beyond competence: driving local government improvement
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A policy paper produced for the Local Government Association by The Tavistock Institute and The Local Government Centre, Warwick Business School

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The evidence now available as a result of Comprehensive Performance Assessment has demonstrated that councils are amongst the best performing organisations in the country and that the local government improvement programme is having a real impact.

Despite this progress, continued improvement in the performance of local councils matters. It matters not because of a council's rating by the Audit Commission or one of the other inspectorates, although the role of such bodies is important. It matters because the work that councils do has a significant impact on the quality of life of the people they serve, and councils are a vital part of the governance and democracy of the country.

Yet too often improvement is not seen as being about improving the life chances of individuals and communities or about building a stronger democracy. Instead Improvement (note the capital ‘I’) is seen as being about managerial compliance with an externally imposed assessment process. Much of the current improvement apparatus is effective at supporting councils to become competent organisations. In some cases that is no mean feat in itself, but the best in local government is more ambitious than that, and the challenges facing society in the early years of the 21st century mean that every council should be more ambitious than that.

The challenge now is to reconnect the improvement agenda with local politics and with what really motivates local councillors and council officers. The challenge is to develop the next chapter in the local government improvement story with a focus on helping those councils which have achieved competence to retain it and to secure a step change in performance to move beyond competence and achieve innovative and transformative change.
This policy paper is intended to prompt a debate about this proposed shift in focus and what a new approach to local government improvement should look like if it is to support a move “beyond competence”.

The paper draws on the outcome of a study on local government improvement commissioned from the Tavistock Institute and the Local Government Centre, Warwick Business School by the Local Government Association (LGA) in April 2005. The focus on the LGA’s brief was on “poor” and “weak” councils, but the study concluded that a different conceptualisation of local government improvement was needed. One objective of this paper is to seek views on that conclusion. More information on the study and the methodology adopted is included in the annex to this paper.
There is a surprisingly wide and deep consensus about the characteristics that a council which is capable of improvement should demonstrate. The consensus includes government, the inspectorates and local government’s national bodies. It is captured particularly well in the IDeA/LGA statement, *What makes for improvement?* There is also widespread agreement on the barriers that councils face in adopting those characteristics and the forces and support that can help them to do so.

The consensus has been built around what can best be described as a “competent council”. The main building blocks of such a council are:

- focussed leadership;
- a professional culture;
- a clear strategy;
- effective communications;
- engagement with partners, citizens, users and staff;
- people management;
- performance management;
- effective systems, for example procurement;
- a culture of continuous improvement.
There is also a consensus over the factors which can act as a barrier to a council achieving competence. They include:

- political instability;
- dysfunctional relationships between the political and managerial leadership;
- inadequate capacity and systems;
- distractions, bad luck and events;
- isolation and insulation;
- complacency;
- loss of financial controls.

Finally, there is also widespread agreement on the factors that can help a council to make the step change from under-performance to competence, the drivers of improvement. They include a combination of “events” and “support”. The factors are:

- a crisis - such as severe financial problems - which force a council to review the way in which it works;
- turnover at the top - a change in the political and/or managerial leadership in a council, bringing a new perspective and a drive for change;
• external challenge, which can range from the “friendly” (such as peer review) to the “less friendly” (such as a poor CPA or other inspection result);

• peer support (particularly the role of political mentors) and moral support (including support from inspectorates for a council's improvement strategy);

• intensive, long-term consultancy support;

• good political leadership, supported by quality management;

• “getting out more”, developing an outward-looking orientation and a willingness to learn;

• good resource management;

• enhanced capacity - through, hiring, moving and developing staff;

• better engagement with partners, staff, users and citizens;

• focus, commitment and perseverance.

There is no single 'magic bullet' or one-off intervention that can take a council from under-performance to competence however good those interventions might be. What makes the difference is the alignment of building blocks, events and support, and between them local government's national bodies, the ODPM and others have an effective array of support offers in place.
But it is important to reflect on whether this consensus around competence and supporting competence is a sufficiently robust foundation to equip councils to meet the challenges of the early decades of the 21st century. Three arguments underpin the case for moving beyond competence.

First, the fact that the managerial language of the current improvement process, with its focus on achieving competence, does not reflect the aspirations and ambitions which drive politicians. They are driven by the quality of services on the ground and on improving the life chances of their constituents. The delivery of a set of political aspirations on behalf of a local community requires a range of skills which transcends the issues of organisational hygiene (basis, “good enough” management) required to achieve competence.

