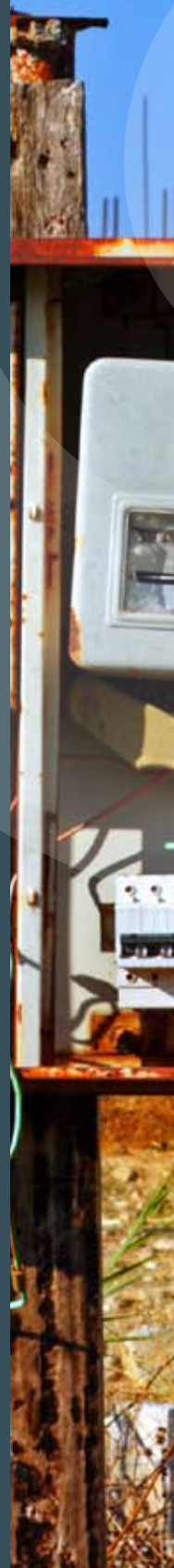


Austerity

Creating service
resilience

July 2016

New Zealand Society of
Local Government Managers
www.SOLGM.org.nz





Austerity

Creating service resilience

July 2016

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EXECUTIVE SUMMARY

In times of fiscal constraint, service resilience is challenged. In 2015, SOLGM began a project on the effects of fiscal constraint on councils to understand ways in which councils can manage these effects and innovate services to increase and improve their resilience in service delivery to the community.

The recent Global Financial Crisis (GFC) has illustrated the importance of building resilience into local government service delivery. Numerous concepts to ensure effective and efficient service delivery have emerged globally, including in England, where central government funding for councils was reduced, and continues to be reduced.

This report focuses on concepts used by English councils, due to significant changes made to service delivery over the past few years, as a result of constrained budgets. While New Zealand may have avoided the worst impacts of the GFC, councils (like other organisations) are not immune to any crisis – environmental or economic.

Since 2008 concepts have emerged and re-emerged from English councils, from increased community engagement to co-production of council services.

The focus of this report is on four concepts that may be used to create more efficient and effective **service delivery, service design and identification, co-production, increased community engagement, and shared service arrangements**. These concepts highlight various aspects required by councils when creating innovation and change.

The application and adoption by New Zealand councils of some of the concepts outlined in this report that English councils used to cope with fiscal constraints is an important aspect of building resilience into local government service delivery.

Chief executives, managers and staff provide good quality and objective advice to elected members on a variety of issues. There is an important role for them to inform decision-makers on alternate service delivery models that may make their council's services more resilient to fiscal constraint.

This report is designed to help staff in understanding some alternatives so they can provide innovative and objective advice on service innovation and building resilience into service delivery to elected members.

BACKGROUND

Start somewhere, anywhere and follow it everywhere!

– Martin Reeves
(SOLGM Summit, 2015)

Since 2008, councils around the world have faced increasing pressure to meet expectations of both their residents and their central governments within a climate of fiscal constraint.

This report explores the complex nature of that constraint, and the long-reaching consequences for local government. Concepts used in England highlight how fiscal constraint can drive the transformation of council services so that they are more resilient and are innovatively delivered.

It is important to note that there are some key differences between the local government funding models in England and New Zealand that have influenced the actions of English councils in managing the effects of fiscal constraints. This report uses examples from England, however reflects to a limited extent the wider British local government context.

England uses a system of valuation bands to determine the rates liability for residential dwellings incorporated in the council tax, including business rates, which are gathered centrally then redistributed through grants. Additionally, councils in England receive funding for some services through fees and charges and via various central government mechanisms.

The threshold for setting the residential council tax is legislated by central government, although a local referendum may be held to raise the level of tax above this threshold. In England, central government funding to councils was constrained due to a series of central government policies that were focused on pulling the country out of the recession it experienced as part of the global recession.

It should be noted that councils in England have tiers of local government different to those in New Zealand, which meant that councils reacted in different ways to fiscal constraints depending on the services they provided.

The tiers of local government depend on where residents live (*Anna Isaac, 2016*). For example, residents, who live close to or within a city, may have a metropolitan borough council. Residents in the countryside may have a county council (providing most services) and a district council (providing more localised services).

Unitary councils are also possible within the countryside; similarly there are combined councils with devolved powers.

About a third of residents in England have a parish council, which looks after community issues (including town clocks, cemeteries, and community centres). Due to the variety in types of councils, the conclusions drawn from this report are not universal across all tiers of local government in England.

SERVICE DESIGN AND IDENTIFICATION

How public services are 'designed' is central to their purpose, their function, their character.

Design is about the application of hard disciplines, not soft furnishings

(Design Council, 2013).

With cutbacks to budgets comes the need to rethink how services are delivered. While councils often consider ways to make services more efficient, change needs to occur at a more fundamental level. The questions of *why* councils deliver the services they do, and *how* they deliver them, should be addressed. Strategic thinking and innovative design are important when looking to meet the needs of the community through the delivery of a service.

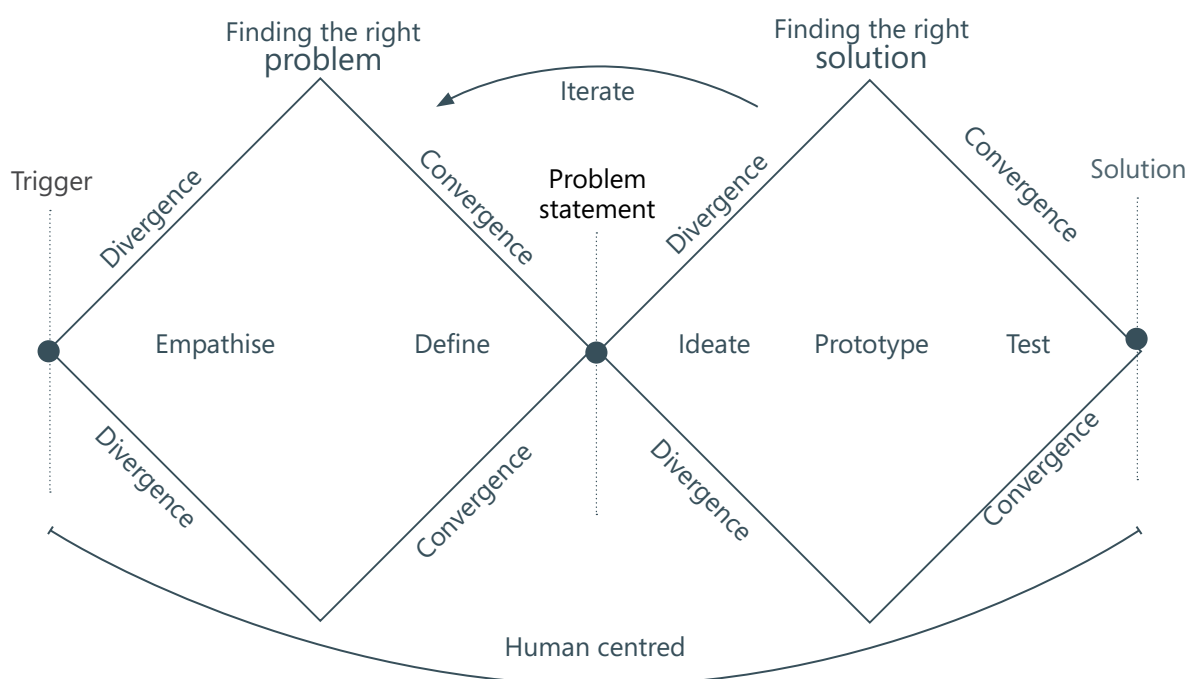
What is service design and identification?

