



**ASPIRE HUMAN RESOURCES
BUSINESS PARTNERING PROGRAMME**

*A paper on the most powerful HR tools and interventions
that will enable councils to better understand
the skills and capability requirements
of a commissioning organisation*

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INTRODUCTION

In these times of local authority austerity, faced with increasing populations, greater demand on services, and reducing budgets, councils must be innovative in finding ways to meet the statutory requirements placed on them, whilst still fulfilling desired local outcomes. Combined with a political stance where central government has sought to progress a proactive public choice and competition agenda¹, councils have faced some stark choices on what they can continue to provide.

In moving toward, or developing further the principles of being a commissioning organisation, individual councils must understand **why** they want to approach the issue in a particular way – why for their communities; **how** they intend to do this; and **what** commissioning models will best deliver in response to their "why" question.

Some solutions have been found through initiatives such as the “Big Society”, engaging local communities in determining outcomes and in their delivery; or it may be through partnership working with other organisations to deliver a joint offer around a common set of outcomes e.g. NHS in partnership with the council to support the elderly at home rather than blocking hospital beds. For many local authorities the combined forces of this clear public policy agenda set against significantly tightening budgets has led them towards becoming strategic commissioning authorities, with services increasingly delivered by external providers rather than directly by those councils.

Although the principles are the same across all councils, locality; ethos and culture all impact on the decisions councils make as to how far each one may be prepared to venture down this path. Most councils have asked themselves the following questions - what are our statutory functions, what do we need to deliver and what do we want to deliver? In this context a commissioning organisation identifies those needs, decides on the outcomes and enters into a commercial arrangement to deliver them, in essence putting their trust in another organisation to achieve those functions and outcomes. Some councils have confidently made the decision to commission as many services as possible; others have only taken their first tentative steps. There is no right or wrong choice, but those who embark on the journey must ensure they are well prepared. Early explorers have found a conflict between commissioning and delivery where they are trying to secure the best outcomes for the right price, but finding that the outcomes are potentially compromised or not achievable due to lack of flexibility, clarity or alternative provision. Those councils who are a little later in their commissioning journey can certainly reflect on what their colleagues have done and learn from their experiences.

¹ <https://www.gov.uk/government/publications/open-public-services-white-paper>. (n.d.).

In this paper we have set out to see if we can make that journey a little easier, suggesting those areas of focus that will most effectively position councils to be successful in their individual contexts. From our research we have identified key themes, discussed below, that we believe are worthy of particular attention. Focussing on these themes, supported by the right HR tools and interventions, councils can target those areas which will enable them to make a more effective transition and will have the most impact in helping them to make good progress. However the tools and interventions should not stand alone as distinct and potentially disjointed activities. They must be used to support whole organisation performance and sustainability, and not simply seen as discreet "HR and OD" tools.

RESEARCH AND METHODOLOGY

In establishing these key themes we have centred our research on the Chartered Institute of Personnel and Development's (CIPD) findings in their Sustainable Organisation Performance report.² This report formed part of the CIPD Shaping the Future research programme. The research aimed to identify what drives sustainable organisation performance, working with a number of case study organisations over a twelve month period. The following eight themes were found to be essential for sustainable organisation performance:

- Alignment
- Shared purpose
- Leadership
- Locus of engagement
- Assessment and evaluation
- Agility
- Capability building
- Balancing short and long term horizons

Each of these themes has a definition upon which the CIPD research was based. These were put to a range of Chief Executives and senior commissioners within each of the councils represented in the group. The questionnaire was provided on-line and a document copy is shown at Appendix A. Those surveyed were asked to rate themselves against each definition, on an "attainment" scale of 1 -10 as to where their council is currently on its commissioning journey, and where it needs to be in the future. They were also asked to identify what HR tools had been most useful and which had been barriers.

² http://www.cipd.co.uk/binaries/sustainable-organisation-performance_2011-stf.pdf

The results of our survey were analysed (see section on Findings below). Following on from those results, our findings were tested against three councils who are regarded as having made a successful transition to being commissioning authorities, establishing the principle tools and interventions used in their journeys. These councils were Staffordshire County Council, London Borough of Barnet, and Lincolnshire County Council.

FINDINGS

Responses were received from those councils surveyed and scores aggregated to accommodate the multiple views and then averaged across those councils. Details of the written survey findings are included at Appendix B.

To identify the most important themes, and those with most impact, the highest scores were identified, both for the present position (now) and for the future position. The table below shows the average point scores and range of score under each theme.

The area that was considered by survey respondents as most important for the future but had the biggest gap to where respondents believe they are now, was **leadership**.

We then looked at the next most important themes for the future and identified that two areas were scored as being very close to being achieved at the present time. It was hypothesised that this may be because with the right tools and interventions, these two themes were more readily realised because they had the smallest gaps. These two areas are **alignment** and **agility**.

Consequently **alignment** and **agility**, alongside **leadership**, were identified as those areas which organisations will gain most advantage from focussing on at the present time.

Table showing average response scores

	Now (average score)	Range	Future (average scores)	Range
Alignment SMALLEST GAP	8	4-7	8.5	8-9
Shared Purpose	6	4-7	8	7-9
Leadership BIGGEST GAP	7	6-8	9	8-10
Locus of engagement	5	6-8	6.5	8-10 (one nil response)
Assessment and engagement	6	5-8	8	7-10
Balancing short and long term horizons	7	6-10	8.5	8-10
Agility SMALLEST GAP	7.5	6-10	8	8-10
Capability building	6	6-8	8	7-10

This report continues below to explore each of these three key areas for focus. Reference is also made to the experiences, learning and suggestions of three councils that have been recognised as having made particularly positive progress in becoming a commissioning council and against which we tested our hypothesis.

Tools used by councils to support their commissioning model

In addition to rating themselves against the eight themes, survey respondents were asked the following questions (see CIPD HR Profession Map at Appendix C);

- i) What are the best HR tools that councils have used?**
- ii) What HR tools will councils need to use?**

i) Respondents were asked to identify what they considered to be the best HR tools that have enabled them to get to where they are now, from the following list

ii) We asked respondents to identify what HR tools they consider they will need to enable them to reach their desired future state with frequency of response indicated:

HR Tools (from CIPD Profession Map)	i) Frequency (used to date)	ii) Frequency (expected in the future)
Organisational design	3	4
Organisational development	3	2
Resourcing and talent planning	1	3
Learning and development	3	5
Performance and reward	1	4
Employee engagement	3	2
Employee relations	4	2

**One respondent specified service delivery and management information as tools they had used*

*** In addition two respondents stated they will need service delivery and management information and one stated they will need whole workforce planning.*

Have any HR tools been a barrier?

When asked against the same list which tools have been a barrier to making successful progress, councils indicated the following:

- Organisation design
- Performance and reward (x4 *including one respondent who indicated *job evaluation*)

Comparison of where councils think they are now with where they want to be in terms of HR tools best enabling their performance, suggests likely increased focus and/or activity in the areas of **organisation design, resourcing and talent management, learning and development**, and especially **performance and reward**.

