

REFORMER THOUGHTS

REFORM



Accelerating innovation in local government

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Reformer Thoughts brings together the opinions of leading experts from academia, business and government; frontline practitioners and public service users, to provide readers with valuable insight into the challenges shaping the policy debate. The series aims to give a platform to innovative ideas and facilitate an open and informed conversation about how we can improve public services.

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Reform is established as the leading Westminster think tank for public service reform. We are dedicated to achieving better and smarter public services. Our mission is to set out ideas that will improve public services for all and deliver value for money.

We work on core sectors such as health and social care, education, home affairs and justice, and work and pensions. Our work also covers issues that cut across these sectors, including public service design and delivery and digital public services.

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Aidan Shilson-Thomas, Researcher, *Reform*

Introduction

Innovation in extraordinary times

Local government is the frontline of many of our public services; supporting citizens in a multitude of ways, from buses to housing, social care to youth services. The work of the best councils and local authorities strengthens communities, protects the vulnerable and enables economic growth.

Their role has never been more challenging than it is now.

While the coronavirus lockdown has forced so much of the country to grind to a halt, local government has been at the sharp end of delivery – providing 'business as usual' essential services such as community safety and bin collection, as well as crisis-specific interventions. In the most difficult and unexpected of circumstances, this has shown how creative and adaptable local government can be.

The coronavirus is a new challenge, but there is a long history of innovation in local government aimed at making services more effective, efficient, and accessible. Over the past decade, as local government budgets have been dramatically reduced, more and more councils have been forced to find cheaper ways of doing things – the "burning platform" Aileen Murphie cites in her article. Those areas at the forefront of this change have combined cost-cutting with service transformation.

Digital technologies have been central to these efforts – as the Newcastle City Council case study in this collection shows. Digital innovations and the smart use of data enabled high quality, cost-effective operations in many local authorities. More fundamentally, they can create services that are easier for citizens to access.

These capabilities have been critical to responding to the pandemic, as Charlie Bruin highlights in his piece, and to wider improvements in local government.

Digital capability is not the only route to innovation, indeed it is often most successful when combined with service transformation. Changes to how a service is delivered must be grounded in an acute understanding of citizens' needs – with services, such as the employment support example provided by Mayor of Sheffield, Dan Jarvis MP, built around this.

Committed and sustained local leadership is needed to see projects through, and to establish the right links across local government and other organisations.

While these foundations for change must be built at a local level, local government needs the right support from central government, as Paul Maltby details in his article. And as Cllr Peter Fleming highlights, best practice must also be shared and lessons learnt.

This Reformer Thoughts brings together leaders from across local and central government to share their insights and experiences of innovation in pursuit of excellent public services. Though their contributions predate coronavirus, they demonstrate how local government is more than capable of rising to the challenge.



Aidan Shilson-Thomas

Researcher, *Reform*

"The coronavirus is a new challenge, but there is a much longer history of innovations in local government to make services more effective, efficient, and accessible."

Speeding up the adoption of innovation across local government

It's often said that public services are slow to innovate. A lot of time goes into highlighting good practice, piloting and trailblazing, yet the wider world is often stony ground and widespread adoption is hard to achieve. So, the question of how to speed up the adoption of innovations across local government and local public services is worth exploring. How do we overcome the challenges? What are the key enablers?

The first element necessary for innovation is a burning platform: there needs to be an impetus for change. For instance, we have seen that the 50% reduction in local government spending power since 2010 has forced local authorities to adapt services. In some places, this has stimulated innovation. The integration of adult social care and health in Greater Manchester, for example, is now becoming a reality, enabled by the creation of joint commissioning funds.

Sometimes an opportunity becomes too obvious to ignore. In the case of combined authorities, there is a clear rationale for local areas to combine their planning and spending powers. The creation of mayoral combined authorities in 2017 was intended to enable a more effective relationship between central and local government, and to address the historic under-performance of Britain's cities. Further, there is a compelling case for delivering services like transport over a larger footprint. The administrative boundaries that existed before combined authorities may not have reflected how people live their lives.

The challenge now facing these combined authorities is to improve outcomes and turn theory into reality. Failing to do so might mean they will end up another curiosity of history, along with previous unsuccessful attempts at regional government in England.

