

# Signals in the Noise

## Modelling the patterns of change in local government

Author: Codrina Cretu

Contributors: Alice Casey (Nesta), Jenni Lloyd (Nesta), Tom Symons (Nesta), Anna Randle (Collaborate CIC), Hannah Anderson (Collaborate CIC)

April 2020

### Introduction

This short discussion paper sets out a framework to guide work and thinking about the changing role and function of local government. We call these 'new operating models'.

This was developed through research which accompanied Nesta's Upstream Collaborative. We created this programme to support local government innovators to share, accelerate and assess new models that work upstream of social problems to help create the conditions that enable citizens' needs to be met in empowering and inclusive ways.

The Upstream Collaborative has been running since October 2019 and brings together a group of senior, strategic leaders from 20 pioneering councils from across the country to share their experiences and learn from each other in action learning sets. Together, they have been sharing what works and what doesn't, and testing how to build a shared movement of local government leaders who are experimenting with new operating models to partner more effectively with citizens. The 20 councils contributed to the development of this discussion paper. It is designed to reflect the values, principles and approaches that they have been applying to their work.

This paper is based on our observations and feedback from the 20 councils in the network. They have provided reflections learned from real-world experimentation and practice.

Nesta's partner in the network has been Collaborate CIC, who also contributed to the development and writing of this report. This is a joint publication from Nesta and Collaborate CIC.

The Upstream Collaborative will run until June 2020 and we may update this paper with findings then.

We will also carry out rapid research with the Upstream Collaborative councils on how the COVID-19 pandemic affects their work. We expect the work of many of the 20 councils, who have been pioneering a more collaborative partnership between citizen and state or giving frontline workers more flexibility and less regulation, will gain prominence locally. Others will be learning as they go. We want to observe what's working and what light this world-changing event sheds on 'new operating models'. Findings will be published periodically throughout this research and a final report will consolidate our learning.

## Context

Public services and institutions have been built in response to a wide range of social challenges and evolved with many waves of innovation. Change within public services has been shaped by the constantly shifting context they operate in as well as a more nuanced understanding of the world and the nature of its challenges. The first medieval hospitals emerged through religious patronage systems. The welfare state and modern health service were established as a response to the world wars – different times call for a different framing of and response to social challenges.

This paper sets out a framework for **new operating models**. This is a means of thinking about how we approach public services in today's fast-moving and connected world, in response to two drivers facing local government systems. The first is a deeper understanding of how today's world works in all its complexity and connectedness; the second is the limited nature of financial resources available from central government to address these complex challenges, following a decade of austerity.

**Complexity** is at the core of the public service challenge today. As society's understanding of the challenges we face evolves, there is increasing recognition of the need to embrace this complexity as a way to improve and realign our response to that deeper understanding of social challenges. Complexity in public services can be understood as operating at three different levels: people's individual complexity; the complex and interconnected nature of issues such as homelessness; and the complex network of organisations, people and relationships needed to create a response system and deliver positive social outcomes.

These networks are beyond the control of any person or single organisation and therefore collaboration and coordination is essential.

As Collaborate CIC argue in the *Manifesto for a Collaborative Society*, 'we are living in a time of transition. The complex and global nature of the challenges that face us as individuals, communities, nations and as a planet is becoming rapidly clearer. Long-standing assumptions that things will only get better no longer hold.'

**Austerity** has also put unprecedented pressure on local authorities in the UK, with the result that in many places, short-term financial concerns have hampered ambitions for creating thriving and vibrant communities and inclusive economies. This will likely continue to be a challenge for years to come: while there may be some increases in public spending for the NHS, teachers and the police, austerity looks set to continue for much of the rest of the public sector.

Over the past decade, these pressures have led public sector organisations to rethink the post-war model of public services and local government and find models that work for today's circumstances. Although this shift has been happening gradually, recent years have seen more widespread adoption of a range of new forms of practice and whole system culture change. These tend to have emerged primarily from local government service delivery practices, with more limited support from central government. Alongside this agenda, we have seen the growing realisation of the need to act in a more participatory and inclusive way, thereby reframing the nature of local government's relationship with citizens and communities.

### **We call these new initiatives new operating models for local government.**

There are a multitude of organisations, individuals, and informal groupings sharing many different ideas and perspectives on the nature of this shift. The conversation spans the systemic and the organisational, through to frontline practice. However, to date there has been little shared understanding of the common characteristics of new operating models, of how and when to adopt their underlying principles and behaviours, or of the role of local context in the suitability of models. Evidence of their impact on the demand for and delivery of public services is also thin on the ground.

## What are new operating models?

**New operating models are simply a blueprint of a new way of working for local authorities that acknowledges the complexity and interconnectedness of social issues, and the people and organisations that aim to tackle them. The blueprint has been created through observing what is happening on the ground in local authorities and the communities they aim to serve. These models move away from the 'command and control' mindset towards one that taps into collective human potential, and brings communities and those working in public services together, challenging traditional power structures to start to address complex challenges in a dynamic, varied and inclusive way.**

