

FOSS

managing transformation

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what is transformation?

There are a plethora of different approaches to, and perspectives on, transformation. The Cabinet Office describe transformation as

'The design of citizen-centric services to ensure effectiveness of delivery to the customer, achieve policy goals, and to release savings by reducing duplication and streamlining processes'

Transformational Government Report 2005

As the quotation implies, transformation can have a range of aims and means. Transformation is not simply about efficiency or citizen-centricity. Nor is transformation pursued solely through technology implementation, process redesign, or collaboration. But a successful transformation programme may comprise most, if not all of these aims and means.

While there are many different ways in which transformation might be achieved, transformation programmes have some common characteristics:

- they aim to achieve radically better outcomes for both the organisation and its customers, typically reconciling service improvements with cost savings
- they typically affect all parts of the organisation, and potentially a range of partners, and are sponsored by the top political and managerial leadership
- they involve changing the shape of the organisation and the way in which people within it carry out their work
- they are more than a series of ad-hoc, short-term projects, instead constituting an integrated and sustainable

programme of activity, underpinned by a carefully thought-out approach, that becomes part of the organisation's 'way of doing things'.

Implementing a transformation programme therefore presupposes a corporate or 'whole council' approach. It requires acceptance of major change and a particular set of attitudes, skills and approaches.

This complexity of issues, challenges, starting points, and solutions, means that there is no single approach to transformation. This paper gives a taste of what some local authorities are doing and how this has transformed the services they deliver.

national context

Both central and local government are clear on the need for transformation:

'Local areas face significant challenges, from globalisation and social and demographic change. Our citizens rightly place increasing demands on public services, based on their rising expectations and ambitions. To meet these challenges and aspirations, communities need strategic leadership and public services must continually improve in quality and efficiency and must treat everyone fairly.'

HM Government/LGA, Central-Local Concordat, 2007

Transformation is high on the agenda. National drivers for service transformation include:

- the Local Government and Public Involvement in Health Act 2007,

including the new 'duty to co-operate', and 'duty to consult'

- Local Area Agreements and Multi Area Agreements
- Local Government Reorganisation and Two Tier Pathfinders,
- CSR 07 requiring efficiency savings of 3 per cent per annum for local government
- the Service Transformation Agreement
- Comprehensive Area Assessments (CAA), the new performance framework for local government.

The national policy drivers are to improve outcomes, and 'transformation' can help organisations deliver these outcomes more successfully. For example, the next generation of LAAs, backed by the Duty to Cooperate provide a backbone to collaboration and partnership, as Hazel Blears, the Communities and Local Government Secretary, states:

'People should be able to rely on services which are all singing from the same hymn sheet, not working across each other. Responsive, joined up services are already a reality, and with these new powers they are only going to improve.'

Hazel Blears, 2008

Importantly, transformation is understood as central to public service improvement. Transformation is an overarching theme of all 30 Public Service Agreements set out in Comprehensive Spending Review 2007 – with a programme for action set out in the Service Transformation Agreement. In the Treasury's words:

'A Government-wide commitment to build services around the needs of citizens and businesses will be integral to the achievement of each of the PSA outcomes.'

HM Treasury, 2007

The new local performance framework, transitioning from Comprehensive Performance Assessment to a Comprehensive Area Assessment, is another major driver and support for transformation. The Audit Commission is aiming to focus on outcomes rather than outputs, rigorously assess risk, and provide a more ongoing relationship with individual authorities. This will also require local public sector bodies to work together to jointly 'transform' how services are designed and delivered so they meet local customer needs. If successfully implemented, the scope to transform will be much greater under the new regime.

The Central-Local Concordat sets out a new understanding of the relationship between local and central government, with rights and responsibilities for each side. Support structures designed by and for local authorities are emerging, including the Local Government Delivery Council and the Chief Executives' Task Force. These bodies provide the fora to discuss and highlight local authority work on service transformation. Regional Improvement and Efficiency Partnerships

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will play a key role in sharing learning and resourcing support for authorities, as well as being a source of potential funding for service transformation work.

