

PUBLIC SECTOR



Cash-strapped councils turn to innovative solutions

Belt-tightening means different things in different situations. Around the household it might be buying supermarket own brands instead of premium, or clipping out coupons for discounts on the top brands your kids clamour for. Shaving off a few pence here and there, looking after the pennies...

But if you're in a charge of more than one household – of thousands of households, a whole town, city or county, then you're required to shave off a few hundred grand, here, a few hundred grand there...all the while, your constituents are clamouring for perpetual service improvement, and town-hall accountants are left tearing their hair out, as budgets stretch to breaking point.

Want more for less? Time to get smart.

In Southampton, for example, they have a smartcard system that allows residents to use it as a bus pass, library card, to access leisure centres, manage the finances of people in social care, and, imminently, pay for a trip on a toll road. All on one handy device, no bulkier than your bankcard. The reduction in admin costs alone has potential to save thousands, maybe millions of pounds. Let alone the improved scope for fraud detection, to ensure much needed revenue doesn't go uncollected!

Smartcards can prove a more efficient system for everyone concerned. Quicker and simpler, they can save money, and make lives easier for the public at the same time. Of course, such a scheme requires an initial outlay, which can be sizeable,

but if you hook up with a like-minded neighbouring authority or two, and share the technology, the economies of scale make for a sound business argument for a technology upgrade.

Whilst central government moves slowly through the gears of its cumbersome procurement process, ambling ponderously in the direction of the cloud, one local authority is ahead of the curve. Sunderland is the first local authority to go wholesale into the cloud, signing a five year deal with IBM that is expected to save them a prodigious £ 1.4m a year.

Councillor Paul Watson, leader of Sunderland City Council, envisages cloud as a core element of a wider transformation strategy, supporting online self-service, fraud detection and process optimisation. It is hoped that this forward thinking will improve the prospects of the whole area. "The cloud is a cornerstone of our Economic Masterplan. The new infrastructure will lay the foundations of a Smarter Sunderland, one that ensures the city is internationally recognised as a model for its operations and a prime location for inward investment."

This is coupon-clipping at local government level. But it is not without risk. Local authorities are the heartbeat of the community, and need to retain unwavering public confidence at all times. As local authorities enter relationships across the supplier spectrum – public, private and third sectors – they need to take utmost care. These relationships underpin critical services and their effective delivery. In a world of 24-7 media, outsourcing failure will be widely reported, deeply embarrassing, and costly, in pecuniary and reputational terms both.

The two councils mentioned are taking a brave leap, but the current economic pressures are calling for radical changes to make up the shortfall in budget.

A report, prepared in November, by the Council's Leader Royston Smith and Chief Executive Alistair Neil states: "The scale of cost reduction requires new thinking to root out unproductive processes and bureaucracy while empowering staff to be more customer focused, innovative, share information and work across services and directorates to achieve the best for our customers. The Change Programme will help us to respond by transforming the way we do business to reduce costs by 25% in the next 3 years and becoming a fit for purpose organisation by 2015."

The statement continues: "Our customers are of prime importance and hence, the task is to meet the needs of our customers in different ways through different approaches. By 2015, we expect to be primarily, a commissioning council, with a strong focus on key priorities, statutory services and prevention. This requires us to stop doing activities and delivering services that do not support this and to recalibrate the way in which we meet customer needs and set realistic achievable outcomes."

To become a commissioning, or enabling council is a bold step, but a necessary one. John Cafferty, Unison regional secretary, said: "These savage Government cuts are devastating because there is no mythical waste to reduce or fat to trim." Maybe not the way things have been done thus far John. But if the savings targets are to be met, and the UK is to retain its AAA credit rating, councils are going to have to look for a Plan B.