Service design is a method of problem-solving that can be used to effectively deliver services. There is no singular process in service design – it

is iterative and encapsulates several elements. The concept centres on creating a service that is **human-centred**. The focus is on how to more effectively meet the needs of the community, which is integral to strategic planning. According to the Design Council, "good design is indivisible from good planning" – (Design Council, 2015). For councils this equates to understanding community needs through **design empathy** (designing for a person).

As part of the design process, the service is **defined** through **service identification**. This stage involves asking *what* councils should be providing to the community and *why* the council should be the organisation to provide this service. Rather than starting with existing services provided by the council, service identification begins with a blank slate – if a council was created today with no services or resources, what would the community require and how would they receive it?

Figure 1: New double diamond model of design thinking



In taking a design approach, the status quo is no longer the starting point, which opens up the discussion to a range of other strategic options.

Once the service is identified, councils can move to finding an appropriate solution. This would occur through **ideation** (idea generation), **prototyping** those ideas through design techniques, and **testing** ideas.

The process of finding the appropriate solution for a particular community is not straightforward, and may involve several iterations of a service delivery model. The service design process can be described through a diamond model, (previous page) showing the various components involved.

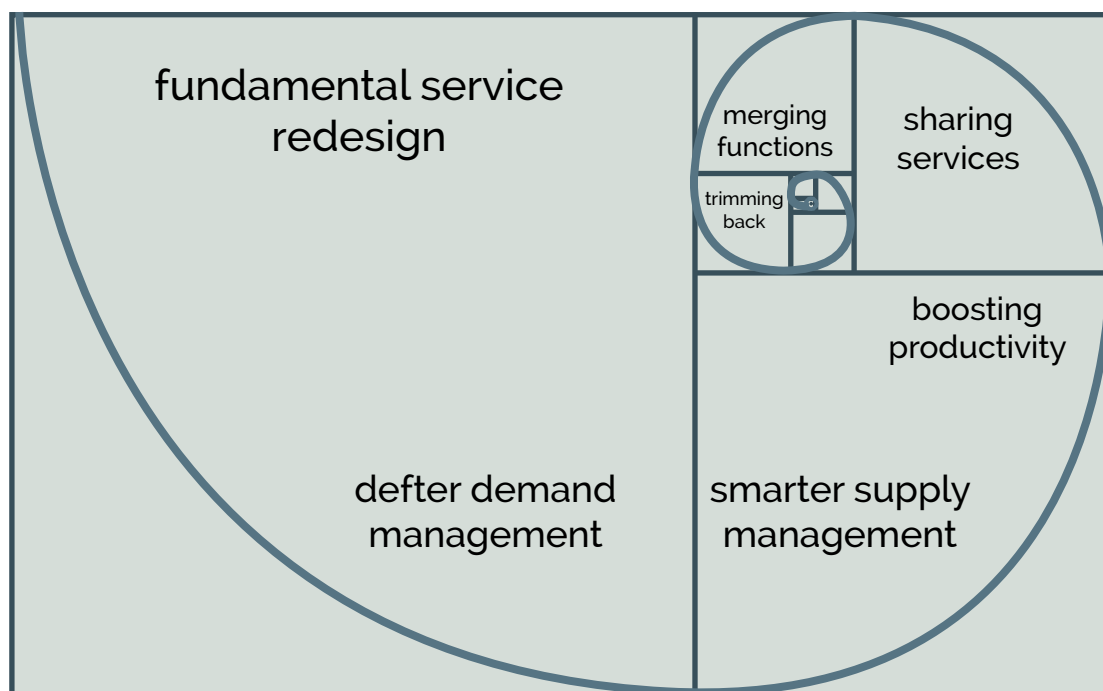
Effective design processes can occur collaboratively between councils, the community, central government, and the private sector. This manner of problem-solving fits well with existing strategic planning processes and frameworks that are mandated or required in New Zealand for local government, for example activity management plans and infrastructure strategies.

How did English councils identify and design services to manage austerity?

Faced with austerity, English councils began conversations with the community around efficiency savings. Discussions revolved around incremental changes, such as a reduction and delay of capital expenditure, and proposals to end certain services. While some efficiency savings were gained by councils through these means, a wider examination of community needs was required. Councils began with trimming back services, but fundamental service redesign was required to prevent high levels of debt and/or council tax.

Councils looked at various ways in which they could provide services under a constrained budget. This ranged from trimming services to full redesign. The diagram below from England illustrates small gains (at the centre of the spiral) against larger potential gains (at the end of the spiral) in creating financial and non-financial efficiencies based on the strategy used. The diagram illustrates how service redesign can create larger potential gains in terms of savings

Figure 2: Fundamental service redesign



Source: (Barry Quirk., 2013)

(both financial and non-financial) for service delivery.

In England, it became clear that although a reduction in the levels of service provided short-term savings it did not create long-term service resilience. Organisations such as SOLACE looked at going beyond efficiency savings to a discussion on the design of local public services. This included identifying what services were required from councils.

Councils moved towards a futures thinking mentality by looking for innovative methods to cope with fiscal constraints. Some councils looked beyond the immediate repercussions of austerity, and attempted to create service resilience. English councils began the process

of identifying and designing services through conversations with the community.

It became evident that service design was not simply about reducing the budget of a service or a reduction of the level and/or number of services – it was about understanding how services can be delivered, how they should be made available, and in particular, whether there could be a self-service element to the design.

It was the role of local government managers to understand how to deliver services effectively, while it was the role of elected members to decide which services would be affected.

Design played a role in understanding how to create efficiency for councils, by providing a framework that allowed for greater innovation.

Example of design service in England

HOUSING OPTIONS SERVICE – London Borough of Lewisham

Lewisham Council looked to service design in 2010 after facing budgetary constraints. The council was concerned that residents could not find out whether they were entitled to housing support. The situation was the cause of stress for both staff and residents. Moreover, there was a growing demand for council housing, and a requirement for a more personalised service.

The council analysed what the community required, along with how the service was being delivered. Design techniques were employed to engage with selected residents that used the service. This included mind-mapping, visualisation and ethnography (particularly when understanding how various cultures were interacting with the council). The council could then assess whether the services it was delivering were meeting the needs of residents, and design accordingly. Solutions were visually presented through film and storyboards with the goal to simplify issues in a user-friendly manner.

Customer service changed in the course of the design process with the council opting to visually show residents what would occur if they were using the service, and its implications. Design allowed the council to create a framework for its housing options service, improving interactions with the council and the community.

