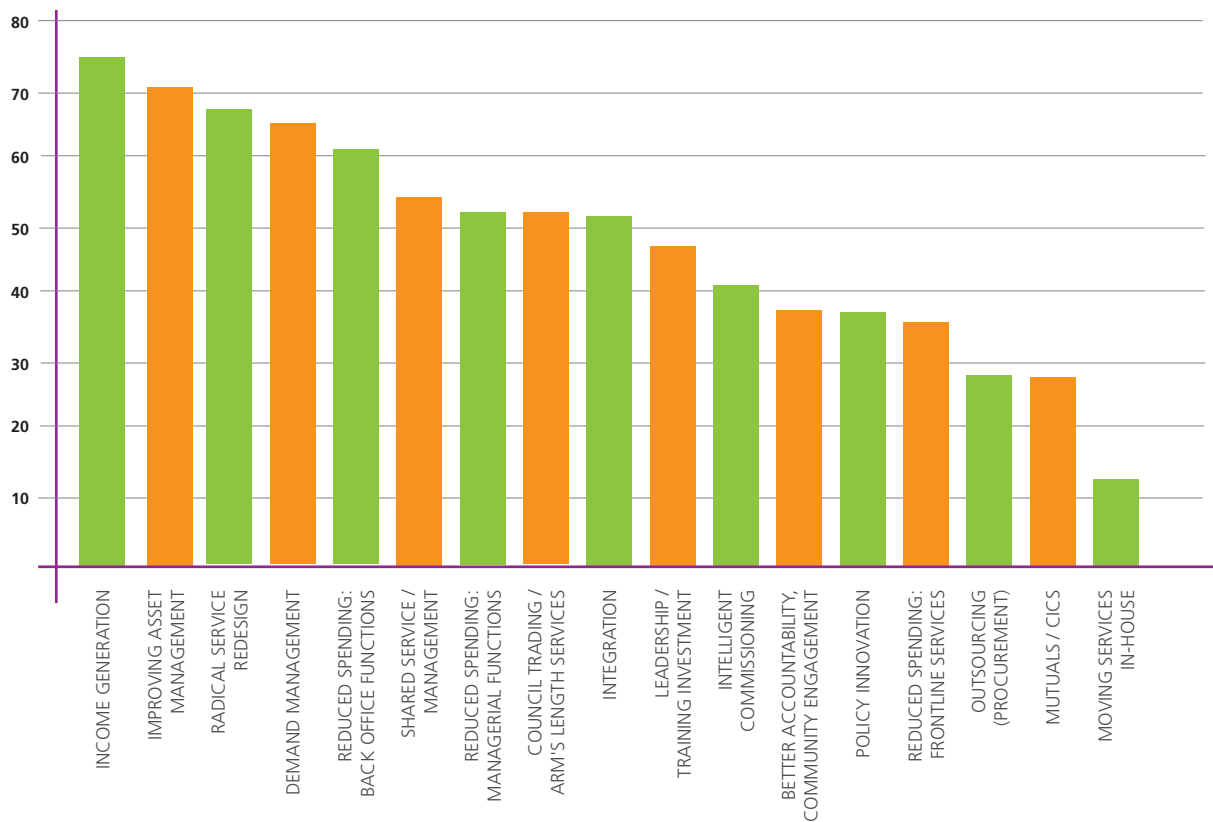
Future public service delivery will undoubtedly include a far greater use of digital innovation and, we hope, real pooled budgets. There will also need to be willingness from Government to really commit to, informed by research evidence, the rationale of investing to save: in early intervention, in prevention and in innovation.

Authorities are already looking at ways to **innovate**. We asked our members to select all applicable examples of improvement or innovation activities that their respective councils were planning to undertake by 2025.

The top three activities were:

1. **Income generation (75%)** – and, with regards to improving income generation from existing revenue streams, the most popular approach was **partnership working with other organisations (50%)**
2. **Improving asset management (71%)**
3. **Radical service redesign (67%)**

Examples of improvement or innovation activities councils are planning to undertake by 2025:



Democratic accountability

The specific shape that governance arrangements assume will differ by area. Whether there is an elected Mayor, or whether we are talking about joint working between two authorities, or a large regional approach as in Manchester, it is set to vary across the country.

However, we believe the rationale behind these structures should support an outcomes-focused, place-based approach, where the fundamental necessity of democratic accountability is assured. Democratic accountability is too often misplaced in the negotiations around devolution, yet it is fundamental to the value-base Solace members seek to serve.