We've been on a long journey from the early days of modernisation agenda, from performance management, e-government, best value and corporate capacity to a holistic view of outcomes designed around the user and customer. With complex and interrelated agendas – including citizen and community engagement, collaboration and partnership, efficiency, personalisation, joint service provision, to name a few – there is much ground left to travel.

local success and benefits

Local authorities are transforming, in many different ways. But we can see a consistent process. Any authority that wants to radically improve starts by setting out a vision and commitment to achieve better outcomes for citizens and the community and needs to take a whole council approach to engaging members and staff at all levels.

Chorley Borough Council implemented work on the council's Business Process Architecture in 2007. The council streamlined management and structures, developing a blueprint for transformation and cutting duplication between services.

Departments were refocused, from being 'services delivered' to being 'user centred'. There are now three departments:

- neighbourhoods,
- businesses,
- individuals, and groups of individuals (such as older people).

The savings gained have funded further work on redesigning services around customers' needs.

For example, Chorley Borough Council have mapped customer journeys (the range of interactions customers have when they're seeking a service) to simplify and improve the customer's experience. Introducing an ePlanning system has improved access to information. Providing payment cards allows customers to pay for services at any Post Office, PayPoint or PAYZone outlet – not just the council offices. Even non-Chorley services are considered: concessionary bus passes (a County service) are provided through Chorley Borough Council's One Stop Shop, with a free photo service to encourage take-up.

Partnership working has been key to improving outcomes in Chorley Borough Council. The council maps demographic data against data on crime, fire incidents and environmental issues provided by the relevant organisations, to join-up and coordinate public service responses. As a result, feelings of safety have risen across the borough, and measures of all crime have fallen.

Chorley Borough Council engages and works with all tiers. Services are delivered with partners at local, regional and national level. For example, a local 'week of action', targetting areas with a range of interventions, was delivered jointly with the Primary Care Trust (PCT), Department of Work and Pensions (DWP), Driver and Vehicle Licensing Agency (DVLA), and others.

Chorley Borough Council's approach focuses on the needs of customers. The Chorley Circle of Need model, praised by the Cabinet Office, has now been fully funded by the North West e-Government Group (NWeGG) to roll out from July 2008. The model is an approach, backed by new technologies, to assessing the full needs

Chorley Borough Council

Chorley Borough Council is a small council with tight resources. Adding one per cent to council tax would only net the council around £60,000 each year.

Despite these constraints, in 2005 the Audit Commission awarded Chorley Borough Council three stars for Customer Service and Focus and future planned improvements. The Commission now recognise Chorley Borough Council as one of the country's three best authorities on delivering value for money.

Surrey County Council

In 2005, Surrey County Council looked at internal and external performance measures including staff and resident satisfaction. At the start of a new political term, and with a new Chief Executive, Surrey County Council adopted a consolidated Improvement Programme, starting with a radical Business Delivery Review to address a looming budget gap and ensure a fit for purpose organisational design.

of customers, beyond their 'presented problem'.

Surrey County Council have taken a corporate-wide approach to finding efficiencies. Acting Head of Shared Services, Sergio Sgambellone explains that they are challenging 'the level of inefficiencies in the back office we can free up to get resources to the frontline.' Revising the organisational structure and streamlining management has delivered a massive saving. Moreover, implementing changes to procurement, with proper purchasing channels and strict approval processes (the 'Golden Rules'), has delivered £8m saving in eight months.

Last year Surrey County Council made a big shift to zero-based budgeting. Modelled on best practice in business, managers build a new budget each year. Underspends and overspends are addressed quarterly, with funding reallocated as necessary. This corporate approach has funded Surrey's transformation work and delivered efficiency savings.

Like Chorley Borough Council, Surrey County Council has focused on innovation to put the customer first. One example is in social care, where individual budgeting allows users to choose their service provider – 'procuring' from a directory of council services directory or other providers as they wish.