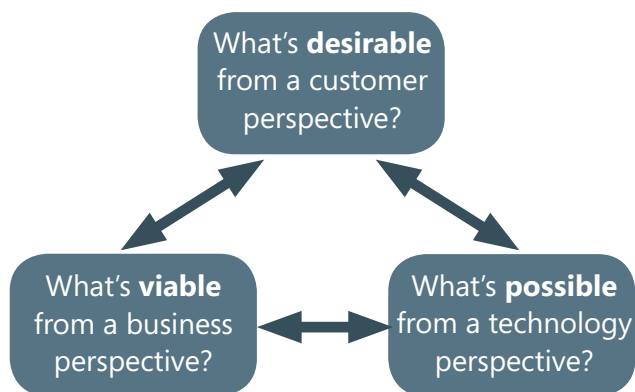
The needs of the community were placed at the heart of the service design process. As a result of the redesign the council saved £386,000 a year on previous outgoings. Staff morale was boosted by the project with a reduction in staff absence. Notably, there was greater staff empowerment with a greater sense of design-led thinking. The council has applied service design and identification as part of a transformation of how it operates.

Source: (Design Council, n.d.)

How can councils in New Zealand identify and design services?

An open organisational culture is fundamental in beginning the conversation on service design and identification. Council chief executives and managers need to encourage staff to question the fundamentals of services provided to the community. Under section 17A of the Local Government Act 2002, councils have been provided a legislative opportunity to begin the dialogue on service identification and design.

Figure 3: Questions to ask when designing a service



Source: (Office of the Auditor-General New Zealand, n.d.)

There is an opportunity to incorporate service design in the development of long term and annual plans. However, there remains an opportunity to fundamentally **identify** and

address which services are required by the community. Gap analysis is required, particularly on what the community expects from councils, and how councils gauge those expectations.

It is important to note the rationale for designing a service and whether this is based on actual performance or the perception of performance. Through long-term planning, councils can begin an iterative process of service design.

It is important to note that this process would be different for each council and their community. Service identification, however, needs to address community perception issues. Effective community engagement should follow alongside service identification.

Councils need to go beyond consultation to wider community engagement. Effective use of significance and engagement policies may aid service identification.

There needs to be engagement with the community, particularly those who use the service, on both the identification of services and on their willingness to pay for those services. Once councils have identified a service, service design can begin internally or externally. Design methodologies can be employed, considering the practical components of the service which may include the use of emerging technology.

TENANT SUPPORT FRAMEWORK – Wellington City Council

In 2013, Wellington City Council looked to transform the delivery of its social housing. The council manages one of the largest council housing portfolios valued at \$353 million with about 3500 to 4000 residents a year. Central to the success of the transformation was community engagement and an understanding of the needs of residents. A culture of change supported the transformation, fostered internally and externally with service users.

The council redesigned service delivery after a tenant died in 2011 and was undiscovered for almost a year. It highlighted the need for a holistic approach to tenancy management. A complete re-assessment of the service was undertaken, including effective service identification and design, and council's legislative requirements. In 2013, the council developed a Tenant Support Framework to outline their commitment to vulnerable tenants.

The council worked together with key stakeholders to develop the Tenant Support Framework including: Wellington Hoarding Forum, Wesley Community Action, Age Concern, Capital and Coast District Health Board, St Vincent de Paul, Housing New Zealand, Work and Income, primary and secondary health providers, and budgeting services.

The council was able to redefine its role as a social landlord and asset manager, and restructured to become a customer-focused service provider.

Since the service redesign, the council now regularly engages with its tenants and looks to actively involve its tenants in the delivery of the service by creating a neighbourly culture. Resources are provided to tenants to help support healthy living, and fortnightly information sharing meetings are scheduled to facilitate the flow of information between the community, the council, and other key stakeholders.

Wellington City Council approached the community and created an informal agreement, which outlined and gave a clear understanding of the roles of the community and council. The council's Tenancy Agreement Framework highlights the importance of how undertaking service design and identification can result in a better outcome for the needs of the community.

Source: (Wellington City Council, n.d.-a)

A range of design tools are freely available to councils. You can find out more about service design tools from:

Service Design Tools: <http://www.servicedesigntools.org/>

Stanford Design School: <http://dschool.stanford.edu/use-our-methods/>

IDEO: <https://www.ideo.com/work/design-for-social-impact-workbook-and-toolkit/>

Cabinet Office: <https://www.gov.uk/guidance/open-policy-making-toolkit/designing-policy-and-ideas>

CO-PRODUCTION

He tāngata, he tāngata, he tāngata. – It is the people, it is the people, it is the people.

(Māori Proverb)

Co-production enables community empowerment through partnership. The concept came to the forefront of the English policy agenda as a means to move beyond community participation to community ownership. Councils move from a service provider to a service facilitator through co-production.

This section explores how councils in New Zealand can apply co-production to effectively deliver services.

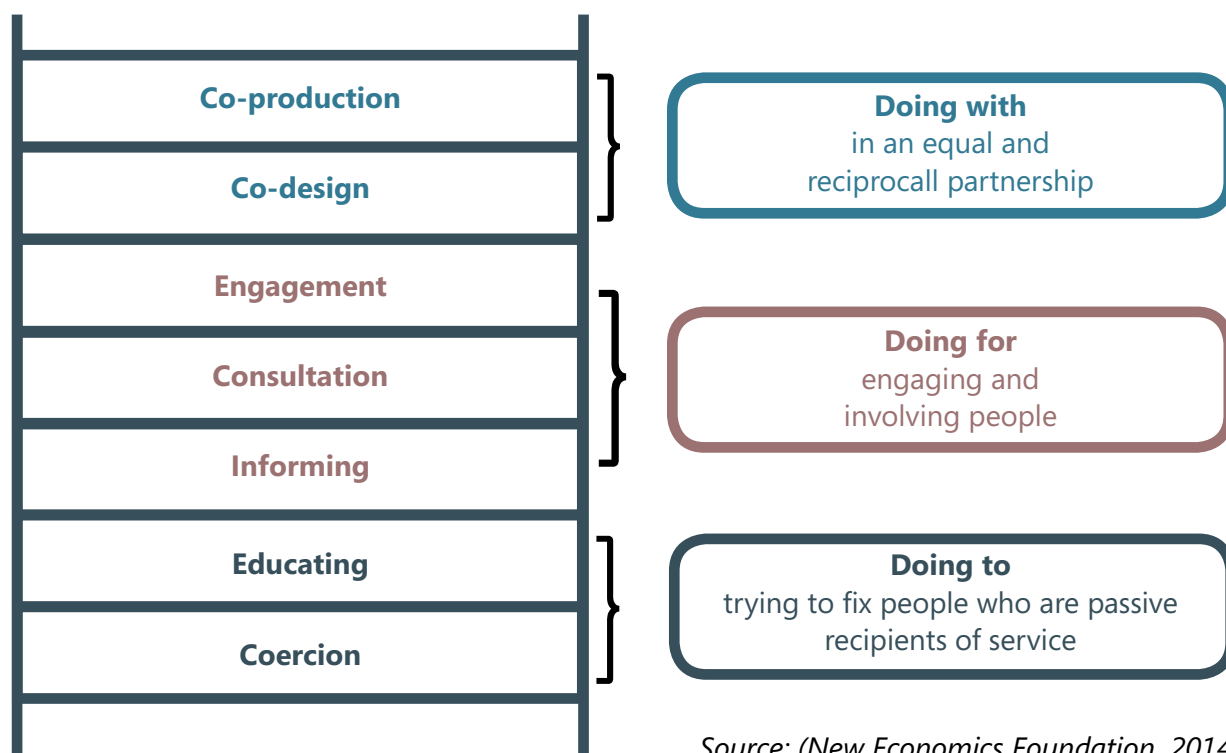
What is co-production?

