High Performing Councils: recipe not alchemy

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Summary

- The scale of austerity means that councils have to find new ways to encourage economic growth and deliver high quality public services whilst substantially reducing their spending.

- Orthodox approaches to strategic planning, goal setting and performance management that have served councils well over the last twenty years will not equip local government to rise to the challenges that it now faces. Councils need to reset the expectations of their citizens, service users, politicians and staff. They will have to:
  - Redesign their services;
  - Revise their priorities;
  - Reallocate their resources;
  - Reframe their internal accountabilities and external partnerships; and
  - Revitalise their people so they can continue to deliver public value locally.

- Successful councils are successful by design, not the result of some form of modern day alchemy that transforms the mundane into the precious. High performance can be achieved by following a few simple recipes of good leadership and good governance which include:
  - Rooting out bad practice and dysfunctional relationships;
  - Sustaining a sense of dissatisfaction with local outcomes;
  - Designing accountabilities that encourage openness and personal responsibility;
  - Mapping out ambitions, priorities and goals that stretch energies and efforts and encourage a results oriented culture;
  - Ensuring that positive managerial leadership behaviours are developed throughout the council and its partnerships so that things get done;
  - Focusing people on expanding their capabilities and being openly collaborative in pursuit of their specific service or project goals;
  - Mixing people, professionals and teams so that they work on solutions more creatively; and
  - Encouraging honest regular organisational self-assessment and embracing searching criticism from peers and inspectors.

- Councils need to combine all eight of these ingredients. They have to avoid getting mired in 'strategy' and must be rigorous and disciplined about the execution of strategies. This requires a progressive coalition amongst elected politicians and highly effective managers who together recognise that their role is to encourage others (within and without their organisations) to act in the public interest rather than their own institutional, professional or sectional interests.

Introduction

The Minister for Public Services asked the Public Policy Institute for Wales to provide expert advice on the characteristics of high performing local councils. This think piece on the subject has been written by Dr Barry Quirk, one of the UK's most experienced and successful local authority chief executives. In line with the PPIW's mission to bring fresh thinking and ideas from beyond Wales, Barry draws on his experience of working with councils in Wales, England, the USA, New Zealand and Australia, as well as the literature on leadership in the public and private sectors.

The context of Welsh local government is different from English councils in a number of respects. However, there are important insights from what has worked, and not worked, elsewhere that can harnessed by public service organisations in Wales to enable them to develop the capacity and capability which they need to provide effective leadership of place and high quality services at a time of deep spending cuts.

The Local Government Leadership Challenge

Ordinary organisations, in the private and the public sector, can produce extraordinary results. They do so not by magic; not by some modern day alchemy that transforms the mundane into the precious, but by following a few simple recipes of good governance and effective leadership. Sumantra Ghoshal, one of the foremost management theorists of the past few decades, argues that, 'at their best, organisations are versatile and creative, they are prodigious amplifiers of human effort.' (Ghoshal and Moran 2005). Therefore those who lead organisations need to discover the recipe of how to make their organisations continually creative and versatile while amplifying the talents and energies of the people that comprise them.

The challenges of leading public service organisations differ from the challenges of leading private sector organisations in one important respect: public sector organisations must align their purposes to the public interest. In most other respects, organisational leaders face similar challenges across all sectors. But in the public sector, where accountability to the wider public (of citizens and taxpayers) is paramount, the leadership challenge is more general and its achievements more contested. The challenge for leaders in the public sector is to discover ways of encouraging others to act responsibly in the public interest, so that they achieve more together than they would have achieved separately and/or on their own. This is both a political and a managerial challenge.

There are many examples of fantastic public organisations (including local governments) that produce remarkable achievements, are high performing and are highly regarded by their service users and wider citizens. But there are perhaps too many examples of poor and inconsistent performance amongst public organisations. And importantly this variation of performance is not set

against a stable backcloth of public expectations, nor does it rest upon a gently rising tide of public revenues. The needs and demands for many public services are liquid while too many public institutions are frozen - desperately trying to meet old patterns of demand. And the financial future for public services is forecast to the most difficult for generations.

Blending Growth and Austerity Strategies

Following the 2015 General Election, the UK Conservative Government is vigorously pursuing its public service reform agenda alongside a deep austerity programme which includes significant welfare reforms as well as substantial reductions in public spending. To date the Welsh Government has balanced the cost pressures across its main public spending areas and has not disproportionately reduced spending in local government to the same extent as is the case in England (Dearer and Phillips, 2013). The contrast can be seen in the extent to which adult social care budgets have been cut in England compared to Wales (an 11.5 per cent real terms reduction compared to a reduction of 0.8 per cent in Wales) (Crawford, 2012). However, the pace and breadth of the coming period of austerity will require substantial and aggressive adjustments to public expectations of public services and to public agencies goals and objectives. Services will have to be cut back as well as be subject to wholesale redesign. The challenge is not simply to reduce spending but to reshape public services for the future: adapting to the changes in the wider world and adopting new and less costly approaches to securing public value.

