

Local voices: In the words of public sector chief executives

If you had asked local government in 2010 to become as productive as we've become, we probably couldn't have done it. We wouldn't have known how to do it, but by forcing us to become more productive, we have.

We're a million times more efficient and productive than we were just a few years ago and one of the positives of the financial pressure we have been placed under is that we have had to look very hard at rationalising our processes and systems. We have delivered enormous savings to the public purse while maintaining the vast majority of the services we provide.

We are having to manage with fewer resources and that is bringing difficult decisions about what to prioritise.

I think we have made the best of it. It has meant that we have had to go through an enormous amount of change.

There's no doubt, back in 2010, things were pretty inefficient.

Don't let the crisis go to waste. It's an opportunity to do great things.

Things are better than they were in 2012 and 2013. We have been through the restructuring and budget cuts and fairly major downsizing of our services.

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Introduction

The UK's local public service leaders – including council and NHS chief executives, chief constables, chief fire officers, and directors of children's services – are uniquely placed to comment on the state of the state. As in previous years, Deloitte and Reform have commissioned Ipsos MORI to capture their attitudes and outlook through in-depth interviews. This summer, they interviewed more than 40 public sector leaders from across England, Northern Ireland, Scotland and Wales who are collectively responsible for £16 billion of public spending. Consensus views emerged on seven areas in those interviews: austerity, risk, people, technology, devolution, politics and the future. This chapter shares insight, along with quotes, from the research.

What public sector leaders told us about austerity

The majority of public sector leaders interviewed for *The State of the State* were confident in how they had changed their organisations in response to budget reductions. Most spoke with a sense of pride about what their people had achieved since 2010, and while none suggested that change was easy, many described their organisations as fitter and more focused as a consequence of austerity measures.

One local government director told us that "we're a million times more efficient and productive than we were just a few years ago", adding that financial pressure had forced the council to "look very hard at rationalising processes and systems". Another council interviewee said that "things are better than they were. We have been through the restructuring and budget cuts". Similarly, an NHS chair shared a candid view that "there's no doubt, back in 2010, things were pretty inefficient".

When telling us about the last five years of austerity, most of our interviewees described challenging processes of cost reduction, internal reorganisation and prioritisation. A police chief constable told us that "we are having to manage with fewer resources and that is bringing difficult decisions about what to prioritise". Another said, "I think we have made the best of it. It has meant that we have had to go through an enormous amount of change...identifying lots of ways to work differently, reducing hierarchy...reducing the size of headquarters and cutting back on support services". A council chief executive recognised that austerity pressure has driven change, reflecting that "by forcing us to become more productive, we have".

When telling us about their predictions for further cuts to come, interviewees expected harder challenges ahead.

After five years of cost reduction, many expect to redesign their operations and rethink their services in the five years ahead. An NHS finance director said that he “can’t physically cut anymore” and a chief fire officer said that he thought “there is worse to come”.

However, many were confident and optimistic for the future. A council chief executive said that “we know what we’ve got to do, which doesn’t mean to say at all that we don’t have difficult choices to make – we do”. An NHS chair told us that “it’s doable but we’ve really got to start reshaping the way things happen”.

In the light of Whitehall’s increasing emphasis on public sector productivity gains, we asked our interviewees for their perspectives on productivity. One local government chief executive thought that thinking in terms of productivity “gets to the nub of some of our issues” but added that measuring it presented some difficulties. Another said that his authority needed to benchmark its productivity and compare it to others in order to inform change.

What public sector leaders told us about risk

Some of the public sector leaders we interviewed told us that austerity measures had increased their organisation’s exposure to risk and the prospect of adverse events – and they warned that those risks could rise as cuts continue.

An NHS finance director warned that “I don’t think the public will notice changes in services until you get something that happens in the community. There will be a tragedy and then people will ask how this happened”. Another senior NHS leader told us that the trust was “taking more risks than we should” through increasing use of health care assistants rather than nurses.

A director of children’s services said that “we have got to the point where the flesh that was on the bone in 2010 has been taken off... it will be extremely challenging to provide the level and quality of services expected and required”. Similarly, a chief constable told us that police in his force would be unlikely to attend a burglary “unless they absolutely need to” in years to come.

While risks to the public are of primary concern to our interviewees, they also spoke about risks within their organisations as a result of change. A senior civil servant said that “managing a smaller budget and delivering with a smaller workforce is possible, but we will need to manage that within a very short timeframe which brings many risks as you don’t have time to plan things”.

I don’t think the public will notice until you get something that happens in the community. There will be a tragedy and then people will ask how this happened.

We have got to the point where the flesh that was on the bone in 2010 has been taken off. Local authorities have a good track record of making savings and central government keeps coming back for more. It will be extremely challenging to provide the level and quality of services expected and required.