Co-production refers to a process in which a community or individual residents are involved with delivering the outcomes of

services. Co-production is an umbrella term that encompasses concepts such as co-design, co-planning, co-learning, co-delivery and co-facilitation. However, underlying each of these concepts is the core principle of working together with the community. The community or individual residents provide inputs into the service process to affect the outcomes. Co-production is a concept first outlined in the 1970s by Nobel Prize winner, Elinor Ostrom (*Elinor Ostrom, Gordon P Whitaker, & Stephen Percy, 1978*).

Rather than the council being solely an organisation that **provides services to the community**, the council starts to provide those **services alongside the community**. The community becomes a co-producer of services and is no longer only a service user. Councils have an equal and reciprocal relationship with

Figure 4: Ladder of co-operation



Source: (New Economics Foundation, 2014b)

the community that operates from the planning stage of the service delivery process through to the delivery stage.

For co-production to occur, a dialogue of change is required between councils and their communities. A culture of community ownership is required within councils and externally. Words such as stakeholder are replaced with co-producer. Importantly, co-production acknowledges that councils do not exist in a vacuum where outcomes can be reached without the community's input.

How did English councils apply co-production to manage austerity?

Co-production was supported by central government's policy of greater localism, through mechanisms such as the community's right to challenge. Similarly, sector leaders such as SOLACE encouraged community involvement to help create democratic mandates for council services. Austerity measures created motivation for change and innovation in service delivery. Co-production

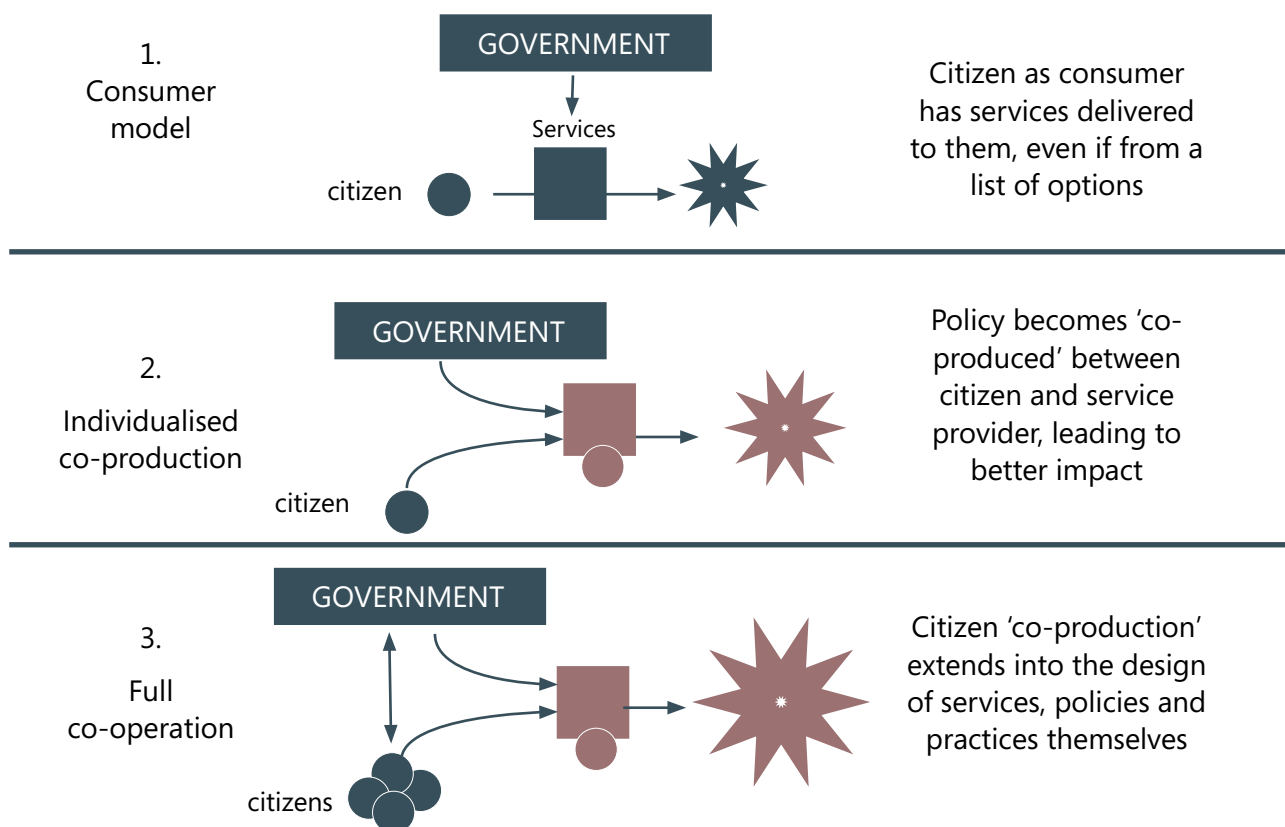
became a viable service delivery model for several activities. Co-production in England highlights the importance for councils to continue to be local in the delivery of their services.

Councils looked to increase work with volunteers through networks. For example, for arts and culture services council staff helped support networks and leverage funding for projects, instead of providing the service directly. Through co-production, English councils looked to build resilience and community support for council services. The value of services to residents increased, as the community was allowed to take ownership of how the service was delivered.

A culture of change was fostered by English councils, moving away from a consumer model of service delivery to full co-production for some services, such as parks, recreation and leisure, arts and culture, and libraries.

A conceptualised version of co-production can be seen below.

Figure 5: Stylised models of citizen-state relationships



Source: (David Halpern et al., 2004)

To effectively use co-production, English councils looked at core principles and a framework to manage relationships. It was important for councils to “develop insight”, “effectively plan” and “improve delivery” (*New Economics Foundation, 2014a*).

Councils had to consider statutory requirements,

such as health and safety, as well as accountability requirements in developing co-producing relationships. An outcome rather than output focused approach was required by councils for an effective co-producing relationship.

Example of co-production in England

CO-OPERATIVE PARKS PROJECT – Lambeth Council

In an effort to make up to £100 million in savings by 2016, Lambeth Council looked at alternate service delivery. It took steps to become a co-operative council in 2013 and began to investigate how to transform the delivery of its parks, commons and open spaces service.

The council undertook a process of community engagement after endorsement from the Cabinet to gauge whether alternate service delivery would be feasible. Twenty expressions of interest were received by the council from community groups wishing to take a greater role in managing parks.

