

Changing public services – Changing professional practices



Policy Seminar One – 18 May 2010

Understanding the direction of change

Seminar report

1. This report summarises the presentations and discussion at the first in a four-part series on the leadership and management of change in public services. The seminar series overall aims to learn from leading thinking and practice across public services to ensure that the learning and skills sector is as well-informed as possible to develop its leadership and professional practices to face the very significant challenges now and in the future.
2. This first seminar, entitled *Understanding the direction of change* aimed to:
 - extend our understanding of possible scenarios and directions of change for public services and their implications for the learning and skills system;
 - consider the changes required to systems and to behaviours, including accountability, citizen engagement, leadership and professional practice;
 - discuss how sector leaders can take an active role alongside other public services in shaping future ambition for public services in their locality.
3. Lord Bichard and Sir Andrew Foster provided our keynote addresses at the seminar in the first full week of the new Coalition Government. With £6 billion of cuts due to be implemented within a week, an emergency budget set for 22 June, and an ‘eye-watering’ comprehensive spending review due in the autumn, there was, suggested Chair Polly Toynbee, ‘no better day’ to think about managing and shaping the inevitable changes ahead.

Keynote presentations

Lord Michael Bichard, Director, The Institute for Government

4. Lord Bichard outlined the key lessons from the Total Place pilots. Total Place is not a programme, but an approach to examining whether we could *deliver* better services at *less* cost. The learning from the pilots suggests there is room for improvement. Our overall governing system doesn’t work very well, and this has implications for both systems change and leadership.

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5. Public services have a tendency to work in silos. This means that our services rarely address problems in their entirety, leading to imperfect results. Prison and probation services are one example – they still appear to encourage, rather than prevent re-offending. And services for disadvantaged families are not well co-ordinated. On occasions, there can be six or seven different agencies working with one household, with little communication between them resulting in disjointed and confusing support and lower levels of service overall.
6. Silo-driven targets do not help matters. Their focus on processes and outputs has reinforced an approach to ring-fenced funding for public services, with mandatory targets leaving little room for innovation. At the frontline, public servants find themselves juggling disconnected targets, with the almost impossible task of trying to deliver coherent services that make sense to clients.
7. Another consequence of silo working is the lack of collaboration in the use of resources – buildings, services, and procurement – across public services. Public services spend £220bn on procurement, £100bn of which is for services used across the public sector – energy, water etc. But other than the consortium responsible for £40bn of procurement, the remainder is procured largely by individual organisations. An overall purchasing strategy for common services could achieve significant value for money savings.
8. Total Place has highlighted that we lack the incentives to encourage sufficient early investment in preventative work. Often the financial benefits of an organisation's preventative work fall elsewhere, and our silo approaches make it difficult to recognise the value of investment across service areas. The outgoing government's plans for social impact bonds were an attempt at aligning incentives for early preventative work, however there is a need to look at this issue more generally.
9. A further message from the Total Place pilots is that we don't spend enough time designing services around clients' needs. There are two parts to this. Firstly, there is a missing step in the translation of policy development to policy implementation which means that whilst there is a focus on both of these, there is much less emphasis on service design.
10. Secondly, we do not know enough about what the services that clients need might look like. We need to develop a much more detailed understanding of the profiles of clients and customers - where they live, what their priorities are, and how these differ by age and socio-economic status. The Total Place pilots have helped to demonstrate how customer insight can improve quality. But that is only part of the ambition for Total Place: to date, the pilots have not shown how understanding clients' needs can help us design more efficient services.
11. Total Place has revealed a worrying tendency for organisations to be focused on their own performance, rather than understanding and meeting the needs of customers and communities. Our performance assessment and inspection regimes have reinforced this rather introspective approach, when in fact, we should be looking out more, building better understanding between agencies and focussing collaborative activity on addressing clients' complex needs through partnership approaches.

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12. What are the implications for leaders? There will be an increasing need for leaders who can develop and contribute to creating a shared vision for place. There will be an emphasis on creating and maintaining trust between institutions and encouraging collaboration that makes an impact on how different agencies work to improve services for clients. This raises questions about the extent to which public sector leadership capability frameworks could be re-balanced to value collaborative behaviour and innovation alongside more traditional performance measures.
13. Finally, the Total Place pilots have shown that there is room for improvement in the extent to which the public sector engages with and empowers the third sector – just 2% of delegated budgets goes to them. The third sector suffers from rarely being involved in policy development, but being expected to respond rapidly to policy changes; and from rarely receiving the full economic cost for its services, despite the increasing costs of responding to audit requirements. The learning and skills sector has, in particular, been 'backward' in recognising the potential of the sector, though it is also true that some mergers between third sector organisations would help to encourage public sector bodies to engage. The third sector has a key role in enabling communities and civil society to have a voice and securing greater customer insight to the design of efficient and effective public services.

