UNIVERSITY OF BIRMINGHAM

Institute of Local Government Studies

Why do we need a new model of public services?

Chapter 1

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About INLOGOV

The Institute for Local Government Studies at the University of Birmingham – INLOGOV - is the leading UK centre for the study of local public service management, policy and governance. Our core research strengths are in public governance and management, policymaking and public services, and democracy and participation. INLOGOV brings together research, advice to policy and practice, postgraduate education, and organisational and professional development.

Introduction

Public services, including those commissioned and delivered by local government, have changed substantially in the past ten years. There have been changes in service delivery mechanisms, in relationships between users and services, in organisational structures and in partnership arrangements. It appears likely that the next ten years will bring at least as much change, if not more.

INLOGOV is developing a new model of public services, in partnership with public service leaders, as a way of drawing together many of the themes in current debates about the ways in which the public sector will have to change. In particular, we are looking at how public services can manage demand, build capacity and strengthen mutual understanding, through the development of stronger relationships with communities as well as through co-production and behaviour change. The purpose of this model is to provide a framework to support public service leaders – both political and managerial – to make better sense of a complex world and find workable solutions to previously intractable problems.

INLOGOV's model brings together some of the key cultural, structural, political and financial challenges facing local government and wider public services into an integrated framework, which takes account not only of individual drivers of change but also of the inter-relationships between changes in public services and the wider political and social context. If we have a coherent model, which reflects current and future realities, it will be easier for us to explore possible solutions together.

In developing INLOGOV's model, we have concentrated on the challenges and opportunities for local government, in partnership with other local and national institutions. That is not because we think local government is the most important actor on the public service stage, it is because we think it plays a unique role as the convenor of complex networks of players and mediator between conflicting interests. It is in these roles that local government can provide the creativity and connectivity to help shape solutions to the seemingly intractable problems of rising demand and falling resources.

The model brings together some of the key themes running through the current discourse on the future of public services. Our argument is that it is possible to create a virtuous circle through changes in the behaviours and mutual expectations of public services and the individuals and communities they serve, through better understanding of the drivers and determinants of behaviours and expectations. The pressure to save money is helping to create an environment in which councils and other organisations are willing to look afresh at the way in which they respond to complex need.

Figure 1: Building a new model of public services

Relationships

In order to develop strong relationships and harness the potential value of co-production and behaviour change, it is necessary to develop more creative and effective approaches to building relationships with citizens and communities. Trust – both in institutions and individual professionals - has always been a complex issue for public services, particularly local government and requires some closer analysis. Newman (1996) describes the 'promiscuous application of the concept of trust' and it is a term which continues to be used loosely and sometimes inappropriately. It is perhaps unrealistic of local agencies to expect to be trusted. The complexity of choice in the public policy realm means that there will inevitably be conflict as the result of the distributional consequences of those choices. For every difficult decision there will be winners and losers and the losers are not likely to trust the decision makers.

Trust in local authorities, however defined, is perceived to have declined in recent years and there is much evidence, for example, the painfully slow introduction of personalised services and direct payments, that local authorities and other public services do not trust users and communities much

either. Any exploration of how trust impacts on relationships – between institutions or individual professionals and citizens and between institutions engaged in a common endeavour – needs to include issues of culture, power, legitimacy, accountability, transparency, equity and diversity, which it is not possible for us to explore in detail in this book.

Local democracy is often cited as the foundation of a special relationship local communities but this can be a mixed blessing in terms of developing relationships of trust. While local political leaders are asking their residents to trust them when they say that a proposed change is either beneficial or inevitable, their political opponents will be reported in the local paper decrying both the intentions and the actions of the current administration. In that case, as voters, a healthy scepticism is essential to the exercise of our democratic choice. However, at the same time, if vulnerable users of services, such as people in receipt of home care, do not trust their carers it is difficult to see how those carers can hope to provide a good service. It is, however, possible for people to maintain their trust in professionals even when the professionals make mistakes (Giddens 1990) and it is perhaps on those relationships between professional and the most vulnerable, where trust is really important, that we should be focusing our attention.

In his chapter on relationships, Chris Lawrence-Pietroni explores how local authorities and other public services can overcome some of the barriers and develop genuine relationships with those they serve. He argues that such relationships, which bring more than a transactional or instrumental benefit, are not a soft option 'nice to have' but a hardnosed prerequisite for effectiveness.

Behaviour change

There is increased awareness of the need for changes in behaviour to reduce demand on services and for stronger relationships with communities and individual service users. Behaviour change is often cited as part of the answer to managing the inexorable twin pressures of increasing demand and reducing resources (NLGN 2011). The idea of reducing demand through behaviour change, for example, by encouraging people to adopt healthier lifestyles, has gained greater currency, especially with national politicians. However, there has generally been poor use of evidence to identify and support the most effective policy interventions (Haynes et al 2012).

It is widely accepted that by reducing the incidence and impact of behaviour which causes problems for individuals, families and communities, to which public services then have to respond, it should be possible to achieve efficiencies in the long term. However, we need to ensure that our analysis is based on facts and not on misconceptions (Joint Public Issues 2013) and we need a more adult and transparent public discourse about the financial consequences of certain behaviours and the choices we will all have to make. We also need a better collective understanding of the evidence of what works when seeking to change behaviour, to avoid reliance on approaches which are more likely to irritate and alienate then deliver changed behaviour (Downton(2008). It is clear that the behaviour of organisations and professionals will also have to change. Service providers will need to move from an adult/child to an adult/adult relationship with their users, with a focus on reducing dependency and strengthening capacity and confidence. The Swindon Life project, has demonstrated how effective it can be to hand power and responsibility back to families previously subject to multiple but often outcome-free interventions, from a range of agencies, driven by

competing and sometimes contradictory objectives. Perhaps the behaviour which really needs to change first, so other change can follow, is that of service providers in the public sector.

