

HIGH PERFORMANCE GOVERNMENT

Challenges and solutions for local government in a
period of pressure

July 2024

**LEAPWISE
ADVISORY**



LOCAL GOVERNMENT

Services under extreme pressure

Local government is at the frontline of responding to the UK's biggest challenges, yet is starved of resources and under-valued by Whitehall.

Rebuilding Britain

Local government has been at the heart of social progress in Britain since before the 19th century, and the sector will play a central role in tackling the huge challenges we face as a nation in this new parliament. Local government can:

- Address sluggish growth - building the jobs of the future and regenerating left behind areas
- Build resilient cohesive communities capable of resisting the fractures and divisions that are undermining governments and collective action globally
- Improve care and outcomes for our young and old, for the benefit of all
- Shape the local environment to support carbon emission reduction, and wider sustainability and liveability agendas
- Address and manage the impacts of increasing inequality, supporting vulnerable people

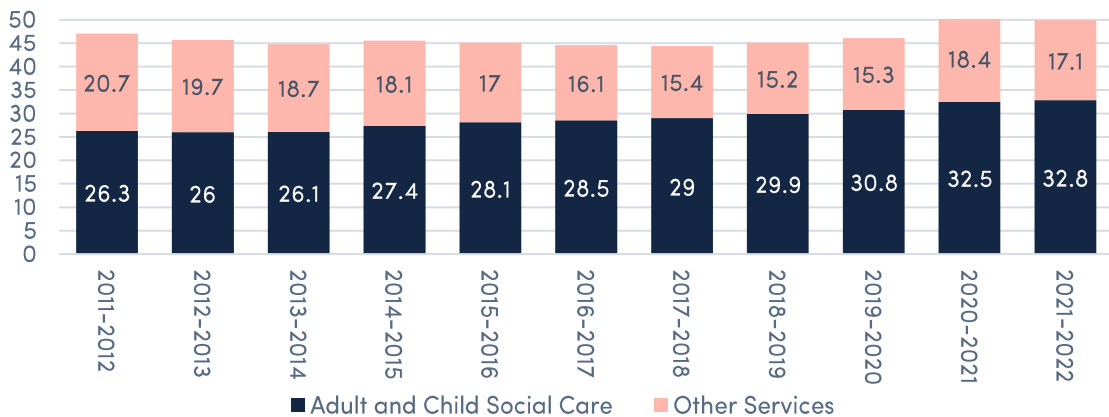
To play its full part, however, local government must be empowered by central government, through proper funding and a more equal partnership in designing solutions to our nation's challenges. All councils will need to learn from each other and show great courage as they embark on their individual programmes of change to address the most urgent difficulties now affecting the sector: soaring demand, an extended era of austerity and difficulties investing in place-shaping services effectively.

Dealing with rising demand

Local government is currently facing a painful reality. Funding is down in real terms from its 2010 level, but demand is higher than ever before. At the centre of the conversation about demand is social care, which by the end of 2020 made up more than three quarters of authorities' controllable spending. Cash shortages – combined with staffing issues related to tightening visa restrictions and low wages – are resulting in the young and old not receiving the social care they are entitled to. Social care demand is also limiting investment in other services, even as many of these services face demand increases too.

Key services such as sexual health services are experiencing demand spikes, while increasing social inequalities are contributing to rising demand for homelessness support, local economic development, and community safety.

In addition to current demands, areas such as town planning have built up significant service backlogs in recent years, and there are significant wait times for incoming requests. Years of underinvestment in other services such as road maintenance have allowed national backlogs in their billions to build up, with additional funding from central government barely scratching the surface of the intervention required.



Local authority spending 2011-2022 (in £bns)

Facing austerity 2.0

Successive cuts to grants throughout the 2010s have hollowed out local government in England, and deprived areas have been hit the hardest. Despite being more reliant on central funding and facing higher demand for acute services, it is poorer areas that have seen the biggest cuts to their government grants. On average, local authorities spending power is 12% lower than it was in 2010/11, and amongst the 10% of poorest councils this figure stands at 28%. When combined with a 40-year high in inflation and a sharp rise in costs, the result has been more Section 114 notices in 2023 than in the 30 years prior.