Sir Andrew Foster, Chair, Commission on 2020 Public Services

14. Sir Andrew outlined the work of the Commission which was established to look at the longer term future for public services. Coherence between strategies is what really matters, and the membership of the Commission reflected this, being both a cross-party and cross-discipline group.
15. Although the financial crisis was not initially a driver for the Commission, the economic situation had become a stimulus for thinking more radically about how things could be done differently in future. It has challenged traditional ways of doing things, with implications for how the central civil service organises itself.
16. *Beyond Beveridge: Principles for 2020 Public Services*¹, the interim report of the Commission sets out the urgency for change, the limits of our current public services settlement, and the need for a systematic and long-term approach to reform. At its heart, is a desire to re-connect public services with people's lives, so that our public services are in tune with the 21st century society in which we live. This necessitates a fresh approach to understanding how the world is changing and how public services should be organised in response.
17. The Commission has conducted a range of enquiries and gathered evidence on:
 - previous public service reforms;

¹ Available here <http://www.2020publicservicetrust.org/publications/item.asp?d=2116>

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- the challenges of future society, including new demand pressures such as our ageing population, climate change and the impact of technology; increasingly diverse working and family lives; the changing needs and expectations of citizens; and entrenched and damaging inequalities;
 - what citizens themselves think of public services; and
 - the implications of localism.
18. The Commission's citizen polling, for example, found a strong desire for fairness in public services and a preparedness to consider change, albeit with a degree of scepticism about how previous changes had been handled².
19. Overall, the Commission found that public services are misaligned with where the public is. Services are seen as '*centralised*' and '*monolithic*', '*running to catch up*' with people's needs and expectations. A key issue is where accountability is expressed – the Commission's sense is that stronger local accountability would enliven the debate with the public about the future of the services they want.
20. The Commission has developed three interlinked principles to guide thinking about long-term reforms to public services.
- A shift in culture: from social security to social productivity, with a focus on engaging citizens in shaping services – '*there is more creativeness available than we have been using to run services*';
 - A shift in power: decentralising political structures with a stronger focus on democratic services at a local level. This is crucial if the shift in culture is to be achieved; and
 - A shift in finance: to reconnect the purpose of public services with finance.
21. This third principle is key to the Commission's arguments. Addressing the current lack of transparency in how much money the government collects from and pays out to poor and rich families is seen as key to informing a public debate about the fairness of public services and the extent to which the re-distributive effects of our tax system give people a fair deal.
22. The Commission published its key principles in *Beyond Beveridge* before the election. It is looking now at the implications of applying those principles to four key areas of public service: education, healthcare, law and order, and welfare. The findings from these four strands of work will be available in July and a final report published in time for the autumn party conference season.

² The report – *What do people want, need and expect from public services?* – is available from the Commission's website at <http://clients.squareeye.com/uploads/2020/documents/Report110310%20.pdf>.

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23. The Commission's proposals envisage a new role for the state as strategic decision maker, regulator, and facilitator. This is a long-term (ten year) ambition, but the next 12 months offer an opportunity to secure the foundations for it.

Discussion

24. Discussions focused around two broad themes: on the one hand, the case and the potential for systems change; on the other, the leadership skills and styles needed to enable improvement and innovation within an imperfect system.

Incentives for change

25. Despite the evidence of the need for more collaborative approaches to public service delivery, participants questioned whether there were sufficient incentives for change in the system overall. It was also noted that *'leading one's own organisation is much easier than leading within a coalition'*. While inspection and target regimes continue to privilege the performance of individual institutions, practices are unlikely to change. We need a paradigm shift towards a more collaborative system. Perhaps the basis for this will be the recognition that there is no social problem that can now be solved by an individual organisation working alone – *'the only way to address the intractable issues we face is to work with others'*.
26. There is a key opportunity over the next six months to lay the groundwork for re-engineering systems of public service for the longer term. The short term emphasis on cuts will be bloody, but in its lee we should seek opportunities to get political and public service leaders to talk about what needs to change as we reshape public services over the next ten years. The incentives for radical change in the civil service are not obvious and the force to resort to silos in the face of cuts will be intense. But history shows us how, faced with the significant economic pressures, big corporations have transformed themselves. Perhaps it is Whitehall's time?
27. The debate must move on from past preoccupations with who holds 'power'. New systems of public services should be based on understanding frameworks of incentives and entitlements, and how to use every lever at our collective disposal to address the complex social and economic problems we face. Leaders in these new systems will need new skills, attitudes and cultural approaches to shape and influence change across networks and localities. They will also need to use every lever within their organisation – appraisal, incentives, organisational cultures and processes – to encourage new ways of doing things.