Summary of key findings

Whilst discussed in more detail under each theme, the most effective tools are those which help councils to realise their golden thread: leaders modelling desired actions and behaviours, supported by flexible structures and policies, all encompassed in a framework of shared understanding and common goals. In this the role of HR is crucial. It must be part of the solution, demonstrating understanding of the business context and needs; finding innovative ways forward; demonstrating those desired behaviours; and being flexible and adaptable

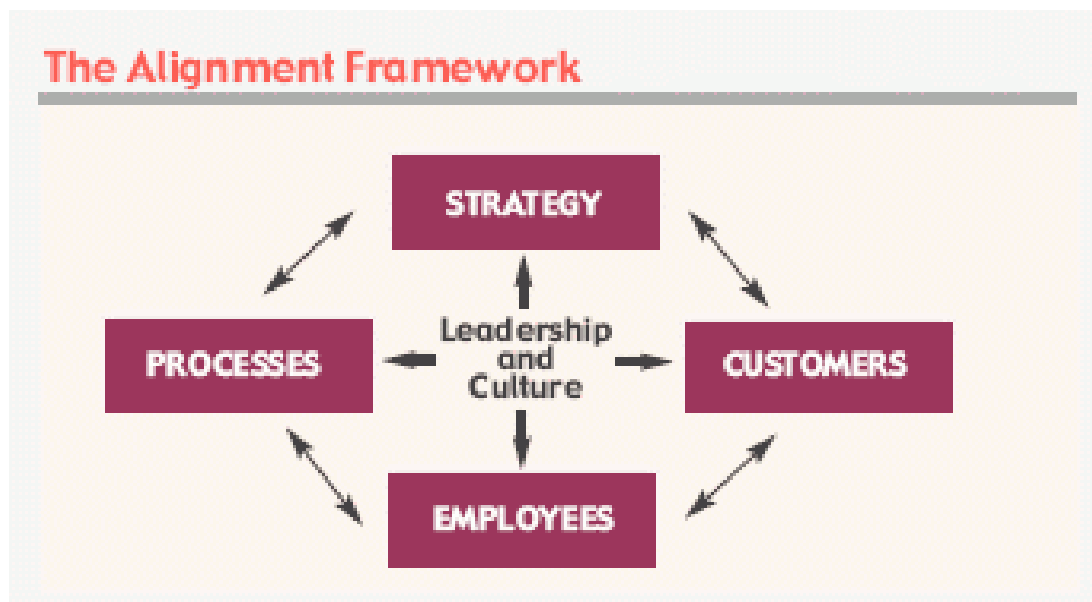
Although an organisation will need to consider all eight themes, in translating our findings to recommendations consideration was given to the ten professional areas set out in the HR profession map³; the key areas of activities identified within it; and their link to our three key themes – alignment, agility and leadership. These themes emerged as either being a key priority to success, such as leadership, therefore an essential area to focus energy and resources, or areas which will give a successful and timely return on investment such as alignment and agility.

The skills and capabilities required by a commissioning organisation will vary depending on the route taken by the council, but are likely to include the organisational culture and values; how it is lead and what behaviours are essential in its leaders; how it measures its performance and how it measures the success of commissioned services. In making the links it is easy to see how the development of leadership capability will be vital for the future success of commissioning organisations, especially in the context of ever more complex adaptive and distributed systems leadership models that will exist. Organisational agility relies on a flexible and adaptable workforce, supported by appropriate resourcing, performance and reward models. The organisation's approach to talent management, learning and development has to be aligned absolutely to the developing needs of the business and the direction of the organisation. This is critical to ensure the organisation has the right people, in the right place with the right skills, and is able to continue to adapt and evolve. In addition, it is clear that organisational design should remain a priority area of focus, matching our findings that organisational alignment is a key theme for sustainability for councils as they progress their transformation journeys. The following sections look at the three key themes in more detail.

³ http://www.cipd.co.uk/binaries/the-cipd-profession-map_2015.pdf

ALIGNMENT

"Perceptions of consistency, fit, links or integration between the values, behaviours or objectives of different stakeholders, both internal and external and with the organisation purpose."⁴



An organisation is aligned when:

- All staff have a shared purpose
- All staff are aware of how their contribution drives the core strategies of the organisation towards the accomplishment of its purpose
- Work, processes, and actions are executed toward the accomplishment of the purpose
- Priorities become simple and clear - efforts and resources that move towards the mission always get precedence

Alignment is supported by continuous communication. This was a common theme from our research findings. It can include such methods as "management by walking around" to get face-to-face contact with all employees, regular meetings, print, intranet and internet, and by incentives and promotions.

⁴ From CIPD report http://www.cipd.co.uk/binaries/sustainable-organisation-performance_2011-stf.pdf

Employees perform best when they have a clear understanding of how their performance affects customer satisfaction and corporate success. Companies dedicated to people performance management understand the need to market to their internal audiences as much as to their customers.

Attitudes and behaviours need to reflect organisational values

Behaviour came across loud and clear as being one of the most important factors in achieving high levels of performance. Values and attitudes are important shapers of culture and behaviour so it is important that they are aligned with each other and that they support activities critical to the organisation's performance. Management behaviour was cited as a potential blocker to performance when it did not reflect the espoused values of the organisation.

Alignment with external parties is vital as the commissioning organisation needs to embed their values within the organisation that they choose to deliver their services.

Organisations also need a workforce that can respond to long and short term issues. Having a workforce that is flexible, agile and able to respond quickly is particularly important during this time of austerity.

From our research we identified the competency skills in the table below as being important to allow a commissioning organisation to deliver their services effectively.

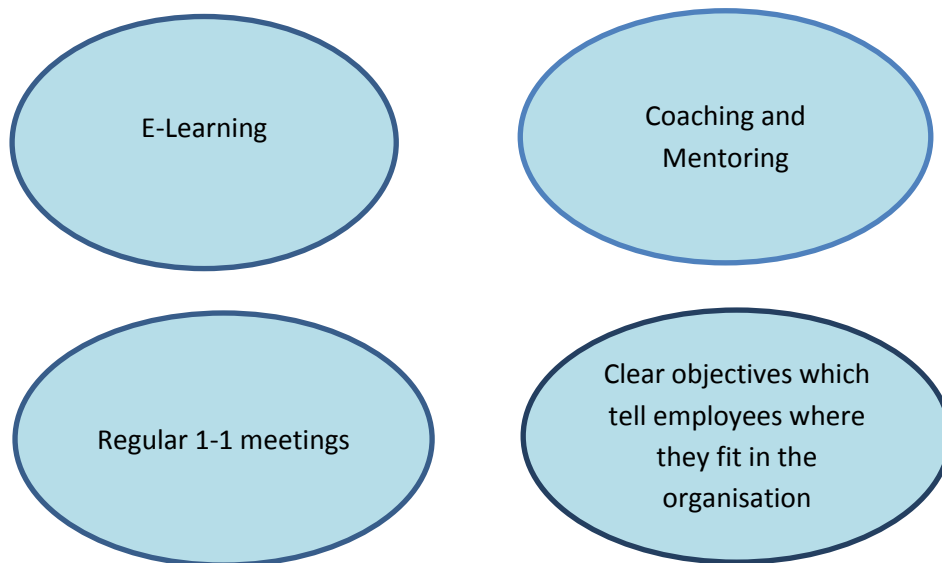
Competency skills required for Commissioning Organisation