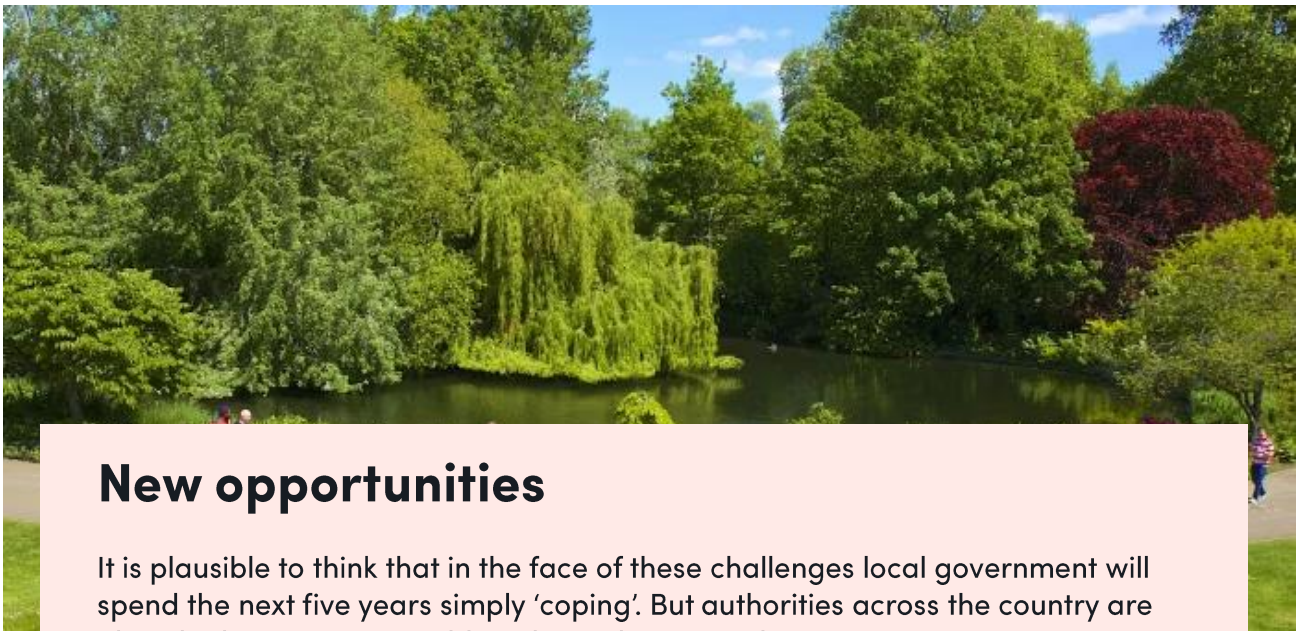
The announcement of the 2024 settlement offers no promise of closing the widening funding gap. Councils are forecasting a funding shortfall of £1.1 billion and a predicted overspend of £639 million for this year – an average of £16 million per council. Reductions in grants have left authorities more dependent on local sources of revenue, leading to steady increases in council tax and a rise in paid-for services such as garden waste collection. However, with a national cost of living crisis, this strategy can provide only provide a small stop gap.

A survey from the Local Government Association suggests that 1 in 5 councils think they are likely to declare bankruptcy in the next two years due to lack of funding to keep essential services running. Since 2020, 6 councils have had to make emergency changes to their financial plans, and 29 have had to be granted special permission to use capital funding or proceeds of asset sales to support day-to-day spending. Faced with such a bleak financial outlook, councils will have to secure more national funding and/or make intelligent spending reductions, which requires hard choices and tradeoffs.

Retreating to the core

With shrinking budgets, local authorities are being forced to protect the delivery of statutory services by digging into reserves and reducing spending on neighbourhood and preventative services. Real terms funding outside of adult and child social care declined by 38.2% between 2010 and 2020, although there is significant variation across councils. Many local authorities are stuck in a vicious cycle whereby they are forced into difficult funding decisions, hit service delivery crises or reputational issues in services, and then respond by quickly injecting short-term funding to alleviate pressure – either borrowed or taken from ‘discretionary’ areas of investment. Only the most capable and fortunate councils are able to maintain appropriate focus on proactive shaping of places to drive local growth and community cohesion. And many have cut preventative services heavily – risking a vicious cycle of increasing demand, and a continued retreat to core delivery.