The next five years will present substantial challenges to public service leaders: they will need to assist in the wider economic recovery and growth agenda at the same time that they are substantially reducing the scale of public spending. And in Wales this challenge is palpably more difficult than in many others parts of the UK because the rurality of much of Wales presents enormous challenges to achieving a fast turnaround in economic performance. Unlike every other part of the UK, the reining back of public sector employment in Wales has not been matched by a commensurate growth in private sector jobs. Since the Crash in 2008, Wales has lost 74 public sector jobs for every 1,000 people that were employed in the public sector (in Q1 2008). This is marginally higher than the UK average. However over the same period, Wales has increased its private sector jobs only very slightly: for every 1,000 people employed in the private sector in 2008 only five new private sector jobs have been created. Wales is the only part of the UK where the creation of private sector jobs is dwarfed by the deletion of public sector jobs (Lavery, 2015).

Welsh local government stands at a crossroads. As noted above, compared to English councils it has been relatively protected from the UK public austerity programme that began in earnest in 2010. The 150 or so "top tier" councils in England have implemented substantial budget savings over the past four years and few approach the next period with any real sense that they can get to

2018 organised as they are now (Quirk 2013). This "burning platform" is real and, other than those who are in denial or waiting hopefully for the cavalry to arrive, councils recognise that significant organisational and super-organisational solutions are needed.

Local government in Wales is a couple of years behind the trajectory in England but now faces similar budgetary challenges and significant questions about its democratic legitimacy and overall managerial competence (Welsh Government, 2015). Local government needs to be legitimate and effective if it is continually to add value to citizens and communities. Claiming uniqueness is guarantee of neither. Of course, places differ considerably and every community possesses a unique heritage. But favouring localism is not the same as supporting parochialism.

The Credibility, Capacity, Capability and Confidence to Deliver

All public organisations need continually to develop a "licence to operate" with the public they serve. They cannot rely on historic legitimacies; they need to sustain their credibility to act for the public interest. Sustaining the trust and confidence of the public is a complex and subtle task. Credibility is not commanded but earned through actions. Public organisations perform highly if they intend to; but crucially, they need to know how to convert intentions into effective and efficient action. In this way, the bridge between promise and performance is built on capability and confidence.

Unlike capacity, capability is not finite; it can be developed and expanded. Confidence stems from a sense of collective efficacy - "not only can our goals be reached, but together we will achieve our goals". Much of the attention of politicians and senior public managers is on choosing the right strategy; while much of the under-performance in public organisations stems simply from poor execution.

It is critical that public organisations have the resources and the overall capacity to secure service goals. But more usually, public organisations lack the capability to deliver. For organisations to perform well they need positive organisational cultures; not just strategies, systems and processes. In the public sector the skills and expertise of senior managers tend to have been honed in policy development and the acquisition of professional expertise. They often have less experience in the science and art of managerial implementation.

In the current period this is a highly significant issue. With most public bodies, and especially local government, facing the task of having to implement substantial budget reductions, these managerial requirements come to the fore. Long gone are the days of marginal annual efficiencies. Very substantial changes are required: the average UK council is having to reduce its cost base by one-third over the next three years.

"Transformational change" is easy to write about, but difficult to realise. Local government's leaders need to reduce costs through much greater levels of civic entrepreneurship. At one level, local government is an attempt to discover "economies of scope" - where different services are secured by one organisation for one population. The costs of coordination and the problems of implementation mean that, over the years, many councils have failed to find significant economies of scope. However, throughout the wider economy very many private and social organisations are discovering "economies of scale" - where the same services are secured to different populations through specialisation and standardised production and delivery techniques.

Councils that are open to change, learn not just from their own experience; not just from their neighbours; and not just from their work with local partners and suppliers. They learn from practice across the world and from across sectors. They are curious about how they can remain relevant as a form of community self-governance and they are enquiring about how they can improve the cost effectiveness of local services. Achieving this is a genuine problem in the modern world. To use Daniel Bell's phrase about the nation state, many local councils are "too big for the small things, and too small for the big things".

This is one of the reasons for the current drive for "combined authority" working in England and for local government reorganisation in Australia. These examples reflect either emergent approaches to sub-regional working or top-down reorganisations that seek more appropriate spatial scales for service design and delivery. The issue is that if people are to have a sense of identity and civic attachment, they need a connection to the local; but people also want services organised at a sufficient scale such that they are consistent, reliable and safe. The challenge for local government around the globe is how best to enable civic attachment while securing cost effective services.

Local Government's Performance Challenge

Variation can be found in all things. The important thing is to have a good understanding of the underlying causes of any observed variation and being able to judge whether the variation is acceptable, unwarranted or unacceptable. In local government variation in "performance" can arise from very many factors. One of these (but only one) is the variation in the effectiveness of councils themselves.

In most public agencies the notion of "high performance" is fairly straightforward. That's because most public agencies are "single purpose" organisations. Their goals, aims and objectives are reasonably simple to articulate and the extent to which they achieve them is fairly easy to judge. Local government presents a qualitatively different challenge. That's because it is comprised of different types of purposes. First, it is a vehicle for community self-governance. Second, it is a

means of advocating for local interests about place and community over non-local interests. And third, it is an organisation for securing a range of public services (in partnership with others). The best councils combine all three. They are highly effective vehicles for community self-governance; they are excellent shapers of place and community; and they secure high quality cost-effective services for their citizens and service users. But to do this requires high order skills and capabilities of those elected into local political office and of those public managers appointed to serve in local government.