Bottom-up support for change and innovation was central to the council’s success. The council looked at what the community would like from the service, rather than proposing to maintain current levels of service. A needs-led approach from the council illustrated the outcomes their community desired.

Although the Council undertook service transformation due to austerity, the outcomes it wished to achieve were not simply financial. The principle of the programme included creating greater transparency, community empowerment and a higher quality service.

For Lambeth Council the key to transformation was a service delivery framework and service design. The council put together a timeline to 2018 detailing how it would achieve co-production.

A three-tiered approach was taken by the council, to transform service delivery:

1. **Council-led management** – traditional service delivery approach with little community involvement.
2. **Co-operative management** – representative partnership between the council and the community.
3. **Community-led management** – full co-production, the council continues to support service delivery through a monitoring role.

Numerous community members and community groups are now co-producing alongside the council. Staff have noted an improvement in service as community members have taken ownership and are more invested in their parks.

Source: (Lambeth Council, n.d.-a, n.d.-b)

How can councils in New Zealand use co-production to deliver services?

Co-production provides an alternate service delivery model for councils. Both central and local government in New Zealand have looked at ways in which to better deliver services.

Co-production has recently appeared on a national level with the Office of the Auditor General noting the concept moves towards "the philosophical roots of democracy" (*Office of the Auditor-General New Zealand, n.d.*). However, councils may find they are currently co-producing services in certain ways, particularly through volunteers for rural fire services, visitor information centres, libraries, and parks.

There are pre-requisites to effective co-production. Fundamentally, there must be

community capacity, interest and need.

The following are principles to guide effective co-production in New Zealand:

- 1 Co-production requires a **sense of place**.
- 2 Co-production requires **inspiring leaders** within the community and council.
- 3 The community must be **involved** in a movement towards co-production.
- 4 Co-producers must **commit time** and **resource** to service delivery.
- 5 Co-production requires communication, trust, respect, and reciprocity.
- 6 Co-production should exist within a **service delivery framework**.
- 7 A common accountability platform is required with **shared community based outcomes**.

Figure 6: User and professional roles in the design and delivery of services

| | | Responsibility for design of services | | |
|---|--|--|---|--|
| | | Professionals as sole service planner | Professionals and service users/ communities as co-planners | No professional input into service planning |
| Responsibility for delivery of services | Professionals as sole service deliverers | Traditional professional service provision | Professional service provision but user/communities involved in planning and design | Professionals as sole service deliverers |
| | Professionals and users/communities as co-deliverers | User co-delivery of professionally designed services | Full co-production | User/community delivery of services with little formal/ professional input |
| | Users/communities as sole deliverers | User/community delivery of professionally planned services | User/community delivery of co-planned or co-designed services | Self-organised community provision |

Source: (*Office of the Auditor-General New Zealand, n.d.*)

While co-production may be an effective service delivery model there are disadvantages. Fundamentally changing the role of the council in service delivery raises an important question – who is the leader for the community?

Similarly, co-production may be reliant on passionate people, particularly strong community and council leaders. Self-interested parties may also be involved in the delivery of the service. Proposals for co-production may increase community cynicism towards councils as there may be a perceived lower quality of service. Furthermore, impediments to effective co-production may also lie within legislation, for example councils must meet health and safety

requirements. Nonetheless, co-production allows for a variation in level of service across a district, region or city.

There are questions of whether councils may become victims of their own success, relinquishing the role of service provider.

For effective co-production, councils must re-think their role in the community and any change that arises must have the support of elected members. Re-visiting community outcomes to fundamentally understand how councils can facilitate service delivery and meet community needs is one step towards co-production and greater community empowerment.

REBUILDING OF HAVEN STREET, MOERAKI – Waitaki District Council

In 2013, Waitaki District Council closed a 200 metre section of Haven Street in the township of Moeraki after it subsided due to heavy rain. The closure prompted community support for the rebuild of the road. However, the council was not in a financial position to fully fund the rebuild of Haven Street. Waitaki District Council proposed to fund \$60,000 for the rebuild, if the community was able to raise the same amount.

The community was able to raise \$130,000. However, the community looked further than donations. The community and local businesses volunteered, and donated machinery and resources. The community became a co-producer for Haven Street. At the end of the project more than 3000 hours of voluntary labour went into the rebuild of Haven Street. Council staff supervised the work with elected members volunteering their time to work on Haven Street.

The council did a risk assessment before agreeing to use volunteers for the project. This included risk analysis in: health and safety, damage to private property, maintenance of engineering standards, and volunteer capacity and conflict. The council looked to mitigate these risks through: formation of a working group, agreed plan, geo-technical survey and risk assessment, health and safety plan, assigned council engineer as project supervisor, and specific volunteer roles.

The project created a sense of community pride and ownership. The relationship between the council and the community improved with a growing sense of trust, goodwill and respect throughout the project. The council noted that it had moved outside its comfort zone with the project. According to the Waitaki District Council, “never underestimate what a community can achieve when they have a stake in the outcome”.

The council has noted there were transferable lessons from the approach they took including:

- being responsive to the community's needs
- taking opportunities to empower the community, and trusting them to drive and implement projects
- getting a well-structured, agreed project management framework
- including key people from the council and community the project team, and making sure they had buy-in
- agreeing specific roles and responsibilities for staff and volunteers.

A range of co-production resources is freely available to councils. You can find out more about co-production at:

Scottish Co-production Network: <http://www.coproductionsotland.org.uk/resources/>

Think Local Act Personal: <http://www.thinklocalactpersonal.org.uk/Browse/co-production/>

TAKING COMMUNITY ENGAGEMENT TO A NEW LEVEL

Working with communities, citizens, partners and the widest range of contributors to reimagine how to deliver the outcomes our society requires.

(SOLACE, 2015)

Community engagement may not seem like an obvious and innovative austerity concept because the practice can sometimes fall short of genuine engagement, with a strong focus instead on formal consultation.