The overall picture is of councils doing less than they did in 2010, which is starting to be reflected in falling levels of satisfaction with key council services.



New opportunities

It is plausible to think that in the face of these challenges local government will spend the next five years simply 'coping'. But authorities across the country are already showing it is possible to be ambitious and seize opportunities to improve the quality and accessibility of local services.

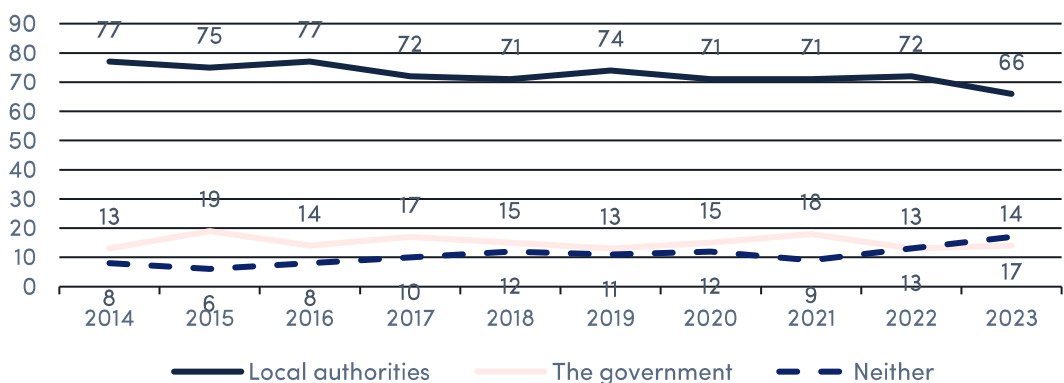
- **Raising additional revenues:** Councils are raising significant additional funds for infrastructure investment by harnessing government schemes (e.g. Public Work Loans Board), and some councils, such as Aberdeen, have even turned to private bond markets. Global financial markets are more open than ever to invest in local infrastructure and redevelopment. Local service charges are also an important part of the funding puzzle: though small in absolute terms, charges can be a valuable mechanism for better targeting of public funds.
- **Understanding communities:** It can feel impossible to prioritise amid relentless demand pressures, but research has found spending is not directly correlated with the quality and accessibility of local services. Several local authorities are partnering with the Voluntary and Charity Sector, to identify what local people – including vulnerable groups, such as people living in poverty – care about to inform local decision making. This can also ensure a more coordinated approach to complex issues such as homelessness, as shown in Oxfordshire.
- **Using behaviour change to address demand:** There are also opportunities to use behavioural change insights and harness local data to inform intelligent service redesign, reduce demand and drive productive changes in residents' behaviours. Councils have been using behavioural insights across a range of functions, from proactively supporting residents in debt from falling into rent arrears in the London Borough of Barking and Dagenham (which has a dedicated Insight and Innovation Support team) to increasing the uptake of domestic abuse support services in Kent.
- **Driving productivity:** Many councils are seizing opportunities to make 'smart cuts' – simplifying policies, redesigning processes and reducing failure demand as an alternative to stopping services or reducing quality. Intelligent contracting has also driven efficiencies: for instance, councils have cut waste disposal spend while maintaining kerbside collection frequency, and improved road maintenance and bus services through evidence-based planning.

- Embedding digital first services:** Some local authorities have found success delivering social care support using tablets, and sharing key information through smart devices in neighbourhoods. Technology presents numerous opportunities, but there is a need for real clarity on where it will deliver meaningful efficiency and improvement, and to be mindful to avoid digital exclusion of those less able to access new services. Local authorities have also started investing in robotic process automation and AI: for instance, several councils have introduced chatbots for internal HR processes and resident issue resolution. And, more recently, councils have also adopted AI, using image recognition to identify and address fly-tipping (in Peterborough and Westminster), and potholes (in Blackpool and Hertfordshire).



