

ROUNDTABLE

Complex equations

With public sector organisations under ever growing financial pressure, *PF* brought a range of sector experts together to consider how best to bring about the transformation necessary to change the status quo

The public sector is no stranger to transformation. The impetus for change comes from all sides: from politics, financial pressure and beyond. Sector leaders need the confidence and capability to deliver change in complex systems, all while continuing to deliver vital public services.

These issues were the focus of *PF*'s recent roundtable with IMPOWER. The company's 'Complex Transformation Academy' runs a six-month development programme for local authority leaders focused on providing the skills necessary for designing and delivering complex transformation.

It's a response to a general sense of the need for change in leadership mindsets to see through truly transformational public sector projects. For its part, IMPOWER believes organisations must embrace complexity if they are to address the issue of growing demand crashing up against costs accelerating beyond control.

The roundtable brought together senior leaders from local government, finance and the NHS to ask what it actually takes to deliver complex transformation. The conversation surfaced a consistent set of conditions for success: treating culture as plural rather than uniform; embedding frontline staff as genuine partners from day one; repositioning finance as an enabler of calculated risk rather than a brake on it; and giving project leaders the political cover to hold their nerve through the inevitable uncertainty of long-term change. None of this is straightforward, but the roundtable left little doubt that the capability exists within the sector. What is needed now is the confidence to use it.



Culture and system dynamics

"Councils up and down the land provide super services in challenging circumstances," said one participant. "By and large, they make people happy and serve their needs. But in my experience it's not the same when it comes to business change. Leaders of such projects need to decide what they're going to do early in the process and agree a timeline for the deployment of resources. There needs to be a separate business case stage to cover planning for the whole journey."

There was acknowledgement that attempts at culture change too often involve forcing a single, neatly defined template across a large and diverse organisation. Participants agreed that successful transformation projects require those

leading them to accept that they operate in a highly complex environment with multiple distinct professional, geographical and legacy cultures – not a single, static one.

"For me, it's about cultures, not culture," said one. "There are many cultures in organisations, be they professional or geographical. Most multifunctional organisations will have a range."

Too often, "there's a desire to create a 'one council' or 'one organisation' approach; a way of doing things where you talk about values and vision behaviours, etc. You're perhaps trying to move towards being more unified, and there are many examples to suggest that's a reasonable thing to aspire to – but in my experience, you have to recognise that people aren't starting from the same point."





The message: by all means be clear about a vision and ambition as your destination, but don't assume everybody's journey is going to be the same.

Some might buy into a compelling vision about likely improvements, but unless time is spent understanding existing cultures, a single organisational culture based on a vision, values and behaviours might not succeed.

"One thing we learned is that everybody has their way of working, their way of thinking," said one participant. "It's important to break down the silos, to come away from a 'this is how we've always done it' approach to consider how the culture, values and behaviours you want to see take the best-in-class elements from elsewhere to create something that's going to provide a greater benefit to your citizens. And you've got to take your officers on that journey as part of that cultural shift."

Starting on the frontline

Participants were broadly agreed that a good two-thirds of any effort to see through successful complex transformation comes at the start of the process. It cannot be simply "figured out on the journey".

To this end, relying on frontline champions as peer-to-peer advocates rather than

Attendees

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Corporate director – finance,
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Zach Scott

Policy Manager (prevention), CIPFA

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CEO, Nottinghamshire County Council

Lloyd Jeffries

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Ebony Hughes

Managing director, corporate strategy
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Dinah McLannahan

NHS South West London Integrated
Care Board

Andy Burns

Independent adviser, IMPOWER

Joanne Rayne

Finance manager and deputy S151
Officer, Hart District Council

Jeremy Cooper

Executive director, IMPOWER

forcing messages through senior corporate executives was seen as

important. However, this needs a clear focus. Establishing a clear baseline story and building a collective vision in the first quarter of the project's timeline is important to avoid it becoming an uphill battle.

"You've got to win the hearts and minds at the front end," said one participant. "People need to believe that the change being suggested will benefit them and that it's not threatening. They need to see that the organisation is taking steps to look after them. And if you don't win that in, say, the first quarter of the overall timescale, you'll be continually fighting a losing battle."

There was plenty of agreement about the risk of lapsing into a sense of 'learned helplessness' as a result of a much-trumpeted transformation project ending up only delivering short-term productivity gains instead of laying the foundations for longer-term, more meaningful change. Participants spoke of project leaders having to hold their nerve and keep their eye on the prize of the desired longer-term outcomes, and what progress towards these goals looks like. It's through framing the project around holistic outcome



PARTNER CONTENT

goals (depending on the service, perhaps 'keeping families together', or 'investing in housing to improve health'), that existing internal and external boundaries are most likely to be overcome.

The use of language can be critical to the process too. Focusing transformation initiatives with endless talk of short-term savings targets (eg "saving £50m") can alienate staff and cause them to feel threatened.

A 'safe space' for engagement

Participants returned frequently to the issue of engagement, warning that engagement activity in support of change projects can be all too frequently structured as a narrow top-down exercise conducted through mailers and webinars rather than individualised discussions with frontline team personnel about the plans and their likely effects.

True transformation was seen as involving a significant amount of decentralised execution. If frontline staff make hundreds of decisions every day that collectively involve millions of pounds in spending and determine outcomes, then surely their involvement in the process from day one is crucial? Leadership should create a 'safe space' for frontline staff to discuss any transformation project, explaining why it is necessary and allowing staff to understand how their specific roles must adapt.