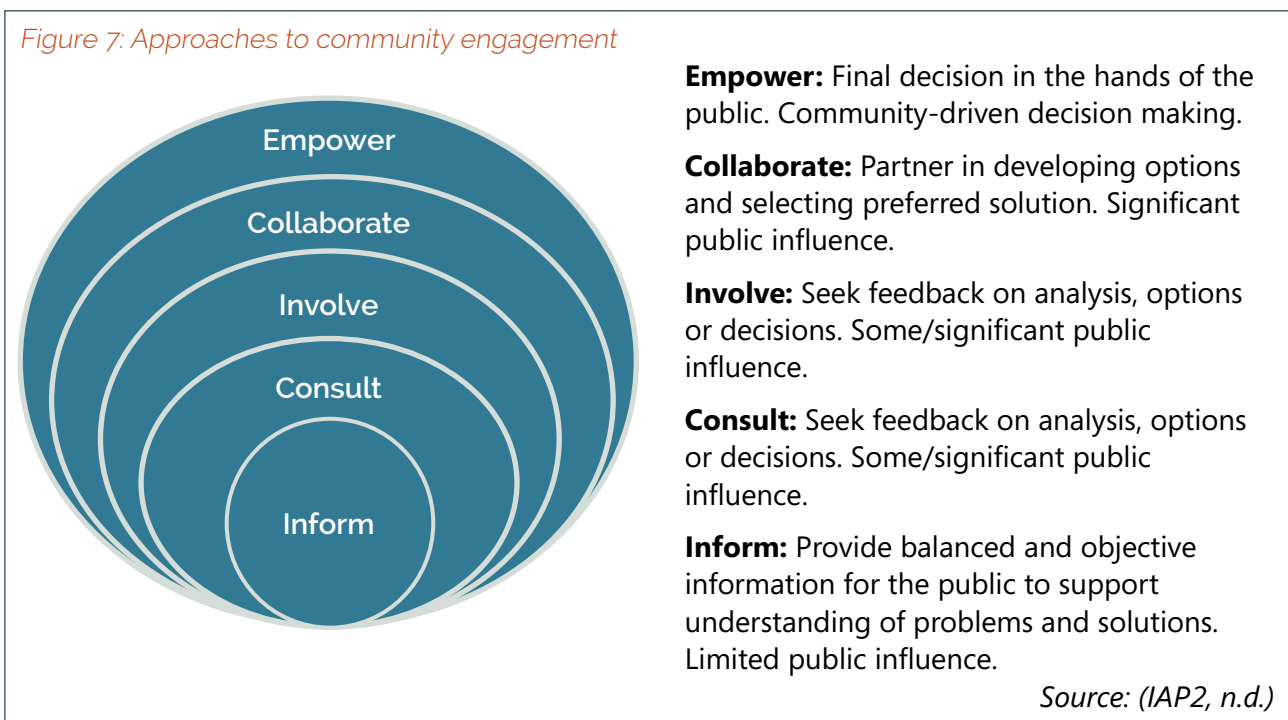
Yet effective community engagement can build capability and create a mandate. There are layers of community engagement. This section discusses the complexity involved in enabling genuine collaboration and empowerment of communities.

What is community engagement?

Community engagement is a multifaceted term referring to the interactions between governments, citizens and communities on a variety of issues.

Community engagement enables councils to make informed decisions and gives communities an opportunity to influence decision making to different degrees. Below is a diagram of five engagement approaches that councils may use. The inner circles represent a lower degree of engagement, while the outer circles represent a greater degree of engagement.

Figure 7: Approaches to community engagement



Community engagement has a long tradition within local government, particularly through the use of *consulting* and *informing* approaches, some of which were prescribed under old legislation.

Since the amendments of the *Local Government Act 2002* in 2014, which relaxed the use of prescribed processes and ushered in significance and engagement policies, councils have had more opportunities to explore all approaches to community engagement.

How did English councils use community engagement to manage austerity?

Unlike New Zealand councils, engagement is not prescribed in legislation. As a result English councils had flexibility in the type of engagement they used, and they looked to increase their engagement with the community to manage austerity.

Since 2008, councils have faced spending decisions that required a community mandate due to their impacts on how local services are delivered. Councils engaged with the community in a range of ways, depending on whether they were taking a proactive or reactive approach to austerity measures. Proactive councils looked at a complete change in the way services were delivered, while reactive councils attempted to manage austerity primarily through budget cuts, and therefore often resulting in a reduction in the levels of service.

There was an overall move by proactive English councils towards community engagement with greater collaboration and empowerment as opposed to simply taking a consultative approach. Proactive English councils looked to create 'a new contract with communities.'

This was an informal 'contract' representing a restoration of trust in the relationship between councils and residents. Councils approached communities regarding their requirements, and looked to act transparently ('open by default') in framing the future of local government services. The lowest degree of engagement – informing – was seen as a pre-condition to increased transparency. As noted by SOLACE, "a new contract with communities can restore trust and build a more sustainable, adaptive relationship between local state and citizen" (SOLACE, 2014).

A variety of engagement methods were employed to support the creation of a new contract. Digital innovation was at the forefront, however was not seen as the only form of community engagement.

Councils were able to use changes in technology to move towards an open book local government sector. Some examples include Open Data Bristol and Leeds Data Mill, which give residents, researchers and developers access to data to allow for open innovation and solutions to the cities' problems. (*Leeds Data Mill – Open Data for Leeds. n.d., Open Data Bristol, n.d.*).

The widespread use of social media has created another communication and engagement channel for councils. English councils increased their use of technology particularly when informing the community. Digital innovation has accelerated in light of austerity, as councils have seen an opportunity to use a potentially cheaper service delivery channel for engagement.

Similarly, participatory budgeting tools were used by some councils to empower their communities. English councils were able to show residents what would happen if core services budgets disappeared, while simultaneously engaging the community in decision-making.

Through participative budgetary tools councils were able to come up with 'local solutions.'

Example of community engagement in England

COMMUNITY COMMITTEES – Salford City Council

Salford City Council established a system for community engagement by creating community committees, made up of representatives from the council (ward councillors), voluntary organisations, and community. There are currently eight community committees in Salford to represent each neighbourhood. The committees have two objectives – firstly to help create a vision for neighbourhoods, and secondly to inform improvements to service delivery aligned with agreed community and public service priorities. In essence, the role of the community committees is similar to an advisory board.

The role of the community committees is to inform decision-makers about the priorities in the area, and how the council could use local budgets to meet those priorities. A certain amount of the council budget is devolved to neighbourhoods to allow committees to allocate money through task groups. The community committees bridge the gap between other agencies, particularly other service providers including health trusts and the police, who sit on the committees, and the council.

Residents, who do not sit on the community committees, are welcome and encouraged to attend meetings, which run regularly from high schools and sports clubs. Council staff and other organisations attend meetings to report on any new developments in the area, and actively seek opinions from the community, ensuring on-going community engagement.

Source: (Local Government Association, 2010; Salford City Council, n.d.)

What can councils in New Zealand learn from this?

While most councils use community engagement effectively in New Zealand, there is an opportunity to build greater trust and work more closely with the community.

The informal contract created by proactive English councils with their communities has proved beneficial in more deeply understanding the requirements of the community. The

conversation has moved from the levels of service required to what the essential services are for the community.

Through strategic planning and long term plans, New Zealand councils have the opportunity to present the 'what if' scenarios, considering the financial and practical effects of removing or changing certain services, highlighting the rationale for current and future levels of services.

The following are ways in which greater community engagement may help councils.

Figure 8: How community engagement may help strategic planning

Community engagement helps **to build relationships with community groups and leaders.**

Community engagement helps to **inform the community about choices and consequences.**

Community engagement helps local authorities **understand demand and preferences.**

Community engagement helps local authorities **understand where council support can make a difference.**

It is important to acknowledge the selection of the engagement tool is vital.

The current dialogue among councils around community engagement has primarily been focused on digital engagement. While social media has become a prevalent tool for councils, and other digital tools may help them engage with their community, there is still an array of other non-digital engagement methods. Also, with all engagement methods, there is the possibility of a vocal minority influencing the decision-making process.

An example is when issues that appear in a formal consultation may not be relevant enough for some or most of the community to consider making a formal submission. Alternate engagement tools may need to be considered by councils to counterbalance this unintended

consequence of community engagement (such as an advisory panel).