Centralising customer service has been key to improving customers' experiences, in Chorley Borough Council and Surrey County Council. In both Council's experience, moving to a single contact centre drove up satisfaction with contact resolution to 95% in the first six months.

The single contact centre has also given the authorities a vital opportunity to get a better understanding of customer needs.

Maidstone Borough Council's transformation has combined years of experience and a range of techniques. Alasdair Robertson, Business Operations Manager, describes their business transformation programme as 'a hybrid of re-engineering and management review' comprising performance management, productivity analysis and business modelling.

Setting challenging criteria for any improvement project (e.g. a 20% improvement in cycle time, 150% return on investment over three years and improvements in customer access and satisfaction) has led to dramatic results. By the end of the first year alone Maidstone had achieved a cashable saving of £300,000.

At the other end of the authority size, Birmingham has spent time building a comprehensive programme backed by experience and expertise. On a programme of such scale, Glyn Evans, Assistant to the Chief Executive, is clear: 'In order to get transformation working we needed a partner to work with us.'

Birmingham's transformation breaks down into nine separate programmes. One programme alone, back office transformation, comprises IT implementation, process redesign, and organisational restructuring.

During its first year corporate services transformation has overall savings of some £9 million. The only other ways of generating a similar sum would be a major cut in services, or 3% rise in council tax.

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barriers and challenges

Transformation is not easy, and takes time, effort and resources. Successful authorities, even those achieving quick wins, emphasise that transformation is 'not done overnight'. Significant investment is necessary, whether your authority is large or small. Visions and aspirations need to be backed by rigorous business cases, risks assessed and managed, and progress monitored and checked. But as we have seen, there are plenty of examples of success.

Costs are clearly a major issue for smaller councils. In Chorley Borough Council, adding one per cent to council tax will only increase revenue by £60,000. Therefore, they need to look for other ways to find funding for their work.

There are clearly skills gaps that authorities are struggling to fill, particularly around change management. With resources, external support can add capacity and capability, but sustainable change cannot be dependent on outside bodies, advisors and consultants. It's also clear that operational service managers are stretched when they're asked to both manage services and transform them. Authorities like Surrey County Council have built a resource of change agents to support managers in transformation.

Individuals can make a huge difference – Donna Hall, discussing Chorley Borough Council's successful value for money assessment, refers to one employee in particular: **'Without him we wouldn't have got that third star'**. The challenge to authorities is how they can identify, attract and develop such employees.

Widespread staff engagement is difficult, for authorities large and small. Effective communications is essential but insufficient. Glyn Evans is clear that they've communicated everything they can in Birmingham, but can't make employees read, listen, or get involved.

The complexity of transformation programmes can make engagement challenging. It is critical for senior managers to communicate with staff directly. It can also help to second staff into transformation teams, or temporarily into areas undergoing transformation. Where these staff are exposed to the benefits of service transformation, they become a credible advocate for transformation and help to 'spread the word' on their return. Local authorities should also consider using new technologies like streaming video online, or web-chats and discussion forums to support their communication efforts.

Engaging members can be similarly tough. Complexity, weight of material and often parochialism (encouraged by the Cabinet model of government) are real challenges to transformation leaders. Officers also need to be mindful of the political cycle, and the need to engage members from across the political spectrum and at all levels.

Balancing technology, efficiency, the needs of customers and employees will never be easy. But simultaneous achievements in all of these areas are possible when they are addressed together.

Birmingham City Council

Europe's largest local authority, Birmingham City Council serves over one million residents. In April 2006 the council launched Service Birmingham, a joint venture company with Capita, to support business transformation and to provide all ICT services. Birmingham City Council has also developed a standard transformation methodology, CHAMPS2. They are sharing this, allowing others to build on their knowledge and experience.

good practices

Transformation approaches vary between authorities and areas, addressing local needs and aspirations, and building on local strengths. But successful transformation is always based on a clear vision, a strategic approach, and a programme for activity. Transformation is not possible unless the senior managers and leaders take responsibility for major change – setting out why and what change is necessary. Authorities achieve top-down management with space for bottom-up engagement and innovation by setting aspirations then challenging delivery.

