



Entrepreneurial approaches to change

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1. WHAT DO WE MEAN BY INNOVATION & ENTREPRENEURIALISM

Is this entrepreneurialism?

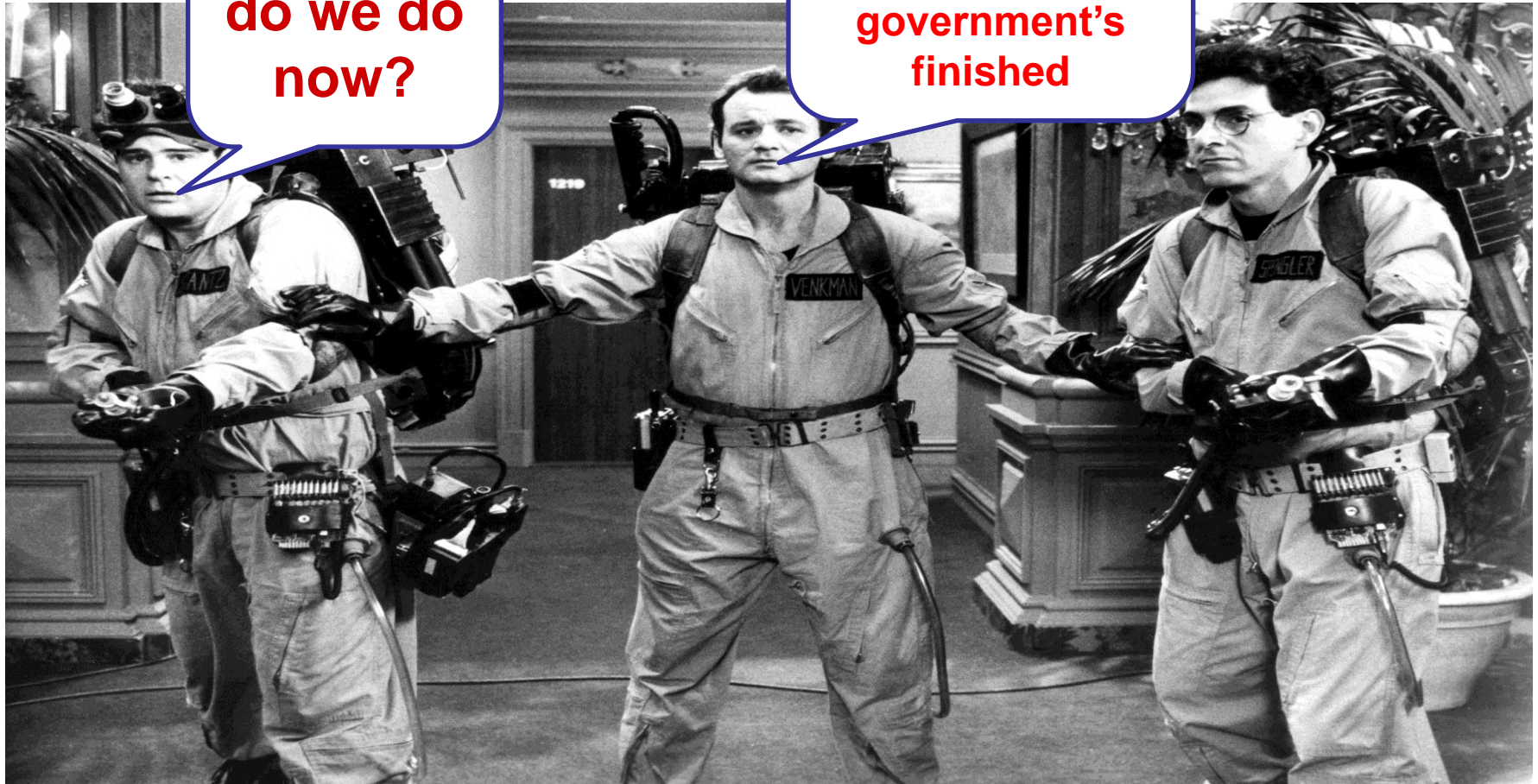


Or does it feel more like this.....