In a recent survey by the Local Government Association, 68% of respondents singled out local councilors as the individuals they most trusted to make decisions about services in their local area compared to ‘members of parliament’ (10%) and ‘government minister’ (7%) (see graph). There are opportunities to improve public outcomes notwithstanding severe budget constraints, but there isn’t a one-size-fits all solution and capturing such opportunities and emulating the best in local government requires building effective institutions.

Which individuals do you trust most to make decisions about how services are provided in your local areas? (%)



Local Government Association research report, Feb 2023



THE IMPORTANCE OF BUILDING HIGH PERFORMANCE ORGANISATIONS

At Leapwise, we understand the pressures that local government is under. We are passionate about identifying effective ways to help local authorities better understand their communities and deliver outstanding public services that meet their needs.

But our view is that local leaders must focus equally relentlessly on the question of how to create high performance organisations that can keep up with increasingly complex and fast-changing demands. Creating endless lists of all the things that local authorities could and should do is relatively easy. Better solutions to specific problems are often known or at least relatively easily discoverable with careful thought and analysis. With unlimited resources, we know that local government could deliver much better outcomes and services.

The greater challenge is how to create an organisation capable of:

- Navigating a sea of competing demands and pressures
- Identifying which solutions to prioritise with limited resources
- Building operating models – systems, processes, structures, systems and routines – that support high performance, efficiency and continuous improvement across the organisation

ROUTES TO PROGRESS

Building high performance

The best local authorities achieve true strategic clarity: they understand the needs of their local community and what level of service is achievable with available resources. They make difficult decisions and have concrete plans, based on evidence, for how they will improve services within budget constraints – focusing activity and investments where they will deliver the highest possible impact for their area.

The best local authorities can get things done efficiently, but also make them stick. New initiatives are relatively easy to kick-off but if they aren't designed intelligently and sustained, neither the workforce nor the public will notice the difference.

The best local authorities can provide assurance: to political leaders and to the public. They know – based on data and a strong connection to their community – when their plans are robust, and understand which changes are working and which are not. And they can evidence and communicate the impact they are having with public funds.

Our services are all focused on these critical building blocks of efficiency and impact: helping local government to aim for, accelerate and assure their success.



Our service areas

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1. Strategy and Investment

Strategy is about both goal setting and finding breakthrough insights that allow you to deliver the most for your area. Planning is about ensuring you can translate this intent and insight into reality. Too often we see local authorities either list out a few high-level goals (without specific objectives) and call this a 'strategy'; or (perhaps worse) a laundry list of aspirations and projects, with little insight on whether they are deliverable and little certainty about the local impact that will result.

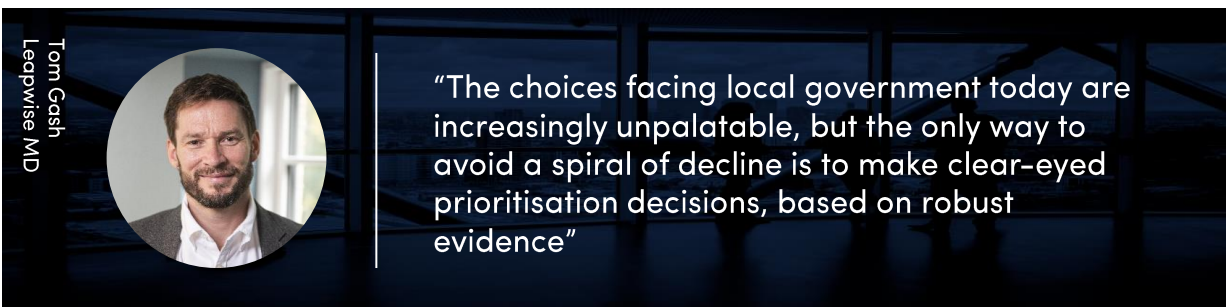
1.1 Our point of view

Not all decisions are equal. Invest time and effort understanding local needs to steer budget allocation, goals, major investments and prevention initiatives.

Effective strategy for local government includes a focus on demand management. This means identifying sources of avoidable and preventable demand to reduce duplication and cost while improving residents' experience.