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Re-designing public services

28. One of the key ‘intractable issues’ that would benefit from a re-design of public services is worklessness in local communities. We’ve got used to thinking of re-design as simply meaning greater local discretion but the picture on worklessness is more complex. Centralising the benefits system could result in significant efficiency gains, but this would need to be balanced with more flexibility at local level in the design of programmes of support for those seeking work. The effective interaction between national and local systems should be a key feature of re-designed services.
29. A simpler welfare system overall would have major advantages: currently we make it very difficult for people to help themselves – the systems are complex and time-consuming to navigate. A simpler system of public services would make it easier and ‘*more respectable*’ for people to help themselves.

Commissioning and measuring outcomes

30. The Commission on 2020 Public Services has emphasised the importance of commissioning based on ‘outcomes’, rather than ‘processes or outputs’. This raises key questions about how to express outcomes and measure ‘achievement’ in its different forms.
31. The way outcomes are expressed can have a major impact on the focus of service delivery. The last government’s welfare to work programme, for example, introduced a mix of outcomes to secure ‘*sustainable jobs*’. Previous programmes had prioritised job outcomes over skills development, leading to distorted outcomes for individuals who found themselves placed in short-term jobs, then being recycled back round the system as those jobs came to an end. By balancing the need for skills development with job outcomes, the emphasis of the programme shifted towards securing sustainable jobs. But whilst this approach has been adopted for some funding streams, others have yet to catch up. Providers of ESOL, for example, find themselves penalised for students who fail to complete their courses, even if the reason is that the student has found a sustainable job.
32. It is not only with these individual indicators that tensions occur. There is a serious mismatch between the accountability requirements of the Ofsted inspection regime and Framework for Excellence on the one hand, and colleges’ work in localities on the other. Playing an active role in the community can be to the detriment of an institution’s Ofsted grades. For example, recruiting learners with high levels of deprivation, perhaps as part of a development strategy for a specific neighbourhood, can put success rates at risk, whereas if entry requirements are high it will be easier to select those students most likely to succeed. The difficulty of resisting such incentives is hard to over-state in the context where providers are competing on quality defined primarily by success rates. Thus the measurement and performance management systems can distort the focus of service delivery. There is an urgent need to consider new ways to measure and value the progress of a range of students.

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Measuring cost and benefits

33. Future debates about measurement will, in addition, need to focus on ways to talk about cost/benefit analyses in ways which would convince the Treasury of the value of continued investment. There has been some traction on this with welfare to work programmes, in terms of understanding the value of investing in training to secure longer term savings in the benefits budget, but there is still work to do. The Treasury itself needs tools to better understand the relationship between cost and value, and to enable more appropriate calculations of long term value to be made. How will the investment in Sure Start be valued over 20-25 years, for example? How can we get traction for long-term investments?

A new accountability framework?

34. A key challenge is to achieve greater alignment of priorities and desired outcomes between government, citizens and services – and agreement about how they should be measured. Without this, different bits of the system pull in different directions. So the current system, which starts from Whitehall and then adds an element of citizen empowerment, creates a potential mismatch between the ‘outcomes’ that public services are working towards: for example, shorter waiting times in the health service, or reduced fear of crime in policing; and what the public demands: for example, more doctors, more police on the streets etc.
35. We concluded that *‘breathing life into accountability locally has to be the long-term solution.’* We are all citizens concerned that there is accountability in return for public money – but what processes do we need to align expectations and priorities so they reflect national commitments while reflecting the needs of local communities? We need a new accountability and performance management system which delivers legitimacy with government and with local citizens and which gives space for public service professionals to bring their expertise to the table. What process is needed to co-design such a system for the learning and skills sector?

Engaging with the new government

36. The presentations raised questions about how to find routes to discuss the key issues with the new Government. Total Place has been sponsored by the Department for Communities and Local Government, but to avoid the risk of local government focused initiatives being marginalised we should aim to engage with the Cabinet Office, and Education and BIS departments about the increased efficiency achieved through multi-disciplinary strategies to address priorities.
37. The new Minister for Decentralisation in DCLG – Greg Clarke MP – might provide a focus for policy debate on this issue. Debate is needed to avoid the danger that decentralisation could be driven down ever-narrowing silos. Realistically, the new Government is likely to focus on cuts first, and wider issues second. The challenge will be to build alliances with people who understand how the bits of the picture fit together and can keep the longer term ambitions and potential of the sector in mind during the initial phase of cuts.