Second, the public policy challenges facing councils and their local partners today require inter-organisational and cross-sectoral working. This is supremely challenging and requires political and managerial leadership of a higher order and is a further plank in the case for a move beyond competence.

Third, the performance of all councils requires councillors and officers to fulfil extremely complex political and managerial roles. Indeed, many councils are inherently unstable and all are susceptible to being buffeted around by the changing dynamics of politics (national and local), the different capacities and aspirations of their local partners and the changing nature of the public policy and service delivery challenges they face. These choppy waters can be navigated successfully only by organisations which have moved beyond competence.
The consensus around the characteristics of a competent council and the steps that can be taken to help councils achieve competence is important, but it is not sufficient to deliver the quality of local government and governance that our communities deserve and, increasingly, expect. In planning the next stages in local government’s improvement journey, it may be helpful to distinguish between councils seeking to:

- achieve competence;
- retain competence; and
- move beyond competence to achieve innovative and transformative change.

Looked at in the context of the Audit Commission’s Comprehensive Performance Assessment (CPA) categories (2002-4) this performance spectrum could be set out as in box 1

<table>
<thead>
<tr>
<th>under-performing</th>
<th>competent &amp; sound/steady</th>
<th>competent and innovative</th>
<th>transformational</th>
</tr>
</thead>
<tbody>
<tr>
<td>‘poor’, ‘weak’</td>
<td>‘fair’, ‘good’ ‘excellent’</td>
<td>‘excellent’ +</td>
<td>‘excellent’ ++</td>
</tr>
</tbody>
</table>
Much of the current improvement paradigm is related to helping councils to achieve competence. There is a far shallower understanding of the drivers and barriers to retaining competence and moving beyond competence. The rest of this paper sets out some initial thoughts on these issues and is intended to prompt a debate about how this gap can be filled.
For many councils the challenge of achieving competence is enormous, and it often takes a shock, such as a change in political control or a highly critical external assessment to prompt the council to embark on its improvement journey. But in many respects the challenge of retaining competence is just as big, exacerbated by the fact that a council at risk of losing competence may not feature on the radar screens of those organisations charged with supporting local government improvement until the slide out of competence has begun. One issue which needs to be explored, for example, is whether the current, essentially retrospective, inspection process can help to identify those councils which are at risk of losing competence, as opposed to those which have already begun to do so.

The key factors that put councils at risk of losing competence include:

- turbulence and instability: it is important to understand that while, in many circumstances a change in political control can act as a stimulus to improvement, so, in other circumstances, it can put a council’s competence at risk. Changes in the composition of the managerial leadership can have a similar effect;

- a lack of ambition and an absence of a culture of self-challenge, continuous improvement and a preparedness to learn from others;

- insufficient relatedness to and engagement with citizens, users and partners.

The issues that should be explored in developing a range of support to help councils at risk of losing competence to retain it include:

- the development of an external challenge facility which can help to spot when
slippage is in danger of occurring (as opposed to spotting that it has begun);

• the part that the provision of comparative data could play in helping councils in this position: what data would be helpful, in what form and when?

• The part that the CPA direction of travel statements could play in helping to identify councils at risk of losing competence;

• what part can political peers play in helping councils to embed competence, and, in particular, in what circumstances could such peers be deployed in councils which have achieved competence and on what basis?;

• could the dynamics of partnership working be deployed as a driver to retain and embed competence, and, if so, how?;

• how can bodies nationally use intelligence to spot councils at risk of slippage and use that data to help them embed competence? Is a case conference model a useful one?
Some thought is already being given to how the developmental needs of high performing councils can be met. The IDeA’s development of a peer review process for excellent councils is one example of that. But there is a far less well-developed understanding of the characteristics of councils which have moved beyond competence or of the barriers to making that move. In addition, once the building blocks of effective management are in place, and a council has achieved a three or four star CPA rating, there are no obvious drivers towards transformational change. Yet some councils have managed to move in that direction and on the basis of their experience it is possible to reach some initial conclusions on ways in which more councils could be supported to make that move.