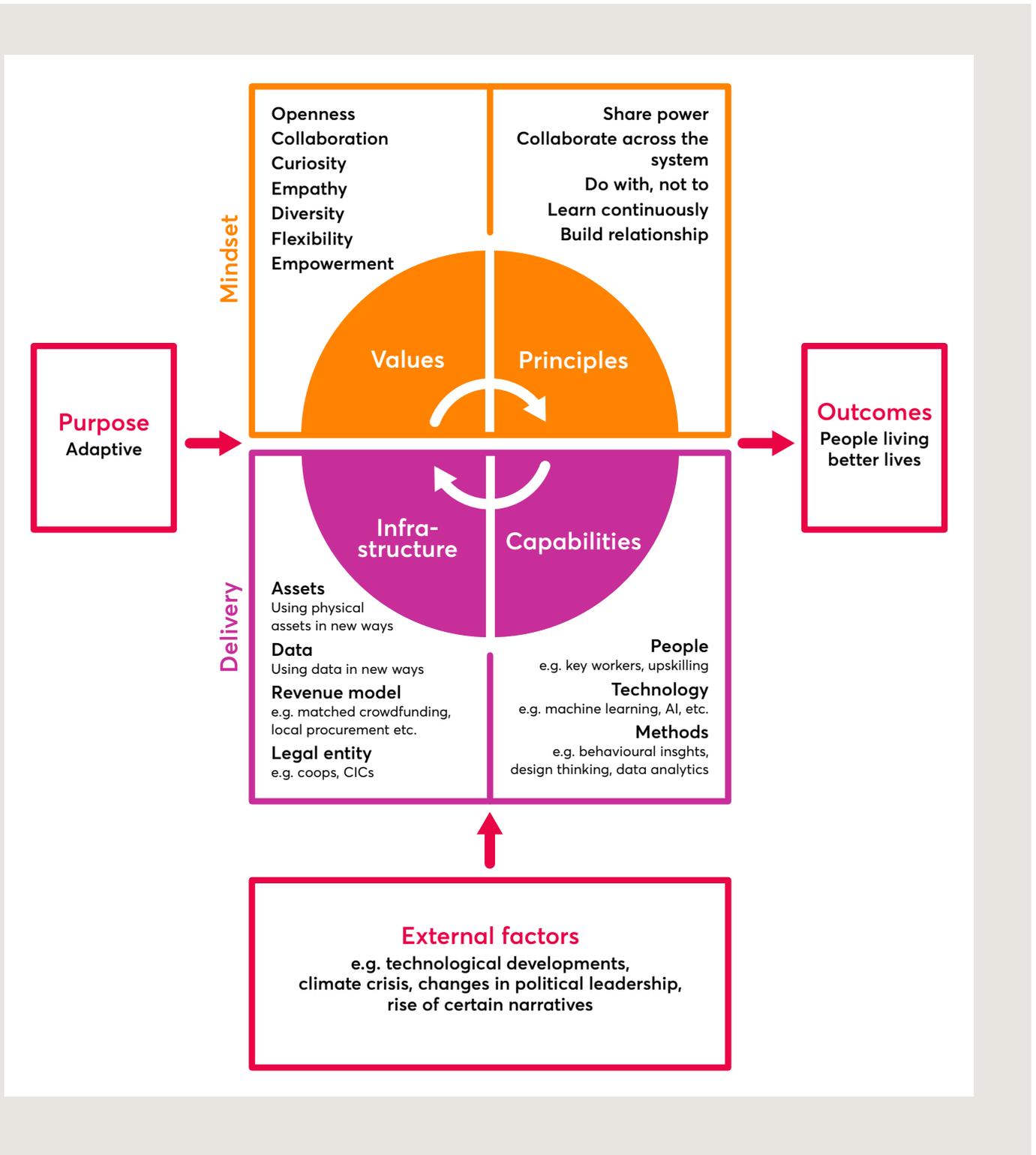
An operating model approach allows us to view social value organisations for what they are – complex systems – and to break them down into component parts. In turn, this can expose the linkages and disconnects – offering a clearer insight into where changes can be made to achieve different outcomes. In the case of local authority service provision, these outcomes are increasingly 'upstream' of social challenges, and are products of co-creation rather than command and control.

Part of our research involved looking at the many examples of local authorities in the UK working in new ways (members of the Upstream Collaborative and beyond) to systematically identify common threads pulling all these initiatives together. This led to a working framework to characterise what new operating models look like in practice (see Figure 1).

The new operating models framework is not linear. People working within a new operating model prioritise learning, adaptation and evolution in pursuit of achieving its outcomes. New operating models therefore allow for change within the system to occur and for the system as a whole to adapt and evolve as necessary over time.

New operating models don't completely reject and replace the tools and approaches of the past decades, but are often overlaid on top of traditional operating models, where both systems continue to coexist. These new approaches are however starting to become more widespread.

Figure 1: New operating models for local government, Nesta (April 2020)



# New operating models framework

## Purpose

Within this context, the 'purpose' refers to the reason organisations exist and what they are uniquely placed to do for their community. It relates to the outcome it wants to create in the community it operates in, and it guides the role it must play in achieving that outcome.

As we have previously argued at Nesta, when the goals and outcomes of the system are in question, then systems innovation has to focus not merely on behaviours and means of operating, but also on a new purpose. Reconsidering and reframing organisational purpose is at the core of many of the new operating models that local authorities are working to implement.

The purpose of local government in the UK has been subject to renewed debate in recent years. Although mindsets around maximising efficiency, optimisation and top-down performance management informed by New Public Management approaches have been challenged for some time, it has taken a long time for this cultural shift to happen at all levels. While continuing to fulfil fixed, statutory duties, councils have been reflecting on what local government is for and what its goals should be. This question then leads to another: what new roles should local authorities be playing in their communities to help achieve their goals?

Many local authorities are reframing their purpose and putting people and communities at the heart of the change they are working to create. For this shift to occur, councils are having to be flexible, adaptive and open to learning. At the same time, a strong, shared vision is essential for inspiring change within the organisation. In Wigan, a common purpose was forged early on and a 'clear narrative developed about the changes the council wanted to bring about and why they were needed'. This in turn informed how staff developed ideas and put the Wigan Deal into practice.

In order to achieve its purpose, the role local government plays within a place has also shifted to become less about control and management and more about enabling and convening to support inclusive growth, develop community resilience and better the lives of residents. Nesta has already explored some potential new roles local authorities play in their communities, such as matchmaker (connecting people in a community with certain needs with individuals or organisations who can address them), funder (connecting people in a community with certain needs with individuals or organisations who can address them), convener (bringing different actors together collectively to address an issue) and more.