This rest of this paper examines the foundations of highly successful councils. It draws upon experience in English local government but also upon experience in the USA, Australia and New Zealand. Successful councils are not successful by accident. It may be serendipitous that they have a group of like-minded politicians and managers who have established a purposeful and progressive coalition for change. But their success is not predicated on alchemy - some form of mystical chemistry between the local politicians and their appointed managers in a locality. They are successful by design. They intend to produce positive outcomes locally. They work hard at their governance and their management. They work smartly with their partners and suppliers. And they are attuned to the ever changing context in which they operate.

Unfortunately, their success cannot be "blueprinted" nor engineered - by instructing failing councils to adopt the attributes or copy the practices of successful councils. That is because organisations are developed by the people in them. They are socially constructed internally, not engineered from outside. What's more, organisations are "more like cakes than cars". It is possible to deconstruct a high performing car and reconstruct it again - it is engineered. That can't be done with cakes. Once baked, that's it; they cannot be taken apart and reconstructed according to a blueprint. Organisations are better understood in terms of recipes than blueprints. But there are simple "recipes" for success and high performance. The ingredients are well known; as is the best way to mix them and sequence them.

For councils to be high performing they need to get their people to adapt the ingredients of success to their locality and follow the recipe in a way that makes sense in their locality.   Contextual factors (such as the degree of urbanisation, the extent of economic deprivation, etc.) can so easily dominate in local government. And context is important. But it is the role of councils to establish ambitious performance goals despite the constraints of context. However, the goals they need to meet are not limited to service performance. Councils need to perform all three roles of community self governance; place leadership; and public service delivery.

Performance under Pressure

Essentially there are three ways in which the "performance" of any public body can be judged - normative, comparative and "ipsative". A normative judgement is when the performance of a council is weighed relative to a norm (say, a target, a standard or an ideal). A comparative judgement is made when the performance of a council is weighed relative to a "comparative universe" or sample of others (say, of all 22 councils in Wales; or the ten statistically "nearest neighbour" councils; or, say, all other places in the UK of the same size). Finally, an "ipsative" judgement is when a council's performance is compared to its previous performance on some measure or another.

To achieve a reasonably comprehensive judgement about the performance of any public body (including councils) it is necessary to use all three measures. In short we need to ask:

- Is the council achieving its goals and targets;

- How does its performance compare to the performance of other councils who are trying to achieve similar goals in similar circumstances; and

- Is its overall performance improving over time?

The most common error in public service reform is to infer that performance measurement is the same as performance management. Management of a function is greatly aided by measurement. But measurement is not management, it's simply its precursor. In the words of the old adage, "the pig isn't fattened by weighing it". In public services any one measure is a single operational indicator of a quality standard, of timeliness, of coverage or of cost effectiveness. A bundle of measures are needed to produce a rounded view of any one factor.

Consider for a moment the "productivity of libraries". This is not a measure (to my knowledge) ever produced for local government although it is close to what is often required. Usually library authorities are required to publish data about the overall number of books issued and the cost of the library service. The reporting of "library performance" is then produced by ranking local authorities by the number of books issued by the cost of provision, or as a ratio of the population in the area. The "productivity" of a library service by contrast would be measured by assessing the number of books issued relative to, say, the number of librarians, or the square metres of libraries themselves, or by the number of hours that libraries are open (or by a standardised measure of square metres, librarians and opening hours). But even this would tell us very little. What if instead we graded the books that were issued by the quality of their content somehow (after all the most read book of fiction in local libraries in South East London is "Fifty Shades of Grey" and the most read book of non-fiction is the "Pubs of SE London"). But that would be open to very contestable arguments.

In reality it is commonly known that book issuing is a minor aspect of the role of libraries. Free access to the Internet (on high broadband speeds) and open access to key archival data sources may be much more relevant in judging their productivity. What matters is that libraries are continually seeking to increase the relevance of their services to their community and that they change what they do to reflect changes in wider society as well as changes to learning, reading and discovering. Measuring their performance by "books issued" is simply reductionist.

Systems of public service reform that rely heavily on measurements of delivery allied to externally agreed targets or "deliverology" (Barber, 2008) may result in better measurement. Alternatively it may produce negative approaches amongst public managers who try to "game" the very system which is trying to ratchet the performance of the institutions concerned (Hood, 2006). And because gaming is an inevitable consequence of any performance system it is important is to be flexible in performance reporting (Quirk, 2012). Triangulating approaches and regularly changing reporting requirements will give the most comprehensive and coherent assessments and will minimise the gaming of the performance system itself.

But the challenges that face local government over the coming five years cannot be reduced to better measurement of service performance. This focus on performance improvement was central when the financing of local government was relatively stable and management grip and attention was required to sustain continual improvements in service quality, service coverage, service efficiencies and overall service value for money. But the current challenge is to achieve transformational step-change, not simply incremental improvements. More importantly, councils need to help their places and communities thrive in the fiercely competitive globalising world of the early 21st century; and they also need to meet the tough fiscal challenge of securing public services at substantially lower cost.