The evidence available to date suggests that the characteristics of councils which have achieved transformative change include:

- a developed and well-embedded culture of change: a council which rewards experiments, basks in difference, accepts and learns from failure;
- a record in policy innovation, akin to the original development in a local council of the concept of local management of schools;
- a record of organisational innovation, such as new forms of partnership working;
- innovation in people management, making the move from transactional HR to strategic or transformational HR.
Factors which could drive a council’s move beyond competence include:

- political ambition supported by professional excellence;
- building capacity and exploiting it; spotting opportunities and seizing them;
- making strategic choices, deploying tactical flexibility and 'sticking with it'.

Steps that could be taken to help councils move beyond competence include:

- the development of an action research, learning culture with genuine pilots in which councils and their partners could push at the boundaries of innovation and experimentation;
- a new approach to external challenge to help councils to “destabilise or re-frame the present” and re-think or re-balance what they are doing and how;
- an exploration of the part that political peers could play in this process, possibly as part of a two-way learning engagement;
- brokering a new strategic and operational relationship between these councils and government, including the development of a new role for the ODPM, inspectorates and others which is about support and stretch rather than measure and intervene (or neglect).

A key question which remains to be addressed is what part external assessment and inspection can play in supporting and encouraging this move beyond competence?
Local government’s improvement record is impressive. Compared with many other sectors, it can tell a credible story of self-improvement. An important plank in that story is the consensus around what constitutes a competent council and the support that councils need in order to achieve competence. The remaining challenge here is to ensure that all councils which are still to achieve competence are targeted and that each of them has access to a portfolio of services, bespoke and generic, that best meets its particular needs.

But there is a very strong argument that competence is not sufficient and can be lost. Some thought is already being given nationally to how the needs of higher performing councils can be met. Overall, however, the current improvement paradigm is framed around the achievement and measurement of competence.

In part this is because the understanding of the drivers and barriers to retaining and moving beyond competence is less well developed. It is not clear whether effective warning mechanisms exist to identify every council at risk of losing competence. And the challenge of securing the 'best fit' of support is even greater in relation to councils seeking to retain competence than in relation to those seeking to achieve it. Despite initiatives such as the development of a peer review process for high-performing councils, the support currently available to councils is less appropriate for helping councils to make the step change shift “beyond competence”.
This paper is intended to prompt a debate rather than to make specific recommendations. The questions which it is hoped that such a debate will address include:

- is the proposed distinction between achieving competence, retaining competence and moving beyond competence helpful?

- are the initial thoughts in this paper about the drivers and barriers to retaining and moving beyond competence, and the support that councils in these positions need, useful starting points and what additional factors are relevant?

- what pressures do the current regime of external inspection and assessment place on councils seeking to retain or move beyond competence and how could that regime be adapted to better reflect their position on the improvement spectrum?
methodology
This report is the product of a study commissioned from the Tavistock Institute (Phil Swann, John Kelleher and Fay Sullivan) and the Local Government Centre, Warwick Business School (Howard Davis, Katrina Ritters and Margaret Hobson) by the Local Government Association (LGA) in April 2005. The key outputs set out in the proposal for the study were:

• an integrated approach to what improvement in local government could look like and how it could be driven and sustained;

• some initial conclusions on the impact on local government improvement of the Performance Partnership (a grouping brought together by the LGA, comprising the Improvement and Development Agency (IDeA), the Employers Organisation (EO), the Public Private Partnerships Programme (4ps) and Local Authorities Coordinators of Regulatory Services (LACORS);

• a framework to support the LGA in thinking about the future of the Performance Partnership and the agencies which it brings together.

A copy of the full report is available on the LGA's web site at www.lga.gov.uk

There were four strands to this project:

• a review of the literature;

• a programme of engagement with local government;

 annex
• a programme of engagement with other stakeholders with an interest in local government improvement;

• discussions with the bodies that make up the Performance Partnership.

The review of the literature focussed particularly on recent studies of council improvement; recent relevant publications from the LGA and the partnership bodies (including, for example, their business plans); and recent relevant publications from the Office of the Deputy Prime Minister (ODPM) and the inspectorates with an interest in local government.

The engagement with local government included: visits to four councils; a workshop attended by people from nine councils; a workshop with a large group of district council leaders; and discussions with the LGA, including two sessions with its Improvement Board. The Institute and the Local Government Centre also both drew on other current work they are carrying out with local government.

The stakeholder engagement included a combination of structured interviews and a workshop with senior people from ODPM, the inspectorates, other government departments, private companies working with local government and the Performance Partnership Bodies themselves.