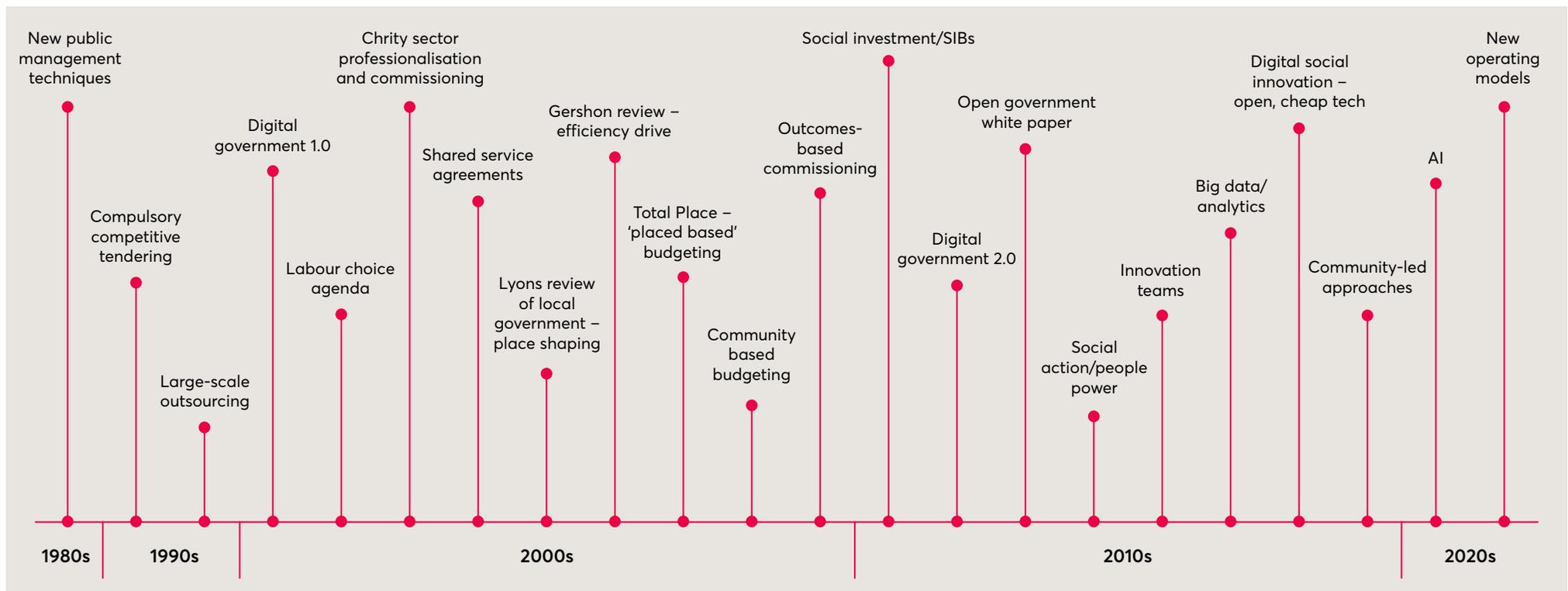
The organisational purpose is fundamental to the way the new operating model works, the principles it guides itself by, the way it uses assets within the systems and the relationships it builds. Such operating models give organisations the ability to be flexible and adaptive, to evolve and respond to complexity and reflect the needs of the system at that point in time.

## Mindset

What distinguishes new operating models is a move away from thinking about public service redesign in narrow terms. In addition to rethinking the fundamental purpose of local government, councils have also been reflecting on their mindset, or what government should be like (see Figure 4 below). As others like the [Centre for Public Impact](#) have argued, viewing government as a delivery system that can be optimised misses something fundamental about public services – the underlying values, beliefs and assumptions.

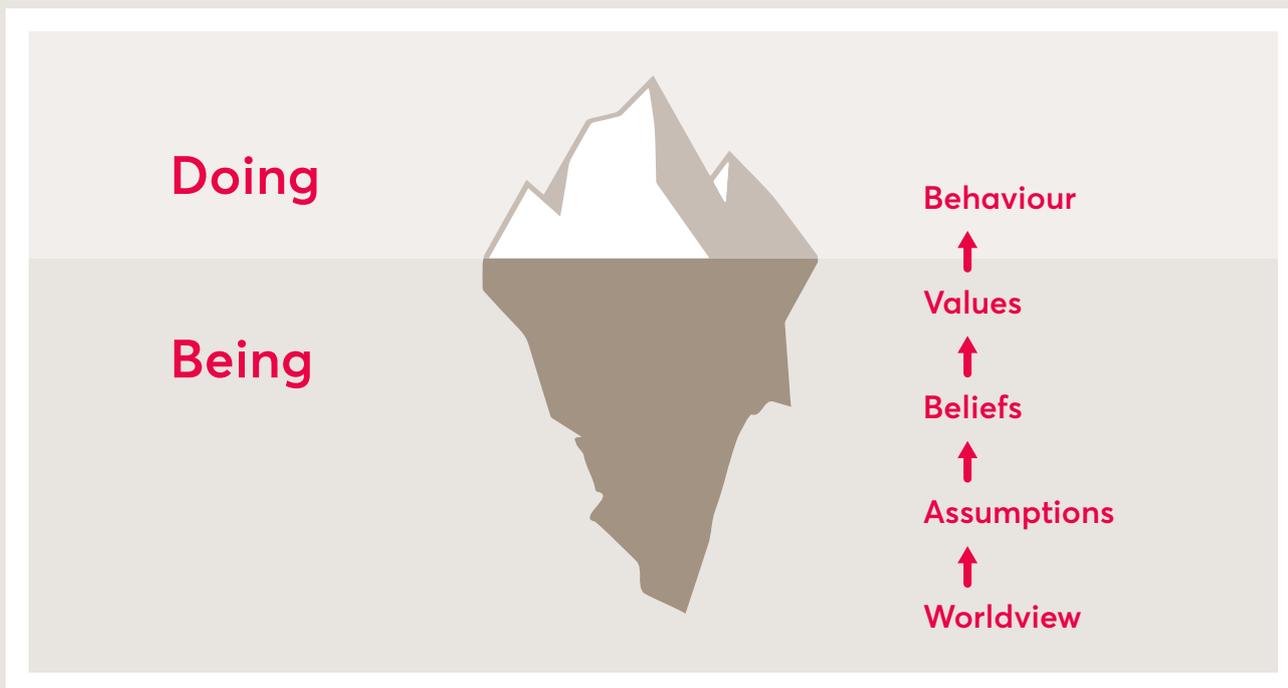
In Derbyshire [County Council](#), empowered staff and teams are helping to reimagine the relationship between public services and local people, and prototyping and testing new ways of working based on the experiences of families and individuals. [Huntingdonshire Council](#) is working to change their delivery model by collaboratively working with partner agencies like the police, the Clinical Commissioning Group (CCG) or the County Council.