So, with less money and mounting challenges, what are the enablers of change? Many initiatives have been tried, including community budgets, 'Total Place' and local public service agreements. Yet, very few survived. Our work over the years has shown that there are five key enablers which are essential for success.

Knowing what works helps local areas to concentrate their efforts and avoid repeating the mistakes of others. Without this insight, local public services risk investing and dis-investing without understanding the consequences.

Sharing information enables local areas to identify people in need, provide a more coordinated response and become more efficient. Organisations are often reluctant to share information because of real or perceived legislative barriers and technical challenges.

Funding to invest in reform needs to be targeted where it will have the most impact. Organisations struggling to maintain existing services may be reluctant to invest in reforms which could accrue savings to other parts of the public sector, so this can stop effective policies from going ahead. A collaborative approach is key to avoid this problem.

Having the right incentives to work together is critical for collaboration. Conflicting objectives and priorities, separate funding, different accountability and inspection regimes, and misaligned geographies, can drive different parts of the public sector apart.

Finally, strong leadership is needed for organisations to form the lasting relationships that make success more likely.

If local authorities receive more money this year, they must understand what they want to achieve, consider 'what works' at an early stage, and work collaboratively in order to be effective.



Aileen Murphie

Director, MHCLG & Local government value for money, National Audit Office

"The first element necessary for innovation is a burning platform: there needs to be an impetus for change."

Fixing local authorities' digital plumbing

The last time you went on your council's website, how was it? Perhaps you were one of the lucky ones, and there are a growing number out there, who had a fabulously uneventful online experience. But citizens sometimes still find themselves lost in endless forms, going around in circles and increasingly doubting whether they really wanted that green bin after all.

Less recognised are the frustrations borne by local public servants who sit on the other end of these systems, and the costs faced by taxpayers from both the suboptimal software itself and how it discourages service reform by locking in bad processes. To illustrate the point, our work with councils has found a 50% error rate in applications to local council planning services, and all these mistakes need to be followed up to get the paperwork in order.

In addition, tech entrepreneurs are hungry to build services on the raw underlying data from councils, but again often express frustration. The UK's growing PropTech industry is capable of leading on the world stage, but to thrive it needs machine-ready data about the basics: maps, property information, planning rules and decisions. This 'digital plumbing' is the public infrastructure of our modern world.

Local government spends around £2.5 billion on technology, but it is struggling to move on from out-of-date legacy IT and the mindset that comes with it, despite some excellent work by individual councils and local government organisations like the LGA, Socitm and Solace. To help address this the award-winning Local Digital Collaboration Unit in the Ministry of Housing, Communities and Local Government has been doing its bit to move things on, working shoulder to shoulder with reformers across the sector.

There are three elements to our approach: First, providing clarity about what good digital services look like. We wrote the Local Digital Declaration with digital pioneers in councils. It provides a simple vision for modern local digital services: put

users first, make services interoperable, build with data in mind, foster digital leadership, and work in the open to promote sharing. It builds on work done by the Government Digital Service (GDS), adapted for the needs of this sovereign tier of government. More than 200 councils have now signed up and published their commitments to change.

Second, setting up a number of 'exemplar' projects. New suppliers can struggle to enter the fragmented local authority market, but the upside is that every council runs similar services providing the opportunity for reuse and adaptation. Our Local Digital Fund has fast-tracked 100 councils to work together on services from planning, children's services to income services, and will provide the technical blueprints for others to follow in their steps. We are also making machine-ready data available for entrepreneurs through our Digital Land work.

Finally, giving appropriate support to an emergent digital community. LocalGovDigital and iNetwork provide a bottom-up network where the sector shares successes, frustrations and technical advice. We in government are also helping colleagues connect horizontally through localdigital.gov.uk, Twitter and events around the country, to build a broader movement for reform and help amplify the voices of digital reformers who can struggle to get heard in their own organisations. We are also working with the GDS Academy to boost capability, funding 1000 places for local government. Progress is being made, but there is still a long way to go.