Demand for services is driven by a number of complex factors, depending on the nature of the service, including attitudes to risk and a lack of knowledge of, or confidence in, lower cost alternatives. There is much interest in demand management through prevention, early intervention and re-ablement, for example, to reduce the costs of caring for the elderly. However, we face very significant barriers to moving resources from existing service, which are known and valued, to new services which are not – even though the evidence is very strong that those resources will be used more effectively.

In their chapter on behaviour change, 'Beyond Nudge', Daniel Goodwin and Catherine Mangan set out both the challenges and some potential solutions to changing the behaviour of citizens and users of public services, in ways which both reduce costs and improve outcomes, in the long term.

Co-production

Co-production (New Economics Foundation 2009,) or helping people to help themselves (Taylor 2009) and others (New Local Government Network 2011), is now seen as an important way of making better use of individual and community capacity, thereby reducing demand for and costs of services. Local authorities and other public services are beginning to move away from a deficit model which focuses on what people do not have and cannot do, to one which takes as its starting point a shared understanding that almost everyone has capabilities which they can use to improve their own quality of life and that of others.

Co-production is not a new concept. When we sort our rubbish for recycling, take our medication as prescribed, help our children with their homework or clear an elderly neighbour's drive of snow, we are co-producing outcomes. Informal carers play a critical role in the care of their relatives or friends. Volunteers in museums and art galleries add value to the experience of visitors. One of the potential ways of bridging the growing financial gap between demand for and costs of public services is to lever in more resources, through increased co-production.

The Conservative's 'Big Society' idea, which does not appear to have gained much traction, was based on co-production of individual and public benefits through self and mutual help. It also implied a re-balancing of traditional perceptions of rights and responsibilities. Although the 'brand' became toxic for all sorts of reasons, the underpinning ideas are visible in a number of new approaches. There is now broader recognition that public services do not operate in a vacuum and that individuals and communities play a very significant part in the delivery of outcomes. Westminster City Council is developing a 'Citizen Contract' which spells out mutual rights and duties, and Leeds City Council has identified a need to renegotiate a civic contract between communities and councils (Leeds City Council 2012).

In their chapter on co-production, Tony Bovaird and Elke Loeffler, set out what co-production is, why it matters and its implications for public services, as part of the INLOGOV model. We argue that the movement towards co-production can be conceptualized as a shift from 'public services FOR the

public' towards 'public services BY the public', within the framework of a public sector which continues to represent the public interest, not simply the interests of 'consumers' of public services.

Risk and resilience

Although we have not included issues of risk and resilience explicitly in our 'new model', they are very relevant to all of the key themes and crucial to understanding responses to a changing landscape of public services. Traditional ideas that change to established approaches to public services equals risk are being challenged as it becomes increasingly evident that rigid, linear and bureaucratic approaches do not protect the vulnerable or effectively respond to complex need (Bishop and Campbell 2011). Breaking down the barriers between organisations and professions and between providers and the people they serve, to enable better collaboration and joint innovation, may well offer benefits in terms of managing risk and increasing resilience. There is increased understanding of the need for a more mature approach to failure and for differentiating those failures which are preventable from 'intelligent failure', (Edmondson 2011), where it is possible to turn crises into opportunities (O'Donnell 2011). So the time may be right for some adventurous experiments. It is the nature of experiments that some will fail but it is only by trying out new things that we'll get out of the trap of trying to do more with less by doing the same, only worse.

In their chapter Tony Bovaird and Barry Quirk provide a coherent analysis of the complex landscape of risk and resilience.

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Why do we need a new model of public services?

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Reduced public spending

Central government is making cuts to public spending which are unprecedented. Figure 1, below, shows how the Government plans to bring total managed expenditure down towards the level of expected tax receipts. Achieving this reduction in spending implies major and sustained real terms cuts in public services. The March 2012 Budget set departmental expenditure limits for the Spending Review 2010 period (2011/12 to 2014/15) which will decrease by an annual average rate of 2.3 % and at an annual average rate of 3.8% for 2015/16 and 2016/17 (HM Treasury 2012).