Figure 2: Selection of public service trends, reform and innovation 1980s–present, Nesta (April 2020)



This is not to say that the nuts and bolts of operational strategy are not important – they are an integral component of new operating models and turn the theoretical into practice. However, for a long time, thinking around innovation in government has focused on operationally optimising for service delivery without taking a step back and asking what their values and principles are.

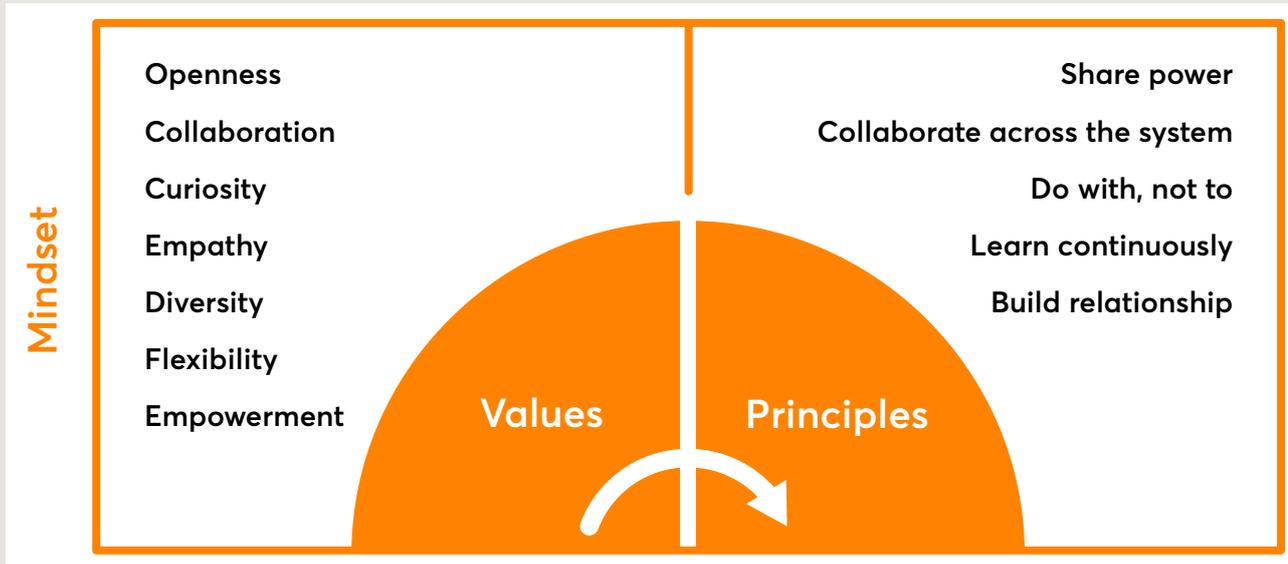
**Figure 3: Doing vs Being: The Two Levels of Change, Alex Carabi**



The mindset behind new operating models informs how the work is delivered and represents 'a new frame, a new story, a new lens through which we view and understand the world [...] and it underpins the way we think about multiple distinct, but related, areas.' These new stories are the fuel pushing these new ways of working forwards. It is important to note that this new mindset has not simply replaced traditional public service values, such as integrity, fairness, value for money or trustworthiness, which continue to play an important role in the delivery of public services. These new values and behaviours represent a shift in how local government thinks about serving its communities in a way that is empowering, inclusive, open and collaborative.

This doesn't mean traditional management approaches will be discarded wholesale, but rather that local authorities are starting to put values-driven approaches at the heart of the operating model. Instead of trying to manage the existing operating model to make it as efficient as possible, they are aiming to build a system that is underpinned by values and relationships, and can achieve better outcomes for everyone.

Figure 4: Mindset, Nesta (April 2020)



New operating models are anchored in a new set of **values** which apply to individuals, teams and organisations. These values encourage a culture of openness, collaboration and learning that is essential to tackling complex social issues in new ways.

- **Openness:** Working openly benefits everyone in the system and encourages learning.
- **Collaboration:** Working together achieves more than any single person or organisation could achieve on its own.
- **Curiosity:** Continuously learning from others and from past experiences benefits everyone.
- **Empathy:** Understanding the perspective of others drives more inclusive social change.
- **Diversity:** Actively including a diverse range of voices and experiences makes for better decision-making.
- **Flexibility:** Being adaptive and acknowledging that approaches will differ from one case to another and over time/.
- **Empowerment:** Increasing the agency of staff, citizens and communities.

These values lead to a set of **principles** that help guide the strategy and action of local government:

- **Share power:** Power should be devolved to those with the necessary knowledge and who are best placed to act (i.e. self managing teams, distributed structures, empowered communities).
- **Collaborate across the system:** Local government should collaborate across departments and organisations, with partners, business and local communities to achieve better outcomes for their people and place (i.e. multidisciplinary teams, partnership working).
- **Do with, not to:** People are not passive recipients of public services, but should be partners and active participants in shaping their communities (i.e participatory budgeting, asset-based community development approaches).
- **Learn continuously:** Councils should foster a culture that prioritises learning and embraces risk without the fear of repercussion.
- **Build relationships:** Strong relationships between public servants, with public institutions and communities should be at the core of public services.

