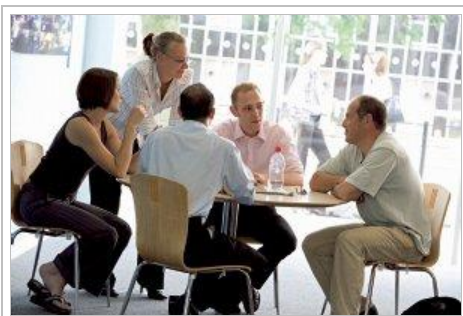


Wednesday 3rd April, 2013

Local Government ' Facing the challenges

Posted Wednesday 14th March, 2012

Local Government in the UK is facing an unprecedented set of challenges. The draconian cuts in funding brought about by the parlous state of the UK's public finances mean that it must reduce its expenditure by around 30% over a four-year period. At the same time factors such as the ageing population and the economic downturn are driving increasing demand for some local government services. There is also pressure to improve services such as education and social care.



Local authorities also have to consider how to make use of the Localism Act designed to give them enhanced freedoms from central government. Government has suggested that the Act will result in greater innovation and a new, more confident and entrepreneurial approach which should, in turn, lead to greater efficiencies, improved partnership working and the ability to help their communities in ways previously outside their remit. Whether this is indeed the case remains to be seen.

This is a hugely challenging agenda that requires all local authorities to give serious and in-depth consideration as to their real purpose for existence and what they should actually be doing. However, what seems more likely is that some local authorities will deal with these challenges more effectively than others. Some will respond dynamically and pro-actively, giving detailed consideration to the challenges being faced, while others will attempt to retain existing cultures, services and management methods. Given the magnitude of the funding cuts, the latter approach does not seem viable.

A recent report by the Audit Commission entitled 'Delivering services with a reduced income, looked at having a more strategic approach to financial planning and management in local government. While noting that good financial management is essential for the delivery of good public services the Commission also focussed on the importance of having a strategic dimension to planning which would help councils to make the right decisions in the short, medium and longer term. However, the Commission noted that less than a third of the councils visited as part of this project displayed the full features needed, so there is considerable scope for improvement.

Politicians will often argue that the challenges facing local government can be dealt with by greater efficiency as if this is something that can be done as easily as taking a pill. In reality things are more complex, and what is needed are a number of organisational initiatives and developments. Of particular importance are those of prioritisation and innovation.

Prioritisation

Of the many activities undertaken by local government, some will be more valuable and important than others. This is not to say that other activities are pointless (although they might be) but that there is bound to be some which should take priority. It is important to recognise this when undertaking service and financial planning.

Some local authorities will approach the funding reductions by trying to retain the vast bulk of their activities while cutting funding across the board. The danger of this is that many of the most important activities might become unviable or ineffective because of the cuts in funding they have to absorb.

Other local authorities, who recognise that not all activities are of equal importance, will approach the funding reductions by identifying and eliminating the activities of lowest value while preserving the remaining high-value activities in a viable form. Research evidence shows that of local authorities who have hit major financial problems, those that are able to prioritise activities successfully are more likely to recover quickly. This means that effective management processes for undertaking such prioritisation on the basis of robust analysis (not guesswork or prejudice) are essential.

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Innovation

The challenges facing local government can be addressed by an on-going process of service innovation. This can involve any number of things such as:

- Different service models
- Different service locations
- Different staffing configurations
- Different service delivery approaches etc.

Getting local government to innovate in relation to service delivery is not always easy. There are a number of key features needed.

Support from top management is vital - not disdain as sometimes happens. So too is a shared responsibility for innovation across the organisation, and a positive attitude towards risk-taking (particularly from central government). Not all innovations will succeed (as the private sector knows only too well) and it is important to create a culture where people are not fearful of innovation.

There also needs to be a climate which encourages experimentation and evaluation, plus rewards systems that encourage innovation. And the involvement of people from different backgrounds (rather than a 'closed shop' of service professionals) is essential. For example, the input from service users is often an ingredient of service innovation. Last but not least, the provision of resources for innovation has to be adequate.

How many local authorities can truly claim to have all of these features of prioritisation and innovation in place? It seems likely that there is considerable scope for improvement across the sector. This is not always easy and necessitates a wide range of skills including: project management; organisational design and development; change management; knowledge management, etc. Only in this way can these unprecedented challenges be faced.

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Malcolm Prowle is professor of business performance at Nottingham Business School and a visiting research professor at the Open University Business School. Malcolm is an expert on the economics, finance and management of public services. He has advised ministers, senior civil servants and public service managers on a wide range of public policy and implementation issues.

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