



The changing state for local government

Local services in a digital, devolved and diverse Scotland

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The Scottish local government landscape is fundamentally changing. Faced with budget challenges, further devolution, the Commission on Strengthening Local Democracy, changes in citizen expectations and ongoing work in response to the Christie Commission, the delivery of local public services is in the spotlight. There are a number of critical considerations for local authorities (LAs) in Scotland for the year ahead.

1. Change: function before form

Rather than starting with discussions over the number and size of LAs required across Scotland (as the Welsh Assembly's reform programme did), we suggest beginning by reviewing the nature of services required within local communities. Geographical challenges, including diverse population densities from the Highlands (9pppl/km²) to Glasgow (3,289pppl/km²) and major infrastructure differences will impact how local services are delivered for a particular location.

Considering the nature of services required should also not be undertaken in silos. Sharing systems and infrastructure across local organisations will reduce costs, create resilience and strengthen the collaboration required to deliver local outcome improvement plans. This should be the starting point for responding to changes in the local government landscape, and ideally be embedded as a continuous activity to ensure services remain relevant.

2. Service design: through the eyes of the public

In designing and delivering new approaches to service delivery, LAs must engage with communities and individuals; whether continuing traditional approaches, devolving services to communities or engaging with the private sector. As highlighted in our *State of the State* report, only 19% of citizens believe the public sector actively listens to them¹.

The recent introduction of the Community Empowerment Act sets the direction for service delivery that is responsive to the needs of local communities. A comprehensive understanding of community needs is required and, to maximise the impact of services, this should be jointly supported by all local bodies delivering services within that community.

Our increasingly ageing population places ever-growing demands on public services, so there is a need to reset

the relationship between the citizen and state if we are to continue to support those in greatest need effectively. That requires a new dialogue with citizens when designing and delivering services.

3. Digital: leading the way or leading astray?

Digital is a huge opportunity area for local government but the pace needs accelerated. This will require investment in both the programmes themselves and in growing digital skills. As outlined in our *Ascent of Digital*² report, the top barriers to digital transformation are insufficient funding and competing priorities. To overcome these barriers, it is important that digital is not considered the domain of the IT department, but a way of transforming service delivery, infrastructure, culture and workforces to improve services.

Our experience suggests that public sector bodies are successful when they take one step at a time, implementing bite-sized chunks within a wider digital vision. It's important to avoid the trap of simply digitising existing processes because digital is about rethinking how you do things. It will also require a change in risk appetite and strong leadership: be brave and support your teams along the way.

4. Data: informed service delivery

Local government in Scotland needs to more intelligently connect, structure and analyse data to support better decision making. An example where this is happening is in Manchester³, enabling a shift to preventative services. The push towards a prevention and early intervention agenda exists in Scotland, outlined in the Christie Commission five years ago, and seeks that data held across departments and public organisations be open, enabling informed decision making to occur for the benefits of local citizens.

However, although the volume of data both being produced and retained has increased, local government is not yet in a position to unlock its potential. Data is often retained exclusively within departments or organisations,

¹ *The State of the State 2016-17*, Deloitte - <https://www2.deloitte.com/uk/en/pages/public-sector/articles/state-of-the-state.html>

² *The Ascent of Digital*, Deloitte - <https://www2.deloitte.com/uk/en/pages/public-sector/articles/the-ascent-of-digital.html>

³ GMCA Public Service Reform - https://www.greatermanchester-ca.gov.uk/info/20011/public_service_reform

which limits its use. The potential insight from data is significant but will only be achieved with a strong commitment from local government to abide by Open Data principles and for data to be treated as essential to service transformation.

5. People: develop a workforce for the future

While technology and the digital era have enabled new products and services, people remain at the heart of local service provision. This is recognised by most public sector leaders. Our Global Human Capital Trends report identified 87% of public sector HR leaders recognise organisation design as the critical trend impacting them. However, this recognition is useless without meaningful action. Concerns over job security and pay-flat-lining remain, affecting LAs' ability to undertake change and modernise services.

We recommend that LAs focus on three areas to ensure workforces are motivated, adaptable and sustainable:

- **link workforce contributions to citizen outcomes**, providing motivation beyond internal organisation goals;
- **embrace the value of teams** in solving complex service challenges. These teams should not be hindered by traditional organisational boundaries and hierarchies;
- **look wider than structure**. A new organisation design will support the ability to change, but the willingness to do so depends on the right leadership, culture, training and performance framework.

6. Funding: a brave new world?

The financial sustainability of LAs must be considered across a longer-term time horizon than year-to-year. As Audit Scotland's recent report⁴ into Local Government's finances states: "*Cuts can only be part of the solution. What is required is a more strategic approach, longer-term planning and a greater openness to alternative forms of service delivery.*" Examples cited from the Commission on Local Tax Reform include introducing local income taxing. Pay-as-you-go services are another option but need careful consideration in light of the equality agenda.

The emergence of new delivery models and increased commercial capabilities of LAs e.g. SB Cares (the adult social care provider for Scottish Borders) have positioned LAs to compete commercially while improving the quality of services. Although funding pressures are rising – as illustrated by a significant reduction in the resource allocation in the 2017-18 Scottish Government budget – LAs have access to a range of options to enable a wholesale review of financial sustainability rather than adopting tactical or piecemeal measures. All of these require some difficult decisions and brave leadership.

Conclusion

The Scottish landscape is on the cusp of radical change. As COSLA's Commission for Strengthening Local Democracy stated: "*The Commission sees the current scale and functions of elected local governments in Scotland as limiting the possibility of participative local democracy and therefore recommends a fundamental review of the structure, boundaries, functions and democratic arrangements for all local governance in Scotland.*"

It is clear that change is required – however the debate should not be focused solely on the number and structure of public bodies. A review of services should start with the needs of communities and build upwards, ensuring citizens are engaged with and not simply provided for.

Design of services should be based on a shared vision and strategy across local bodies. This will enable intelligent demand management, service innovation and should be used to start resetting the relationship between the citizen and the state. The potential of digital to connect citizens and communities across Scotland is huge.

Mistakes will be made along the way but that is to be expected; organisations should be prepared to fail fast and learn from the experience. Only by attempting the journey will we deliver public services fit for the future of Scotland.

⁴ http://www.audit-scotland.gov.uk/uploads/docs/report/2016/nr_160317_local_government_overview.pdf



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