Ultimately, community engagement should use a range of methods based on the purpose of the engagement and outcomes desired. Through an effective significance and engagement policy councils may be able to move towards greater community empowerment and collaboration.

A shift towards collaboration and empowerment may create a greater community mandate for councils and increase a sense of community well-being. Strong public leadership can reinforce the importance of community engagement. Culture and capability of a council may need to become more accommodating for engagement methods, including an on-going dialogue between elected members and the community.

Example of community engagement in New Zealand

MY RATES – New Plymouth District Council

As part of the 2015-25 long term plan consultation process, New Plymouth District Council looked to better engage with the community. An online tool was developed to overcome the biases inherent with other engagement tools, particularly with the view to reach the 'silent majority.' While the council produced a consultation document (as required under legislation) MyRates supported their consultation approach.

The first version of MyRates was launched during the long term plan consultation process. The tool enabled residents to switch between proposals (as stated within their consultation document) to see the impact of their rates. The tool linked back to the consultation document for details on the proposals. Based on the information available, residents were able to submit their selections to the long term plan consultation process.

Though the tool proved successful in consulting with the community, the council considered potential concerns of the approach such as; "let's do it when we have more time", "people will abuse it and make multiple submissions", "it's too difficult", and "it won't be proper LTP feedback, like the submission form". Strong leadership and a supportive organisational culture enabled the council to overcome concerns and allowed for innovation. Importantly, the council considered the outcomes it wished to achieve from employing an alternate engagement tool, such as creating transparency and reaching the 'silent majority.'

The second version of MyRates shows how much residents will pay. The tool now enables residents to select current and future rates for their property on yearly, monthly and weekly amounts. MyRates supports on-going engagement from the council and creates an opportunity to 'plug-in' future proposals.

Source: (New Plymouth District Council, n.d.)

A range of community engagement resources is freely available to councils. You can find out more about community engagement at:

IAP2 Australasia: <https://www.iap2.org.au/resources/resources>

Community Planning Toolkit: <http://www.communityplanningtoolkit.org/>

Cabinet Office: <https://www.gov.uk/guidance/open-policy-making-toolkit/a-z>

SHARED SERVICE ARRANGEMENTS

By the public sector, for the public sector.
(Local Government Shared Services, 2016)

Shared service arrangements can be cost-effective service delivery mechanisms potentially creating efficiency.

Austerity measures in England have highlighted the importance for councils working together for continuous business improvement. However, community mandate is essential for councils creating shared service arrangements. Similarly, the appropriateness of any arrangement should be considered, as the community may want certain services to stay within a single council's control.

What are shared service arrangements?

Shared service arrangements occur when councils and/or central government pool their resources. The arrangements are based on a model creating economies of scale. With greater resources the cost of the service is reduced.

While co-production looks at working alongside the community, shared service arrangements can exist between councils and/or central government. Shared service arrangements can exist through a semi-autonomous unit, for example, through a CCO. Similarly, councils can sub-contract services, such as customer support, to another council. This may be particularly beneficial in the case of smaller councils, which may have fewer resources and/or staff.

Shared service arrangements are often created with the aim of promoting efficiency and saving costs. Service quality may also improve with the availability of pooled resources.

How did English councils use shared service arrangements to manage austerity?

The shared services model was seen by

English councils as one solution for providing cost savings, particularly in back-office functions. Functions affected included finance, procurement, administration of human resources, and information technology. Many of the early savings were created by reducing staff.

Councils looked to shared services as a means to sustain service delivery, with local autonomy retained. Austerity allowed for a cultural shift towards a greater acceptance of shared services.

According to the Local Government Association, about 95% of English councils were in shared service agreements, with 416 service arrangements created across England with efficiency savings of £462 million that year (*Local Government Association, 2015*).

Shared service arrangements pose a fundamental question of which council functions need to be kept locally.

Services that were ring-fenced by legislation, such as child protection services, or seen as more important to the community, were less affected by the creation of shared service arrangements in England.

Assessment of community needs was vital for shared services. Similarly, alignment of cross-council priorities was fundamental in establishing a shared service arrangement. Councils in England have noted levels of service performance have not reduced due to shared service arrangements. This may be due to rapid business transformation of services and robust operational frameworks.

Clear operational frameworks were fundamental in the creation of successful shared service arrangements, coupled with good performance management. Financial and non-financial performance was tracked to establish the effectiveness of the shared service arrangements.

Initial costs to set up and integrate services had a modest payback period of less than two years (*Local Government Association, 2015*). Further benefits for successful shared service arrangements in corporate services have been the expansion to accommodate other the business needs of public entities in their area (including schools, health trusts, and pension funds), creating efficiency savings beyond the local government sector.

As part of efficiency savings gained through shared service arrangements councils reduced the number of in-house staff, including previous

in-house management structures. In some cases, the councils choose to have a shared chief executive. To date the efficiency savings have been in the hundreds of thousands of pounds (*Local Government Association & Localis, 2012*). Nonetheless, English experiences with shared management structures have varied and have only been possible with the integration of services. Councils which considered long term resilience when moving towards shared management structures have had a more positive experience, compared to councils that looked to short term cost reductions.

Example of shared services in England

WORCESTERSHIRE REGULATORY SERVICES

Bromsgrove District Council, Malvern Hills District Council, Redditch Borough Council, Worcester City Council, Wychavon District Council and Wyre Forest District Council

Councils in Worcestershire decided to combine frontline services in 2010 aimed at providing combined environmental health, licensing and trading standards for the region. While some of the aims of the shared service arrangement were to create financial and efficiency savings, there were additional benefits including an improved provision of service, and service resilience.

The councils involved encountered several challenges, particularly when ensuring the services still met the needs of residents. Effective community engagement helped ensure that staff, residents and elected members were involved in the project. Strong and effective leadership helped to ensure that the services remained accountable to local residents and delivered against local priorities.

Since the creation of Worcestershire Regulatory Services, customer satisfaction has increased (to more than 90%). Furthermore, the arrangement has created an additional 23% saving to the original budget created. Complaints about the service have reduced, and self-service has been promoted through an integrated website with relevant advice.

Source: (District Councils' Network, n.d.; Worcestershire Regulatory Services, 2015)

Lessons for councils in New Zealand considering shared service arrangements

English councils went through a process of analysing service needs, working collaboratively for the benefit of the community.

New Zealand councils have an opportunity to analyse how best to deliver services. Through service delivery reviews under *section 17A* of the *Local Government Act 2002*, councils should look at undergoing an analysis of the needs of the community and how council functions support those needs.

Shared service arrangements may provide an alternate service delivery mechanism. Furthermore, councils are in shared service arrangements around New Zealand. A variety of services are covered under these arrangements including transportation, three waters, libraries, human resources, information technology, procurement, and economic development.

These arrangements have occurred in different forms, including council-controlled organisations (CCOs), joint ventures, and joint committees, with the formal structure of the arrangement reflecting the needs of the councils.

The motivation to form these shared service arrangements has been to improve service delivery, increase efficiency, and reduce cost due to economies of scale. Integral to an effective shared service arrangement is accountability, risk

contingency, analysis, and a clear understand of the outcomes of the arrangement.