There is an understanding that you could get away with some processes which might increase risk, because you have got to save money, but there is no public appetite for that at all.

The Government is ‘salami slicing’ but this will affect the safety of the public.

A process of seeking efficiencies, managing a smaller budget and delivering with a smaller workforce is possible but we will need to manage that within a very short timeframe which brings many risks as you don’t have time to plan things, you just have to do the best you can.

Financial constraints are clearly compromising patient quality. We are taking more risks than we should. We cannot fill staffing template for wards with our own staff so we have to use temporary staff, and we will have to use more health care assistants and not nurses.

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When you've got a horizon which is just more and more cuts, it gets more challenging at a personal level to maintain morale and help staff to think positively, particularly those suffering pay freezes and a big drop in promotions.

We've got a legal responsibility to provide primary medical services to the population but it may not be GPs in the future. It may be hospital consultants working more in the community. So there's a whole mind shift needed in the NHS. I don't think the NHS will survive if it tries to carry on being the way it is for the next five years.

Policing is now more difficult than ever before and the workforce has lost motivation.

The key issue about driving efficiency is that you try and make sure on a day-to-day basis that your staff are tasked against the greatest need and that you've got a problem solving philosophy, which is you are trying to solve a problem rather than just react to it.

We need to be much more closely attuned to thinking about what will attract and keep staff who are capable of doing great things with limited resources.

Most of the people in the organisation now work flat out as the organisation has shrunk.

One challenge is going to be retaining and motivating top quality directors and senior management because it's a fairly thankless job being a director of a hospital trust, and with no money being put in to the system it's going to get increasingly tough.

I think that it has worsened. I think that the motivation of staff has significantly deteriorated. They see the NHS as completely focused on finance, and that wasn't what they signed up for. It really gets to them and annoys them. They see every decision that we make as detrimental.

What public sector leaders told us about their people

Our interviews suggest that people issues are a significant preoccupation for public sector leaders. Some said that their staff were demoralised after years of cuts, including a police chief constable who told us that he struggles to maintain morale among staff experiencing pay freezes and a drop in promotions. Another simply said, "the workforce has lost motivation". Some interviewees told us that headcount reductions in recent years had increased the workload for remaining staff. A chief fire officer put it bluntly: "most of the people in the organisation now work flat out as the organisation has shrunk".

Others told us that recruitment was a problem because salaries were not attractive enough and public sector responsibilities can be daunting. An NHS non-executive told us that retaining and motivating senior management is a challenge because "it's a fairly thankless job... and with no money being put into the system, it's going to get increasingly tough".

Many recognised the importance of talent in securing better productivity. A local government chief executive said that "we need to be much more closely attuned to thinking about what will attract and keep staff who are capable of doing great things with limited resources". Another perspective came from a senior official in the Northern Ireland Civil Service. Aware that they are earlier in their austerity years than other parts of the UK, the official noted that "we could benefit from experience and expertise, the human capital which exists to deliver these projects". He added that transformation hinges on people, saying that change "will depend on how we engage with staff so that they are given power to influence".

Some NHS interviewees spoke about the importance of alternative people deployment models as budgets tighten and demand continues to rise. An NHS strategic director believes that "we need to look at the efficiency of how we deploy the workforce. Rather than asking nurses to work harder, we have to train them to work in a different way". The chair of another NHS body suggested that staff may need to be deployed more flexibly, using the example that hospital consultants may need to work as GPs in the future. He concluded that "there's a whole mind shift needed in the NHS. I don't think the NHS will survive if it tries to carry on being the way it is for the next five years".

What public sector leaders told us about technology

Many of our interviewees spoke about the importance of technology in making savings, working more productively and meeting citizen expectations.

Harnessing digital technology is seen as particularly critical. One local government director summed up the consensus view that digital is “cheaper, quicker and it’s what the public want from us.” Mobile technology is also seen as vital to the future of public services. Many interviewees told us that their frontline staff in the field were increasingly equipped with mobile devices to help maximise their productivity and reduce downtime.

However, many of the leaders saw funding and culture as significant barriers to making the most of technology. A chief fire officer acknowledged that restrictions in the amount of funding available to invest in digital meant he was “less ambitious than he would like to be”. An NHS official said that “if I had a magic wand, technology is what I’d throw all the money at”. In Scotland, a chief executive told us that his local authority had been accumulating a surplus to invest in technology but ongoing cuts meant that it would no longer be possible.

Culture was seen as an even bigger barrier to change. A chief constable told us that he struggles “to get officers to understand they can use their devices to stay out in the community and don’t need to come back to the station”. An NHS chief financial officer described the main barrier to change as “the will and commitment of the people”. A civil servant said that people in his organisation were the main constraint to better use of technology, suggesting that “we are not an organisation made of the digital generation that see technology as an intrinsic part of day to day life”.