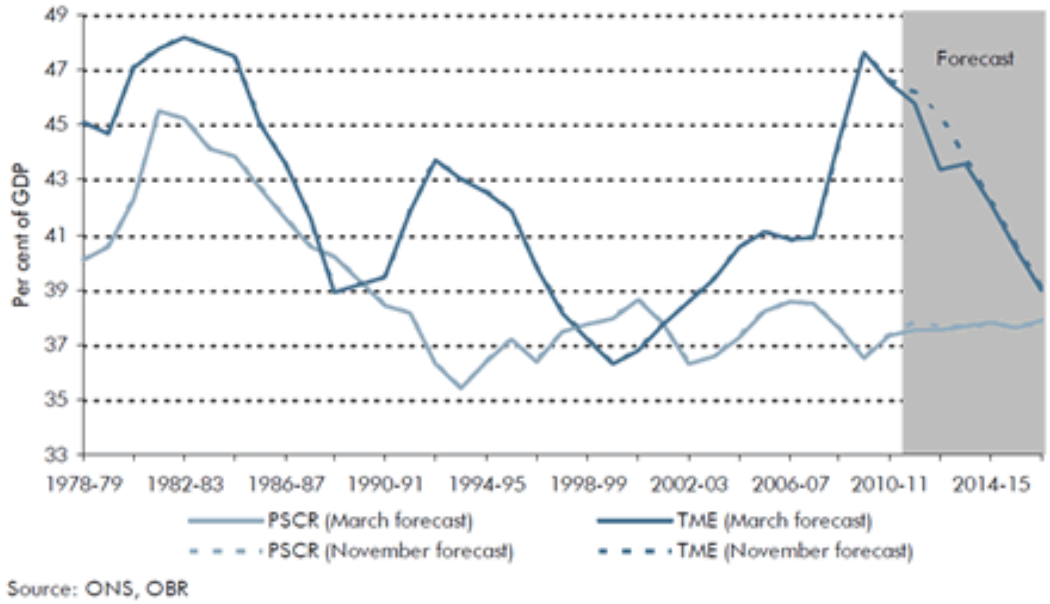

Figure 1. Overall public expenditure (total managed expenditure) and tax revenues (public sector current receipts)

Source: http://budgetresponsibility.independent.gov.uk/total-public-sector-spending-and-receipts-2012-03/

Against this picture of fiscal austerity, demand for public service will be rising rapidly. For example, it is projected that the proportion of the population aged 65 and above will rise from 17 % in 2012 to roughly 26 % in 2016 OBR 2012). The impact on local government will be particularly severe. The Local Government Association (LGA 2012) have made a projection of future local government spending against future spending needs, and have found that:

'A gap opens out in 2012/13 and then continues to widen every year through to 2019/20. The overall funding gap starts at about £1.4 billion in 2013/14 in cash and amounts to over £16.5 billion in 2019/20.'

Figure 2 shows this widening funding gap graphically.

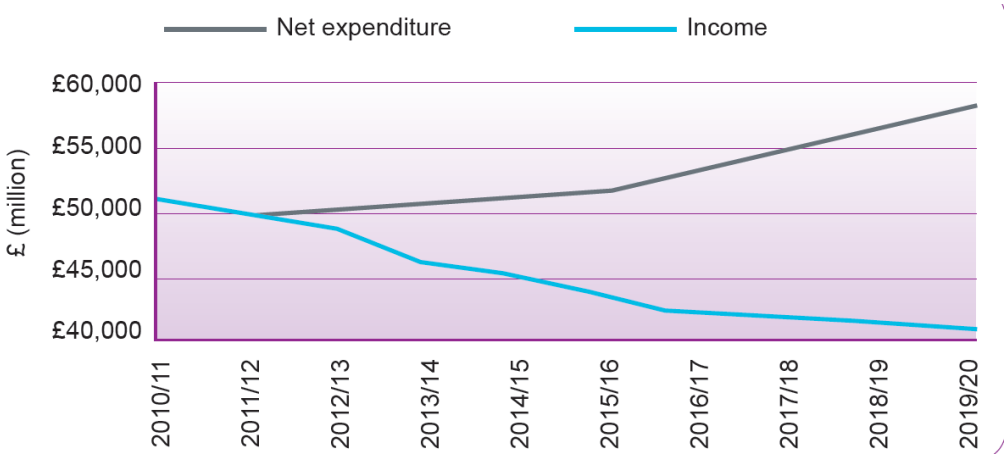

Figure 2. Projected local government income versus expenditure
Source: LGA (2012, p. 8)

At the level of the individual local authority, the consequence of the conjunction of growing spending needs and falling spending resources has been notably illustrated by the Barnet 'Graph of Doom'. The graph shows Barnet Council's projected available resources being engulfed by rising spending needs for adult social care and children's services, leaving no room for other areas of council provision.

This scenario is likely to apply to all unitary and county councils and district councils will also be subjected to slightly different financial pressures unless changes are made to the equation through increasing council's income or reducing demand. This has been highlighted as a major problem by Institute for Fiscal Studies:

'. . . the cuts in grants between 2009−10 and 2011−12 have generally meant that, across England, high-spending local authorities, which are typically relatively grant dependent, have seen larger cuts to their overall spending power than lower-spending authorities, and have therefore had to make larger spending cuts (both in absolute and in percentage terms).'