To make this possible, central government needs to relinquish more control. These newly configured local authorities, acting as the key conveners of public services, must have the financial mechanisms at their disposal which enable them to be not only self-sustaining, but also act as engines for growth. In an immediate sense, this would mean greater freedom to set and control both Business Rates and Council Tax and its attendant discounts, and removing restrictions relating to the Housing Revenue Account, and around housing more generally.

When we asked our members what they thought about the statement “More of the money spent by local authorities should be raised locally”, 77% were in agreement, with 51% agreeing strongly.

Given the financial challenge self-sustainability poses to many local authorities, this resounding support for local taxation only goes to re-emphasise its fundamental role in supporting accountability and the ability of localities to take more control. It also represents a hardening of this view compared to last year’s survey.



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However, the point we will continue to reiterate is that piecemeal changes will not be sufficient on their own. In this vein, other ideas include allowing local government to keep the full balance of its property sale receipts, to retain property taxes such as Stamp Duty locally, aligning EU funding to place-based budgets, as well as simply shifting control of certain budgets from a central to a local level. Services funded only by a narrow income stream of residential and business property taxation will not be sustainable over the long term.

The survey also wanted to gather members' thoughts on whether they thought local government was able to be more consistent in what it is asking from central government (i.e. could there be a blueprint for devolution, and if they thought so, what the blueprint would look like). Again, unsurprisingly, we received a mix of messages.

Some members thought that any blueprint should flow from analysis of the big challenges facing society in the 21st century; analysis which is evidence-based and focused on a model of democratic governance operating coherently internally, nationally, regionally and locally, with a consistent 'whole system' model for governance and sharing of good practice. However, members stressed the importance of local nuances that need to be considered, appreciating the complex nature of local government structures.

Many felt devolution by its very definition should be localist and would benefit from an approach that 'lets a thousand flowers bloom'. But there was a healthy dose of cynicism about the current approach and whether devolution could be said to be happening at all. "At the moment there is a delegation of decision making but true devolution will only have taken place when full fiscal freedom is granted. As long as councils are bound by central government rules, then there is no true devolution."

This points to a view that devolution, the passing of power and responsibilities down a governance hierarchy, is increasingly wrong-headed. Instead, we should return to the concept of subsidiarity or reverse delegation. This builds upon the work councils are already doing to empower individuals and local communities to support themselves. It presupposes that we should not withdraw from individuals and communities what they are able to achieve on their own. The same principle should apply to government.

What type of organisation do you think councils will be in 2025?

2014: Most (45%) expected a diminishing role, delivering a national agenda



2015: Most (33%) think councils' remit will grow, delivering a localised agenda



Principles for change

The survey reflects a sector in transition. One with clear financial constraints, uncertain and often inconsistent structural solutions but a tremendously diverse and empowering set of local responses.

But the trends in practical measures being adopted across the country, and in the response to this survey, point to a set of clear principles driving change across the sector; and it is these principles that we will embed in both the policy and leadership work that Solace pushes forward.

The Solace principles to devolution and future public service delivery are thus:

- **Strong, effective, high quality, ethical leadership, underpinned by firm public service values**
- **A collaborative approach – as professional individuals, and as a sector**
- **Strong democratic accountability**
- **A whole place-based approach: service delivery at the level, and with the partners, required to deliver outcomes most effectively and efficiently**
- **A view to long-term financial sustainability**
- **A commitment to early intervention, prevention and evidence-based ‘investing to save’**

Our policy approach must also speak to the priorities of the current government. We must underpin our position at all times with the ‘real politic’ that what we advocate must improve public sector productivity and provide savings to the Exchequer nationally. The language of growth and productivity is key. We believe that the approach we advocate, based on a radical overhaul of the current status quo across central and local government, would lead to more efficient, effective public services, ensuring their sustainability for years to come. This would have a knock-on impact across government, delivering tangible savings to the Exchequer and improving national productivity as a whole.

Crucially, Solace members are the people with the experience to help us get there; they should be, and in many cases already are, the key architects of the change we need to see.

When asked how they felt about the future of local government, many cited the pressures from funding cuts and service demands as putting huge strain on the sector, and the feeling that Government sometimes doesn’t ‘get it’. However, most also came back to three themes that will make the difference: the sector’s resilience, its innovation, and the passion, skill and commitment of colleagues.

The sector remains in good hands.

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