The scale and depth of the national public austerity programme bears heavily upon local government and is requiring change at a scale that has not been delivered for two generations. Performance systems designed for periods of relative stability may be of little use in the coming period of substantial change. Austerity is demanding ever higher cost effectiveness from public services. The orthodox approaches to strategic planning, goal setting and performance management that served councils well in the period from 1997 to 2010 need to be substantially refreshed if councils are to meet the challenges of the coming period.

Fundamental questions need to be addressed about service organisation and local government. Broadly, councils deliver "care services" to a fraction of the population (3 per cent in English local government) and "core services" to everyone. The aggregate cost of care services amounts to half the overall budget (assuming that social housing costs and schools expenditure are "ring fenced"). In England, the massive reduction in RSG support to councils has produced a position where social care to the needy is (in effect) being largely funded from a property tax (Council tax and

business rates). This is not the case in Wales given the still high share of local government income that comes from central RSG. However with only three of Wales' 22 councils having populations over 150,000, the issue of economies of scale comes to the fore here.

Over the next five years councils across the UK will have to deliver a major "reset". They will need to reset the expectations of their citizens, service users, politicians and staff as what they are able to deliver through collective provision. This requires them to:

- Redesign their services;

- Revise their priorities;

- Reallocate their resources;

- Reframe their organisation (its internal accountabilities and external partnerships); and

- Revitalise their people so they can continue to deliver public value locally.

This means that in the challenging environment of the modern world, councils need to do so much more than focus their attention on their performance as a service delivery agency. They need to focus on their performance as an effective vehicle of community self-governance. And they need to focus on their performance as an effective builder of place and community.

The Old Orthodoxy

The orthodox approach to delivering effective performance (in all sectors) is based on strategic planning; resource modelling and control; and effective people and performance management. This orthodoxy has been subject to a lot of revisions over the past few decades, particularly in respect of public service organisations. These include: the adoption of programme and project management; risk management controls; business process re-engineering; strategic service commissioning for better outcomes; the application of design thinking; and co-production approaches with public service users and partners.

The orthodox approach to organisational effectiveness is a useful starting point because it clearly links resources and capabilities to the achievement of goals through the disciplined application of business planning, forecasting techniques and risk approaches. It also assumes that attention and focus (of those in governance roles as well as those in senior management roles) is commensurate to the achievement of service goals and to the risk of service and financial failure.

In England, local government went through a decade long process of rigorous external regulation. The Audit Commission (alongside service focussed regulators) was charged with improving local government by external assessment. In the main their work focussed on key lines of enquiry related to ambition; effective prioritisation; effective resource management; and staff alignment to

goal achievement. The result of this process (it took about four years for it to have a system-wide effect across the whole of English local government) was a real convergence of practice in corporate management. Councils copied the corporate approaches of those councils that were judged to be "excellent". But copying is no short cut to real learning that changes how you actually think and work.

Of course, leadership in local government is not simply managerial - delivery is designed within a politically contingent operating environment. Local politicians set the tone as well as the goals for councils. This means that the organisational climate in which services are designed and delivered can very easily be partly a function of the political culture of a place. The degree of competition between and within party groups has a bearing upon this culture as does the character of the leadership offered by key political actors.

The creation of "Leader and Cabinet" systems of political executive decision making has, in some councils, served to tie senior management more closely to the political executive. With appropriate role clarity between politicians and managers, this system works well. But where there is role confusion it can have the effect of politicising even the most mundane of operational management issues.

Effectiveness in political governance is a highly complex and dynamic concept. It is not a function of political control, nor of the degree of political control. Under the Comprehensive Performance Assessment process, which operated in England from 2002 to 2009 and graded councils on a scale from "excellent" to "poor", there was no clear pattern of political control and overall council performance, although some have argued that "excellent councils" tended to have a blend of strong and stable majorities as well as effective oppositions.

Searching for Excellence and Discipline in Business

Much has been written about the traits of successful managers in the private sector. Aside from the work of Sumantra Ghoshal quoted at the start of this paper (and perhaps that of Charles Handy), most of the best literature on successful organisations, that blends theory and practice, is American. The seminal work of Tom Peters and Rob Waterman, "In Search of Excellence", was published some 33 years ago. It identified eight themes that successful businesses adopted. Although many of the companies referred to in the book have failed since the book's publication, the business themes they identified have remained useful.[1] However, these themes are not

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[1] The eight themes were: *A bias for action* - active decision making - 'getting on with it'; *Close to the customer* - learning from the people served by the business; *Autonomy and entrepreneurship* - fostering innovation and nurturing 'champions'; *Productivity through people* - treating rank and file employees as a source of quality; *Hands-on, value-driven* - management philosophy that guides everyday practice; *Stick to the knitting* - stay with the business that you know; *Simple form, lean staff* - some of the best companies have minimal HQ staff; *Simultaneous loose-tight properties* - autonomy in shop-floor activities plus centralised values. Twenty years later Tom Peters said he would only add to this list "capabilities concerning ideas, liberation, and speed".