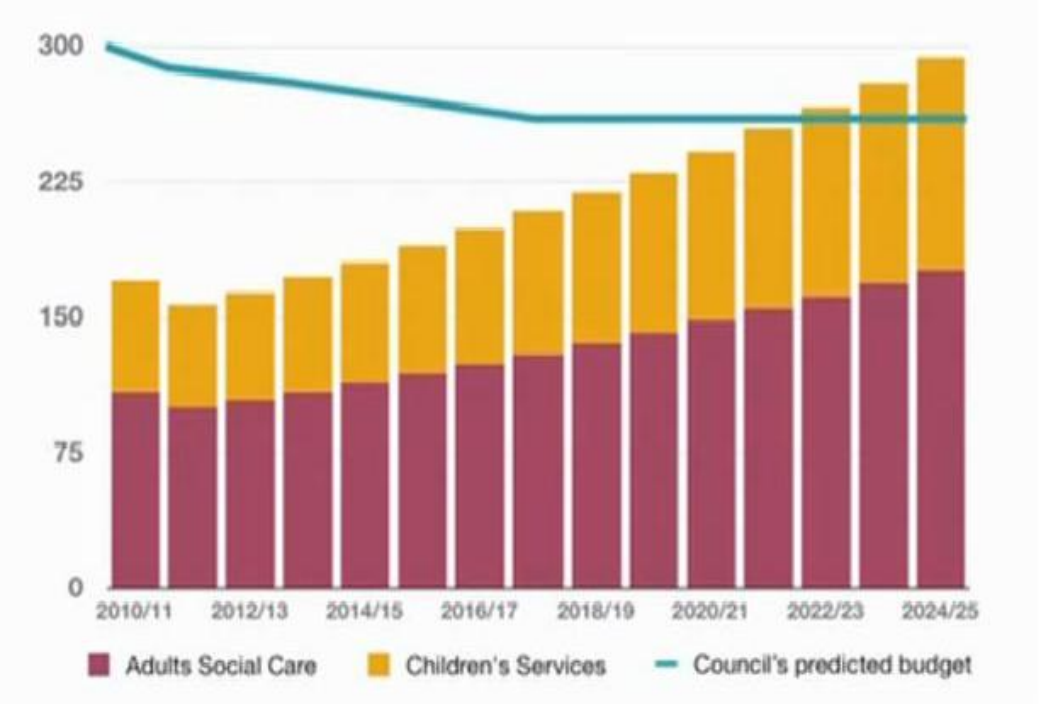

Figure 3. The Barnet Graph of Doom

Source: http://inlogov.wordpress.com/2012/05/23/barnet-graph-doom/

Change in public services

Local government and other local public services have gone through many rounds of changes and re-organisations in recent years. Drivers of these changes have included changes in government policy, the need to reduce costs and to improve performance, changes in the expectations and behaviours of service users and citizens, new or re-allocated duties and responsibilities and technological change. Many of these changes have been characterised by three common elements; an evangelical fervour on the part of proponents of the change, whether it be 'lean' or 'localism', a belief that the change would resolve many or all of the perceived shortcomings of a service or sector and a one dimensional, one-size-fits-all approach.

In the 1980s and 90s New Public Management theories (Hood 1991, Lane 2000) permeated much of the thinking about public services. NPM focused on the supply side of public services with an emphasis on performance management and importing private sector behaviours, systems and ideas into the public sector. A focus on back office savings through streamlined processes and systems and better use of technology through 'channel shift', shared services which delivered economies of scale and outsourcing to reduce unit costs have all, at one time or another, been heralded as the answer. Performance management systems have often been the change lever of choice for central government, sometimes embraced enthusiastically by public sector managers who saw the potential benefits and took the opportunities to challenge the status quo and drive up quality. In local government, successive cure-alls included 'best value', which took a piecemeal, service-by-service approach to delivering more outputs for less money, Comprehensive Performance Assessment,

which took a broader view of the performance of the council as a whole, and Comprehensive Area Assessment, which was designed to measure the effectiveness of public sector partners in delivering better outcomes for their areas. The Gershon report in 2004 shone a bright light on waste in local government and was followed by the setting of national government efficiency targets for councils, made up of non-cashable and cashable savings. This in turn spawned an efficiency industry focusing on supply-side issues including procurement, contract management and organisational structures.

Latterly, a number of different approaches to organisational change in public services have emerged. These include the creation of 'arms length' service providers, such as care trusts and the transfer of some services and their staff into different types of organisations such as mutuals and co-operatives (Inside Government, 2012). Other, more subtle changes in perceptions about the needs of people as individuals have also taken place in the last 30 years. In the 1970s and 1980s the rise of a more consumerist approach – where the authority of the expert was challenged by the authority of consumers – to many public services created new pressures for change (Keat et al, 1994). For example, the 'User Movement' in mental health challenged the then prevailing medical model of mental illness, championing a more social model in which the help of professionals, combined with mutual support and self-help, could deliver care which was not as dehumanising, disempowering or degrading as that provided in traditional mental health hospitals – in other words, co-production (Harrison 1993, Wainwright 1994). As the quality and choice of goods and services delivered by the private sector began to rise, people became less willing to accept poor public services and expectations of personal choice have become more widespread (Natcen 2009). The Citizen's Charter, the Human Rights Act and customer service standards for local services all reflect the rising importance accorded to the rights and needs of the individual. In recent years, efforts have been made to translate that understanding of the rights and needs of the user into a real transfer power to users of the 'personalisation' of social care and the delegation to service users of their individual budgets.

Efficiency: the panacea of the past

Efficiency, which usually means 'more for less', has been a constant theme in the public sector in recent years. Many different approaches have been taken including, outsourcing services, sharing services, restructuring and de-layering, integration of services and organisations, service reductions or increased charges for services. Each of these approaches has its proponents and there has been much lively debate about the relative merits of methodologies such as 'lean', 'six sigma' and 'value chains', which have their roots in manufacturing and linear processes undertaken by machine-like organisations with rigid, vertical lines of accountability. Problems arise when these methodologies are applied to complex systems because local public services, local agencies and partnerships do not conform such neat and manageable models.

Much of the debate about the 'right approach' has been based on a fallacy: that there is a single efficiency solution for local services. There is not, for a number of reasons. Firstly, local services are planned, funded and delivered through a complex network of inter-dependent processes and arrangements. Secondly, local services comprise a very wide variety of services; statutory, discretionary, free, paid for, universal, targeted, place-based or personal. Some services are delivered by a single organisation and/or professions and others require inputs from a number of

agencies and professions. Partner agencies have different governance systems and answer to different political masters, locally and nationally.

One way of managing this complexity is to break down the range of organisational functions into a number of different categories. Using local authorities as an example we can identify three broad categories of activity: what they *buy*, what they *do* and what they *change,* for and with individuals and communities. 'Buying' encompasses the procurement of goods and services and the commissioning of services on behalf of users and communities. 'Doing' includes transactional and regulatory activity, management of people and resources, delivery of directly provided services and democratic functions. The main focus of the drive for efficiency in recent years has been on buying and doing, in order to make savings which could be reinvested in front line services. 'Change' comes about as a result of the interventions which councils and their partners commission or deliver and which can improve people's circumstances and ability to manage their own lives, as individuals, families and communities.