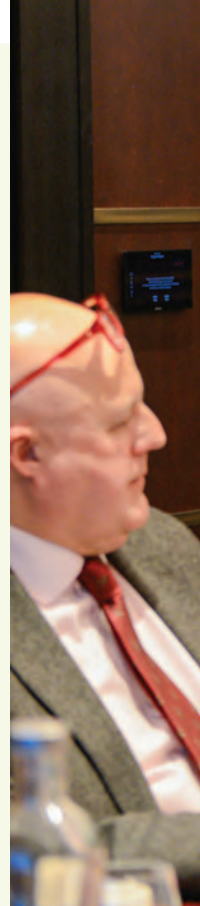
Large-scale initiatives require a relentless storytelling commitment that becomes an organisation's daily focus. The question is: do public sector organisations have enough people with such skills?

"I think we do have some very good narrative-builders," said one participant, "but there's more work to do. People who can build a narrative that everyone buys into are at a premium."

Finance to the fore

There was agreement around the table that for transformation projects to succeed, finance professionals need to be brought in as genuine partners in any such venture from the very outset.

"Finance's role should be to enable innovation, model calculated risks and track trajectories dynamically," said one participant. Another explained the nature of that involvement: "You may have to take calculated, measured risks. You may



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have to free up offices or de-prioritise certain activities to enable a capacity to work in a new way, and you may have to trial things and learn from them."

"Finance professionals go into the public sector because they want to make a difference, and it is amazing when people are given the opportunities to be those enablers rather than restrictors," added another participant.

One of the biggest differences that finance professionals can make is in helping track and shape the perceived benefits of a project, planning out a forward view in financial terms so that those running the project can hold their nerve through the steady introduction of longer-term prevention-focused approaches.

Building confidence

"Finance professionals can help inspire confidence in others that the project is on track," said one participant. "The role of finance, working shoulder to shoulder with the rest of the organisation, is so crucial in making sure that that transformation project is resilient and sustainable. We shouldn't underestimate the role of finance."

"It's not about having transformation teams and project managers, it's about having people who can lead, influence and sustain the big theme underpinning it all," was one participant's view. Those leading these projects would also need to prove their resilience in the face of what would likely be many challenges along the way.

Sustaining a project's momentum when



moving from localised testing to a full-scale rollout can be gruelling work. It certainly requires levels of fortitude among those leading the projects; participants spoke of the need for more senior level peer support networks to help project leaders shoulder the burden and learn from others.

More broadly, workers in public sector organisations can be deeply sceptical of change having endured many shifts in policy and trialled systems over the years. To this end, highly visible ‘quick wins’ early in a project’s progress can signal the longer term viability of a project’s wider reach and quell any cynicism.

Managing competing commitments

Major business changes frequently stall because leaders hit an invisible wall of institutional resistance, and it’s here that progress requires a form of “extreme honesty”, to quote one participant, to uncover hidden, competing commitments among senior managers – for example fears over a looming inspection, anxieties about immediate performance metrics, or looming personal retirement – and see past them. Transformation projects stand a better chance when leaders openly acknowledge where organisational mandates conflict with existing goals,

allowing for bottom-up solutions rather than rigid, top-down implementation.

Success also requires political leadership to understand the scrutiny project leaders can be under, allowing them the freedom and capacity to be innovative and creative while delivering business as usual, delivering statutory services to Medium-Term Financial Plans and other commitments.

Transformation projects stand a better chance when leaders openly acknowledge where organisational mandates conflict with existing goals, allowing for bottom-up solutions rather than rigid, top-down implementation. It also requires political leadership to understand the scrutiny project leaders can be under, allowing them the freedom and capacity to be innovative and creative whilst delivering business as usual.

There was talk, too, of the need for ‘BAU’ planning to be interwoven with transformation agendas.

“I shouldn’t be setting my MTFP without speaking to my social care colleagues, my housing colleagues, etc. about what we’re trying to achieve for our citizens,” said one participant. “I shouldn’t be talking about incremental savings. I should be thinking about how I can make people more productive and efficient, about how we can weave in technology to improve the lives of our colleagues and citizens.”

It’s also where participants returned to the theme of culture.

“How do you build a shared understanding across your organisation, so that whether you’re working in transportation or housing or finance, you’re working toward a shared ambition?” asked one participant.

“That’s where you start to see culture change; that sparking of a shared understanding across an organisation, where finance colleagues are talking in public health terms and public health teams talking in finance terms, and bringing in wider sector partners to think about how best we use the resources in our area to achieve those shared ambitions.”

Leaders must look to ‘hold their nerve’ on long-term preventative investments, participants agreed. And they may also need to convince others to embrace the unavoidable uncertainty that comes with seeing a project succeed without early evidence. Being able to cope with that uncertainty, to have the courage to say ‘we’ll work it through, we’ll make it work’ could be seen as a skill that needs cultivating.

Confidence, then, is the key – as long as it is backed up by capability. The right people to lead organisations exist within the sector already; we just need to empower them.

This session was conducted under the Chatham House Rule. Thanks to our sponsor, IMPOWER, public sector change specialists, for facilitating the event. Find out more here www.impower.co.uk