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Changing leadership culture and behaviour

38. The principles outlined from the Commission on 2020 Public Services need to be underpinned by a programme of cultural change across public services. We need to paint pictures of what more involvement by citizens in civil society would look like and use the principles proposed by the Commission to reinvigorate a commitment to the ethos of public service. Culture develops through a cycle of doing, celebration, and doing again. Partnerships are also built this way – through the gradual development of relationships in local communities over a long period.
39. If public service leaders walk away from their mistakes, there's no real authority check on them – trust and profound change are most effectively built on sustained, long term relationships, in which responsibility and accountability become shared. At its most fundamental, that means pooling funding across institutions and silos, and being prepared to give up funding and authority for the greater good. We also noted that *'partnerships are not about the high and mighty but about working alongside local citizens'*.

The vital role of good governance

40. For college leaders to enact such collaborative behaviours support from their governing body is necessary. If the college is to place coalition working as a key priority, this may require the governing bodies to balance their responsibility for the well-being and success of their institution with that of the community. What kind of debate does this require with a governing body? It was suggested that so far little attention has been devoted to the implications of coalition working for governance. The governing body must set the strategy for community engagement and development.
41. Total Place focused to a large extent on realising what we can do together within an imperfect system. Reaching out beyond institutional boundaries and across funding and target silos is necessary if we are to address the *'intractable issues'* we face in our economic and social lives. The risks to institutions of doing so – including possible risks to organisational performance as currently measured – should not be underestimated, but the rewards are potentially greater. Where colleges have taken on the challenge, their reputation and local strategic influence has been significantly enhanced. However, developing such approaches is, in practice, extremely challenging for leaders and governing bodies. It raises key questions for leaders about how to sustain governors' and colleagues' belief in and commitment to the long-term vision, particularly when accountability requirements are so often immediate and may feel as if they are pulling in the opposite direction.

Leading efficiency, innovation and risk

42. Innovation is as much about new ways of being as it is about new ways of doing. With the amount of change facing the sector and with conservative inspection regimes and silo targets acting as a brake on innovation, how should leaders select what to change and where to invest limited energy, in being, as well as doing, differently?

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43. Organisations have got better at innovation, but are still largely risk averse. There is a need for new leadership frameworks that can locate a measured approach to risk taking within an ambitious vision for the future. We need to get a fix on the level of risk we're prepared to take and create environments that encourage innovation and experimentation and ensure that the learning is properly captured and used in future planning.
44. Research for the Cabinet Office on public sector innovation suggests that while there is significant innovation in services, they very rarely *'go to scale'*. Much local innovation is stifled by a paradigm that tends only to promote innovations that come from the top of government. There needs to be a shift that animates and values innovation from below. To share innovations, we need new ways to *'build diffusion'* into the system - to shift away from the rather mechanical notion of mainstreaming effective practice. Although there is always pressure to disseminate effective practice and learn from others, we also need to acknowledge that for some purposes, *'it has to be these people, in this place'* co-designing systems and processes. Innovation and change often require an element of ownership and *'invented here'*.
45. Looking forward, we won't deliver the cuts in public funding that we face by simply trying to do everything we do now, but more cheaply. We need to look for new types of leadership that create space for innovation, within lighter touch audit and inspection regimes. The *'age of austerity'* we are entering is likely to require a continued focus on financial audit and probity, but there could be opportunities to push back in other areas of regulation which may have outgrown themselves and to move into a new phase with greater emphasis on self-regulation³.
46. The period ahead will be enormously challenging to leaders. It was argued that leaders across the public sector should be considering their own levels of energy and resilience in preparation for 5-10 difficult years ahead. Some may want to ask themselves if they think they are fit to lead through the changes to come. If not, the honest thing would be to step away, perhaps to support leaders who do have the skills, energy and resilience to tackle the challenges ahead. *'What organisations don't need at this time is therapy - they need leadership'*.

Strategic influence and partnership

47. How can the learning and skills sector increase its influence and become an agent of change in local partnerships? Studies of further education have shown repeatedly how well regarded it often is in its own community. The challenge still is to raise the profile of the sector's local reputation at national level – to showcase this *'fascinating, diverse and inspiring sector'*. There is a real opportunity for colleges and providers to play an active role in community development over the next few years – *'to take hold of development of place and make it the new agenda'*. They can make a significant contribution to defining a new style of collaborative leadership of place – and *'to influence nationally about what you do locally'*.