Buying was one of the first areas where local authorities looked for savings (OPM 2006). Larger contracts enabled lower prices, fewer suppliers enabled lower transactional costs, procurement consortia made up of a number of local authorities or a number of different local agencies, or a combination of both, have helped deliver significant savings. Outsourcing some activities such as customer services, to the private sector and developing shared services have also helped save money. However, these arrangements also create problems in the long term if they are not sufficiently flexible to respond to changing circumstances.

Commissioning, when the people with the money, 'commissioners', buy services from a range of 'providers' in the public, third and private sectors is becoming more sophisticated' LGA (2012) 'Joint', 'strategic' and 'intelligent' commissioning systems have been explored in many areas. There is a growing understanding that, in order to deliver better outcomes, it is essential to take a holistic view of people's needs, move away from old fashioned service silos and integrate structures and resources. Such changes have proved very hard to achieve, because, among other things, of traditional approaches to financial planning and cultural differences between different services which hamper integration and collaboration.

Over recent years, there has been more emphasis on commissioning as a process for deciding how to use the total resources available in an integrated way in order to improve outcomes in the most efficient, effective, equitable and sustainable way. Commissioning can (and should) be integrated and operate at a number of levels, including local partnerships, councils, individual services or areas, and down to individual level. It goes beyond procurement: good commissioning comprises the basic cycle of Understand – Plan - Do – Review. If it is effective, this process should bring together evidence about needs, capacities and 'what works' and guide decisions about what outcomes need to be delivered through which services and whether they are provided in-house and what are bought-in from providers in the private or third sectors and even co-produced.

In local authorities 'doing' covers a very varied range of transactional and service related activities, from issuing library books, taxi licences and parking fines to paying housing benefit and collecting council tax, business rates and rubbish. Transactional activities have been a prime target for councils wanting to reduce costs and this is the point at which 'buying' meets 'doing'. Local authorities can use 'buying' to improve the efficiency of 'doing' - from short term buying in of

external skills and capacity, simplifying processes, reducing complexity and multi-skilling staff, to more long term buying such as outsourcing and shared services (LGA 2013). Simplifying management structures and integrating management and services has helped to save money in recent years (IDeA 2009). These approaches have been tried, with varying degrees of success and will continue to be part of the battle to reduce 'supply side' costs, as they develop and progress (PWC 2009) However, it is clear that they cannot now bridge the growing gap between need and resources (LGA 2012).

From supply side savings to demand side change

The savings which can be made through traditional 'more for less' approaches to 'buying' and 'doing' are limited. When we turn to 'changing' things for people, by co-producing better outcomes, the potential for savings become greater but the methods of achieving them become much more problematic. The challenge to local services, particularly to local government, of a dramatic cut in resources will be to do different, more effective things with fewer resources. The purpose of most public services is to make things better for people, directly or indirectly. However, that is not always what they do. Sometimes services are of poor quality or poorly targeted. There is still much duplication of effort. This has perhaps been inevitable in the past, because each agency sees individual users, families and communities through the, sometimes distorting, lens of its own statutory duties, professional perspectives and organisational norms. It is very difficult to develop a coherent approach to interventions which achieve real and sustainable beneficial outcomes, as opposed to numerous and sometimes conflicting outputs. Historically there has been too much of a focus on outputs, which only address one aspect of behaviour or need and this has diverted attention away from thinking about the very complex and 'wicked' issues. For example, many high dependency or 'troubled' families will at any one time be receiving inputs and interventions from children's services, council benefits services, job centre plus, adult social care services, their GP, schools, the police and the probation service. To make sense of this complexity it is necessary to use whole systems thinking and really place the user, family or community at the heart of the system – as opposed to just saying that is where they are.

Partnerships

We are all increasingly familiar with the complex, multi-causal nature of many of the major challenges for both central and local government. *Wicked* issues were defined by George Jones and John Stewart (2007) as being 'imperfectly understood, intractable and to which solutions are not clear'. Examples of wicked issues include, low aspirations, poor educational attainment and worklessness. Perceptions of the causes of and solutions to wicked issues are overlaid by beliefs, value judgements and firmly held misperceptions. These influences combine to create contested spaces and political battlefields – as is evident in the arena of economic growth. Previously familiar, uniform structures and processes directed by government are no longer enough (Gamble 1990) so governance through complex partnerships and networks is increasingly seen as important and necessary (Bevir and Richards 2009).

Creativity and innovation are also important in tackling complex issues. While there is still a place for 'left brain' efficiency approaches for example, streamlining processes, perhaps the time has come to use 'right brain' approaches to solving old problems (Holbeche 2009, Taylor 2009). Examples of fresh thinking, such as the police force which invests in dental care for ex-addicts to improve their appearance and consequently their chances of employment, thereby reducing the risk of re-offending and the health commissioner which helps pay for improved road safety, to reduce admissions to accident and emergency departments, demonstrate that it is possible to look at complex needs in new ways. It is also possible to design processes which unlock creativity to resolve complex issues and to use analysis of evidence to challenge and inform that creative thinking.

Much of what central government calls on local government to do, requires the development and maintenance of a variety of partnership relationships. Partnership has become, increasingly, the default organising principle of public sector governance (Sullivan and Skelcher 2002) and partnerships are characterised by the numbers and varieties of players and stakeholders (Hirst 2000, Rhodes 2000).