Interviewees also shared their experiences of change. One pointed out the danger of narrow thinking in digital transformation, which can lead organisations to replicate existing systems with new technology rather than rethinking processes end-to-end. Another noted that the sector no longer needs to rely on expensive adaptations of off-the-shelf software but can think through what they need, “because someone will come up with a system to do it”.

The individuals within the organisation are a constraint. While many are perfectly able to use technology, we are not an organisation made of the digital generation that see technology as an intrinsic part of day to day life. So that represents a barrier for us.

You can end up replicating the old system with new technology.

We have restricted funding so are therefore less ambitious than we would like to be. It would be better to be more mobile and tech based.

It is hard to get officers to understand that they can use their devices to stay out in the community and that they don’t need to come back to the station.

We want to put as much transactional activity through digital services as possible as it’s cheaper, quicker and it’s what the public want from us.

If I had a magic wand, technology is what I’d throw all the money at.

Face to face engagement costs us between £10 and £14. Telephone costs between £3 and £5. Online costs between 8p and 17p. It’s a no brainer.

Our Achilles heel is the manual input of data.

We have an archaic IT system. Clinicians and non-clinicians all feel disempowered by this.

It’s the worst place I have ever worked for IT. Even if money was removed as a barrier, there would still probably be an attachment to where things are now.

In the past there has been an expectation to deliver services with local councillors as the point of contact, but this new way with less funding will place tensions on those relationships. We need more real leadership.

One of the notable things about austerity since 2010 is the complete failure of politicians to address for themselves, at every level, the impact of austerity. I think that the savings have largely been, almost totally been delivered by management in the public sector.

There is a question mark about whether the political system can deliver the degree of change and the pace of change that is actually required.

I don't think we've seen enough political leadership on this subject, there's not enough telling the public that they actually get a far poorer service every day because agencies don't do enough to exchange the most basic information.

It's a difficult conversation but it's a public one we need, which is: what is the healthcare people really expect us to do for them at different stages in their life?

What you have got is a government that is not as committed to the NHS as it likes to make out it is. I think they make a lot of decisions that are not very well thought through. There is a lot going on that they aren't thinking about the impact further down the line.

The Government needs to tell the public that there won't be Police and Community Support Officers in the neighbourhood. Do they want patrolling on the street or the net, because they can't have both.

What public sector leaders told us about politics

Politics matters to the local public services. Nationally, decisions taken in Holyrood, the Senned, Westminster and Stormont have far-reaching implications for people managing the public sector. Locally, democratically-accountable organisations are led by politicians who make a profound difference to their success and their connection to citizens.

Many of our interviewees talked about politics in the context of austerity. A strong consensus emerged that they wanted local and national politicians to engage the public in reconfiguring the citizen-state relationship. They believe that public debate is needed on what people should expect from the public services and how they could take greater personal responsibility for issues such as their own healthcare.

One council chief executive told us that the relationship between local people and services will change over time as funding reduces. He told us that "there has been an expectation to deliver services with local councillors as the point of contact but this new way with less funding will place tensions on those relationships. We need more real leadership". An NHS chair told us that the UK needs a difficult but public conversation on the health care that they expect.

In Scotland, a local authority chief executive told us that "people and communities will need to build a greater understanding of what they can do themselves" as services are further prioritised. He went on to add that national politicians – in Holyrood and Westminster – should better understand the rationale behind the difficult decisions that councils are taking.

An alternative view came from a chief constable who suggested that politicians should shine a light on public sector reform issues to influence change. He told us that "I don't think we've seen enough political leadership on this subject. There's not enough telling the public that they get a far poorer service every day because agencies don't do enough to exchange the most basic information".

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What public sector leaders told us about local devolution

Unsurprisingly, most local public sector leaders were supportive of the UK Government's move towards greater devolution to local areas. Most saw the main benefit as more joined-up, redesigned public services.

A chief constable suggested that local devolution could help public services "break out of the silos". A senior local government officer described collaboration across public sector borders as a key benefit, and a council chief executive argued that devolved decision-making would deliver "better decisions and... a better bang for our buck".

However, many interviewees acknowledged barriers. Some local government leaders suggested that the starting point for devolution programmes should be their potential to improve services – and not on more inward-looking issues. One council director said that "most people want services to be good quality – they're not bothered about how. I think the public sector spends too much time on the 'how' rather than the 'what'". Another warned that policy debates should not dwell on governance issues such as mayoral arrangements.

Interviewees also suggested that local politicians could become defensive where organisations began to work across borders, and that areas without a strong regional identity might be less inclined to seek devolution deals.

In many parts of the country, there is no real identification with the region. In Manchester and the North East, people do identify strongly but in this part of the world, people do not identify with the region. That's a challenge.

