

**Key Challenges and Presenting Opportunities – April 2010**

**Key Challenges**

1.1 Much has been written about the context in which Local Authorities and public service organisations in the UK will operate over the next decade. What is clear is that “business as usual” is not going to be good enough for the citizens of Brighton & Hove. The Council’s operating environment is likely to go through a series of seismic changes over the next few years and a future “steady state “is unlikely. It is essential therefore that the council understands the challenges it faces now and ensures that its responsiveness to need, agility to act and ability to understand what is in the “big picture” interests of the City is strengthened. A brief “high-level” list of likely challenges and non- exhaustive challenges faced by the City Council would include:-

- The widely anticipated public spending “squeeze” in order to reduce the high level of public sector debt as percentage of GDP. Councils across the UK are predicting significant budget cuts over the next 3-5 years and it is important to note that our key public service partners are also likely to experience a very different financial climate. The Council, and its partners, have some tough financial realities to face. In previous financial “squeezes” the public sector has experienced “cost shunting” between partners, “salami slicing”/tactical cost cutting of budgets, ill thought-through cuts or increases to charges or lowest price only procurement which can often create new and unplanned demand across organisations. Initiatives such as Total Place and the setting of joint outcomes through community strategies and Local Area Agreements etc. will need to be built upon and developed further to avoid such divisive retrenchment and negative impact on residents in the City and elsewhere.
- Demographic change (an ageing population, better health care and longer life expectancy) continues to create new demands for public services. Ongoing migration into the City (from the UK and elsewhere) and the environmental challenges of reducing carbon dependency and delivering more sustainable sources of energy together with adapting to the demands of climate change are high on the Council’s list of significant challenges.
- The expectation of residents as consumers or customers of public services has rightly grown fast and, with technological advances, will continue to develop at pace. Expectations of personalised service, consistently high service quality, “joined up” service approaches and broader and quicker access channels are high and need to be met.

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- A global economy means not just a more immediate impact once fiscal or economic shocks occur but recognition that the state at the national and local level may have a reduced influence in “managing economies”. The Council has a vital role in developing different and frequently more local, ways to enhance and sustain healthy economies and communities.

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- “Over dependence” on large public sector employers can outwardly appear to help our local employment appear “shock proof” but becomes more problematic during times of public service austerity. With over a third of the City’s workforce employed in public service organisations our challenge will be to ensure healthy mixed economies (public, private and not for profit third sector) to provide sustainable long term economic and social benefit.
- Public perception of local authorities in the UK generally is low. In the 2008 “Place Survey” only 45% of residents expressed satisfaction with the way the City Council runs things. A stark contrast to the 86% of residents who are happy with their local area as a place to live.
- Allied to reputation is the issue of waning public confidence in local democracy. All major political parties identify this as an issue and are considering the role of the state at the local level. As Whitehall may take some time to become clear on its approaches after a general election the City Council can use its commissioning approaches to strengthen communities, grow active participation of individuals and communities in civic life and provide solutions to the outcomes the city needs. The Place Survey again showed only 28% of residents believing they could influence decisions in their local area.

### Opportunities Presenting

1.2 Whilst the challenges are significant a number of them present real opportunities for effective action. It is important to recognise that many of these challenges cannot be met either by the state or by citizens acting alone; collaborative and collective responses are required. If the City Council transforms its operation carefully it has the potential to:-

- Develop a model for sustainable service delivery that meets the existing (and probably reducing) resource base to achieve clear outcomes on well understood needs that harnesses the energy and resources of a range of external partners (including communities and individual citizens).
- Re-think what it means to be a “good citizen” in Brighton & Hove by using long term challenges and restricted finances creatively to encourage real citizen engagement. The Council can develop a more healthy relationship between the citizen and the state than the model only of a “passive customer/consumer” and one that actively encourages people to become involved and take responsibility for their City.

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- Build an increasingly vibrant local democracy within the City by shaping participatory services. The opportunity exists to go well beyond the “choice” agenda to embed personalisation across all services, engage well with people in service design, prioritisation and the “trade offs” that are often required. Adopting design principles and real innovation to meeting well understood need can lead to innovative forms of social enterprise or mutuality with co-design, co-delivery and co-production enabling wider participation in, and the shaping of, civic life.
  - By sharing power and responsibility with individuals and communities the council can both develop communities, and their leaders, and ensure the City has a society that makes the most of its talents, is more resilient and thus better able to meet challenges and contribute positively to the future economic and social wellbeing of the it's residents.
- 1.3 In approaching the significant transformation agenda it is important to recognise that the Council (and its Public Service Partners) have a number of “bedrock” strengths upon which to build. The Council has taken significant strides in increasing efficiency and quality of its services (and is recognised by service users and Regulators to have made real progress). Partnership relationships with the public, private and third sector are recognised as being strong and providing a good base on which to build. Whilst the council's organisational structures and perceived “professional silos” can sometimes hamper innovation or delivery of wider reaching outcomes the Council is regarded as having a strong staffing complement with a real desire to provide excellent services. The Council has, in several areas, started to build experience of commissioning but has yet not joined these up to achieve maximum benefit. These and other core competencies suggest the Council is well positioned to grasp the transformation required.
- 1.4 The City Council is not the only UK Local Authority facing similar challenges. Across the UK there are a variety of approaches being adopted by other councils. These have been evaluated and perhaps can be summarised as:-
- **Maintaining the status quo** (for some large authorities that have received more generous financial settlements over the last few years the scope for “salami slicing” may be much greater than in Brighton & Hove).
  - Significant “**block outsourcing**” of functions and services. Many Councils have adopted the approach of outsourcing back office functions, the customer service function or long term service contracts. If carefully considered and as part of a long term vision for economic regeneration of an area such an approach may have merit. There are however a number of these arrangements

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that were perhaps more hastily entered that are starting to show signs of strain.

- Differentiation of services and customer through the use of specific charges (**“easy council”**). Some London Local Authorities are experimenting with providing a basic level of service and enabling residents to pay additional charges to obtain higher levels of service. Whilst an innovative model the approach is as yet largely untested.
- **Shared Services.** Shared services between Local Authorities or across partners can work well where there are common outcomes, needs and real economies of scale or scope that can be achieved.
- **Strategic Commissioning** (as set out below) is being used or explored by many Authorities (and their health partners) including Essex, Leicestershire, Birmingham, Westminster, Suffolk, Hackney, Coventry, Staffordshire etc. The approaches have a number of strengths (that build upon the council's existing capabilities) and also allow for a selection of “the right solution to the right outcome” rather than the potentially “blunt instrument” that some of the other solutions can prove to be.

There are a number of models across the UK that exist and it is essential that any approach is a “bespoke” one for Brighton & Hove. The City and its residents deserve nothing less. In proposing “Intelligent Commissioning” as a model the opportunity arises to focus on the needs of the City and its residents, ensure those needs are well understood and effectively met, efficiently using the resources that the council and its partners have and in so doing ensuring that it adds “social value” as set out in the opportunities section above. The opportunity to embed strong customer service, good financial and resource efficiency and promote active citizenship is perhaps most comprehensively grasped through an Intelligent Commissioning model.