Analysing need	Strategic planning and service redesign	Market facilitation
Contracting	Resource management	Competency descriptors Behaviours
Customer and community focus	Delivering results	Personal impact
Driving change and innovation	Making decisions	Team, matrix and partnership working
Communicating and engaging effectively	Building capability	Organisational commercial and political awareness

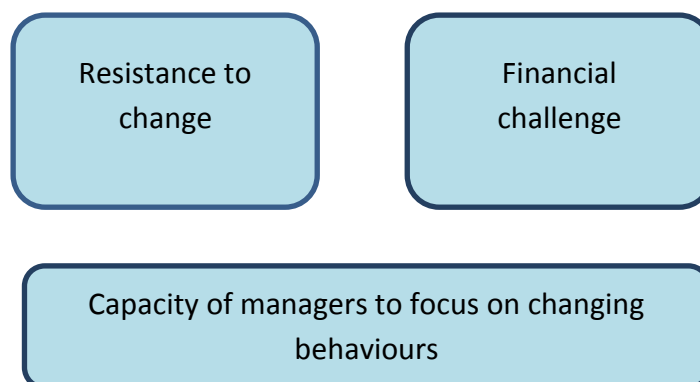
Swindon Borough Council is well on its way to being a commissioning organisation and has identified the following **behaviours** that they look for in their commissioners⁵:

- Integrity
- Self-awareness
- Collaboration
- Resilience
- Understanding stakeholders pressures

As part of our survey we asked what would most help councils reach where the need to be in the future. The diagrams below show the HR tools that organisations said were most helpful.



We also asked what HR tools they had found to be blockers to their progress so far. The diagrams below show what organisations said:



⁵ 'Commissioning in Swindon' Guidance for Commissioners

How to align job roles to the commissioning strategy and get employee buy-in to the change?

Organisations don't perform; people do, so it's vital that an organisation's objectives are understood by all employees and they know clearly what their role is. The following will help to create and maintain alignment between organisational objectives and employee behaviour:

1. Create clear organisational objectives linked to the strategy
2. Put the picture together so that everyone knows their part of the strategic plan
3. Ensure up to date role profiles/job descriptions exist and make sure you are asking for the right skills which are needed to undertake the duties of the role. This is only achieved by the manager having a full understanding of the vision and objectives of the organisation
4. Ensure managers keep on track by frequently reviewing employee objectives, making sure that employees know what's important, and their problems are dealt with and progress is made
5. Use appraisal systems and regular one-to-one discussions to share information and develop understanding
6. Ensure that managers understand how to align their resources to achieve positive outcomes
7. Focus more energy on behaviours in performance frameworks, talent management and recruitment
8. Allow and assist people to leave who will never buy into the new values
9. Break down organisational silos to create a culture of flexible, adaptable and matrix working
10. Outcomes - establish clear and useful data measures to make sure deliverables are met
11. Review to check quality – be clear how quality will be defined

What worked for Staffordshire County Council?

Staffordshire County Council undertook an organisation-wide engagement exercise which informed a new vision of shared values. A series of approaches were developed to support this, including a new behavioural competency framework; performance process; business planning approach; and learning and development strategies. These approaches were aligned to the new vision, values and behaviours. Staffordshire's HR and OD teams worked alongside political and senior officer leadership teams to create and deliver these new strategies, and this is working well.

Alignment to the vision – learning from Barnet

The London Borough of Barnet has taken a commercial and contracting approach to commissioning. This model has seen the council's directly employed workforce reduce by approximately 3,000 employees (excluding school-based employees) from the council over the last four years, with further reductions expected.

Barnet has achieved this transformation in the first phase through a programme called "Future Shape", which set out the vision, and now their "One Barnet" programme, which focusses the council under three principles:

- A new relationship with citizens (putting citizens at the heart of what the council does)
- A one public sector approach (working with partners and citizens to create truly joined up services)
- A relentless drive for efficiency⁶

One key piece of learning for Barnet has been the importance of thinking through the cultural implications of the transfer out of large numbers of people, particularly the transfer of customer services and back-office functions to Capita, within which strategic HR itself sits. Mark Grimley, Head of HR for Barnet, believes this is something councils really need to work through. It is inevitable that any organisation that moves to a model where most or the majority of services are commissioned from external providers will change fundamentally, and by definition that is going to fundamentally change the culture.

⁶ "Meeting the challenge in Barnet; Lessons from becoming the Commissioning Council", 2015 report, see http://www.localis.org.uk/images/loc_barnet_commissioning_web.pdf

As well as understating the cultural impact of such significant change, understanding of future organisational design is critical, and Barnet has learned some important lessons here.

There has been an inevitable increase in the number of senior management roles leading the commissioning of discreet (albeit sometimes packaged) portfolios. In addition, the mix of internal and external delivery, notably reflected for example in Barnet's decision to retain children's social care in house whilst externalising many other services, has created some conflict between commissioners and operational service managers. Both of these factors have a significant impact on culture and organisation design that councils are advised to consider upfront.

Barnet have recognised that this mix of internal and external service delivery can create challenges around competency and reward. It is necessary to understand the answer to the question; "How do you know commissioners are having an impact?" and recognise the achievement of positive outcomes, delivered through the direct personal contribution of those commissioners, through an appropriate reward system. Traditional local government job evaluation systems don't necessarily support or facilitate new organisation design either, especially when the market demands high pay for commissioners whose roles however do not conform to the traditional job-sizing factors of staff management and operational delivery risk. The real challenge here will be for councils to decide whether a review of job grading conventions within existing schemes will be sufficient, or if a more radical switch to alternative job evaluation models – with associated risk and upheaval – is necessary. This challenge is all the greater where a proportion of direct service delivery remains in-house.

It is important to avoid or mitigate the risk of "silo" or fragmented thinking in context where commissioners are solely focussed on the outcomes that they are commissioning for. Barnet are working hard to ensure their recruitment and leadership development processes incorporate assessment of candidates' aptitude to work effectively within the whole leadership system, so that they can understand and influence others with a focus on system-wide benefits for the customer.

The council recognises there is more to do here and has embarked on a leadership development programme to explore this further. This will include job swapping and use of psychological profiling to support people to understand themselves better so that they are more able to understand how to help and influence others.

In order to effectively align services to the people who need them it is vital that future workforce planning isn't missed when designing specifications for service commissioning. The essential ongoing shaping of markets relies on effective workforce intelligence, but this will no longer be held internally to the council. There is therefore a risk that second and third generation contracts will fail as skills are increasingly stripped from services (having been contracted on the basis of savings, often delivered by savings on workforce costs of some sort). So it is essential that coordinated workforce planning is built into commissioning contracts and that subsequent re-tendering of contracts involves careful assessment of the workforce-value requirements of the service in its next iteration.