management "practices"; they were based on the McKinsey 7-S structure which reflected the fact that businesses are socially constructed to achieve hard economic objectives.[2]

Since then, perhaps the most useful work has been that of the US business and management thinker Jim Collins. Over the past decade his work has focussed on the reasons for failure as well as the reasons for success (Collins 2009). In his book "*Good to Great*", Collins (2001) set out to explain why some companies make the transition from being average or good to being great through the use of seven connected themes.[3] Subsequently, he produced a monograph specifically for the social and public sector in the US echoing the same approach (Collins 2001b). It starts as follows:

> *"We must reject the idea - well-intentioned, but dead wrong - that the primary path to greatness in the social sectors is to become "more like business." Most businesses - like most of anything else in life - fall somewhere between mediocre and good. Few are great. When you compare great companies with good ones, many widely practiced business norms turn out to correlate with mediocrity, not greatness. So, then, why would we want to import the practices of mediocrity into the social sector?".*

Collins has specifically sought to influence the quality of local government in the US, engaging several times with the US based "international city managers association". He argues that in a turbulent and disruptive world, great organisational leaders are not necessarily any bolder, any more prone to risk-taking, or even more creative than average leaders. Instead, great leaders are set apart by how they:

- Manage innovation;

- Control their risk-taking; and

- Exhibit discipline and self-control in order for their organisations to be successful.

This emphasis on disciplined and creative risk taking is the most characteristic feature of Collins' most recent work, "*Great by Choice*" (Collins and Hansen 2011). In this book he suggests that organisational ambition is realised by blending three inter-dependent factors. This final model is perhaps the most useful for those who lead public services. The three factors are:

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[2] The McKinsey 7S model has persisted for decades because of its balanced approach. It involves seven interdependent factors that are categorised as "hard" elements (strategy, structure and systems) and "soft" elements (shared values, skills, style and staff)
[3] He describes how companies transition from being average to great and sets out seven themes: *Level 5 Leadership*: Leaders who are humble, but driven to do what's best for the company; *First Who, Then What*: Get the right people on the bus, then figure out where to go. Finding the right people and trying them out in different positions; *Confront the Brutal Facts*: confront the brutal truth of the situation, yet at the same time, never give up hope; *Hedgehog Concept*: Three overlapping circles: What lights your fire ("passion")? What could you be best in the world at ("best at")? What makes you money ("driving resource")?; *Culture of Discipline; Technology Accelerators*: using technology to accelerate growth, within the three circles of the hedgehog concept; and *The Flywheel*: He argues that the additive effect of many small initiatives; they act on each other like compound interest.

- *Productive Paranoia:* being hyper vigilant to changes in operating environment;

- *Fanatic Discipline:* consistency of action, of values, goals, performance standards and methods; and

- *Empirical Creativity*: practical experimentation, testing the evidence of what might work better.

This model suggests that successful organisations require an emphasis on:

- Disciplined conduct and not airy visions;

- A bias for experimentation and continual improvement; and

- Ever present alertness to external challenge and change.

The fact that Collins' model was developed for the private organisations does not limit its applicability to public sector organisations. In the social and fiscal challenges of the 21st century, public sector organisations need to be highly agile, flexible and adaptive if they are to continue to secure public value. Again the key point is not to have well burnished intentions to change but to execute change effectively.

Councils and "a Curate's egg"

Because councils are multi-functional organisations (they provide community self-governance; place leadership; and public service delivery), they are open to being evaluated, appraised and judged in very many different ways. They do not have one group of service users or even a small set of stakeholders. A positive or negative perception of a part of their service activities can be readily projected onto other activities for which they are responsible.

The 1895 Punch cartoon, *"True Humility"* by George du Maurier is the source of the phrase, "a Curate's egg". In the original cartoon a Bishop says to his curate, "I'm afraid you have a bad egg, Mr Jones." The Curate replies, "Oh no my Lord, I assure you that parts of it are excellent." Thus originally, the term refers to something that is obviously and essentially bad, but is described (out of deferential timidity) as only partly bad. Nowadays the phrase is more commonly used to imply that something has an indeterminate mix of good and bad.

It encapsulates the problems that councils face if they are successfully to manage their reputation based on the solid, reliable quality of their services. Some council functions are public good (or "signature") services to everyone - such as refuse collection or street lighting. Get these even partly wrong and it harms the reputation of all other services and of the council itself. Others are targeted to meet the needs of a small section of the local population; say, in respect of protecting and safeguarding the life-chances of the most vulnerable children and adults (some of whom will

be living in fairly risky family contexts). Get these wrong and lives are ruined. Other council functions relate to governance and place leadership. Again, if these are dysfunctional or purposeless it can infect the wider (stakeholder and public) perceptions of councils.

Singular failures that arise from policy errors or poor judgments (such as the entry into the "interest rate swaps market" by the London Borough of Hammersmith & Fulham in the late 1980s) can expose councils to corporate failure. In these cases what's needed is renewed corporate grip on management and organisational risk taking. Somewhat differently, failures in individual service areas or failures in partnership working (such as is found in the current cases of widespread child sexual exploitation in Rotherham and Oxfordshire) require a corporate renewal of moral purpose rather than simply strengthening management controls.