The list of values and principles is based on our work with the Upstream Collaborative and research, but also builds on the work of others who have spearheaded thinking around values and principles for local government such as the Centre for Public Impact and Collaborate CIC, as well as on asset-based community development, and design thinking literature.

## Delivery

'Delivery' is the operational arm of new operating models. It's composed of the locations, buildings, infrastructure, partners, people and other assets and resources needed inside the organisation to support the processes and capabilities. It is about how the organisation achieves its purpose through directly working with residents and partners. When informed by a new set of values and principles (as outlined above), the infrastructure and capabilities within local government are operationalised differently from traditional operating models.

For example, assets, people, data and technology will be used differently if a local authority is trying to empower communities and collaborate with other actors within the ecosystem. In Gateshead, the desire to involve citizens in shaping their communities and 'do with, not to' has led to an empowered local community that turned a disused council building into a vibrant hub with one of the lowest rates of antisocial behaviour in the borough.

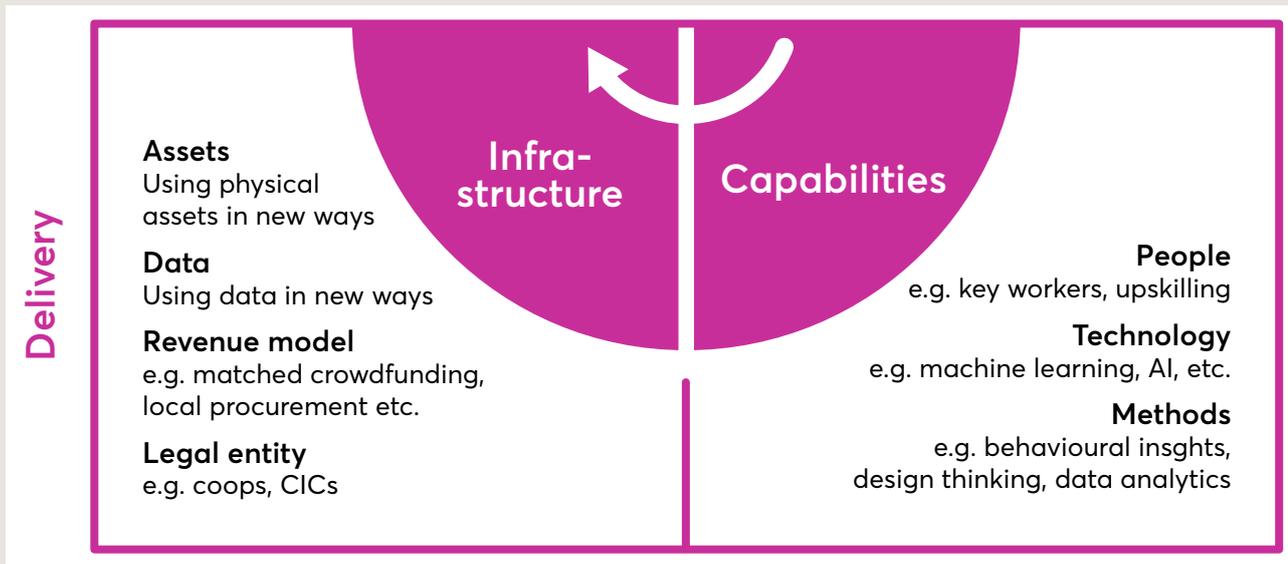
The **capabilities** are the software of new operating models. They are composed of the people working within their system, their skills and abilities, new technologies and new methods and ways of thinking. New technologies can enhance the work of local authorities and involve citizens in decision-making. New methods and ways of thinking such as behavioural insights, design thinking or ethnography can produce new perspectives and inform the work that is being done and form the intellectual underpinning of this value and relationship-focused practical work.

If the capabilities are the software of new operating models, the **infrastructure** can be thought of as the hardware, or the fixed components of any operating model: the assets it owns, the data it collects or the way it generates its revenue. Whilst these elements are obviously not new, within new operating models, we are seeing local authorities design them in new ways that can create new, supportive infrastructures. For example, in Oxfordshire, Oxford City Council is aggregating their granular street-level data with that shared by Oxfordshire County Council and Thames Valley Police, and using it to identify community impact zones (or micro-neighbourhoods) in Oxford with high and overlapping inequalities.

There are also alternatives to funding the resolution of a social problem solely through taxes, although these are not applicable in all circumstances. Usually there is a combination of funding sources and external funding is often used to help new operating models, especially in their early phases. But they are not suitable in all instances. Being able to take more risks, funders often support the emergence of new operating models either by supporting new funding models such as community crowdfunding, matched crowdfunding (where an organisation matches or tops up contributions from the crowd), community shares etc; or by directly funding new ways of working, e.g. Lankelly Chase's funding programme in Gateshead, Sport England's Local Delivery Pilots, or the National Lottery Community Fund's support for various collaborative, place-based programmes.

Local authorities can also adopt or develop new organisation types that change the incentives for those who work within them and bring fresh opportunities to addressing social needs. A key example is the growing interest in cooperatives, where professionals are joint owners of the organisation they work for and therefore, can receive better results for their commitment.

Figure 5: Delivery, Nesta (2020)



## Outcomes

Many of the councils adopting new operating models are recognising the need for more integrated, preventative and long-term work. As such, there has been a reframing of the way outcomes are understood so that they are focused on achieving the greatest (and often longer term) benefits for people and communities. New operating models also recognise that the preferred outcomes are not 'delivered' by single projects, programmes or organisations but are the result of many overlapping factors – people, organisations, processes, cultures – interacting together in a system in unpredictable ways. Therefore, in order to produce better outcomes, the collaboration and coordination between these moving parts of the system needs to be more effective, adaptive and responsive. In other words, healthy systems produce good outcomes.

## External factors

Rapid shifts in technology, politics and public opinion have a great deal of influence on how local government approaches its role in creating positive social outcomes. These factors can be enablers (technological developments facilitating a shift in the way local government interacts with citizens), but can also be obstacles (political turmoil or frequent changes in political leadership).