Alignment to the vision of Lincolnshire County Council

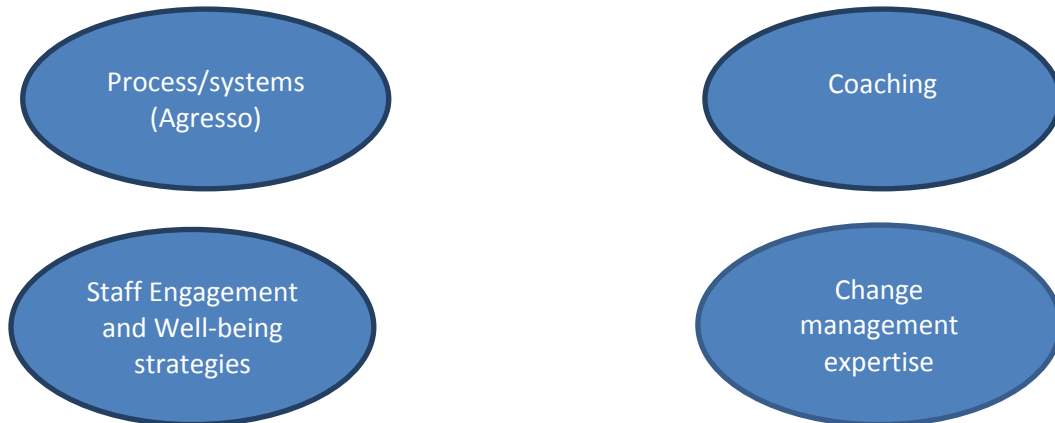
Over last two years, Lincolnshire County Council has:

1. Undertaken a programme of training and awareness relating to commissioning for all senior managers including all stages of the cycle.
2. Run workshops involving all senior managers, a key output of which was to establish seventeen strategic commissioning outcomes.

These reflect the council priority outcomes and inform priority activities, budget allocation and risk management. Effectively the commissioning outcomes form the council's business plan. Their People Strategy forms a chapter of the business plan which drives corporate initiatives to support agility in changing environment through developing people capability.

In 2014 the council reviewed its senior management structure to align with the council's aims to move to a commissioning structure. Where service delivery remains in house there is an internal split between delivery and commissioning. Various key processes and systems are also being reviewed and implemented which are aligned to supporting Lincolnshire's commissioning processes, including a new finance/purchasing/HR and payroll system (Agresso), a new client database for Adults and Children's services, and associated new IT systems supporting the customer service centre function which feed into an electronic data warehouse. All these systems are designed to enable enhanced reporting based on real time information to inform costs, performance and value for money.

HR tools used by Lincolnshire county council



The structural changes are reinforced by a programme of communications from the Chief Executive to reinforce expectations about collaborative working across the organisation, as well as changes in role descriptions both internally and also externally with key partners in statutory, private and voluntary sectors.

Throughout 2015, all service areas will be reshaping their operating models in line with the commissioning priorities, with significant change either through redundancy consultations or organisational reconfiguration including outsourcing and insourcing programmes



AGILITY

"The ability to stay open to new directions and be continually proactive, helping to assess the limits or risks of existing approaches and ensuring that leaders and followers have an agile and change-ready mind set to enable them, and ultimately the organisation, to keep moving , changing, and adapting."

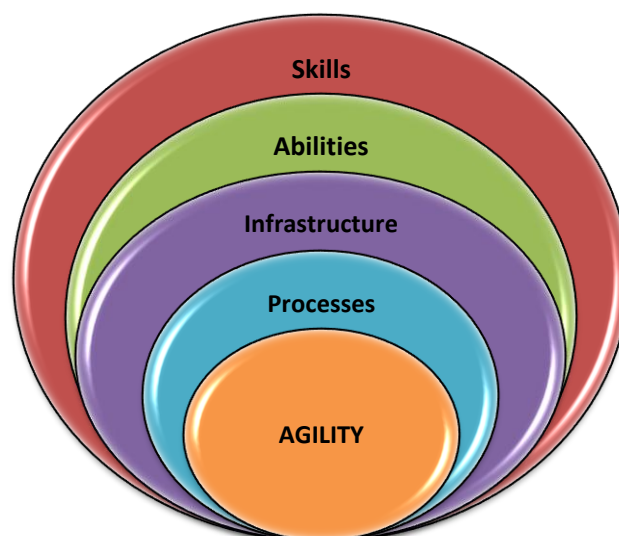
Business agility refers to distinct qualities that allow organisations to respond rapidly to changes in the internal and external environment without losing momentum or vision.

There are three qualities essential to long-term business agility:

- Adaptability
- Flexibility
- Balance

From an HR perspective, agility is a key requirement for organisations, including local authorities, to ensure that the employees within it have the required skills and abilities to respond quickly to new developments.

Also there is a joint responsibility within the wider organisation to ensure that infrastructure and processes are fit for purpose so that these can be put into action as efficiently as possible.



From our research it was noted that a clear vision and continuous improvement were factors that worked well in the journey of moving to a commissioning organisation. It was stated that these should be supported by values that are adopted by employees at all levels.

One of the councils who responded to our questionnaire has created “Quality Circles” and the purpose of this initiative is to create a mechanism to include employees at all levels to find solutions to key headlines that have emerged from lunchtime sessions held for employees.

Lincolnshire's experience

Lincolnshire County Council stated that agility was a key objective for them in their restructuring and is central to their leadership programme. It also remains core to work ongoing within service areas to move to new operating models and structures, in a context of managing turbulent change.

The move to a commissioning lead council requires a more responsive, adaptable and insightful approach to service delivery. This is demonstrated as the corporate strategy is now informed by business and commissioning priorities and each directorate has responsibility for part of the strategy.

The organisation had to demonstrate adaptability because a large proportion of the HR function was transferred out and each directorate now leads the journey to define their own training and development requirements. Strategic HR Business Partners are aligned to directorates and functions and are part of the decision making as members of divisional management teams.

Responses to our survey

Below are some of the responses we received when we asked specific questions in relation to agility.

What has worked so far?



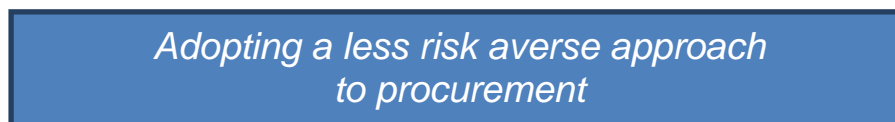
What did councils find were barriers?



Councils felt that procurement processes and timescales and silo mentalities were the main barriers to agility.

The opposite of an agile organisation is a bureaucratic one, in which decision-making takes longer because there are multiple channels of command to go through before a decision can be made. Again the need for the move towards a flexible workforce and the creation of a culture that supports this is essential.

What would most help councils get to where they want to be?



Many business groups believe that a further barrier against becoming more agile is the following reason, “That is the way we have always done thing/worked, why change?” In some respects this demonstrates the unwillingness to accept the vision or to embrace the transformation that is taking place.

Change

In conjunction with alignment and leadership, agility is a key component to drive change in any organisation. The world economy has fluctuated over the last few years and therefore being an organisation that is able to respond to demand by developing strategies or necessary changes speedily will be an advantage.

New and innovative ideas to improve service delivery, processes and procedures will be of great benefit as an organisation changes. This will include the use of IT which can improve the mobility of the workforce, removing the restrictions of not being able to work from more than one location. Having a greater access to analytical data will also assist with decision making.