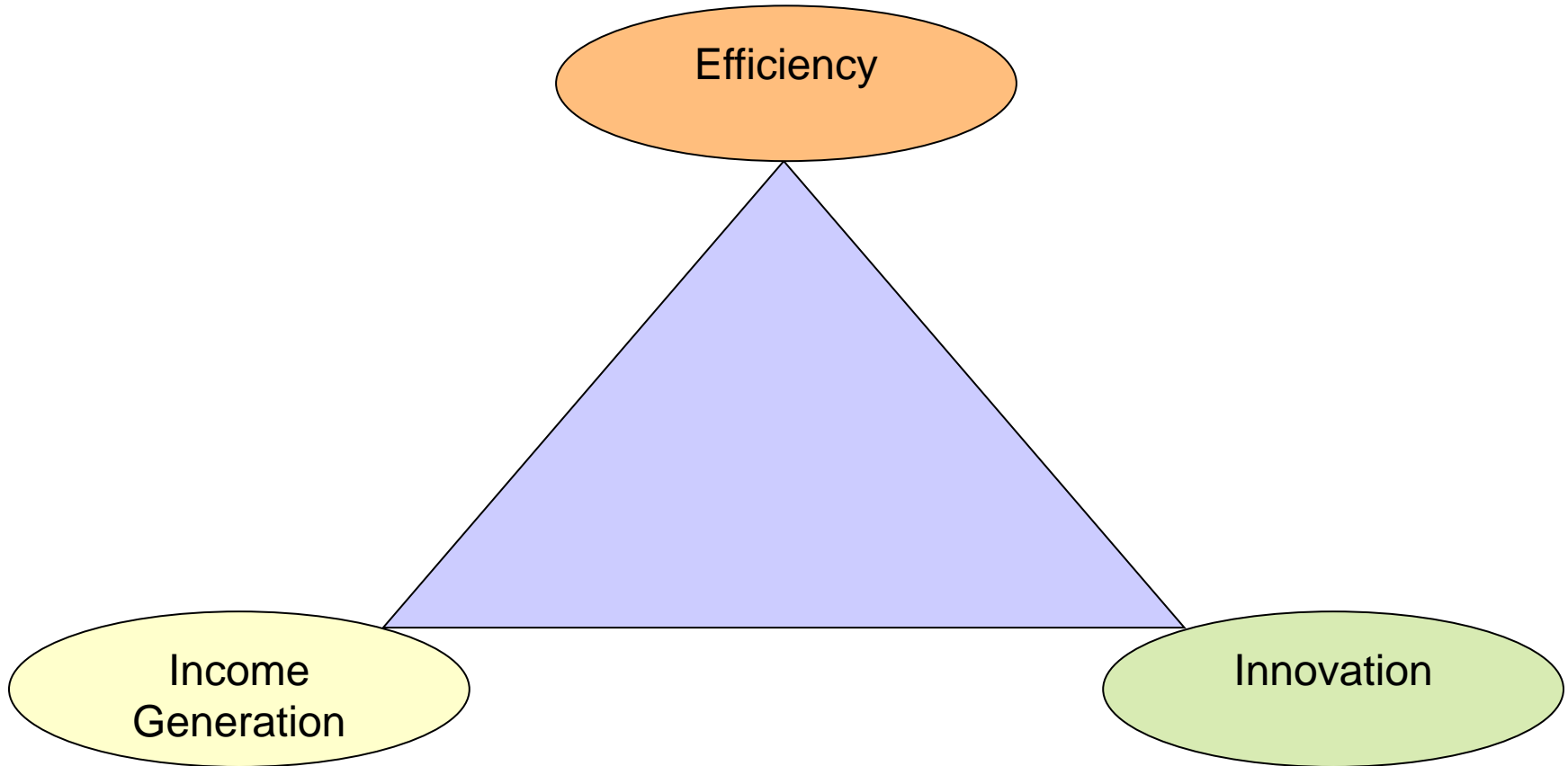


So what do we do now?