Powerful narratives for change are also feeding in and helping people communicate this relational and emergent work more clearly, particularly inspired by work such as Hilary Cottam's *Radical Help*, *New Local Government Network's work on the Community Paradigm*, Nesta's *Good and Bad Help* and Collaborate CIC's work on complexity with Toby Lowe.

Practice has also influenced policy from the ground up, as we observed through the increasingly strategic adoption of asset-based community development. What these narratives seem to have in common is the idea of enabling people and those working in public services to relate to one another on a human level by building trusting, reciprocal relationships and changing the balance of power.

# Case studies

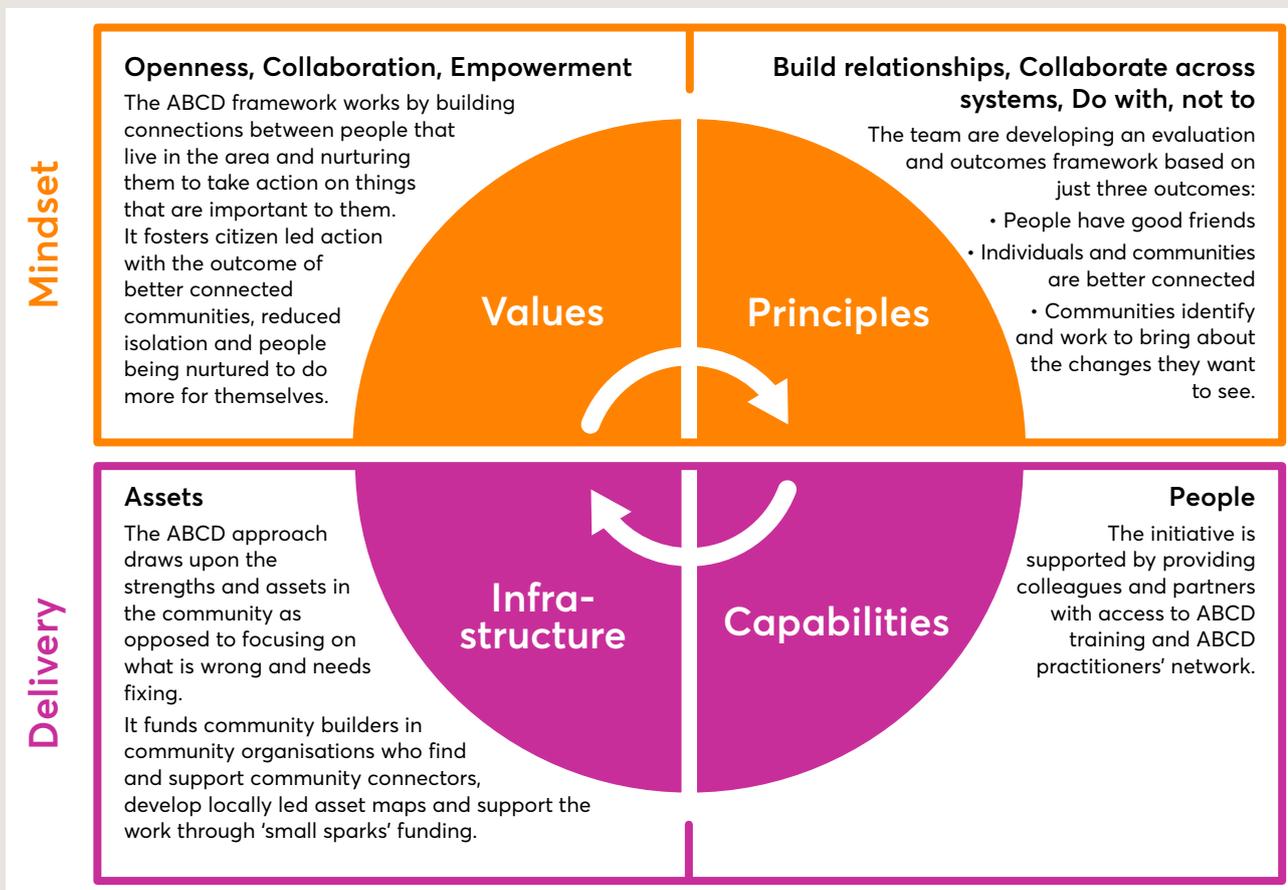
## Leeds City Council

Initiative name: **Proliferating asset-based community development**

Leeds City Council are using asset-based community development and asset-based approaches to identify what communities care about, and want they want to work on together to change, develop and/or sustain. This initiative aims to nurture people who can establish their own groups and support networks so that they can draw upon these resources throughout their lives, beginning with the citizen, community and family. The assumption is that, given the tools and the opportunity, small groups of local residents can change the things that they believe need changing in their community better than anyone else.

The team wants to improve outcomes for all in Leeds and in particular, those neighbourhoods that are facing the most challenges including, but not solely, those with care and support needs.