Do I think that we, with our partners, could probably make better decisions and get a better bang for our buck, for money that is just currently spent nationally, at a local level? My answer would be yes, I do. So I'm up for devolution. What I don't want to do is to start this with a debate about governance...you know, there needs to be a mayor before you do this, etc.

The benefits would be in collaboration across our borders – why would we all need our own admissions teams when we could share our resources in that capacity? You would lose political sovereignty, which is a concern. I guess you know members in some authorities – and this is one of them – are very jealous and partisan in supporting the area.

The main benefit is the opportunity to redesign public services at local level. To break out of the silos. I think the drawback is that it's such a huge and complex thing to get your head around in terms of being able to deliver that degree of change. If anything, you scratch your head as to why we have still got so much of the public service designed on what feels like very much a Victorian model.

There are two elements to it: there's a political element – to use the example of the Northern powerhouse, it's about making the North feel valued by Westminster in political terms. But there's also a finance and efficiency aspect of it because there is something, I think, to be said for making sure that local people get the local decisions that they need.

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All of the 'nice to haves' will have gone. It will be harder to get complex families into work. The threshold for support for vulnerable people will rise.

It will be harder in 2020 than in 2010. For example police cannot go to a burglary straight away unless they absolutely need to.

We would need to merge with other forces and work more closely. Close police stations to keep officers out and about in the community. Increase the number of mobile data devices.

It will be leaner, fitter, more agile and happier. We talk to our colleagues in GB who have dealt with really significant reductions which we haven't faced yet here and they were saying that their jobs are more enjoyable, they have greater clarity, flexibility and satisfaction from the responsibilities they have.

We're going to see expectations changing. People will not want to be in hospital, they'll want to be at home as long as they can be. And I think we're going to get more customer driven services as opposed to provider driven.

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What public sector leaders told us about the future

When we asked our interviewees to tell us how they saw their organisation in 2020, three common expectations emerged.

First, they expect their organisations to retrench into core activities. Local government interviewees were clear that discretionary services will be increasingly scaled back as authorities focus on their statutory duties. One council chief executive said that "all the 'nice to haves' will have gone" by 2020, adding that the threshold for support in other areas is likely to rise. A director of children's services told us about a "constant emphasis on statutory services and slimming down everything else".

Second, public sector leaders expect greater cross-sector collaboration and a greater variety of providers over the next five years. One council chief executive suggested that the authority will be "far more integrated" and expected his future leadership team to be formed of cross-sector professionals. Another said that he expected to see "a real mixed bag of service delivery entities, which are increasingly jointly managed between ourselves and other government organisations". Yet another local government chief executive sees the sector's future as a "very, very mixed market".

A number of interviewees stressed the importance of cross-sector working for the future of social care, but raised concerns. One local government chief executive told us that NHS reorganisation had hampered their joint working in recent years. Another questioned why local government would invest in social care to alleviate pressure on the NHS.

Third, our interviewees expect their organisation to be designed differently by 2020, with a renewed sense of mission – and most see a very positive vision of 2020. A Northern Ireland official expects to see a "leaner, fitter, more agile and happier" public sector by the end of this decade. A council director expects his authority to be "much more efficient, more effective, much clearer on priorities".

One council chief executive provided a compelling prediction of change in local government over the next five years, worth quoting at length:

“2010 to 2020 is about moving councils away from a subservience to national government and towards a point of independence from national government... moving us towards a default position which is about change rather than about continuity and stability... about outcomes and a much more steely assessment of the return for the spend that we make... more commercial, more business-like, if you like, almost less concerned with the public good unless there is evidence to support it... the need to re-evaluate our relationship with vulnerable people and what we can do to support effectively the lives of vulnerable people, which is where the majority of our spend lies.”

Some interviewees suggested that central government and the devolved administrations should each create a vision for public services that would act as guides for change within public sector organisations. They argued that national debates on public services continued to focus on austerity and efficiency rather than the potential for better, more citizen-centred services. A strong sense of direction would also help organisations coordinate around a set of core principles. One chief constable warned that localism without a shared vision is creating a “random hotchpotch” of policing models that “doesn’t feel well planned out”.

The Prime Minister’s speech on public service reform in September has gone some way to setting clearer priorities. He cited the experience in Hampshire, where Deloitte has supported the county council and emergency services to establish shared support functions. The Prime Minister concluded that “we need to see that sort of thinking in other places.”⁶⁶

By 2020 we will be much more efficient, more effective, much clearer on our priorities. Our services will be leaner, better and more productive than ever.

There will be unintended consequences. Reducing the amount of times the streets are cleaned could backfire. London has millions of visitors a year – if we are degrading it then what does that do?

We will move towards bins being collected less frequently. Youth services which were free will be provided by volunteers and libraries will be charged for.

We know what we’ve got to do, which doesn’t mean to say at all that we don’t have difficult choices to make – we do.

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