If the 'wicked' issues such as low attainment, obesity and drug dependency, are complex then the systems and structures set up to respond to the issues are even more complex and confusing. Partnership does offer some solutions but it can also bring its own problems, as demonstrated by the uncertainty experienced by Local Strategic Partnerships about where responsibility lay for the delivery of outcomes (OPM 2008). Each profession and organisation will have its own view of the issue and its own interests to protect. Data sharing about the individuals for whom different agencies are providing multiple inputs and between central and local government, is fraught with difficulties, in both systems and behaviours (OPM 2008). The prospect of radical change can generate defensive and unhelpful behaviour. A huge amount of political will and leadership skill is needed to challenge current thinking, devise better and cheaper solutions and then see through the changes in both organisational behaviours and use of resources.

Central and local government

The centralisation of power over local services and resources creates additional tensions and reduces local opportunities to act collectively to reduce costs and deliver better outcomes. A pattern has emerged of successive governments asking local government to do different things and do things differently, in order to further the policy aims of the government of the time. This has absorbed a great deal of local government energy, often to little effect, when the latest scheme is discontinued. The localisation of council tax benefit illustrates the way in which central government likes to devolve the problem, not the power, as they have set rules about budget reduction and protected groups which constrain local political choice. Notwithstanding its title and the introduction of a General Power of Competence, the Localism Act 2011 has done little to reverse this entrenched pattern (INLOGOV 2012).

Facing a long term future of limited resources

Over the last 30 years, local government and local public services have managed remarkably well to change in response to changing needs and circumstances but further incremental change will not be

enough to meet the current challenges. Some changes and improvements have been introduced in a patchy or half-hearted way, with little emphasis on using evidence of what works, on learning from experience or sharing knowledge (Downe et al 2012). Councils who had outsourced services to commercial providers, with a great fanfare, were less forthcoming about some of the problems and failures which followed. These included poor contract management, lack of effective communications and integration between the outsourced service and the rest of the council as well as expensive back-filling to fill gaps in expertise or delivery. Silo based budgets and entrenched professional positions still present enormous barriers to moving to a coherent and holistic commissioning approach.

The cuts will keep on coming, with the next CSR predicted to result in an additional 30% of cuts for local government. The approaches of the past; pumping in more money, driving up performance through complex, costly processes and reducing 'supply' side costs through increased efficiency will either now not be possible or will be unable to deliver the necessary savings. The 'low hanging fruit' savings were picked years ago. The trees have now not only been stripped bare, their branches are being lopped off and burned just to keep services and organisations from freezing to death in the icy blasts of the funding cuts. The problem with 'supply side' management of costs is that most changes achieve finite savings. They don't bring any new capacity into the system. So what will?

Using the new model to identify solutions

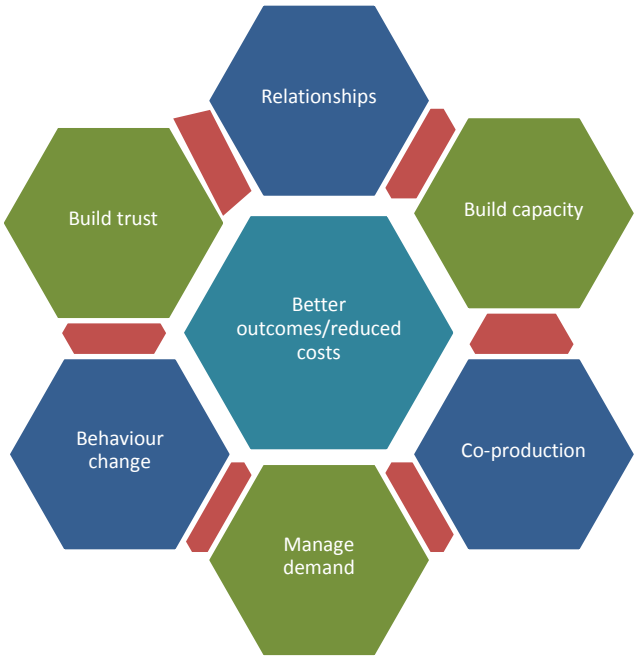

Figure 4. INLOGOV's new model of public services

INLOGOV's 'new model of public services' brings together a number of the key themes and constructs which are perceived to be part of the bigger picture of change in public services. The model suggests how local government and local public services can think and act differently to bridge the gap between the available funding and rising need. We argue that building relationships and capacity and reducing demand must be part of the way forward. The key levers for change include the development of stronger relationships between communities and individuals and public sector organisations as well as between communities and individuals themselves, thereby changing behaviour, stimulating co-production and building capacity and resilience (OPM 2012)

