A CHANGEMAKING VISION FOR LOCAL GOVERNMENT

AN NLGN THINK PIECE

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INTRODUCTION

It is clear that years of austerity, combined with rising demand, are challenging the traditional structures and practices of local government. But even without these pressures the changing nature of service user and citizen expectations means that the status quo is not an option.

As such, there is an increasingly widespread view within the sector that radical reinvention is required if councils are to meet the many complex challenges they face over coming years. There is also a growing consensus that this needs to happen whether central government actively supports such change or not. As a result, the most innovative parts of the sector are already pioneering new approaches, but the systemic initiative has for too long rested at Westminster or Whitehall – it now needs to be fully grasped by local government itself.

Our contention in this essay is that the reinvention required is not the redesign of rigid structures or the institutional remodelling of organisations. Instead, it must be a change which considers function over form and focuses on raising social impact above all else. This, we argue, involves nothing less than a major cultural shift towards three core values: creativity, collaboration and self-determination. This is a 'changemaking' vision which local government must actively embody within their own organisations. Maybe even more importantly, local government must also find ways to embed the core values of that vision within the communities and places they lead.

THE STATE WE'RE IN

The UK has long faced a series of challenging and deep-rooted social and economic challenges: an ageing population, health inequalities, skills deficits, low productivity, regional economic imbalances, a dysfunctional housing market, environmental degradation and rising political alienation.

Governments of different colours over successive terms in office have not been unaware of these deepening challenges. Efforts at reform and structural reorganisations have been initiated at the centre. The health service has become subject to tighter regulation and repetitive reorganisation; a national productivity plan has been superseded by a new industrial strategy; and strategic planning for housebuilding has been dismantled and reinvented anew.

Yet the sum total of these high-profile initiatives has not led to lasting change. Too often, governments have preferred to kick the can further down the road rather than take the genuinely bold steps required to resolve these big challenges more often than not for fear of the electoral consequences. Housing and social care are cases in point where the steps needed to resolve the problems in these areas have been long been identified by independent inquiries and experts only to be ignored or watered down beyond recognition by governments.

As a result, local government now finds itself at the sharp end of responding to these seemingly eternal problems. Councils and their partners are now expected to respond to ever growing social care demands with dwindling funds, develop plans to economically regenerate their areas with limited and fragmented powers and provide homes to their residents in an absurdly complex and highly politicised regulatory context.

In addition, the national framework all too often neglects the fact that although these big challenges exist nationwide – how they play out varies from place to place. A rural coastal area with a low working age population

and poor transport and digital connectivity faces particular challenges to meet demand for elderly care and boost productivity. This might be different to a former industrial metropolitan area, where the onus is on attracting new employment, skilling local populations and combating intergenerational worklessness. It is different in turn to an inner London borough which might have high employment, good connectivity and a productive business base overall, but high house prices and high rates of inequality create specific priorities.

THE TIME FOR CHANGE

The long-term result of this weak and unfocused policy-making is now coming home to roost. At its most basic, local government funding arrangements have become unsustainable. Statutory duties are now under serious threat, risking the provision of some of our most basic public services to our most vulnerable citizens. Few in local government had much hope that the last Government's increasingly half-hearted plans for financial self-sufficiency, devolution of powers or a green paper on adult social care would address the profound causes of the problems identified above. And with Brexit adding a whole new level of complexity to the big national challenges, while also swallowing up vast amounts of Government capacity and time, it seems even more unlikely that a new government with a weak mandate will deliver the place-based solutions we need to many of those challenges will be a priority.

In this fraught financial, political and policy environment there is a risk that local government becomes increasingly buffeted by circumstances. As the status quo becomes less and less tenable, councils risk simply muddling through, maybe securing ad hoc injections of short-term funding to cover immediate cracks, but over the long term services simply deteriorate. This scenario risks leading to increasing fragmentation within the sector, deepening territorialism within and between public service partners, and rising alienation of the general public whose expectations are not met.

Under such conditions, some may well begin to ask what exact purpose local government continues to serve. It is not impossible to imagine a situation where the services currently provided by councils are parcelled out to other parts of the public sector and to Whitehall, who will supposedly deliver services more efficiently and cheaply. Without a clear perspective on how local, democratically governed services and citizen engagement based on diverse visions of place play a fundamental role in addressing the big challenges outlined above, councils are at genuine risk of facing marginalisation.

It would be easy to despair, but if local government has revealed anything about itself over seven years of austerity, it is that the appetite for radical thinking and transformational approaches has grown rather than dimmed. As the pressures intensify that appetite must now also intensify. Unprecedented circumstances demand an unprecedented level and ambition of response. Even without a willingness from central Government to address the major funding, regulatory and political barriers to solving the big social and economic problems mentioned above – it is still eminently possible to develop and implement a positive, impactful vision for local government that rises to the challenges of the day. In fact, it is vital because without such a vision, the very future of local government and the vital services it provides are at risk.