Nick Holley from the Henley Business School compared the future role of HR to that of an orchestral conductor with the goal of balancing short-term profit for management with long-term sustainability, by urging organisations to do as follows:

- Recruit the best (players)... then trust them
- Create a common vision
- Lead the planning and practice
- Keep the pace and manage transitions
- Show appreciation but also set the standard
- Show an emotional commitment
- Radiate passion

This analogy is no less powerful in the context of local government, seeking to facilitate the best long term community outcomes within ever tightening budgetary parameters.

HR tools in relation to agility

From our research we can see that there are some immediate wins that can be gained by using a combination of tools.

These can include;

- Appraisals
- Performance related pay
- Competency framework
- Varying Job Descriptions to fit the new organisation

In the long term, the goal would be to create a culture that has the ability to continue with a defined behaviour indefinitely.

In summary, to quote Heraclitus, "There is nothing permanent except change"⁷. Councils have no choice but to be agile in order to survive.

⁷ Read more at <http://www.brainyquote.com/quotes/authors/h/heraclitus.html#Xwmv5J7fqPSPJLi.99>

LEADERSHIP

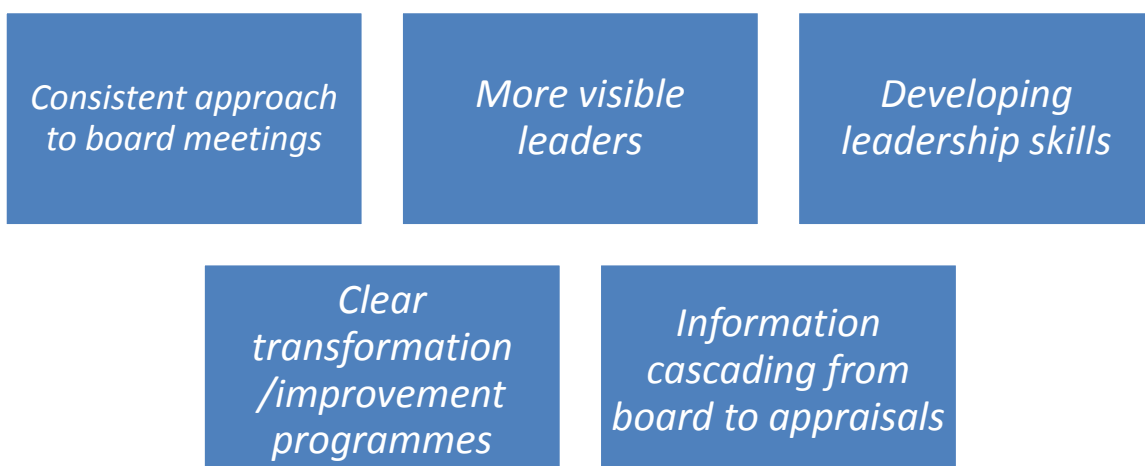
"Senior leaders articulate a future-oriented vision in an appropriate style that informs decision-making and empowers employees to achieve organisational effectiveness. The ability to lead, however, is not confined to senior leaders and can be demonstrated at all levels"

Our research defines leadership as about holding values and vision as a mind-set rather than focus on actions and techniques. Leadership is not about title or position within the organisation, but about having the vision and influencing skills to lead people to follow that vision.

Mark Rogers Chief Executive Birmingham City Council (at Solihull Metropolitan Borough Council at the time);

"Leadership for the future is ours to shape in unison" which goes some way to support the concept that leadership can be demonstrated at all levels of an organisation. The following sections are some of the responses from our research relating to the questions that were asked in relation to this leadership theme.

What has worked so far?



The natural relationship between leadership and alignment becomes apparent when the board's goals meet those of the frontline worker in delivering the vision of the organisation which, due to political and external factors, may need to change. Leaders are responsible for setting, sharing and revisiting the vision to ensure alignment is achieved.

Our research shows there is a call for strong leadership around setting clear transformation programmes. This suggests the need for a ‘systems leadership’ approach where the outcomes for the public / client are at the heart of all the relevant leaders’ visions and values. This is particularly prevalent in commissioning organisations who are dealing with multiple providers and partners that may have diverse and/or conflicting visions and values. These scenarios describe ‘systems leadership’, which is discussed further below.

Systems Leadership

Systems leadership is “*an attempt to effect change for the social good across multiple interacting and intersecting systems, resting on the assumptions that better and more efficient public services can result from more joined up working across multiple service sections*”.⁸

This research by the Virtual College in 2013 also found that systems leadership extends beyond the confines of single agencies or organisations, stretching the remit and skills of leaders into places where their usual authority, derived from organisational position, may not be recognised. This could put leaders out of the comfort zone of their contractual position within their own organisation and having to influence across a number of organisations.

In contrast, an extract by Jonathan Flowers of CAPITA, when addressing leaders of Gloucestershire County Council, references the essence of leadership in a systems approach by proposing, “*The dominant leadership style will be heroic, technocratic leadership – people who will deploy force of will and significant managements systems and processes to effect quality control and benefits realisation across a complex structure.*”⁹ This premise has been challenged in the research undertaken by Catherine Needham and Catherine Mangan in their 2014 paper “*The 21st Century Public Servant*”¹⁰ where they find that “*the traditional individual leader approach is not one that will be effective in the context of complex, adaptive problems facing society.*” Their findings build on the concept of systems leadership and reference the Virtual College’s study. It goes on to suggest organisations need less command and control as seen in the traditional style of leadership to one of a collaborative approach which engages and empowers its

⁸ Ghate, D; Lewis, J; Welbourn, D (2013) ‘*Systems Leadership: Exceptional leadership for exceptional times*’ Synthesis Paper, Virtual Staff College

⁹ Jonathan Flowers (2012) CAPITA ‘*Planning into Uncertainty*’ at Glos County Council conference

¹⁰ <https://21stcenturypublicservant.files.wordpress.com/2014/09/21-century-report-281014.pdf>

workforce to become leaders themselves and to act with autonomy. In other words, our leaders can be found at all levels of the organisation and not just in senior command-led jobs, thus requiring, of senior managers, an element of trust in their workforce and using emotional intelligence to be able to let go of the command.

Another descriptor of systems leadership is that it takes basic ideas about leadership behaviours, and uses them to show how to lead when you need to work across boundaries. When you need to go beyond your own organisation, or service, or area of expertise, or even your role and need to be able to interact with others, often with very different priorities and points of view, systems leadership comes into its own.¹¹ It assumes that more joined up working can result in more efficient public services and where leaders talk of wrestling with persistent “wicked issues” that cannot be sorted by a single organisation acting alone.

Further studies by the Virtual Staff College depict Systems Leadership and Leaders in an integrated model, within the public service context as below. It shows one way of thinking about how the current UK context of public service, the practice of systems leadership and the attributes of systems leaders fit together in a nested, integrative model. The customer is at the heart of the wheel, followed by values, culture and behaviours, then the system leadership approach within the context of public services facing austerity including demand management etc.