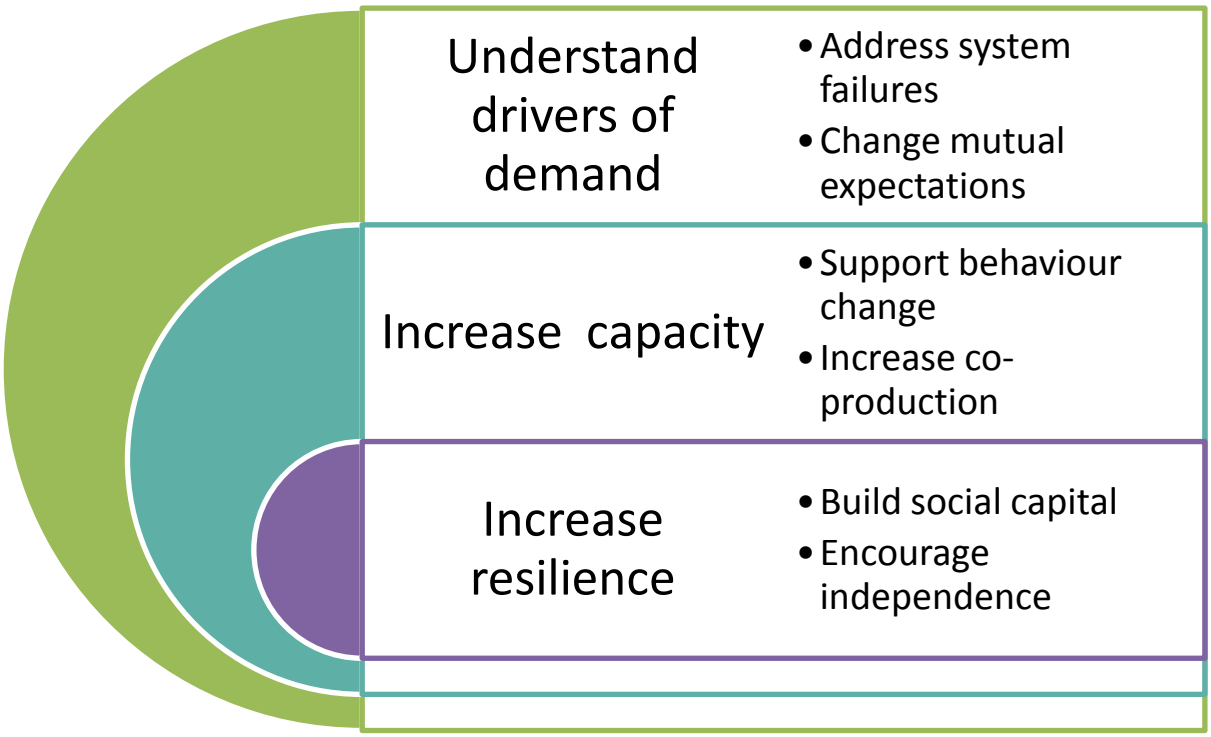

Figure 5. Reducing demand and increasing capacity

Figure 5 describes how organisations can understand the steps they need to take to manage demand and increase capacity. Demand is not the same as need. Some people who need services and would benefit from them do not demand them. Also, there are many drivers of demand, including service failures and missed opportunities to intervene. Expectations that public services will always provide the services that they have provided in the past need to be changed. By changing those expectations, for example, by sign-posting to less expensive services or mutual-help groups it is possible to begin to change those expectations. Where people are vulnerable or have become very dependant on a service, it is important to negotiate a change in expectations with great care. Coventry City Council used ethnographic research methods to engage with the parents of children using special needs transport in order to understand their real needs. As a result many of the parents have now chosen to have a personal payment and transport their children to school themselves, because that is actually a better arrangement for them. This has resulted in significant savings for the Council.

Many pubic services operate on a deficit model and only focus on needs, not on the capacity of individuals and communities to do things for themselves. When people come together to do things for themselves not only are their needs met but relationships are developed and strengthened and social capital enhanced. Social capital helps to build the resilience of individuals and communities and maintain independence.

Figure 6 below illustrates how increasing co-production and reducing demand, through behaviour change, could help bridge the growing gap between demand for services and the resources available

to deliver them. The 'balance' of demand, those things which people cannot do for themselves or others and for which behaviour change is not the solution, would be met by the services which councils and their partners commissioned to fill the remaining gaps.

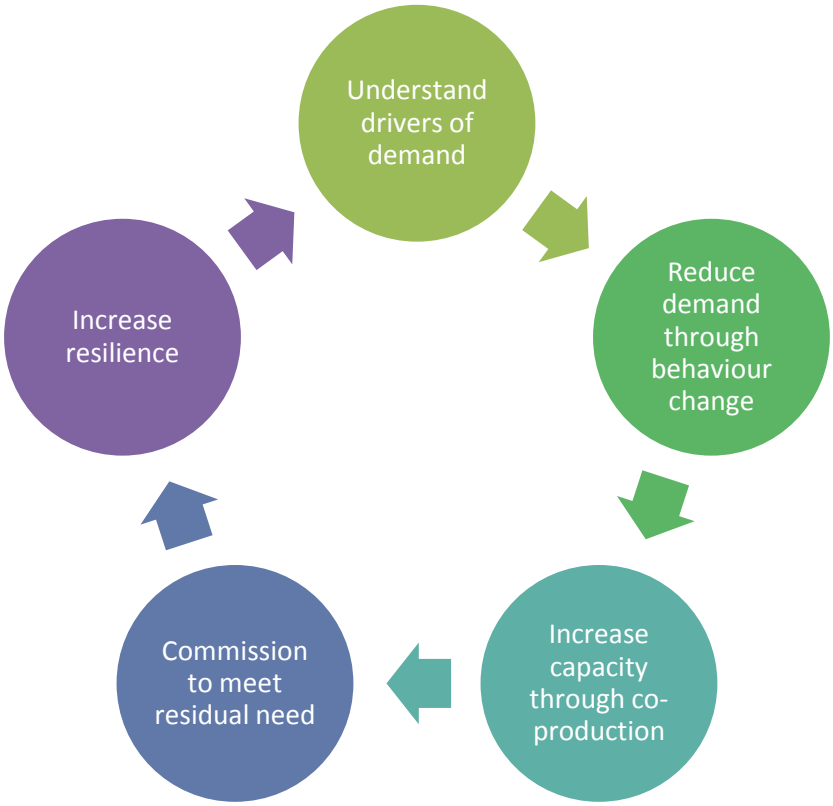

Figure 6. Longer terms approaches to reducing demand

Who decides and who provides?