A CHANGEMAKING VISION

So what does a different future look like for local government? Although features of the circumstances for councils are particular, the urgent requirement to adapt and innovate within a challenging operating context is not unique to local government. Many traditional institutions and organisations are aware of the need to adapt in an increasingly networked age, with the breakdown of old social hierarchies and norms and the rapid emergence of highly disruptive new trends and behaviours.

The response from many organisational theorists[1] and high-impact organisations themselves, is a recognition that what really drives positive change is the ethos and norms of institutions and societies rather than their formal structures. As the case studies outlined here (see boxes) reveal diverse organisations have adopted solutions based on this insight that share striking similarities. We feel it is possible to summarise those solutions into what might be called a 'changemaking' approach. It has three elements:

1. THE ACTIVE CREATION OF A POSITIVE CULTURE AND SHARED VALUES

Common to changemaking organisations is a recognition that while organisational structures and formal processes are important to delivering impact – they are rarely as significant as the unspoken norms, collective expectations or underlying ethos within organisations that ultimately shape behaviour. While a negative and destructive culture can undermine even the best thought-through structures and processes, a highly-positive and constructive culture can find a way to deliver real impact even when operating in a context of messy or out-dated structures.

[1] See, for example, Frederic Laloux's *Reinventing Organizations* and Stanley McChrystal's *Team of Teams*. Henry Timms and Jeremy Heimann's book *New Power* is yet to publish but eagerly awaited by the many who have been inspired by their article *New Power* which appeared in the Harvard Business Review in 2015.

2. THE EMBEDDING OF THREE CLEAR VALUES: CREATIVITY, SELF-DETERMINATION AND COLLABORATION

Three particular values are core to the changemaking approach, which need to be actively identified and supported to operate as the behavioural norm:

CREATIVITY: based on the sheer need for agility and adaptability to respond to external complexities and urgencies, there is increasing awareness that ideas and initiative cannot be the sole reserve of a few senior individuals[2]. Organisations that do not encourage creativity across the spectrum can make poor use of insight and expertise, and be prone to inertia and conservatism – which limits impact.

SELF-DETERMINATION: closely linked to creativity, there needs to be licence for employees within organisations to act on their own initiative. Operating in a complex, fast-moving external environment, the freedom and willingness to respond quickly and creatively without waiting for permission is important. Organisations which are excessively hierarchical or process-driven have diminishing impact.

COLLABORATION: the values of creativity and self-determination alone would create atomisation, unless the value of collaboration is pursued in tandem. This ensures that effort will not be duplicated but instead reinforced, and enables trust to be developed, which is critical to an environment in which managers enable their team to pursue their own ideas and initiative. This also speaks to the emphasis many changemaking organisations place on communication and dialogue, sometimes employing highly sophisticated and open approaches to the sharing of information and data.

[2] The social scientist Moises Naim argued in *The End of Power* that the world has been undergoing three simultaneous revolutions of mobility, more and mentality. People are now far more geographically mobile, more diverse in their activities and more prone to autonomous and unpredictable decisions than they once were. In such a world, every worker in every organisation has to be able to use their own creativity to respond adequately to rapid change and complex challenge.

3. A FIERCE CLARITY OF MISSION WITH A RELENTLESS FOCUS ON OUTCOMES

Even more than conventional bodies, changemaker organisations possess a very clear and precise sense of mission as well as a very strong focus on outcomes. To some extent this is all part and parcel of an approach that rejects any of the bureaucratic distractions that might weaken a commitment to generating meaningful change. However, it is all the more vital in organisations that emphasise creativity and self-determination.

Without that strong and precise sense of mission and a shared focus on clear outcomes, there is a risk that changemaker organisations can end up becoming little more than a loose affiliation of separate projects all pursuing their own goals – a situation that would inevitably blunt impact and ultimately risk the very coherence of an institution. This also explains why despite their emphasis on self-determination, leadership remains an important feature of changemaking organisations. Leaders guarantee focus on mission and set the culture and norms. But as all changemaking leaders recognise, this is a very different type of leadership than of old – based as it is on shifting systems through persuasion and vision rather than managing organisations through edict.

CASE STUDIES

CHANGEMAKING IN PRACTICE 1: US SPECIAL FORCES IN IRAQ

In 2003, the insurgency in Iraq following the war that toppled Sadaam Hussein was killing hundreds every month and had the US military on the back-foot. US Special Forces were central to fighting this highly fluid battle. But their new General, Stanley McChrystal, saw immediately that the highly conventional style and values of Special Forces was not nearly responsive or innovative enough in the face of such an unpredictable and fast-moving enemy. His solution was to break down that classic hierarchical, rigid, military mind-set and give frontline troops the permission to improvise (creativity), act on their own initiative (self-determination) but always share information and seek ways to work across organisational boundaries (collaboration).