Whatever you do don't cross the streams or local government's finished



The Triangle of Excellence





2. SETTING OUT A STRATEGIC VISION FOR LOCAL GOVERNMENT

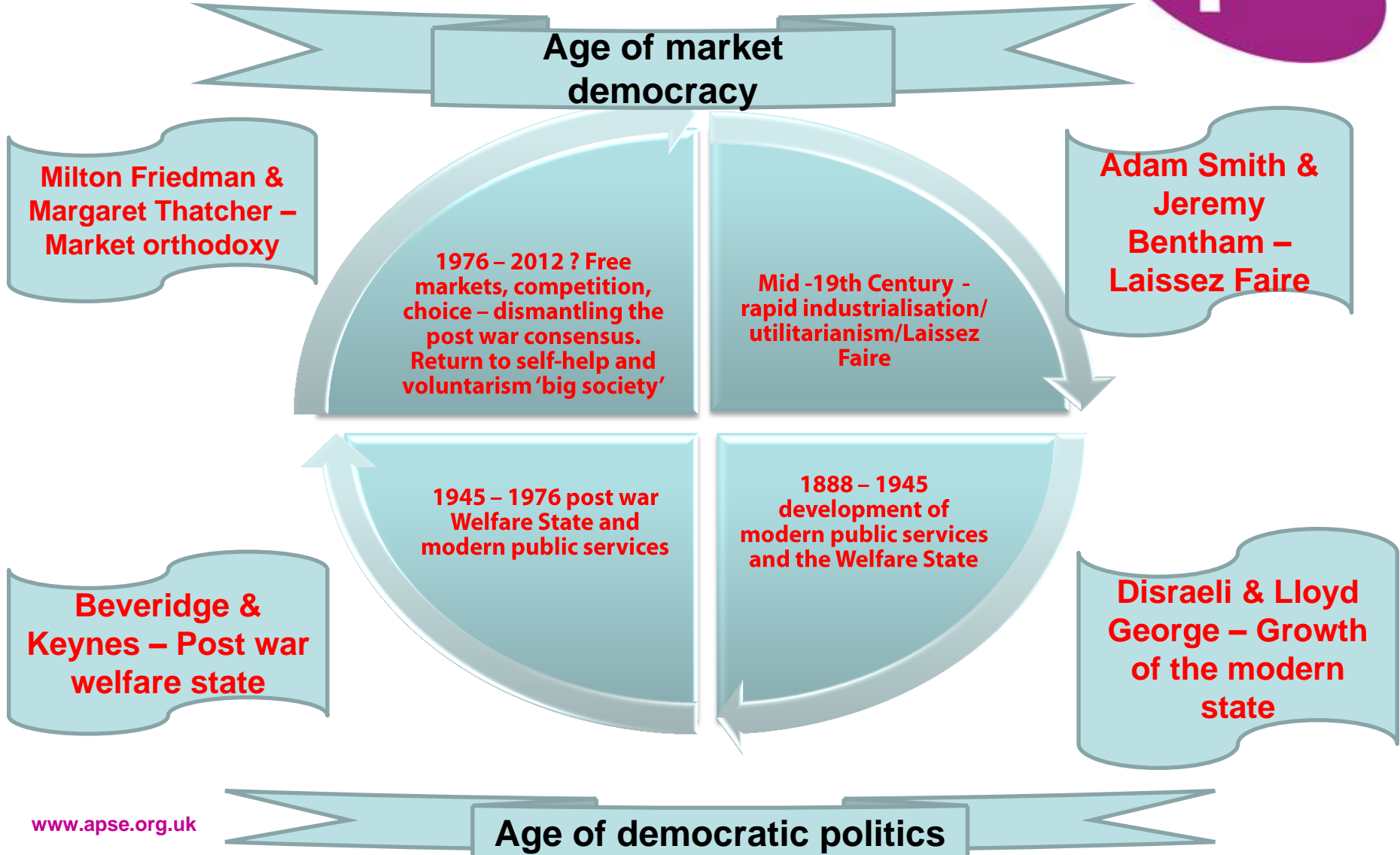
The ensuring council:



An alternative vision for the future of local government



Public services origins and Timeline – back to the future



‘Enabling’ or ‘Ensuring’



	‘Enabling’ Council	‘Ensuring’ Council
Core principle	Facilitates a market of external service providers, delivering specified outcomes.	Takes responsibility for ‘stewardship of place’, ensuring the economic, social and environmental wellbeing of the local area.
Operationalisation of core principle	Acts as a ‘strategic commissioner’, facilitating the delivery of services rather than directly providing them.	Recognises the strategic advantages of in-house services and public employment.
	Divests public services to private providers and the community and voluntary sector.	Retains core capacity to deliver public services within the public sector.
	Privileges contractual rather than collaborative relationships with alternative providers.	Works with alternative service providers on a collaborative basis.
	Grounds service decisions in ‘market democracy’.	Grounds service decisions in local politics.

Different perspectives on ensuring



Public Stewards

Strongly support the maintenance of core in-house service provision, not only for its strategic advantages over other forms of service delivery, but also as it ensures the capacity of councils to advance the social, economic and environmental wellbeing of local areas.



Local Brokers

Support in-house provision where it is the best option, whilst remaining sceptical of the long-term capacity of the third sector to deliver public services and therefore favouring a strong regulatory and interventionist role for local councils.



Public Valuers

Take the view that a mixed economy offers the best opportunity to deliver for the local community. Promote local authorities as community leaders and guarantors of local democracy, placing importance on local community empowerment and the maintenance of in-house provision within a more mixed economy.

Does it matter who delivers local services?



- **Democracy** – Restating the primacy of democratic politics over market democracy.
- **Value for money** – In a time of scarce resources ensuring that public money is spent wisely and on the right things.
- **Real localism** – Discretion to meet local needs and priorities in the most innovative and effective ways.
- **Local economies** – Counter balancing the effects of radical austerity by using public spending to bolster employment, training and local economic prosperity.
- **Accountability** – Ensuring that local services are accountable to citizens, taxpayers and service users.
- **Stewardship** – Who ensures that broad vision for the locality is delivered.
- **Scrutiny** – How do you manage complex contractual arrangements and get information to hold contractors to account.



3. COLLABORATION AND SHARED SERVICES

Shared services and collaborative working in a Welsh context: Applying theory to practice



The Simpson Review



Service Area	Opportunity for collaboration
Catering and cleaning	The procurement of service contracts such as catering and cleaning in education has been marked out as one area that could benefit from greater collaboration. It is recommended that existing preparations for enhanced collaboration are completed over the next year and implemented during 2012-13.
Efficiencies, procurement and service transformation	<p>Local authorities should collaborate in the provision of a range of corporate services including payroll, pensions, legal services and HR. Over time and in some instances this collaboration should progress to a national level.</p> <p>Local Authorities should consolidate and build upon existing arrangements for collaborative procurement based on shared approaches to contract documentation, standards and financial limits.</p>
Roads, highways and street lighting	The planning and management of strategic highways should be organised collaboratively at a regional level.
Social Care	<p>Support services for social care should be provided collaboratively.</p> <p>Collaborative procurement arrangements in social services should be put in place across Wales for the procurement of high cost care packages for looked after children, mental health and learning disability, domiciliary care, tele-care, emergency duty teams and respite care.</p>
Waste management, refuse collection and street cleansing	Procurement of facilities for the management and reuse of waste should be organised collaboratively by local authorities.