Where efficiencies are required, resist the easy options of salami slicing service provision. Aim higher than required on savings – so you can reinvest in service redesign, automation, regeneration and prevention that will drive sustained local impact at lower long-term costs.

Strategy is a collective activity. Ensure strategic intent is understood and visibly supported by key political and managerial leaders, or risk seeing changes morph and dilute through the organisation.



1.2 How we can help

We help local authorities agree objectives, plan resources and set up for transformation through:

Strategy and objective setting. We support senior leaders to develop organizational strategy, including vision and objective setting, strategies and delivery plans. We also design away days for senior leaders and their teams, to make tangible progress on their strategic agenda and support better decisions by bringing data and external perspectives into conversations. Our strategy and away day work can be preceded by an independent, data-driven diagnostic of your organization's strengths and improvement opportunities.

Efficiency identification. We use a range of tools to identify potential efficiencies through prevention, demand management, service redesign, digital transformation, and automation. We do not do work that is focused blindly on savings: any savings we identify together will include estimates on potential performance impacts or risks involved in realisation.

Business Case and Impact Analysis. Big decisions merit genuine rigour. Our business cases have attracted millions (or more) pounds of public investment to support better service delivery. And we're proud to be advising the Home Office and others on business case simplification and good practice, and pioneering new approaches to securing investment in prevention (with Hounslow Council).

Prevention and Demand Management. We are passionate about prevention, but believe a 'hard-edged' approach is required to assessing costs and benefits and embedding changes across organisations.



Commissioning for outcomes – Hounslow council

“The outcome surpassed expectations as it has delivered a methodology Hounslow is now seeking to adopt across all relevant change activity”

ROBERT MELDRUM, AD FINANCE, HOUNSLOW COUNCIL

1.3 Where we have had success

- We worked with a London council to produce their Community Safety Strategy. By analysing local crime data, we were able to identify areas for further crime prevention support and opportunities for de-prioritising ineffective activity. Leapwise were subsequently engaged to support strategic implementation.
- We supported a London council by developing their 2-year Delivery Plan. By analysing business plans across the council and facilitating decision making across the council's leadership teams, we helped generate clarity on the council's delivery priorities to anchor future change and financial planning, and build a shared understanding of organisational processes on how the Council will ensure delivery.
- We used a behaviour change based approach to design a new fly-tipping prevention strategy for a London council – designing five high-impact interventions to combat rising incident of fly tipping in the area.
- We have worked with central government and local agencies to develop clear visions, objectives and strategic plans that stick – for example, accelerating a police force's exit from 'special measures'.

2. Programme Acceleration and Assurance

Local government across the country are undergoing a range of transformation and regeneration programmes. Managing a hefty portfolio of change alongside business as usual, and making sure that complex programmes deliver their intended benefits on time and at cost, is a challenge in any environment. This is exacerbated by often having few resources to dedicate to change, and difficulties in retaining specialists in this field.

3.1 Our point of view

Major programmes of change need careful work up-front in setting right goals, identifying the right strategic solution, and setting up the programme delivery model intelligently. It is right for a proportion of the total benefits expected to be invested in the programme up front, while being careful to avoid ‘analysis paralysis’.

We often see programmes that carry significant risk and reward being managed by senior leaders alongside busy day jobs, which is only tenable with exceptionally strong support. There are real risks of not realizing benefits quickly or programmes drifting from their original purpose.

The success factors for major programmes are known – if hard to achieve! – so it is worth taking stock of what works at the start, and regularly checking these success factors are in place.



3.2 How we can help

We help programmes and change portfolios succeed through:

Change portfolio reviews, to cut through the complex change environment and make strategic choices on which change efforts to be prioritising and when, within your capacity constraints.

Programme acceleration, to get an appropriate delivery mechanism up and running, either from launch or to accelerate progress for a troubled programme already in flight.

Programme and project assurance, for senior leaders to quickly get to grip with their programmes and understand what is holding them back from reaching their full potential.

Independent governance reviews, which provide an evidence-based understanding of the current governance arrangements, behaviours, and investments and clear recommendations to enable both behaviour and structural change, as required.

