Department for Levelling Up, Housing & Communities

ADAM
Cloud & Continuity Services

Future Councils pilot report

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Pilot summary

Future Councils is a programme from Local Digital, a team within the Department for Levelling Up, Housing and Communities (DLUHC) that provides digital and cyber support to local government.

The pilot explored the root causes behind what's blocking councils from becoming modern and resilient.

As part of the Future Councils pilot, we worked with eight councils to identify the most common challenges that consistently obstruct digital transformation work.

We then validated this with the sector through a series of roundtable events across the country. Currently, councils are trying to tackle these challenges in isolation.

There is a huge opportunity to achieve sector-wide digital transformation quicker and at lower cost through sector-level collective action, rather than the same problems being tackled multiple times at an individual council level.

To see lasting change, cross-sector collaboration is needed across 3 key sectoral 'missions'. These are:

1.	Reducing the risk of innovation
2.	Creating the standards for change
3.	Enabling market change

Contents

LOCAL DIGITAL

Executive summary

Local Digital has two key ambitions:

- to improve the cyber resilience of the local government sector

- to use digital transformation to help councils deliver better services and increase their productivity

We are proud of the improved outcomes Local Digital has delivered over the last five years in collaboration with councils.

But we have also learned that improvements to one service may not always be enough to drive digital transformation across a council.

Councils have told us of the importance of taking a broader approach that removes the barriers to change, if they are to meet the <u>principles of the Local Digital Declaration</u>.

This includes finding ways to:

- make digital and cyber improvements across the whole organisation, rather than just one team or area
- transform services, including the big, critical services that are riskier and harder to change
- influence the organisation-wide factors - such as internal processes, leadership and governance - that can unblock change

What is Future Councils?

The Future Councils pilot took a **whole-council approach** to bring together digital services and cyber security transformation to multiple areas within a local authority.

It was designed to address the **systemic barriers** that make it challenging for councils to sustain digital transformation and to become modern, resilient organisations.

As the pilot progressed, we adapted to prioritise the most effective strategies and refined its scope accordingly. Consequently, this report addresses some, but not all, of the areas we originally identified for Future Councils.

Identifying common barriers

By engaging with diverse councils at organisational level, the aim was to understand:

| 1. | The most **common challenges** that consistently obstruct local authority digital transformation work |

| 2. | The **systemic barriers** that affect most or all councils, but that no individual council could address alone |

Methodology | The research we did

The Future Councils pilot involved working with 8 councils that were representative of the sector.

The process

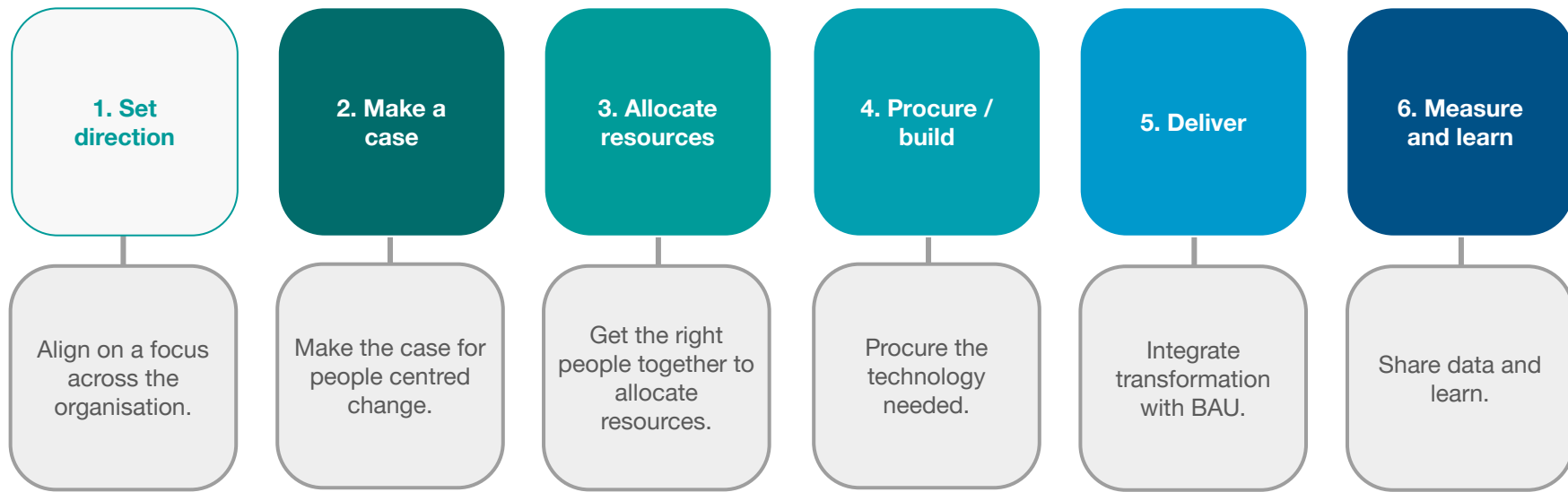| Easy to use application process | Councils receive £750k of funding to use in a holistic way across the council | Workshop on big issues with local authority senior leaders | Worked to support and learn from exemplar project | Mapped organisational challenges across the cohort | Worked with the sector to validate, prioritise and refine challenges and begin mapping pathways for solutions (at roundtables) |