Paul Maltby

Chief Digital Officer,
Ministry of Housing,
Communities and Local
Government

"Local government spends around £2.5 billion on technology, but it is struggling to move on from out-of-date legacy IT and the mindset that comes with it"

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Those of us striving to improve digital public services often hear 'blockchain this' or 'AI that' and the gap between what needs doing and what commentators believe innovation looks like can be unsettling. Of course, machine learning holds great promise but it needs

machine-ready data to work with, and at a more basic level we still need get to grips with the core digital estate in local government. So, whether our focus is improving productivity, the citizen experience, or cyber security we need to 'fix the plumbing'.



Positive and unintended consequences of 'Going Digital'

When Liberata embarked on its five-year 'Going Digital' programme aimed at raising the quality and outcomes of local authority revenue, finance and benefits services, we scrutinised the level of digital automation in our processes. We measured what proportion of our local authority's customers presented digitally and, crucially, flowed through to completion without needing any manual or paper-based intervention.

We were surprised to find in 2018 that only 20 per cent of our total volumes were fully automated and digital.

So began a relentless effort to increase that percentage, doing everything we could to boost the uptake of online channels and then maintain the electronic format until transactions were concluded.

This was largely achieved through the systems and tools we had already invested in, and the skilled people across all our physical sites.

Two years in and the level of digital presentation has doubled to over 54 per cent. For our leading client, these levels are reaching 66 per cent. The levels of automation are just over 49% and we aspire to reach 75 per cent by the end of our 'Going Digital' programme.

For citizens using these services, that means less time taken to process a claim. For example, Housing Benefit new claims were processed 37 per cent faster than the national average based on the latest available national dataset. These have since improved by a further 24 per cent. There is far less need to contact us directly, and call and walk-in volumes are down 40 per cent since 2018 – meaning a smoother experience for claimants.

It has also improved the experience for our staff. Increased digitisation means we can much more easily move work around the organisation. The work can be completed at speed in the office or by home-workers across our virtual network. Less office space is needed and this increased flexibility has meant improved business resilience.

An unintended consequence today thanks to the efforts of our internal teams is that 90 per cent of our 1,200 employees are mobile and use standard technology to work from any location, including home, with only certain roles such as property maintenance and face-to-face customer services, unable to benefit from mobile working.

Whereas once 'home-working' was a lifestyle choice offered as part of being a flexible employer, the coronavirus crisis has meant this has become a critical capability and contingency plan.

Liberata and our local authority partners have been successful in rapidly switching a large proportion of back-office staff to home-working arrangements in response to the Covid-19 outbreak. This has been enabled precisely because we focused on ensuring that the bulk of our transaction work could be completed through digitally-enabled and automated processes.

No one envisaged needing the contingencies we are now putting in place as a result of the pandemic, but the above sequence demonstrates that positive partnerships between the public and private sector, capitalising on the potential of digital, can have a transformative impact on service delivery and business continuity. Achieving this has helped keep the local government services running for everyone.



Charlie Bruin

Chief Executive Officer,
Liberata UK

"Whereas once 'home-working' was a lifestyle choice offered as part of being a flexible employer, the coronavirus crisis has meant this has become a critical capability and contingency plan. "

Newcastle's place-based approach to digital innovation

Over the last four years, I've led the Digital Newcastle Programme. In the early days, digital was very much seen through a transactional lens, a way to change the Council's interactions with its residents. Not surprisingly, our challenging financial position meant digital success had to be judged on hard metrics. For example, the number of customers that had switched to a digital channel, how much we had saved in avoiding customer contact, and how digitised our work practices had become.

In Newcastle, we've been successful in applying digital technologies to enhance our customers' experience - from introducing a 'single sign-on' platform that removes the need for customers to hold multiple passwords, to pioneering Chatbot technologies to provide guidance and advice about our services.

These experiences have reinforced our view that effective digital transformation in local government is not about transactions. It is fundamentally about how people interact with their council. It is therefore crucial that we stop thinking about digital transformation as 'fixing the plumbing' but as a means of improving the social, economic, and environmental outcomes of our cities. For example, not just making it easier for customers to apply for a parking permit online but promoting sustainable mobility within the city.

This new approach to digital transformation might also help anticipate problems and intervene earlier. For instance, on one hand, the use of Internet of Things (IoT) sensors within commercial properties and social housing could deliver improved ways for tenants to report repairs. On the other hand, IoT technologies could help prevent failures and predict maintenance requirements across our footprint.