Amber Mullins
Leapwise Senior Manager



“It's easy to fall in the trap of wanting to do everything all at once – taking on more change without stopping or pausing anything. We want to equip leaders to make more focused decisions around what is achievable, so their teams are successfully set up to get quicker results”

3.3 Where we have had success

- We supported the London Mayor’s Office to design a commissioning framework, which made clear how every commissioned programme or project contributed to organizational priorities, its resourcing and how it was performing. Engaging teams in the co-design of this, and building mechanisms for ongoing oversight, ensured much greater clarity on the evidence-base for initiatives and which outcomes were most important, and created a strong delivery focus.
- We supported Her Majesty’s Prison and Probation Service to better identify and manage benefits for a major transformation, facilitating team stock-takes, strengthening plans and creating benefits management and tracking tools.
- We designed and set up transformation and efficiency programmes for UK agencies, delivering multi-million pound efficiency and improvement outcomes.



Her Majesty’s Prison and Probation Service ‘One HMPPS’ Programme

“Leapwise worked alongside the programme team to achieve a clear line of sight between programme objectives and activity. What worked particularly well was the flexible and embedded approach that Leapwise took, adapting their focus to meet an evolving brief. I would look forward to working with Leapwise again.”

JIM BARTON, EXECUTIVE DIRECTOR, HMPPS CHANGE

3. Leadership and Organisation Development

Local leaders are at the frontline of shaping inclusive and efficient organisations, engaging with and supporting their local communities, and navigating complex political relationships. Every local authority needs to create and empower leaders with the vision and drive to make a difference; who think innovatively and holistically about the challenges they face and who can follow through with real focus and determination to deliver public value.

This means paying critical attention to attracting and retaining talent, developing leaders, and creating an inclusive, high performance organisational culture that allows all staff to thrive.

2.1 Our point of view

Local authorities have to move beyond generic ‘good leadership’ statements and define the critical leadership behaviours that will drive organisational effectiveness at each level of the organisation. They also need to be clear how they will measure and reward leadership effectiveness, and build talent strategies to build performance over time.

It is vital that leaders be given the time and opportunity to reflect and sharpen their own leadership skills so that they are better equipped to harness the collaborative potential of their teams, communities, businesses and public sector partners. This isn’t just about training, but about building strong daily routines that support learning and growth.

2.2 How we can help

We focus on how to drive high performance through better leadership and organisational development by:

Defining Target Leadership Models. We build clear frameworks to articulate the competencies and behaviours you want to see in the organisation, using simple language and with examples of what good looks like.

Developing senior leaders. We provide executive leadership development to equip senior leaders with the skills they need to build a high-performance organisation – including developing strategy, running major programmes, and enabling culture change.

Workforce planning solutions. We help you understand the root causes of your recruitment, retention, wellbeing and development challenges – allowing you to plan effectively and ensure you don’t face major skills and capacity gaps in the years to come.

Dr Tanvi Bhaskar
Leapwise Consultant



“It’s easy to see leadership and culture issues as ‘soft’ factors, but they drive results. Taking a data-driven approach to understanding your talent and culture can unlock rapid improvements in performance.”

2.3 Where we have had success

- Working with Avon and Somerset Police, we identified the learning needs for team leaders, developed the business case, and co-designed the new curriculum that is being piloted to drive culture change and performance across the organisation.
- We worked with the Association of Police and Crime Commissioners to design the first ever professional development induction programme for new Police and Crime Commissioners, which we are refreshing and delivering for the 2024 intake.
- Our senior leader away days have delivered tangible outcomes, such as new delivery roadmaps, major shifts in strategic direction, and new ways of working for leadership teams.



PCC Induction: APCC Ignite Programme

“We selected them because of their track record in policing and public sector transformation and they more than delivered. They brought together a really fresh and engaging programme and challenged us in a good way to think outside of the box.”