**Figure 6: Leeds City Council – Proliferating asset-based community development, Nesta (April 2020)**



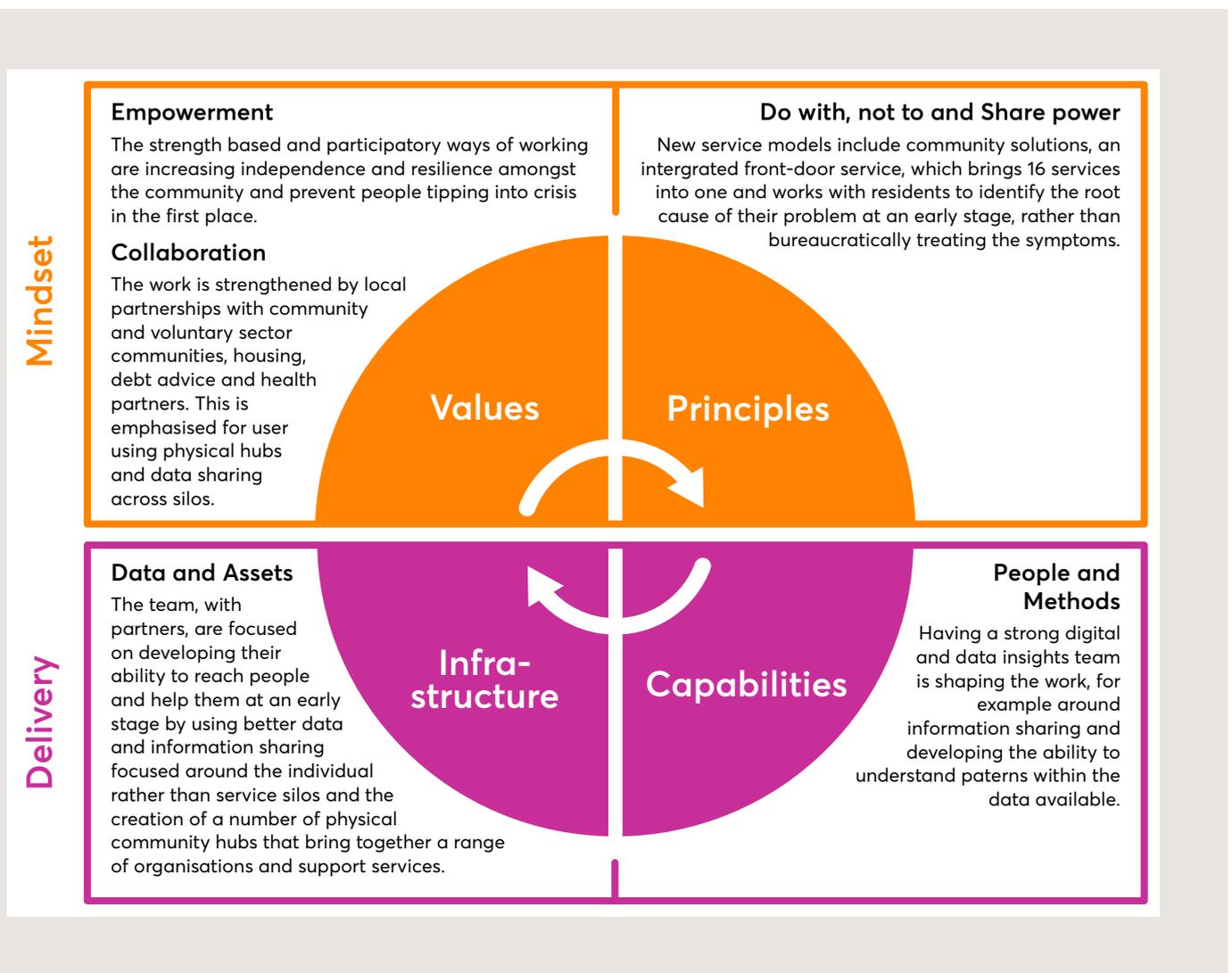
## London Borough of Barking and Dagenham

Initiative name: **Place-based prevention and wellbeing prototype.**

The Council faces a daunting budgetary challenge made harder by rising demand for public services, especially social care, and a fast-changing and growing population. Their response is radical to redesign the Council, and change their culture and approach to service delivery and commissioning, to focus on enabling independence and empowering people to help themselves.

The initiative aims to test ways of working that reach people at an early stage and support them through a more intelligent use of data, strengths-based approaches and maximising individual and community assets.

**Figure 7: LB of Barking and Dagenham – Place-based prevention and wellbeing prototype, Nesta (April 2020)**



## Gateshead Metropolitan Council

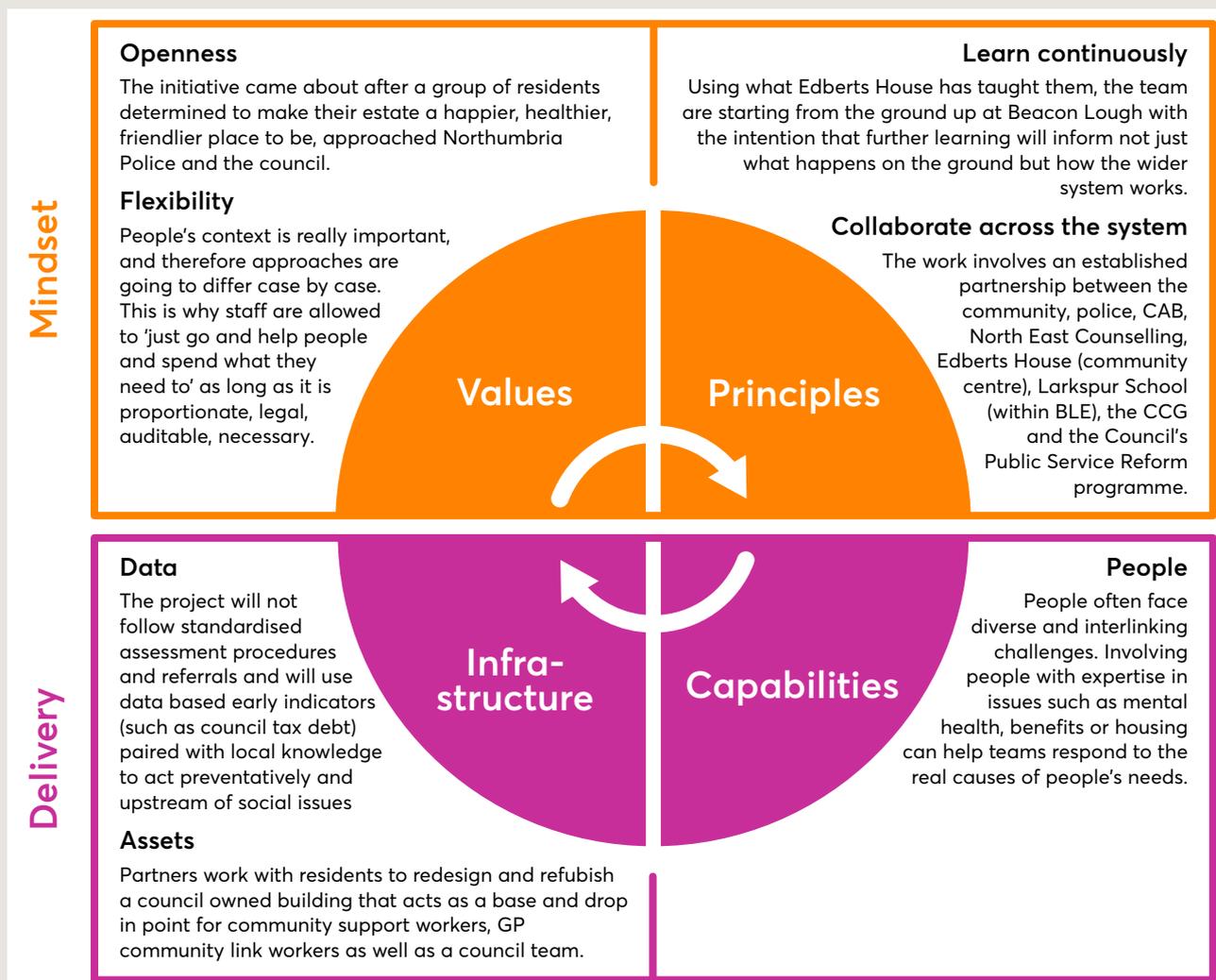
Initiative name: **Thrive in Beacon Lough East.**