Similarly, organisational culture needs to be understood, along with the capacity of staff in managing the relationship within the shared service arrangement.

There is opportunity in New Zealand to expand shared service arrangements and move towards other council functions, including finance, emerging information technology, and asset management. By combining back-office functions councils can achieve efficiency savings.

However, other services should be considered in the creation of arrangements. There are prerequisites in the creation of successful shared service arrangements, particularly:

- acceptance by the community of a shared service arrangement
- strong managerial leadership
- clear jointly agreed scope
- risk analysis and accountability framework
- clear governance
- supportive organisational culture
- alignment of outcomes.

It is important to note that shared service arrangements may not be appropriate for all contexts. Below is a brief analysis of some of the strengths, weaknesses, opportunities, and threats in the creation of shared service arrangements.

Figure 9: SWOT analysis of shared service arrangements

| | |
|--|---|
| <p>Strengths</p> <ul style="list-style-type: none"> • Economies of scale • Career opportunities for staff • Experts delivering services • Community perception of improved service • Defined service levels • Shared knowledge • Consistent service levels • Central government support | <p>Weaknesses</p> <ul style="list-style-type: none"> • Lack of competition • Benefits may be difficult to quantify • Loss of flexibility • Skillset to manage contracts • Loss of council staff in area local economy • Loss of critical mass (e.g. stranded overheads) • Inability to provide different levels of service • May undermine council capability in remaining activities |
| <p>Opportunities</p> <ul style="list-style-type: none"> • Commercial focus • Benefits of economies of scale (including access to previously unaffordable technology) • Opportunity to learn through shared knowledge • Introduce different levels of service • One point of contact regarding service delivery for residents • Revenue generation (alternative funding sources) • Co-ordination with other entities • Shared strategies/policies/bylaws • Using scarce resources efficiently | <p>Threats</p> <ul style="list-style-type: none"> • Cost-sharing arrangement may benefit certain stakeholders more than others • Change in levels of service may not be well communicated • Potential loss of connection with community • Different stakeholders may require different outcomes • Potential loss of accountability • Investment in transition • Political will; unwillingness to compromise of priorities or levels of service • Loss of institutional knowledge and/or assets • Different fundamental business objectives for different stakeholders |

Example of a shared service arrangement in New Zealand

SHARED ICT INFRASTRUCTURE SERVICES

Wellington Water, Wellington City Council, Porirua City Council and Upper Hutt City Council

Councils in the Wellington region started the process of sharing information and communications technology (ICT) infrastructure services in 2013. The process began with a request from the Mayoral Forum for the consideration of ICT shared services in the region with the region's chief executives analysing the viability of shared services. The three councils in the Wellington region involved were, Wellington City Council, Porirua City Council and Upper Hutt City Council, along with CCO Wellington Water. An appropriate governance arrangement was agreed upon with an advisory committee made up of the chief executives from the councils and Wellington Water.

As part of the shared service arrangement a new Shared Services Office (SSO) will be established to manage the delivery of the services at Wellington City Council's offices, operating as an independent business unit. The shared services will include, service (help) desk, data centres and storage, servers, data and voice networks, telephone services and phones, desktop and laptop computers.

Some of the benefits of the shared service arrangement include greater ICT capability across the participating councils with improved performance and capacity, delivery of the right services for the appropriate cost, greater reliability, and improved responsiveness and flexibility. According to Wellington City Council Chief Executive Kevin Lavery, "along with financial benefits there will be the additional benefits of a more stable, reliable and resilient ICT system".

Source: (Porirua City Council, n.d.; Wellington City Council, n.d.-b)

A range of shared services resources is freely available to councils. You can find out more about shared services at:

Shared Service Architects: <http://www.shareservicearchitects.co.uk/Download-Free-Sample-Tools-Templates-Techniques>

Efficiency Exchange: <http://www.efficiencyexchange.ac.uk/resources/resources-and-services/>

CONCLUDING REMARKS

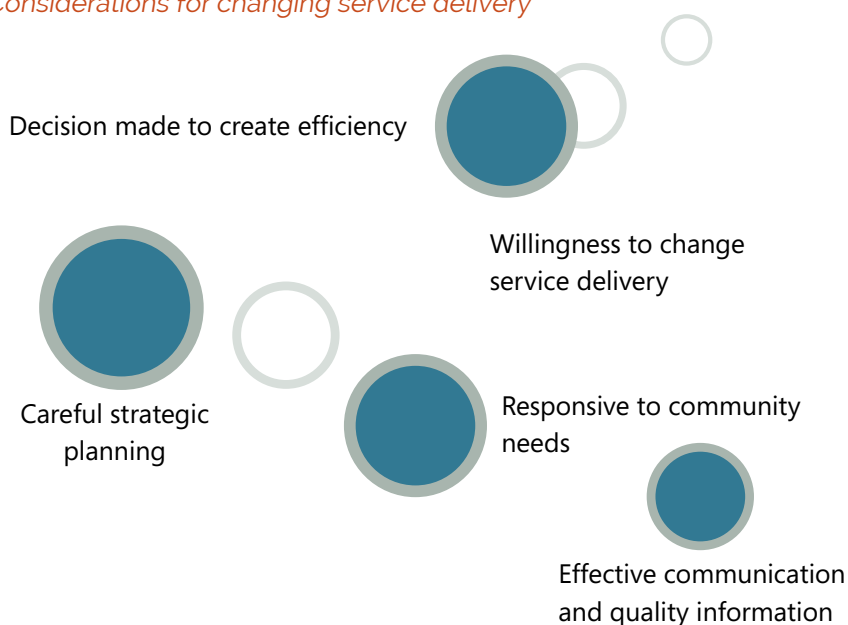
A range of concepts has been explored in this report. However managers, chief executives and council staff have the integral role in providing advice on alternatives for service delivery. This report addresses how emerging concepts may be suitable in certain situations, and how councils in England coped with austerity. All of the concepts presented require the support of elected members for implementation. For local government staff this requires effective communication, guidance and advice.

In England, councils were forced to change their service delivery due to a reduced budget. This created an opportunity for innovation, with elected members open to change how their councils operated. For councils in New

Zealand, a dialogue could begin as to whether the way in which services are delivered is what the community requires based on the purpose of local government, and whether there is an opportunity to implement a different solution. Through legislative requirements, councils may have already begun this process.

Nonetheless, strong public leadership, particularly from senior managers and chief executives, is required to communicate any changes. There needs to be a willingness to present a bold idea, and create change. The following diagram considers what is required from council staff and strong public leaders to help inform decision-makers in New Zealand of alternative service delivery models.

Figure 10: Considerations for changing service delivery



The purpose of this report is to help support service resilience within councils. The exploration of a range of concepts here is an initial step to moving councils towards conversations with their communities on whether the services they provide, and how they provide those services, meet community needs.

Each of the concepts – service design and identification, co-production, taking community engagement to a new level, and shared service arrangements – may help councils consider various components of creating service resilience, by contextualising issues and providing alternative solutions.

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