SUSANNAH HANCOCK, CEO ASSOCIATION OF POLICE AND CRIME COMMISSIONERS



Collaborative service design: new models of care for vulnerable children in the West Midlands

“I have no doubt that the success of our bid to the design phase, which will potentially have a significant impact on the lives of vulnerable young people for many years to come was down to the rigour and quality of the analysis and attention to detail that Leapwise instigated from the beginning. We had a confident case built from the intelligence gleaned from a wide variety of datasets but it is the interpretation and application that Leapwise used in their analysis that made the difference.£

LOUISE REES, CHILDRENS SERVICES DIRECTOR, SOLIHULL COUNCIL AND CHAIR OF THE WEST MIDLANDS SAFE CENTRE PARTNERSHIP

4. Collaborations, Partnership & Decision Making

Local authorities can achieve more when they work collaboratively. There are huge opportunities to drive efficiencies, and better service the needs of communities through joined-up solutions. This relies on collaborative work between different tiers of government, and across local statutory and community partners.

Collaborative working is often difficult, however. In a system that is often fragmented and can contain conflicting agendas and strong personalities, it can sometimes feel impossible to coordinate, progress, and drive impact. This can be made even harder in the context of local government, where senior and political leaders who are able to affect change can appear distanced from the complexities and stretched resources of the services they influence. We understand the difficulties associated with public service collaboration and can act as an honest broker, finding evidence-based solutions, and supporting partners to identify and capture benefits for their community.



5.1 Our point of view

While it is tempting to rely on good personal relationships or default to ‘pointing out the flaws’ in partners to drive action, we find that the best results come from building a shared, data-informed understanding and identifying tangible areas where collaboration will drive results. Independent analysis can overcome inertia and opposing viewpoints – and this is particularly important if partners are used to challenging the underlying data or there is (often unjustified) criticism of bias in existing reports.

Data and analysis provide an objective basis for discussion. But collaboration also relies on trust and investment in individual and organisational relationships. We believe that the way to build this is by focusing on shared issues, while allowing the time and space to understand the pressures that all partners are under and why certain types of collaboration are less likely to succeed than others.

National action can be a highly efficient and effective way to drive improved outcomes. However, national programmes such as the ‘County Deals’ initiative will under-deliver if there is insufficient involvement or appreciation of the demand pressures local services are experiencing. The current national governance architecture is working against effective national and local action and needs to be reformed.

5.2 How we can help

Bespoke problem-solving sessions for inter-agency problems, which support shared decision making, problem solving, or resource commitment centered around insights derived from local data.

Research and system analysis, to rapidly find issues, identify drivers, and spot opportunities in problem spaces that go beyond the bounds of any individual partner agency.

Service design and improvement, to conceptualize and design ‘a better way’ for the system to operate, both from a research basis and through collaborative working with stakeholders and new operating models.

Partnership board acceleration, with a focus on driving effective collective action in forums where partners are choosing to collaborate and are not required to commit resources.



5.3 Where we have had success

- We designed a new model of secure and edge of secure care for the West Midlands region, building a new collaboration of 14 local authorities, 3 PCCs, the Mayors’ Office and 2 charitable providers who endorsed the new model – and developed a feasibility study endorsed by all parties and the DfE, who judged the £30m investment bid to be the strongest proposition of all submissions.
- We worked with the Mayor’s Office for Policing and Crime to design an outcomes framework that supported partnership boards address issues strategically. The result was increasing forum quality, dialogue and decision making.
- We worked with the Association of Police and Crime Commissioners and the Home Office, in consultation with local government and Fire and Rescue Services, to support informed decision-making on Fire and Rescue Services governance.

IMPROVING TOGETHER

You can be confident in us; we have worked with a number of local governments and **we have received repeat work and/or recommendations from every client partner.**

We aren't intimidated by difficult problems.

We are proud of our ability to support and craft strategic away days. This is a good way to get to know how we work and the value we can bring, while making progress on your leadership agenda or specific organisational challenges.

BOOK A CALL



Tom Gash – Managing Director

Tom.gash@leapwiseadvisory.com



Sean Cregten – Strategy, investment decisions, and partnership governance

Sean.cregten@leapwiseadvisory.com



Amber Mullins – Leadership, organisational development and transformation programmes

Amber.mullins@leapwiseadvisory.com



Tanvi Bhatkal – Evaluation, research and participation

Tanvi.bhatkal@leapwiseadvisory.com



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