In practice it is best if those who lead councils return to the original meaning of the phrase, "the curate's egg". Any part that is bad makes the whole thing bad, whether it be service delivery, the leadership of place, or community self-governance. Excellence and discipline is needed not just in service design and delivery but in place leadership and in community self-governance. That doesn't mean that all services need to be uniformly excellent; but it is important that no services ought to be designed and delivered at an unacceptably poor quality standard.

Design Principles for High Performing Councils

Design principles are useful ways of simplifying the experience and values that a product or a service wants to imbue in its consumers. They are short, pithy expressions that seek to differentiate the product or service from others and express in memorable ways what experience the consumer will have when using the product or service.[4]

High performing public services need to develop clearly expressed design principles using this form of simple language. One real problem with the public sector, and with local government in particular, is the complex language that's used. Rather than include people into the goals of the public service, it acts to keep them at arms-length.

This can be partly excused by the complex partnering and coordination tasks required of modern local government. Not only do they have to devise clear strategic plans, they have to link and align these plans to other institutions plans - in a form of "meta-planning". This can result in a layered, complex and highly abstract language. But on occasion it seems that this form of language is adopted by councils to distance and detach themselves from the commonly experienced problems

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[4] For example, Facebook's design principles are: *Universal*: our design needs to work for everyone, every culture, every language, every device, every stage of life; *Human*: our voice and visual style stay in the background, behind people's voices, faces, and expression; *Clean*: our visual style is clean and understated; *Consistent*: reduce, reuse, don't redesign; *Useful*: meant for repeated daily use' *Fast*: faster experiences are more efficient and feel more effortless; *Transparent*: we are clear and up front about what's happening and why.

of the public. In this way managerial "strategising" is an excuse, used by politicians and managers alike, that enables them to "retreat from the street" and seek comfort in the warm routines of council meetings. A new style is needed. One that simplifies and speaks in direct language to the public.

Jim McMahon, the current Leader of Oldham Metropolitan Borough Council, regularly speaks of the need for, 'everyone to do their bit for Oldham' (LGA 2013). In so doing he explicitly encourages greater civic contribution from businesses and citizens. He is trying to alter the relationship between the council and its community - one based historically on municipal authority and a combination of deference and social dependence. 'Everyone doing their bit', is so much simpler to understand than more complex claims of citizen engagement and civic contribution.

A concern with "high performance" needs to be at the core of councils' activities. They need to be honest about how well they are doing, while being ambitious (being both realistic but stretching in setting new goals). A focus on performance measurement will draw attention to how well the council has done. It will instead draw attention to what should be achieved in the future. Goal setting and "smart" target setting are central to achieving alignment of energies and resources within organisations.[5] Perhaps above all, high performing councils will be open, curious, innovative and future focussed.

Looking Backwards, Looking Forwards: from Risk to Design

The failure of internal controls in many large private sector organisations understandably led to a strong drive for stricter internal controls and compliance. This began several decades ago in response to high profile corporate failures. And it fostered an incredible growth in audit and in government regulation. Moreover, this approach received added impetus in 2008 following widespread failures in the financial, banking and wider corporate sectors. As a result, arrangements for internal control and risk management are now part and parcel of corporate orthodoxy. In the public sector, risk management became embedded in programme and project delivery (after the 1999 "Y2K" debacle) and then in business continuity planning in the event of critical incidents or systemic service failure. The consequence of this is the widespread growth of risk management in local government.

However, an examination of council "risk registers" shows the extent to which local government has retreated into a form of "institutional egoism". Too many of the risks that are identified are risks of "reputational damage" rather than risks to the public or risks to service users. In too many

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[5] Smart objectives are: *Specific* – target a specific area for improvement; *Measurable* – quantify or at least suggest an indicator of progress; *Assignable* – specify who will do it; *Realistic* – state what results can realistically be achieved, given available resources; *Time-related* – specify when the result(s) can be achieved.

instances risk management has become an elaborate tactic for future blame avoidance rather than a strategy for helping the public deal with the real risks that confront them. This shows how public purposes can so easily take second place to institutional agendas (whether as a result of political or professional biases). It also shows how the public sector can too readily adopt a backward looking perspective - one that is fuelled by fear of future failure; rather than energised by the prospect of future success. Risks need to be weighed in the context of specific uncertainties; instead they too readily foster inertia and the preservation of the status quo.

If internal controls and risk management tends to focus politicians and managers on the past and on potential failures; something is needed to redress the balance - to encourage a focus on opportunities, on future benefits and on possible successes. It is not enough to develop clear intentions for future change, the key point is to execute the change. One approach that does this is the adoption of design thinking (Design Commission 2013). Design:

- Focuses on tangible improvements in value to the customer;

- Privileges customer experience of service;

- Encourages prototyping and learning from cheap and fast failures;

- Is about how things can be changed in the future; and

- Seeks to go beyond just functional utility in service design.

Importantly, it starts with simple design principles.