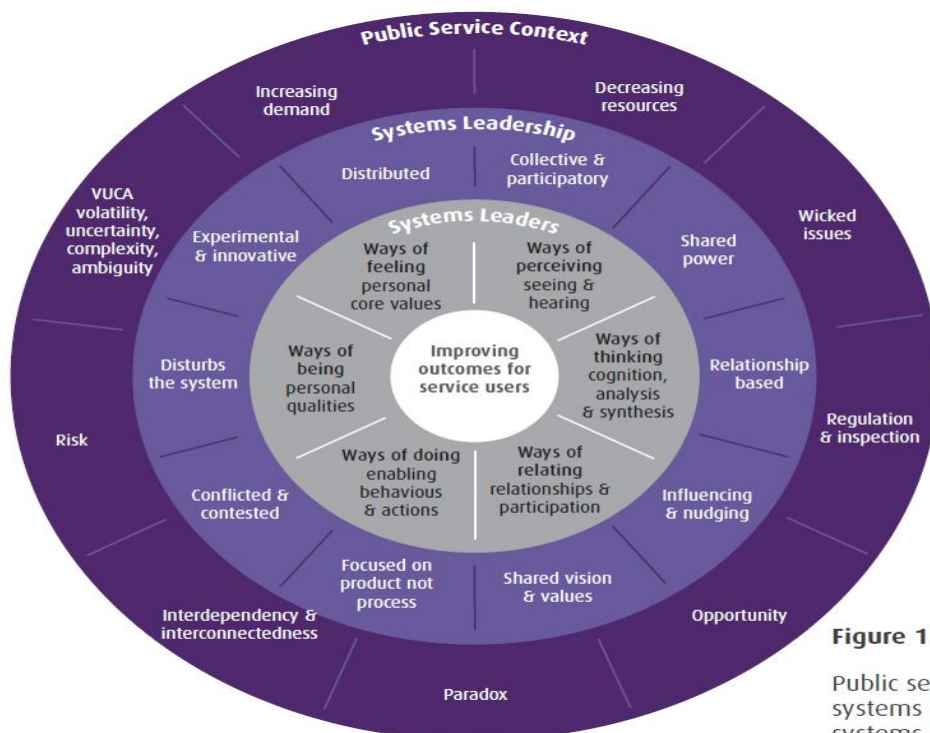


Figure 1
Public service context, systems leadership and systems leaders - an integrated model

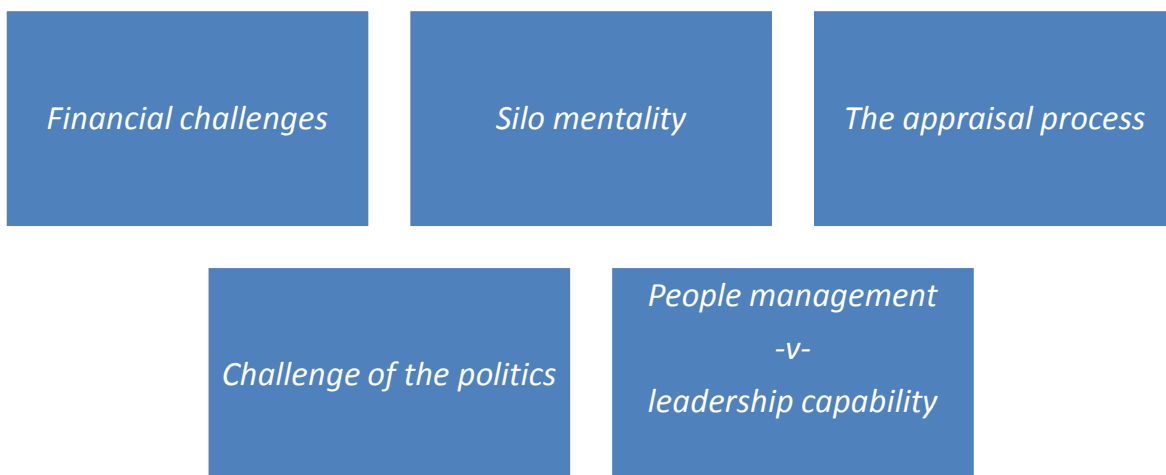
¹¹ Debbie Sorkin (28th April 2015) 'Systems Leadership; A Beginner's Guide'

The Virtual College found that systems leadership responds to complexity; it allows the redesign of systems around service users and their needs and perspectives, creating coherence in place of incoherence. It puts the service user and customer at the heart of the system. Research found this to be viewed as the optimal way to tackle wicked problems and service duplications, and systems leadership explicitly recognises this. It is important to note that systems leadership cannot, on its own, solve all wicked issues or remedy the absence of basic services and capacity. Although systems leadership is useful and in many cases necessary, it is not a magical solution alone.

An example of systems leadership operating well can be seen in The London Borough of Barnet where they introduced a partly Government funded initiative in 2010 to work with families who were costly users of public services, including unemployment, crime, anti-social behaviour. Thirteen separate divisions and agencies across social care, police, youth justice, probation, housing and health worked together, benefiting from a fully integrated System Leadership approach.

What did councils find were barriers?

Our research found that the barriers to effective leadership were:



Financial challenges - sometimes the immediate is prioritised over the future with some concern that leaders have not operated as an organisational wide team and have instead adopted a silo mentality. Systems leadership is an attempt to effect change for the social good of all multiple systems and is an approach that should be embedded into leadership mentality and behaviours.

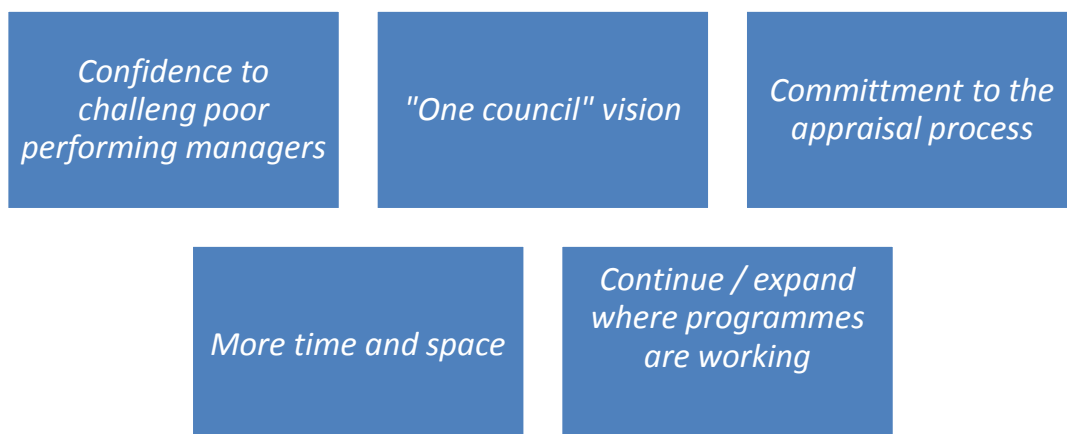
Reluctance to complete appraisals amongst some managers was seen as a barrier. Staffordshire has strong political and senior leadership with investment in organisational development and leadership capability along with staff engagement. Our research suggests performance management and the appraisal process are key HR tools to ensuring the visions and values are fully embedded and aligned.