Efficiency and improvement are not exclusive aims – successful authorities recognise they are entirely interlinked. Gary Hall, Chorley Borough Council's Director of Finance says, 'Efficiency gives us the tools and resources to drive service improvement'. It is not a choice between one or the other. Transformation comprises better use of resources, and channelling the resources to improving the design and delivery of services.

Technology is still a key enabler. In Surrey County Council the principal driver of change was the implementation of a new software application, 'a real change in the way we do business'. So far this has helped transform procurement, recruitment, and finance, but the next phase is an enterprise-wide application, with the core system replacing many of the current 650 applications.

Strong approaches to project and risk management are essential to ensuring successful delivery. There are a range of approaches, and the intelligent application of proven techniques is key. Authorities

need to ensure that methods are consistently and properly applied to deliver the desired objectives. Most authorities successfully managing transformational projects have based their approach on PRINCE2, but few are applying it wholesale. Most tailor their methodologies, particularly documentation, to local circumstances and needs.

Birmingham City Council has taken a thorough, detailed approach to benefits realisation. Rigorously building business cases means the programme is resourced from the bottom-up, building on evidence and experience on the ground. Hence, the many work packages that make up the grand programme are richly specified and planned. According to Glyn Evans, this is one of the 'hidden benefits of having a methodology'.

Surrey County Council use benefits realisation to ensure members are engaged and involved. Every project's business case is agreed by the Executive. As described by Sergio Sgambellone: 'we aim to have such a clear picture of what we can achieve so that the Executive can make an informed choice.'

Birmingham City Council has also involved members extensively. Every workstream has a dedicated Cabinet sponsor, and programme boards report directly to Cabinet, preventing them settling in existing departmental silos. Overview and Scrutiny are proactively involved, with a quarterly report on each programme and overall progress. The Council's Audit Committee will soon lead on risk management for the programme.

Balancing internal capacity and external support is a major dilemma for councils. Donna Hall at Chorley Borough Council is clear – you need the right mix of skills and

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experience. Restructuring the council has made a big difference to Chorley Borough Council. Even renaming departments (after users rather than services) sent a clear message to staff on where their focus should be. There are now three departments:

- neighbourhoods,
- businesses,
- individuals, and groups of individuals (such as older people).

The value of external support depends on circumstances. Chorley Borough Council demonstrates the real benefits of managing transformation internally: it is a naturally sustainable approach, enhances the likelihood of staff engagement and buy-in, and makes communication and culture change easier.

Birmingham City Council recognised that capacity and capability gaps meant they had to bring in partners with expertise and experience. The Council plans to reduce this support as the programme is delivered.

Sustainable change depends on the workforce. Employees need to develop their skills, behaviours, approaches and attitudes. Successful authorities are finding and building new techniques and models of workforce development. Sergio Sgambellone describes Surrey County Council's transformation as driven 'by enabling our staff with new tools and knowledge.'

Chorley Borough Council and Surrey County Council are both looking to train all of their managers to NVQ-level in business improvement. Offering qualifications encourages officers, building their portfolio of skills for the future. There's also a common focus on change management and business improvement

as critical skill-sets. Developing officers in these areas is crucial as authorities compete to hire officers who are ready to drive improvements in the modern environment.

Birmingham City Council, like other authorities, treat transformation as one element of their ongoing agenda as an organisation. The council has three key agendas, distinct but interrelated:

- business transformation – 'changing what we do'
- organisational development – 'supporting staff to do it'
- continuous improvement.

Culture change is key, as Glyn Evans states: 'Transformation is really a cultural change – and that is a very long job'. Culture change doesn't mean officers simply talking to each other differently, having a different relationship with members or a different approach to problem solving or service development. The incentives and drivers for officers have to change – from providing services as normal, to continually challenging service and organisational design and delivery.

Surrey County Council emphasise the role of communications in driving culture change. Chorley Borough Council illustrates how working internally can help, as officers develop their own transformation. But leadership and vision is essential to all successful authorities – members and senior officers must champion change and highlight and praise success.