Here are six possible design principles for local government. These are offered for discussion not as some form of idealised set that can be pasted onto any council anywhere. These principles stress an empowering role for councils rather than a traditional municipal role. They stress the importance of improving the capabilities in a place not just the capabilities within an organisation. They also highlight people's role in driving change for themselves. The emphasis in these design principles is not on councils but the communities they serve. By adopting them councils may begin to look outward, not inward so that they:

- Help local communities and local businesses thrive;

- Help people and communities live together safely;

- Help people solve local problems for themselves;

- Help make this place the best it can be and ensure it connects better with other places;

- deliver services that are reliable, efficient and fair; and

- Help people live well and live longer.

Adopting design principles like these (rather than the usual soggy "mission statements") provides a yardstick against which proposals for change can be measured (Design Council 2013). They can also serve to help councils develop their own culture of purposeful improvement.

Ingredients for a Successful Recipe

Following upon the above analysis of the attributes of high performing councils it appears that there are few simple ingredients for success. The overall design of local government needs to be appropriate - but there is no ideal scale or pattern. Councils covering small populations may be more effective than councils covering large populations. However, the trend is to ever more specialised and standardised economies of scale in service delivery. This ought to enable councils with larger populations to achieve higher levels of service productivity. They are more able to capture more value from their assets, their managerial overheads and their suppliers.

For ease of reference I have identified eight ingredients for high performing councils. Councils need to have these in place and then mix them together effectively. They are:

- Root out bad (or worst) practice and dysfunctional relationships;

- Sustain a sense of dissatisfaction with local outcomes;

- Design accountabilities within governance and management to embrace openness and encourage personal responsibility;

- Map out ambitions, priorities and goals in ways that stretch energies and efforts and encourages a performance or results oriented culture;

- Ensure that positive managerial leadership behaviours are widely spread and developed throughout the organisation and its partnerships so that things get done;

- Focus people on expanding their capabilities and being openly collaborative in pursuit of their specific service or project goals;

- Mix people, professionals and teams so that they work on solutions more creatively; and

- Be honest in regular organisational self-assessment and encourage searching criticism from peers and inspectors.

Root out badness

Good people, adequate resources and progressive intentions are not enough. Regrettably many organisations are held back by dysfunctional relationships and/or by malevolent behaviour. Some of this may stem from people acting with bad intent or just acting badly (whether they are

politicians, managers, staff, trades unions, suppliers or developers). Some may stem from "locked-in" disputes between people that have persisted for years and have just become accepted as "part of the furniture". Those at "the top" of organisations have particular responsibilities for rooting out badness (Garret, 2010).

In a recent address to the Vatican's governing body (the Roman Curia) Pope Francis listed fifteen 'ailments' of leadership. His target was where those in leadership positions conducted themselves in ways that were ruinous to good leadership (Hamel 2015). But whatever the origin, bad blood, dysfunction and corrosive cynicism need to be removed, and to be seen to be removed. It is not possible for good people with adequate resources and good intentions simply to do well if they spend a disproportionate amount of their time on unproductive activity. This is a fundamental task of leadership: to force the organisation to look outward towards its purposes and not to be pre-occupied with its internal dynamics.

Make people sufficiently dissatisfied

The conventional approach to establishing a high performance culture involves accentuating the positive. The problem however is that the majority of people in a service or in an organisation may feel that what they do is "good enough" or "efficient enough". Unless a critical mass of them feel that things simply aren't good enough, it is unlikely that they will actually change their behaviour and their practice. Are the services good enough for their elderly parents? Are the schools good enough for their children to succeed in the world? Would they invest their money in a business in this area?

One problem is that people may agree to some new approach or target but they will then passively undermine fresh attempts to do new things. Machiavelli's famous dictum spells out another aspect of this problem - the "reformer has enemies in all those who profit by the old order, and only lukewarm defenders in all those who would profit by the new order" (Machiavelli (1529).[6] People need to be genuinely dissatisfied with existing arrangements if they are to be part of the solution to creating new arrangements. The leadership task is to make people sufficiently dissatisfied that it helps the changes proposed defeat organisational inertia.

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[6] The full quote is as follows: "It must be considered that there is nothing more difficult to carry out nor more doubtful of success nor more dangerous to handle than to initiate a new order of things; for the reformer has enemies in all those who profit by the old order, and only lukewarm defenders in all those who would profit by the new order; this lukewarmness arising partly from the incredulity of mankind who does not truly believe in anything new until they actually have experience of it."

Design accountabilities with role clarity and openness

High performing councils need effective governance. This includes a diverse and plural group of elected politicians who are genuinely grounded in local communities. It also involves role clarity between councillors and officers. Just as councillors should avoid meddling in management, so appointed officers should avoid stealing public interest decisions from elected politicians. A code of ethics between councillors needs also to have force with the officers appointed to serve the council. And a protocol is needed to set out the expectations and obligations that councillors and officers have of each other.

If "running the council" is viewed as a zero-sum game between politicians and managers it is unlikely that the council will perform well. Its focus will instead be internal on organisational politics; rather than external, on community outcomes. The proper approach is one that stresses "relations" not "relationships". Overly informal (and sometimes outwardly friendly) relationships between politicians and managers can be corrosive of formal relations and appropriate working styles in councils.