Although nothing new here, our research found that dealing with the challenge of organisational politics can be a barrier to effective leadership. This comes as no surprise as the complex political organisations from within which councils operate will often present challenges, in particular for senior managers, who may feel that the political environment has to balance inappropriate or unhelpful political loyalties.

Staffordshire found barriers to effective leadership in that people management and leadership capability at operational management level didn't always go hand in hand with the new vision of the organisation, and are now working to address this. This supports our findings that clear vision is an essential component of good leadership and that leaders can be found at all levels of the organisation.

What would most help councils get to where they want to be?

Our research found that councils felt the following would be the most helpful to them to getting to where they want to be:



Our research found that challenging poorly performing managers is key in striving for effective leadership. The continued commitment to ensure appraisal systems are followed through ensures the practise and alignment of this.

Building an effective senior leadership team that maintains visibility and creating an inclusive "one council" way forward can help councils to get where they want to be. Easier said than done and this lends itself towards adopting a system leadership approach.

It is also considered essential to provide more time and space for managers to get involved. In an ideal world, more time and space could apply to any organisation hoping to get to where they want to but in an ever-changing and austere climate, this has proved to be one of the most challenging step for councils in making progress in their commissioning journeys.

In summary, our findings show that strong leadership is absolutely key to alignment and agility and councils need to adopt a systems leadership approach on their commissioning journey from all levels of leaders within the organisation.

HR Tools

So, what HR tools help adopt a 'systems leadership' approach, particularly when becoming a commissioning organisation?

A key HR tool to developing leaders at all levels, not just restricted to leaders by their role or grade, is investment in organisational development, building on leadership capability and staff engagement.

Recruiting to leadership behaviours that can span across the whole of the organisation's cultures and looking beyond those that are in senior positions, but to extend to people who have the vision and confidence to influence and change the vision if necessary. This can include frontline staff.

Developing the leadership skills necessary to support the current and future commissioning structure was evident in our research. Fully integrating leadership development programmes and career pathways for aspiring leaders will help shape visions and values for the future.

For example, Staffordshire County Council has leadership as part of their behavioural competency framework that is embedded in to all HR and OD practice. An example is

where they recruit to the behaviours, therefore attracting and employing people with agility etc. They say their learning and development strategy is in part to build capability against the behaviours.

Over the last two years, Lincolnshire has delivered a Corporate Senior Leadership Programme, designed to develop leaders to operate in a commissioning organisation. More recently, they have run a Leading from the Middle Programme for Middle/Senior Managers.

Adopting a systems leadership approach, Lincolnshire's Adult Care, has commissioned a number of additional programmes which included NHS colleagues to support collaboration across the two organisations.

Lincolnshire's Public Protection area, have commissioned development interventions for their team leaders that supports them to move into commissioning rather than delivery. It is based around consulting skills but to develop contracting and collaborative partnership skills.

Therefore, our findings suggest that recruiting good leaders at all levels, people management and appraisal processes, along with a culture of learning and professional development are key HR tools that would support councils to adopt a systems leadership approach to deal with wicked issues they may encounter on their journey to becoming a commissioning organisation.

SUMMARY AND RECOMMENDATIONS

At the beginning of this report we recognised that in moving toward, or developing further the principles and practical implications of being a commissioning organisation, individual councils must understand **why** they want to undertake commissioning in a particular way – why for their communities; **how** they intend to do this; and **what** commissioning models will best deliver in response to their "why" question.

Our question - *What are the most powerful HR tools and interventions that will enable councils to better understand the skills and capability requirements of a commissioning organisation?* - must be set in this context. This immediately illustrates the challenge in identifying a single set of HR tools that will meet the needs of each council, understanding and approaching commissioning from different, locally driven, perspectives, and with different definitions guiding their "why, how and what".

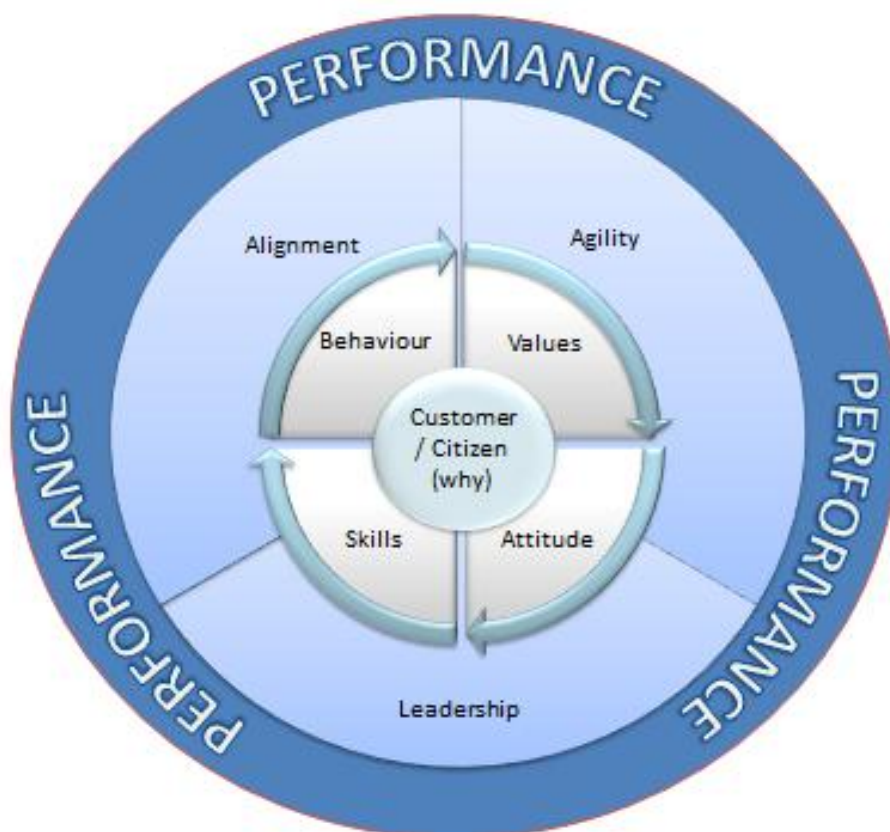
In framing our research around the eight themes found to be central to sustainable organisational performance¹², we identified three key themes to take forward. We believe the HR tools and interventions necessary to support organisational success under these three themes are, together, likely to make the greatest impact in enabling organisations to achieve their objectives and understand their skills and capability requirements in the context of being a commissioning organisation.

We identified the following as necessary to ensure organisational alignment of values, behaviours and purpose:

1. Continuous communication within and between the council and its partners and providers
2. Clear shared understanding of how individual performance affects customer satisfaction and organisational success – this hits directly at the "why" question. All those involved in delivery of any service need to understand "why" they are delivering the service at a customer-centric level. This understanding provides the value base that in should in turn drive attitudes, behaviours and, ultimately, performance.