Taking a place-based approach rather than a process-based approach is therefore critical to ensure that digital transformation delivers benefits to the big challenges which go beyond a single organisation, including tackling climate change, improving people's health and wellbeing, and supporting an ageing population. The Digital Newcastle Programme recognises a

broader view of digital and the importance of place-based collaboration and innovation across Newcastle and beyond.

However, there are still challenges to wide-scale digital transformation across local government. Unfortunately, many local government funding streams assume that councils have a digital transformation process in place, or that they have identified a problem that can be neatly costed up with a return on investment. Funding models aren't flexible, and they place more importance on councils working collaboratively than on pushing the boundaries of digital innovation.

In May 2019 we set up an Innovation Partnership with Smart Cities consultancy, Urban Foresight, to work with a wide range of partners from across the private, public and academic sectors to tackle some big challenges. This includes partners like the Urban Observatory and National Innovation Centre for Data, Northumbrian Water, and local SMEs like Algorithm People and Wordnerds. We're applying design thinking, starting from an understanding of users' needs, to develop investable propositions, setting out how we use technology and data to improve outcomes for the city and its residents.

Our focus should not be on simply fixing the problem, but preventing the problem from arising in the first place. That really is smart thinking.



Jenny Nelson

Programme Manager,
Digital Newcastle,
Newcastle City Council

"Effective digital transformation in local government is not about transactions. It is fundamentally about how people interact with their council."

A joined-up approach to health and employment

Before Anna got involved with Working Win, she would spend most of her time cooped up in her bedroom. Prior to that she was homeless. These isolating and often dangerous experiences had a detrimental impact on her well-being and mental health, and she was convinced that she would never work again.

After being referred to the Working Win programme, Anna now has a job, her mental health has improved, she is able to budget what she earns, and she now has a roof over her head.

Anna is a good example of why the Working Win trial was set up. A pioneering programme that supports the most vulnerable back into the workplace. I am immensely proud that since its launch over 6,000 people have signed up to take part. For too many people, the current employment support model simply does not work. Working Win is a health-led employment programme that works in partnership with the NHS and aims to join up employment and health support for those looking to get back into the workplace.

We brought together the newly founded regional Integrated Care System, Clinical Commissioning Groups, Public Health England, JobCentre Plus, the University of Sheffield, South Yorkshire Housing and local authorities, to deliver this ground-breaking programme. By bringing together the right partners at a local level, we can achieve far more to support people and employers than can be done by government alone.

Thousands of people with health conditions across South Yorkshire are now receiving one-to-one support to find or stay in work through Working Win. More than 900 have found work, almost 400 are in training and 171 have returned to work and are continuing to receive support to help them achieve their potential.

The hard work, commitment and passion

from all partners involved in Working Win is testament to the pioneering approach we take in our region to support people who live and work here.

Beyond Working Win, we will continue to connect NHS and local authority partners, to find solutions to the challenges faced by people with health conditions, who need employment support.

There must be a different approach to health and employment. Whilst central government has a part to play, it is local leaders who understand the needs of their own people and the often-unique health problems faced by towns and cities. Therefore, reform must come from local partners, rather than government. Only by devolving more powers will we be able to help Anna and others like her from a dark place into a bright new future.

Good quality work provides an income, social interaction, and purpose for people. It is good for workers, good for businesses and good for the public purse. Delivering a better public service by joining the work of several departments, will also mean savings to the Exchequer while delivering a socially just outcome for people in our region.

I am expecting the evaluation of the Working Win employment trial in 2022. If proved successful, I would like to see the model rolled out across the country. Because finding people rewarding employment which improves, rather than worsens, their health is crucial to creating a happy, healthy workforce and a productive economy.



Dan Jarvis MP
Mayor of the Sheffield City Region

"Reform must come from local partners rather than government."



Towards 21st-century councils

Councils are at the forefront of their communities, providing essential services and being the glue that brings together local businesses, employers, the voluntary and private sectors, as well as the rest of the public sector to join up their communities. Over the last decade, councils have faced central government funding reductions and increased demand on services caring for our most vulnerable residents – adults, children, families with special needs, the homeless, and residents with long-term health issues.