1. Informal approaches to shared services



Sharing information between local authorities

Sharing information between local authorities is a simple form of collaborative working. It involves promoting more effective public services through sharing data across boundaries, sharing good practice in relation to service delivery and strengthening relationships with other local authorities/public bodies.

Shared management teams/posts

Sharing management teams/posts is usually driven by the need to reduce costs and improve the effectiveness of service. The types of posts that are shared often include: Chief Executives, Directors and other strategic posts, other management posts such as Heads of Service and front-line posts i.e. joining up of teams across different local authorities who deliver similar functions.

Co-location of assets/sharing assets between local authorities

Sharing assets between local authorities and/or co-locating them is usually driven by the need to ensure cost efficiency, environmental sustainability and joined up services. It usually involves one or more of the following;



2. Administrative models

Joint Committee

Setting up a Joint Committee involves a local authority and one or more other local authorities joining together to effect joined up service delivery of some or all of their functions.

Service Level Agreement

A service level agreement is a formal negotiated agreement, which identifies expectations, clarifies responsibilities and facilitates communication between a service provider and its customers. It can be used for a range of activities with limited bureaucracy. It is reliant on administrative rather than contractual law so is best understood as a collaboration agreement, which falls short of a contract.

Purchasing consortia

Across the UK, Local Government procurement amounts to around £50bn a year and makes up nearly 40% of local government expenditure. In Wales specifically, the public sector as a whole currently spends in excess of £4.5bn each year on the procurement of commodities, works and services. Collaborative procurement has long been seen as a way for public bodies to group together and achieve efficiencies whilst minimising the impact on frontline services.

3. Contractual models

Contract

The contractual model refers to a contractual agreement between 2 or more local authorities, either jointly delivering services or delivering services to each other. It often involves a contract under 1970 Goods & Services Act (s1).

Advantages

- Relatively easy to set up;
- Gives clarity about what is to be delivered;
- No new body created.

Disadvantages

- Does potentially involve the 'award of a public contract' therefore triggers EU public procurement regime.
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4. Corporate models

Company models

Local Authorities have broad powers to set up companies, which can be jointly owned. There is a link between corporate and contractual arrangements in that if a local authority was looking to provide work under a contract to a neighbour, then the company route would allow this. There are many different types of companies and the most suitable vehicle depends on the specific needs of the authority.

Joint Board

Local Authorities can provide services on a joint basis with other authorities through a Joint Board. They are not directly elected; but made up of councillors appointed from the authorities, which are covered by the service. Typical services run by a Joint Board include; Police, Fire, Transport and Waste Disposal Authorities. Joint Boards are very similar to Joint Committees except that they set up a separate legal entity, whereas a joint committee sets up a separate administrative entity.

The benefits of in-house service provision



- Value to local economies.
- Value in shaping places.
- Value in managing costs and transactions.
- Value in sustaining democratic networks and accountability.
- Value in realising the potential of the local workforce.

Key issues for local authorities



1. Governance and accountability.
2. Workforce matters.
3. Competition and procurement
4. Risk and scale.
5. Financial and local economic factors



4. CAN CIVIC ENTREPRENEURSHIP MAKE A DIFFERENCE?

Some myths and orthodoxies



- Private sector managers are better than public sector managers at innovation and risk taking.
- Competition, markets and choice are the drivers behind innovation and entrepreneurialism.
- Local government is ‘institutionally fragile’ and innovation occurs by ‘chance or accident rather than by design.’