¹² CIPD, referenced above

3. Behaviours must be aligned to organisational values, which must also be aligned directly to the "why" answer for the council. This is vital not only for the employees within the council, but it is also critical that values and behaviours are aligned between the council and its provider and partner organisations where services are commissioned and/or jointly provided between the council others.
4. Commissioning skills, of which fifteen were identified, should be understood and developed within staff.
5. Organisational design must be thought through to meet skills requirements and maximise efficiency (remembering that moves to commissioning are happening alongside and sometimes in response to budget pressure). However, it is important to remember that values and behaviours drive performance, not structure. However, structure can be a barrier, so care should be taken not to create unintended consequences through role re-design and management delayering.



Finally, the achievement of organisational alignment requires a golden thread to run up, down and throughout the organisation, linking organisation vision and strategy; through organisational objectives to individual employee objectives; supported by relevant job roles and profiles set in an aligned organisational structure; and enabled through effective communication and a shared core behavioural value base.

Organisational agility is highlighted as the flexibility to adapt to changing circumstances or direction. Clearly such responsiveness must be timely – something that has traditionally been challenging for local government.

We identified three qualities essential to business agility, these being adaptability, flexibility and balance. Culturally these qualities define a set of behaviours. This creates an essential link between organisational agility and alignment, where we found internal and cross-organisational values and behaviours to be fundamental to achieving sustainability.

Councils need to design their organisations to maximise speed of response to any given issues. In terms of structure, councils will need to truly embrace matrix working. Creating generic job roles across and between services will facilitate flexible of deployment of employees to areas of highest need and in turn will help to break down organisational silos. It will also create more opportunities for employee development and succession as well as improving organisational intelligence through shared learning and cross-fertilisation of skills and ideas. This is all the more valuable as some parts of the organisation are likely to be more advanced than others in their commissioning journey. Learning from those parts of the organisation that have already found success (or learning from their failures) is hugely efficient both from a point of view of pure cost (recruitment, efficiency through already knowing the organisation systems, etc.) and culture (shared norms and value base).

Pay and reward strategy needs to facilitate and not constrain agility and must align to the desired values and behaviours of the council. This will require careful assessment of benefits and risks in developing grading schemes – either through redefined grading conventions or introduction of new schemes, either in parts or throughout the organisation. Performance related pay might be considered, but again careful consideration of all aspects and impacts should be made first.

Visible line management is also identified as a driver of organisational agility. Visibility fosters better communication, which is critical to organisational alignment. However, in the context of agility it also enables efficiency through speedier response. One way of facilitating more visible leadership is to review organisational hierarchy. A number of councils are already looking at how their organisational design can better support more effective decision making, including adopting such models as the Stanton Marris Decision Making Accountability model¹³, which seeks to identify compression and over-layering in management hierarchies. Removing these should enable faster decision making within organisations.

¹³ http://www.local.gov.uk/c/document_library/get_file?uuid=a5558f2e-b7fb-4a1a-8997-fa931582c489&groupId=10180

Systems and workplaces must also facilitate organisational agility. Many councils are seeking to sweat their property assets by encouraging employees to increasingly work flexibly and remotely from the office. Modern IT solutions can certainly enable this, although there may be some capital investment required to realise the benefits. There is arguably a triple-whammy to extending flexible work practices in that this not only supports the organisation to be ever more adaptable and responsive – as employees can be based closer to their communities, or work efficiently without travel time, for example – but also enables councils to better respond to growing demands for 24/7 service, and ensures councils are ready to meet the demands for flexibility and mobility sought by young talent from the millennials generation.

Finally we found that leadership at all level within the organisation needs to be centrally focussed on organisational vision and values. Clarity, consistency and visibility are all important, as is the leadership role in creating and supporting the "golden thread" between strategy and front line operations.

Systems leadership describes a model of leadership across traditional organisational boundaries, focussed on holistic community outcomes. Once again the customer experience is at the heart of things – the "why" of systems leadership.

HR tools and interventions particularly relevant in supporting sustainability of effective leadership inevitably focus on management leadership training and development (organisational development) – giving leaders at all levels the practical skills required to do their jobs, but more importantly, showing and coaching them to exhibit desired organisational behaviours.

In addition, commitment to an effective appraisal process was cited as something councils want, to get them to where they need to be. This doesn't need to be complicated, indeed some would assert that we should throw away the formal process and replace with something more "every day". But whatever it looks like, it should centre on developing, recognising and celebrating desired organisational behaviours. This supports our findings around alignment and agility, that organisation values and behaviours drive performance and sustainability.

CONCLUSIONS

At one level an obvious conclusion must be that there are no quick fixes. Councils will be in different places on their commissioning journeys and their political and local community contexts will differ.

However, whilst we recognise that all eight of the sustainable organisation themes are important, we believe that councils who focus particularly on **alignment**, **agility**, and **leadership** will make strong progress.

The importance of establishing clear and consistent organisational values and behaviours rings through all of these areas, as does the need for clear communication and focus on ensuring the continuation of a golden thread between organisation strategy and front line service – whether that is provided directly by the council, in partnership with others, or fully by an external provider.

In learning from others it is critical that councils do not underestimate the value of establishing and continuously re-visiting their vision. This requires councils to clearly define and re-define what they mean by commissioning here and now. Councils should not be afraid to adapt their approach and/or change direction. Indeed willingness to do so, and to openly communicate that change, is a vital constituent of agility. Only with such honest and brave leadership will councils be able to maintain clarity of vision and true alignment to that vision.

So what HR tools *are* most effective for commissioning councils seeking to understand their organisation's skills and capability requirements? These can be summarised as follows:

- 1) Organisation development tools to develop great leadership behaviours
 - Behavioural competency framework
 - Leadership development programme around this
 - Coaching and mentoring for leaders to reinforce these values and support managers experiencing difficulties
 - Recruitment processes that test for behavioural fit

- 2) Appraisal system that drives and reinforces desired organisational behaviours whilst maintaining the golden thread between organisational strategy and front line delivery to communities
- 3) Pay and reward system that rewards success in driving positive community outcomes through demonstrating exemplary behaviours
- 4) Organisation design expertise to facilitate the development of structure models that will break down organisational silos and counteract the risk of service fragmentation through:
 - Encouraging shared learning
 - Providing opportunities for succession across the entire organisation
 - Reinforcing organisation-wide values
 - Creating clear lines of accountability at the lowest possible level
 - Creating generic job roles to improve organisational responsiveness, flexibility and adaptability

Final pieces of advice...

We asked Staffordshire, Lincolnshire and Barnet what one piece of advice they give to any council about to embark or progress on the journey of becoming a commissioning organisation. This is what they said:

Ensure that the Chief Executive and Leader are 100% clear on what being a commissioning organisation is for their organisation (there are so many definitions and interpretations) and communicating this consistently and constantly – the mantra, "Communication, Communication, Communication" definitely applies! (Sarah Getley, Staffordshire County Council)

Define the commissioning organisation you want to be, plan for it and invest in the opportunity to change and improve the culture: BEFORE you set off! (Mark Grimley, London Borough of Barnet)

Put 100% into change management approach, led by the Chief Executive as a transformational project, clarifying to all in the organisation what the change means at all levels of the organisation. Seek to ensure consistency of messages across large and complex organisation, ensuring that changes to commissioning approach do not become confused with budget reduction agenda. (Fiona Thompson, Lincolnshire County Council)

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