As McChrystal said:

"we nurtured holistic awareness and tried to give everyone a stake in the fight. When we stopped holding them back—when we gave them the order simply to place their ship alongside that of the enemy—they thrived."

This changemaking approach worked, turning the tide in the fight against the insurgency.

A clear lesson of the US Special Forces in Iraq experience is the importance of clarity of mission and organisational focus. Only when this is in place is it possible to give employees the freedom to innovate and find diverse ways to achieve a well-understood shared goal. Without this, the self-determination McChrystal facilitated could have led to internal confusion and conflict.

CHANGEMAKING IN PRACTICE 2: CIUDAD SALUDABLE (HEALTHY CITY)

As a young engineer in Peru, Albina Ruiz was shocked at the state of her nation's capital city. Lima was blighted everywhere by huge piles of uncleared rubbish populated by hundreds of families eking out a living picking bits of reusable rubbish and selling them wherever they could.

Rather than lobby Lima's municipal authorities to clear the waste dumps, Albina took a changemaking approach to the problem. She persuaded residents to donate a small levy to establish recycling schemes. This began to address the problem of rubbish being dumped at the unofficial waste sites. But Albina's real insight was to recognise that far from being a liability, Lima's wastepickers were the solution to the city's waste problem. The funds raised from residents were used to help the wastepickers establish their own collection and recycling businesses to service the schemes. This not only recruited a pre-existing workforce for the schemes but almost overnight transformed some of the most marginalised, impoverished and derided people in Lima society into entrepreneurs earning a proper living and recognised by their community as doing a socially useful job.

It's an approach that has now been adopted across not just Peru but the whole of Latin America helping thousands of vulnerable, impoverished people through self-determined, creative entrepreneurialism working in collaboration with each other and their wider communities.

CHANGEMAKING IN PRACTICE 3: BUURTZORG

An increasingly well-known example of changemaking, Buurtzorg is a Dutch home nursing organisation founded with a handful of staff in 2006. It has grown since that time to 10,000 employees. Its success is based heavily on its changemaking attitude to staff and to patients.

The organisation's founder Jos De Blok has said: "I believe in client-centered care, with nursing that is independent and collaborative. The community-based nurse should have a central role – after all they know best how they can support specific circumstances for the client."

Buurtzorg is made up of teams of ten to twelve nurses who have complete autonomy over every aspect of the service they provide from budgeting and recruitment to how they deliver care. Similarly, the mission of Buurtzorg is to allow patients to remain as self-determining for as long as possible. Not only has the model grown rapidly, it has also reduced the cost of homecare with independent estimates putting the savings at between 40% and 50%. A large part of this relates to the fact that the radical autonomy for frontline nurses means that management and administrative costs are very significantly reduced compared to a conventional organisation.

An extremely important part of the Buurtzorg model is constant communication and dialogue. The lack of management and the autonomy afforded to the nursing teams could easily lead to fragmentation and failure to share best practice. For these reasons, Jos de Blok has invested considerable time and money in creating online platforms which encourage and allow information flow. Indeed, he sees his key role as CEO to facilitate and enable that flow.

CHANGEMAKING IN PRACTICE 4: ETSY

Etsy is the world's leading online marketplace for arts and crafts products. Its website is in the top 150 most visited in the world with a £2 billion turnover. The company launched its first public share offering on the New York Stock Exchange in 2015 after just ten years of operation.

Etsy's success is based on its changemaking principle of giving small arts and crafts businesses (mostly single sole traders) the autonomy to establish their own 'shops' on Etsy's web platform. This allows the sellers to reach global markets without the cost and involvement of the large wholesalers who have traditionally controlled the sector. This self-determination, free of interference from either Etsy or wholesalers, allowed for the company's explosive growth reaching 1.5 million registered sellers and 20 million customers by 2014.

Etsy also places a very strong emphasis on collaboration, supporting sellers to work together online and to form offline teams that organise local craft fairs as well as support and advice networks. It is an approach that extends to staff with a high premium placed on creativity, autonomy and cross-organisation working in the firms's Brooklyn headquarters.

Etsy has also held true to its changemaking vision in its core mission. Despite significant commercial success and the recent entry into the stock market, Etsy regards itself very much as a social movement of small businesses seeking to introduce beauty, diversity and freedom to a world too heavily dominated by standardisation and hierarchical corporations.

As the CEO Chad Dickerson wrote in his introduction to the stock market filing:

"I believe Etsy can truly change the world when our vision is met with strong culture, a powerful team and disciplined execution. Today our mission is much more expansive than when Etsy began: to reimagine commerce in ways that build a more fulfilling and lasting world."