Chorley Borough Council also emphasise the importance of being open to change – and this often means new thinking and new approaches. This is illustrated by their mixed-economy approach to service

provision – helping to deliver efficiency savings while also challenging behaviours and performance. External approaches, like shared services or collaboration with another provider, can also be key drivers of internal transformation.

Finally, local authorities that have successful transformational programmes are taking advantage of every available opportunity. A great example is Chorley Borough Council's new Local Area Agreement. The council has engaged fully with this round, based LAA outcomes on the needs of individual neighbourhoods, and used negotiations as a vehicle to work with partners to achieve these outcomes.

conclusion and recommendations

Authorities across the country are demonstrating transformed processes, practices, costs, and most importantly outcomes for customers. However, the picture is not uniform. Approaches to transformation vary widely but share common themes:

- taking a 'whole council' approach
- addressing efficiency and service improvement simultaneously
- changing service delivery and outcomes entails significant corporate change – reviewing management and departmental structures, making best use of technology, improving procurement practice and so forth
- improving outcomes for customers means centring services around the customers' needs. How authorities understand these needs – in particular, how they engage citizens in designing services – is becoming the key priority for authorities that want to radically improve outcomes

- being clear on the difference between transformation and continuous improvement – the latter is part of a service manager's day job. Attempt big enough changes to make noticeable difference – the smaller the change, the smaller the benefit
- developing the workforce is key to authorities achieving sustainable improvement, although most successful councils recognise that skills gaps remain
- learning and sharing knowledge. Authorities are taking different approaches to using external support, but successful authorities share a commitment to building on and sharing good practice
- working collaboratively and in partnership to achieve outcomes for citizens and to support and encourage internal transformation. Local Area Agreements can act as a crucial driver
- engaging staff is another major challenge, particularly for large authorities. Open communications (led by professionals) is a good start, but communications is not engagement, which will take considerable resource
- using new technologies. For example, streaming video and web-chats may soon help leaders bridge the gap between communication and engagement
- manage complexity – keep a clear vision and definition of success. Do not rely on best intentions or goodwill – be clear on what you want to achieve. How each workstream and project contributes to the overall transformation, and how you monitor progress, should be clear.

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Knowledge and insight that can support transformational programmes is being generated and shared. For example, a number of Councils were recently awarded Beacon status for *'Transforming Services: Citizen Engagement and Empowerment'*.

The new Local Area Agreements, backed by the Duty to Cooperate, can help councils access and engage citizens. Closer working with other public and voluntary bodies can give authorities links into the community, and sharing knowledge can help to develop more effective shared outcomes.

The Comprehensive Area Assessment is being designed to assess how effectively councils and partners are responding to the real needs of residents and communities, and how effectively councils are leading this agenda.

The emerging Regional Improvement and Efficiency Partnerships (RIEPs) are also a major opportunity for authorities to collaborate, share learning, and access support for transformation. Local authorities need to work with the RIEPs to ensure they benefit.

Fundamentally, the principles outlined by Sir David Varney in his paper on Service Transformation provide a framework for moving forward on transformational change:

'every level involved must be behind the change – top-down leadership, overall governance, a team with shared vision and bottom-up staff input must all be aligned;

service delivery must be organised around the citizen or business – not the needs of the organisation;

delivery chains must be viewed as end-to-end processes, not as a series of silo processes;

efficiency and effectiveness should decide function and design; and for ongoing success and sustainability it is essential to design in flexibility and adapt services in light of practical experience, changing customer insight and regular benchmarking.'

Sir David Varney, Service Transformation, 2006

further information

Local Government Delivery Council
www.idea.gov.uk/idk/core/page.do?pagelid=8001600

Transforming Service Beacon scheme
www.idea.gov.uk/beacons

Birmingham change management approach
www.champs2.info



The Local Government Association is the national voice for more than 500 local authorities in England and Wales. The LGA group comprises the LGA and four partner organisations which work together to support, promote and improve local government.



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