Map out ambitions, priorities and goals

The Comprehensive Performance Assessment in England was centred on an external assessment of the clarity and coherence of a council's "ambition, priorities and goal setting". These are the main compass bearings for all organisations. In his recent account of government service delivery, Michael Barber sets out the importance of a 'map for delivery' - something that sketches out how priorities and goals are mapped relative to overall ambition (Barber, 2015). He suggests that goals should be a mix of incremental improvements (albeit involving really stretching targets) and transformational change. Given the scale of ambitions the key message is to be clear about priorities and differentiate management attention between big changes that have a transformative effect, from small changes that serve simply to improve service outcomes. Barber suggests that both need to be pursued simultaneously.

Distribute leadership roles to "get things done"

Distributed leadership is needed in local government simply to get things done and to get them done well. The delivery of basic front line services - whether it is street cleaning or environmental maintenance - requires team leadership for the achievement of high productivity and positive outcomes in all of these services. That is why leadership skills are needed across and throughout organisations. Managerial competency frameworks and development programmes help but so to do behavioural frameworks that signal what's expected from all management leaders - whether

they manage refuse collection workers or educational psychologists. Competence is a prerequisite; but performance is optimised when people care intensely about the outcome of what they do and they align their energies and talents to achieving things together.[7]

Build capability, open collaboration and creative confidence

In a world of public sector austerity it is genuinely hard to be creative so as to reduce costs (by over 10 per cent per annum for five years) and sustain public value. The current period is so vastly different from the operating context of the previous three decades. Cost reductions on the scale required could be achieved simply by "shrinking the local state". However, the challenge is to reshape and redesign services while "resetting" public, professional and political expectations as to the nature and boundary of the local state.

This requires managers and staff to be more openly collaborative and to approach change with confidence. This is because all change of this scale will involve failure. And service failure can act as a lightning rod for political and public attention, that will in consequence serve to lower the appetite of staff to implement changes. Leadership is needed to marshal programmatic approach to change that involves everyone but that is gripped and directed. It should give confidence to front line staff and managers alike to trial, experiment and prototype new ways of working and delivering. What's more, councils need sufficient corporate managerial capability to structure the changes required and to offer leadership to those staff who will be implementing the changes.

Mix professional disciplines and involve the public

One of the main barriers to change is service silos or professional rigidities. Most change agendas underway use models to disassemble professional boundaries and establish multi-disciplinary teams around the "problem" that needs to be solved. This is happening in social care and health care integration. It is happening in school and university based learning, in organising for improved crime reduction, as well as in clinical care in hospitals. It is happening in social work with children and families. And it is happening in professional support services.

Actively mixing subject experts and technical experts across disciplinary boundaries is essential if councils are to become high performing in terms of being able to transform their organisations and transform service outcomes. Singular approaches to solving problems as though they arose from singular causes are wrong and inefficient. Service solutions which are singular or single sector rarely work well. Moreover, the best solutions to public problems are not solved by just better from

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[7] The last day of the 2014-15 Six Nations rugby tournament showed how one simple change in incentive (points difference at the day's end) can dramatically alter performance.

of blending of professional disciplines; service users and citizens need to be actively included in open civic dialogues about the design of new services and solutions to public problems.

Adopt a rigorous and honest approach to securing improvement

High performing councils possess the 'productive paranoia' advocated by Jim Collins. They are anxious that they are not changing what they do enough; they are attentive to the dynamically changing needs of their citizens; and they are alert to emerging opportunities in their operating context. They also possess the 'fanatic disciplines' of getting things done consistently, reliably and of high quality. Finally, they are 'empirically creative'. They try new things out to see if they work. They do so quickly, confidently knowing that things will need to change as they implement change.

Councils that perform well focus outward and forward. They are open to the world because they want their residents to have the best of the world's opportunities - thereby securing the best quality of life and quality of life-chances. They develop their places and their communities on the basis of their history but with both eyes firmly on the future.

Conclusion

Too many public organisations, including councils, get mired in "strategy". In councils this is especially likely as they need to devise very many service strategies and several enabling strategies (for resourcing, sourcing, and commissioning) as well as designing a coherent organisational strategy and various partnership strategies. But "strategy" is a blend of deliberate and planned actions as well as the purposeful but emergent grasping of opportunities as they occur. What is distinctive about successful councils is that they are rigorous and disciplined in the execution of their strategies at the same time as being open to fresh opportunities to expand public value locally.

Getting the right people to do the right things in the right way is far easier said than done. Good people can deliver good outcomes even if their accountabilities are designed poorly. Similarly, well designed accountabilities (within governance and management) will fail to deliver good service outcomes if the people are performing poorly or they have adopted poor strategies. The coming period will test the adaptability of councils to their limits. Successful councils will need to have a progressive coalition amongst their elected politicians and highly effective managers who together recognise that their role is to encourage others (within and without their organisations) to act in the public interest rather than their own institutional, professional or sectional interests.

> *"Never doubt that a small group of thoughtful, committed citizens can change the world; indeed, it's the only thing that ever has."* Margaret Mead

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