Civic Entrepreneurialism – key drivers



- Entrepreneurial managers who foster a commercial culture amongst staff
- A commitment to valuing and developing the workforce
- Focusing on income generation for reinvestment in local services
- Assured democratic accountability
- Pre-empting and addressing of risk
- Taking full advantage of opportunities to steward local economies
- Pro-active attitude to expansion and diversification

Case studies



Local Authority	Case Study	Description of case study	Type of innovation
West Lindsey District Council	The Entrepreneurial Council with a social enterprise mindset	Transformation of the local authority to improve service delivery and diversify sources of income.	<ul style="list-style-type: none"> • Commercially focused, income generating services • Involvement of the local community in service delivery
Angus Council, Dundee City Council and Perth and Kinross Council	Tayside Contracts: sharing services across boundaries	Local authority contracting organisation generating income and delivering shared services across boundaries.	<ul style="list-style-type: none"> • Shared services • Income generation • Return of surpluses to the three councils
Wrexham County Borough Council	Solar PV renewable energy scheme	Renewable energy scheme which takes advantage of the feed in tariffs scheme to generate a sustainable source of income and reduce CO2 emissions.	<ul style="list-style-type: none"> • Green income generation • Stimulation of the local economy

Case studies cont.



Local Authority	Case Study	Description of case study	Type of innovation
Shropshire Council	Shire Services: delivering services across boundaries	Local authority (in-house) traded service, generating income and delivering catering and cleaning services within and across boundaries.	<ul style="list-style-type: none"> • Commercially focused services generating income • Delivering services across local authority boundaries
Hertsmere Borough Council	Elstree Studios	Local authority owned film and television studios generating a significant level of income which is reinvested in local services.	<ul style="list-style-type: none"> • Income generation • Stimulation of local economy • Protection of local industry

Case studies cont.



Local Authority	Case Study	Description of case study	Type of innovation
Kingston upon Hull City Council	Kingstown Works Limited: A Hull City Council wholly owned company	Wholly owned company controlled by Hull City Council delivering building maintenance and repairs services across Hull and East Riding.	<ul style="list-style-type: none"> • Income generation • Return of Surpluses to Hull City Council • Stimulation of local economy
City and County of Swansea	Service reviews (conducted by APSE solutions) of transport, corporate building services and parks and open spaces	Establishing if the current service delivers value for money, identifying added value features of the services and identifying options for efficiencies and future service delivery models.	<ul style="list-style-type: none"> • Efficiency savings • Increased productivity

Financial benefits to local authorities



- **West Lindsey** – delivered over £2m of efficiency savings since 2009/10 and sustained front-line services.
- **Tayside Contracts** - £14.5m returned to the 3 Tayside Councils since 1998.
- **Shropshire Shire Services** - £10.2m income on an annual basis with £3m from external trading.
- **Hertsmere DC** - £1.1m in rental income annually reinvested in local services.
- **Kingstown Works** – Over £3m surpluses returned to the Council since 2008.

Wrexham Council: solar PV renewable energy scheme



Key facts and figures:

- Installation of solar PV onto 3000 council owned properties
- Reduces CO2 emissions by 3000 tonnes a year
- Reduces electricity bills for council tenants by between £100 and £300 per property per year
- Generates an average of £1m a year of income for the next 25 years
- Total cost of project, £27 million

City and County of Swansea: service redesign



Key facts and figures:

- Potential generation of £155,000 of efficiency savings per year
- Reduction of management/supervisor overheads within Corporate Building Services as part of the authority's 20% reduction in management costs
- Potential productivity increase of 5%

APSE recommendations



- Priority should be given to fostering cultural change throughout the organisation, so that innovation is prioritised corporately but also develops from the frontline.
- Working to a socially entrepreneurial ethos is important, where staff focus on generating income for re-investment in local services.
- A strong emphasis should be placed on valuing and developing the workforce, providing frontline staff and managers with the right environment and tools to drive innovation.
- Governance arrangements should ensure democratic accountability providing clear opportunities for scrutiny.
- The public sector should use innovation as a catalyst to build on its community leadership role delivering wider social, economic and environmental benefits.

A final word on innovation from Homer Simpson



***You tried your
best and you
failed miserably.
The lesson is
'never try'. -
Homer Simpson***

MATT
GROENING



LOCAL SERVICES

LOCAL SOLUTIONS



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