Beacon Lough estate is a large low-density estate built in the 1960s on the outskirts of Gateshead. The people in Beacon Lough East are fed up with antisocial behaviour, feel neglected by services, have uncertain futures and a lack of support. It is a place with a high level of need and is also physically well suited to act as a testbed, being geographically distinct.

Beacon Lough estate aims to learn how to rebuild the public service and wellbeing ecosystem from the community outwards, by working on a housing estate with high levels of need with local people and partners across all sectors. This work forms the third phase of a public service reform programme, with the initial two phases developing the method around person-centered working, using upstream signals as a basis to proactively engage and building local networks.

The first community project was Edberts House in High Lanes estate, which used to have the highest level of antisocial behavior in Gateshead. However, since the local community was empowered to turn a disused council building into a vibrant hub, it now has one of the lowest rates in the borough.

**Figure 8: Gateshead Metropolitan Council – Thrive in Beacon Lough East, Nesta (April 2020)**



## Next steps

These ideas, as a set of individual concepts, are by no means new; they have been discussed and implemented in many places over recent years. It is the act of combining and applying them more consistently in new operating models that offers a more effective way of working in complex systems.

Throughout this paper we have drawn on our experiences of working with local authorities who are developing new operating models in their own ways. We are still at the early stages of this work. We have seen that the complexity and dispersed nature of their work, and limited resource to analyse the emergent field of practice, has meant it is challenging to see what is happening and to identify promising signs of change. We hope that this analysis will begin to move the field forward by trying to put a clearer framework on the phenomena that we have observed, and that it will help people begin to pick out the signals in the noise as they develop their own approaches to new operating models

This is just a starting point – to capture the potential of this movement we need to understand how to support it to grow, to raise awareness of it, and for its impact to be more systematically evidenced.

The fast-moving nature and unprecedented scale of the COVID-19 crisis has now overtaken the end of the programme. It will undoubtedly have an impact on the challenges councils need to solve, and the way they operate to do this. But questions about how social problems and systems are evolving, how we draw on collective resources to tackle complexity, will still be here in a post-COVID world.

In practical terms, four working groups from the Upstream Collaborative will report on their insights and findings over the coming few months. We will spend the next phase of the research talking to people in local and central government about what the policy implications of this work might be. We want to continue drawing on the experience and expertise of the members of the Upstream Collaborative, and beyond, to provide recommendations and practical guidance for local government on how to make communities better, and improve social outcomes. We are keen to hear your feedback and thoughts to help us evolve our thinking over the months to come.

## Acknowledgements

Thanks to our colleagues Vicki Sellick and Hessa Elliot for their input and help with reviewing and editing this paper. Many thanks to the Upstream Collaborative cohort for being generous with their time and invaluable expertise: Barnsley Metropolitan Borough Council; Cambridgeshire County Council; City of York Council; Denbighshire County Council; Derbyshire County Council; Gateshead Council; Gloucester City Council; Greater Manchester Combined Authority; Huntingdonshire District Council; Kirklees Council; Leeds City Council; London Borough of Barking and Dagenham; London Borough of Newham; London Borough of Redbridge; Oldham Council; Oxfordshire County Council; Preston City Council; Redcar & Cleveland Borough Council; Staffordshire County Council; Surrey County Council.

## About Nesta

Nesta is a global innovation foundation. We back new ideas to tackle the big challenges of our time. We use our knowledge, networks, funding and skills – working in partnership with others, including governments, businesses and charities. We are a UK charity but work all over the world, supported by a financial endowment.

To find out more visit [www.nesta.org.uk](http://www.nesta.org.uk)

## About Collaborate CIC

Collaborate CIC is a social consultancy that helps public services collaborate to tackle social challenges. We are values-led, not for profit and driven by a belief in the power of collaborative services, organisations and systems as a force for social and economic progress. We create partnerships that get beyond traditional silos to deliver credible change on the ground, working with partners and places across the UK. Our clients and partners span local government, the NHS, civil society and the private sector.

Get in touch if we can help you via [www.collaboratecic.com](http://www.collaboratecic.com)

If you'd like this publication in an alternative format such as Braille or large print, please contact us at: [information@nesta.org.uk](mailto:information@nesta.org.uk)



58 Victoria Embankment, London EC4Y 0DS

+44 (0)20 7438 2500 • [information@nesta.org.uk](mailto:information@nesta.org.uk) • @nesta\_uk • [www.facebook.com/nesta.uk](http://www.facebook.com/nesta.uk) • [www.nesta.org.uk](http://www.nesta.org.uk)