THE CHANGEMAKING COUNCIL

This changemaking approach offers a clear set of values and principles that can be shared and reinforced within the local government sector, overcoming the increasing risk of atomisation and fragmentation. Where the scale of the socio-economic challenges that exist in the country have proved impervious to top-down interventions, a changemaking approach offers a route starting from the local and working out from there. Importantly it offers a new sense of shared mission and approach for local government, but with its emphasis on creativity and self-determination, it allows uniqueness and diversity to flourish.

A changemaking approach would focus on using shifts in culture and norms to ramp up levels of impact. It would not necessarily reject the pursuit of organisational reform outright but it would recognise that the obsessive focus on structures through devolution, integration and economic development can exclude transformation of culture and norms to the detriment of overall impact. It recognises that without that cultural focus there is a risk that organisational restructure simply continues negative behavioural norms such as inertia, territorialism and hierarchy under a different banner.

At a time when there is increasing recognition of the limited returns of salami-slicing budgets and the negative impact of structural change on workforces, many councils are seeking to adopt a whole organisation, outcomes-led approach to adapt to the challenges they face. The changemaking approach offers a particularly useful way forward in this context on a number of levels:

WITHIN THE COUNCIL

By focusing on working culture and mission, the Changemaking Council would reorient the whole organisation towards a shared purpose. Embedding the core values of creativity, collaboration and self-determination would focus capacity on working in an efficient and impactful way. It would

concentrate energy on what needs to be done, rather than how things were always done. Recognising culture as a driver of impact can mean that a far more agile organisation can be created. This raises challenging but timely questions about the nature of political leadership within a Changemaking Council, which will need to be re-focused on shaping cultures and developing a shared mission rather than traditional hierarchical lines of accountability.

WORKING WITH PARTNERS

Embedding creativity, self-determination and collaboration within the council creates the opportunity for the Changemaking Council to extend these underlying values beyond the organisation. All public services are experiencing resource and demand pressures, and there is increasing recognition that no single service has all the answers when complex socio-economic challenges do not sit neatly within distinct organisational remits. Working across places requires new forms of collaboration and ways of working, shared decision-making and risk, accountability and budgets. It requires different parts of the system to come together beyond their organisational self-interest and leave behind old behaviours based on the assertion of boundaries.

WORKING WITH COMMUNITIES

The most important element of the Changemaking Council will be its ability to extend these three values of creativity, self-determination and collaboration to the communities they work with to develop a more active approach to prevention, early intervention and resilience. This would involve understanding the role of the council not always as service provider, crisis responder and regulation enforcer. Instead it would recognise the strength of councils' soft power, and their role supporting existing networks or assets, and enabling people to act themselves. In the context of constrained resources and rising demand, people's creativity needs to be fostered, their responsibility to look after themselves and their communities acknowledged and supported and their collaboration sought. In doing so, local governance can become much more fused with local identity as an important element of people's lives.

INFLUENCING THE NATIONAL FRAMEWORK

As Changemaking Councils pursue a shift in how they operate internally as organisations and externally with partners and communities, the principles which underpin their actions can guide how they seek to influence the national framework too. A systematic approach to creating a context in that councils are able to respond to the big socio-economic challenges of our day would involve supporting and incentivising the creativity, self-determination and collaboration of local government and wider public services. In practice this would mean, for example, regulation which encourages creativity, a fiscal system which enables self-determination and an accountability framework that supports collaboration.

This ultimately brings us back to where we started. If central government is unwilling or unable to address our biggest challenges as a nation then it is clear that the initiative must come from elsewhere. Local government may feel battered right now but the cuts of the last few years have, through necessity, turned councils into the most open-minded and innovative part of the public sector. This means local government is far better placed to embrace and promote the radical shift in culture and va lues required to ensure that problems like economic imbalance, the challenges of an ageing population and political alienation are resolved.

In short, by embracing a changemaking vision built around creative, collaborative and self-determining councils, communities and citizens, local government has an opportunity to trail-blaze a new approach to governance and service delivery that just might be capable of addressing the deepest challenges of our time.

This think-piece is the beginning of a conversation. The New Local Government Network is interested to hear views and feedback on our vision from those working in and with local government as we launch a wider programme of research and events to develop the Changemaking approach further. If you would be interested to find out more or have thoughts to share please do not hesitate to get in touch with either Adam Lent, NLGN Director (alent@nlgn.org.uk) or Jessica Studdert, NLGN Deputy Director (jstuddert@ nlgn.org.uk).

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The most innovative parts of the sector are already pioneering new approaches, but the systemic initiative has for too long rested at Westminster or Whitehall – it now needs to be fully grasped by local government itself.