Local government has always had a unique role as the only locally democratically accountable agency. It has often been called on to make sense at a local level of those things which central government has failed to join up at a national level. Local government's fortunes have been in decline in recent years (Travers 2013). The Coalition has talked a good 'localism' talk but their policies and behaviour have not matched their rhetoric.

A number of commentators and local authorities have proposed ways that local government needs to change to meet the current challenges. Figure 5 shows how the extent to which power and services are externalised could help define the future organisational design and functions of councils.

The way in which councils choose to define their roles will have implications for organisational development, skills development and workforce development. The 'enabling council' will need different skills from the 'catalyst' council.

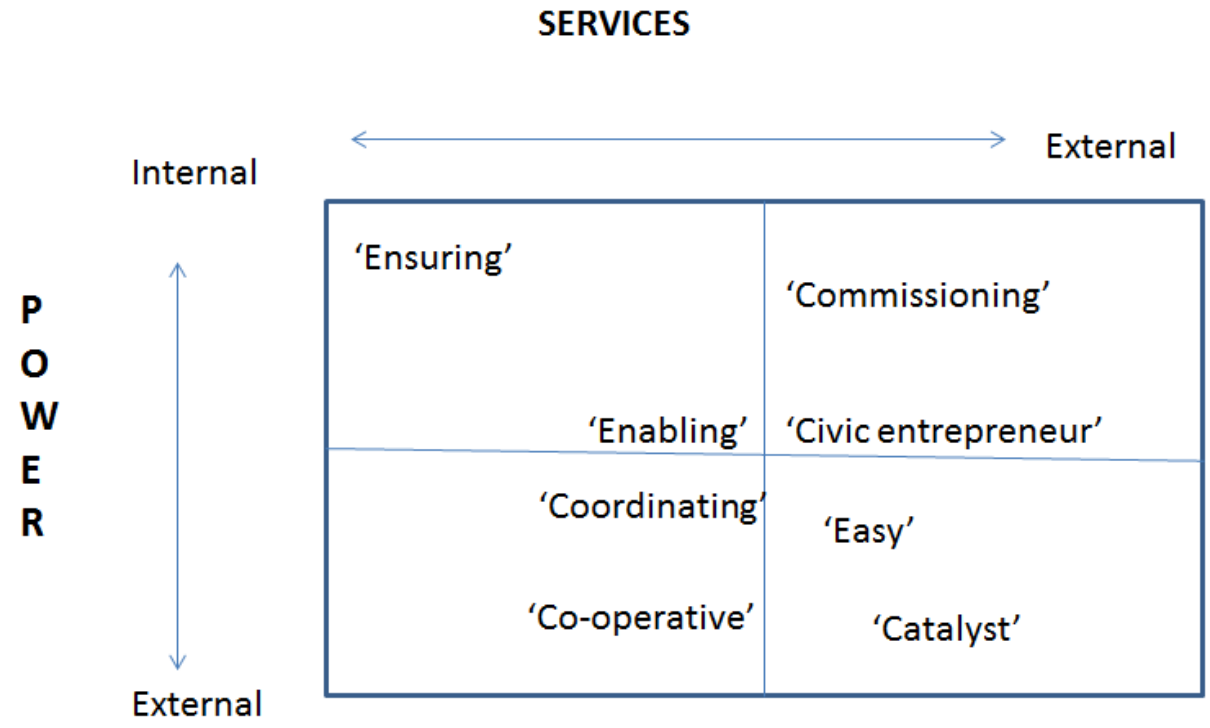

Figure 5. A typology of organisational models for councils

There is certainly no shortage of suggestions of how local government needs to change and what it needs to do in order to respond to the current challenge - from shared chief executives to no chief executives, from 'ensuring' (APSE 2012) to 'commissioning' to 'catalyst' (Localis 2012) councils. The areas of debate include the case for and against more unitaries, the benefits of differing structures and the optimum degree of externalisation of power and/or services.

One area which is less frequently discussed is the importance of democratic legitimacy and how that is translated into 'agency', turning resources into outcomes through effective political and managerial leadership. Much of the debate has been internally focused and there has been a tendency to blame residents for their lack of interest in local government and even to suggest making voting compulsory (NLGN 2012). This risks missing the point. People may well be disconnected from local government because they perceive it as having no power. However, given the generally low levels of understanding of where power lies between central and local government and between different public service agencies it seems more likely that a failure to communicate with, engage, build relationships and value residents is at the heart of the democratic deficit.

Anecdotal evidence and a pilot INLOGOV study on the skills which members will require in the future, to engage, provide community leadership and strengthen relationships between councils and communities, when more services and possibly more power are externalised, suggests that members are generally under-developed and under-supported. Many large councils spend virtually nothing on member development or offer piecemeal, ad hoc or 'sheep dip' training, which demands little of and has minimal impact on members' skills and confidence in a sustainable way.

Conclusion

Although a wide variety of solutions to the conundrum of reducing resources and rising demand are espoused by local and national politicians and by other commentators, there is in increasingly a shared understanding that these problems, epitomised by the 'Barnet graph of doom', will not be resolved by one type of remedy. It is necessary to recognise and understand the complex web of systems and relationships which underpin public services before embarking on major change. Each of the chapters of this book offers analysis and insights about how that web of systems and relationships works now and how it could work better in the future – in response to both funding cuts and the changing demographic and societal landscape .

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