Despite these pressures, council innovations have improved services, reduced demand and enabled more residents to self-serve while enabling their staff to operate more effectively.

As part of the Local Government Association's (LGA) sector-led improvement offer, we are helping councils implement digital tools and solutions to support automation and increase self-service. We are helping them use technology to improve workforce efficiency and increase productivity and to apply behavioural insight approaches to change behaviours and reduce demand. We are also supporting them to commercialise to generate and maximise income and to transform their services using design principles and skills.

Digitalisation has improved council service accessibility across devices. They have digitised many of their top transactions, based on their residents' needs and preferences and as a result, the majority are now done online. Examples include applications for school places and 'apps' for cashless parking payments.

They have introduced online 'My Accounts facilities', to simplify residents' experiences when carrying out their business across service areas via one login. They have introduced assistive and Internet of Things technologies to enable vulnerable older adults to live in their own homes. Council officers are working more efficiently out of the office – using GPS mapping tools to redesign bin collections and street cleaning routes; providing remote access to council systems for staff and councillors; and applying agile management approaches and design principles to redesign online services.

Behavioural insight techniques improve councils' communication with residents. For example, many councils have improved collection rates by altering the way they write their council tax letters. Others have used behavioural insight to address specific outcomes for residents including reducing sugar consumption, increasing uptake of independent travel training in children's services and reducing house fires.

Councils have invested in residential and commercial schemes including green energy projects to reduce fuel poverty among residents, and commercial property and town centre regeneration programmes which bring jobs and investment to the area.

Commercial opportunities can help a council move towards a greater level of financial self-sufficiency. Generating income through fees and charges or trading is a viable way to maintain vital public services and can also supply services that the market does not provide.

They also apply design principles to address some of their toughest challenges including tackling poor air quality, improving recycling rates, tackling youth violence, and better understanding domestic violence and the abuse pathways to improve victim care.

Councils are working hard to do the best for their communities, embracing innovative approaches, tools and techniques to reduce costs and generate income to enable them to deliver vital local services. The LGA's Productivity programme supports councils to innovate and improve.



Cllr Peter Fleming OBE
Chairman,
Local Government
Association Improvement
and Innovation Board

"Over the last decade, councils have faced central government funding reductions and increased demand on services caring for our most vulnerable residents"

Conclusion

Uncertainty and opportunity

Innovation in local government can take many forms – from refining processes, through establishing new partnerships that break down siloes, to wholesale digital-enabled service transformation. Whatever that form, however, the key is to be citizen-centric and outcomes-focused.

Change can always be driven by a desire to create better services, but it is more often spurred by urgency. In her contribution, Aileen Murphie argues that “burning platforms” could be a powerful impetus. The coronavirus has required local government to adapt services to fit with entirely new ways of living and working. Charlie Bruin details how digital processes and services have laid the foundations for local Government to meet this challenge at scale.

The articles in this collection show how, by approaching old problems in new ways, a fantastic range of outcomes can be achieved. Peter Fleming OBE details how bin collection routes have been redesigned with GPS mapping tools, and how behavioural insights have contributed to outcomes as varied as reducing sugar consumption and preventing house fires. Similarly, Jenny Nelson discusses how the Internet of Things could create new ways for people to interact with their council in the future.

It is this creative spirit that will help local government to adapt in the coming months, which are full of uncertainty. In Dan Jarvis’ contribution, he describes how the Working Win programme has combined health and employment services to help vulnerable people to find work. Such initiatives will be urgently needed to support those who have lost their jobs due to the coronavirus find new employment.

To support local government leaders in their efforts to innovate, they must be able to draw on wider expertise and build upon sound digital foundations. As Paul Maltby highlights, while digital public services have benefits for both public servants and citizens, badly designed digital services can make life more difficult for both.

Adopting a user-centred approach, ensuring strong leadership, and adhering to principles of interoperability and data sharing, will allow good practice to be replicated. This will be crucial to help local government move fast in response to changing circumstances and needs.



Aidan Shilson-Thomas

Researcher, *Reform*

“Change can always be driven by a desire to create better services, but it is more often spurred by urgency.”