³ Between September 2008 and April 2009, LSIS ran a series of seminars in collaboration with the Single Voice to explore self-regulation. The seminars developed some key principles for shared or co-regulation, and some steps that could be taken towards shaping a new system. Material from the seminars is available here <http://www.lsis.org.uk/Services/Policy/Policy-Seminars/Pages/A-self-regulating-learning-and-skills-sector.aspx>

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48. College experience of sitting on local strategic partnerships highlights the importance of being a proactive partnership member. One participant described how she had engaged in discussions about the purpose, membership, and structures of the partnership and had, as a result, secured significant influence over how the partnership now worked. Attending every single meeting had also helped to build trust – *'it can take two years, but it's worth it!'*
49. We need to be able to tell stories, in both national and local contexts about the impact of colleges as strategic partners in their communities. Colleges are at the table, but overall their position is not yet as secure as it should be. It takes a significant investment of time over a period to establish a secure position – building partnerships and trust with local partners – strategic, operational, and with taxi drivers! Over time, however, there is clear evidence that the investment does change perceptions of the college in the community.

The third Sector

50. Third sector organisations play an important role in public service delivery, both as contractors and as trusted partners in civil society. However they are generally ineffectually engaged – regarded as a dispensable option, not involved in policy development, under-funded and vulnerable to rapid policy change due to a lack of capacity. Just two percent of delegated budgets go to third sector organisations, and there is scope for them to play a much stronger role in representing the voice of civil society in the development and design of public services.
51. There is more that the learning and skills sector and local authority leaders should do to enable the third sector to make a contribution. However, the sheer number of third sector organisations makes it difficult for providers to engage with them effectively – some consolidation might be beneficial.
52. On a more positive note however, the Department for Work and Pensions' *'prime contractor'* approach, with its reduced audit burden for sub-contractors has enabled more third sector organisations to have a role in the delivery of advice, guidance and training to support unemployed people to return to work.

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Seminar participants

Seminar Chair:

Polly Toynbee, Independent Chair & Journalist

Keynote Speakers:

Lord Michael Bichard, Executive Director - Institute for Government

Sir Andrew Foster, Chair - Commission on 2020 public services

Name	Title	Organisation
Tony Alderman	Chair	Barnet College
Julia Bennett	Head of Strategy & Development Unit	IDeA
Bianca Blom	PA to the Principal (Work Shadowing Martin Penny)	Stratford-upon-Avon College
Nick Brown OBE	Principal	Oldham Sixth Form College
Verity Bullough	National Director of Employer and Learner Services	Skills Funding Agency
Garth Clucas	Principal Officer, Strategy	Ofsted
Dr David Collins CBE	Chief Executive	LSIS
Geoff Daniels OBE	Director of Funding Policy & Development	Young People's Learning Agency (YPLA)
Kevin Finnigan	Director, Employment & Training	The Prospects Group
Marilyn Hawkins	Principal	Barnet College
Paul Head	Principal	The College of Haringey, Enfield & North East London & LSIS Board Member
Barbara Holm	Head of Westminster Adult Education Service	Westminster Adult Education Service & LSIS Council Member
David Igoe	Chief Executive	Sixth Form Colleges Forum (CSFC)

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Name	Title	Organisation
Asha Khemka OBE	Principal & CEO	West Nottinghamshire College & LSIS Board Member
Ian Kinder	Assistant Director, Strategy & Performance	UK Commission for Employment & Skills
Christine Lewis	Director	BECTA
Caroline Mager	Executive Director – Policy, Research & Strategic Intelligence	LSIS
Beth Maloney	Assistant Principal	Oaklands College
Frank McLoughlin CBE	Principal	City and Islington College
Graham Morley	Chief Executive Principal	South Staffordshire College
Stephen North	Senior Policy Adviser, Skills Accounts and Advancement and Careers Service	Department for Business, Innovation & Skills (BIS)
Martin Penny	Chief Executive & Principal	Stratford-upon-Avon College
Aidan Relf	Consultant	Association of Learning Providers (ALP)
Professor Sue Richards	Director of the Sunningdale Institute	National School of Government
Ann Robinson OBE	Associate Director for Sixth Form Colleges & Issues	Association of Colleges & LSIS Board Member
Dame Ruth Silver DBE	Chair	LSIS Board
Ann Thunhurst	Manager JISC RSC Southeast	JISC Regional Support Centre
Alastair Thomson	Senior Policy Officer	NIACE
Stephanie Whalley	Contracts & Quality Director	Training 2000 Ltd & LSIS Council Member