The barriers to digital transformation

From our work with the pilot councils and validated by the roundtable discussions, we learned that:

- councils share similar challenges across the sector

- these challenges are not specific to service areas, or particular pieces of technology

- these challenges relate to organisational structure in how councils innovate, and how central government regulation and market forces influence their choices

- these challenges manifest in resident experience, cost later down the line

In order to become modern and resilient councils must move through the digital transformation lifecycle

1. Set direction	2. Make a case	3. Allocate resources	4. Procure / build	5. Deliver	6. Measure and learn
Align on a focus across the organisation.	Make the case for people centred change.	Get the right people together to allocate resources.	Procure the technology needed.	Integrate transformation with BAU.	Share data and learn.

The digital transformation lifecycle: A process that, largely, councils go through when trying to do something new Therefore if you fix this, you improve transformation outcomes across most of the sector. More on the transformation lifecycle.

Councils are blocked from completing the digital transformation lifecycle
Through our research, we learned that:

It's difficult to set a direction due to external pressure, high risk levels and complexity
Councils are facing pressures to cut costs and add immediate value for residents, but without compromising anything, which makes prioritisation challenging due to political and organisational risk. There is a rapidly changing tech landscape, making it difficult to have clarity on what to do in what order (especially for less mature councils).

There's no consistent approach to making the case for change
There is no agreed method of calculating return on investment (ROI). This makes it difficult to quantify long term benefits.

The mechanisms for allocating resources are complex, duplicative and ineffective
Councils are often siloed organisations with complex governance structures and a lack of join-up between services makes it difficult to prioritise across the organisation. Silos within the council mirror a siloed sector with ring-fenced funding for statutory services.

Councils are blocked from completing the transformation lifecycle

Through our research, we learned that:

Councils can find it challenging to procure what they need

Councils are working within a market that doesn't always provide what they need, where costs are high and timelines long for making even simple changes and they are locked in to systems that aren't fit for purpose. Added to this, councils may not have the skills, knowledge or frameworks to procure effectively.

It's difficult for services to find time for transformation as they're focused on critical BAU delivery

Service teams are rightly focused on delivery and digital teams sometimes sit in a bubble, meaning that transformation can be viewed as peripheral, or even with skepticism. The sector-wide skills gap makes it difficult to attract and retain staff and undermines transformation across the lifecycle.

Difficulty gathering data blocks councils from measuring and learning

Councils are often blocked from gathering and using data effectively. This lack of data prevents councils from measuring and learning effectively.

Barriers | What's blocking transformation?

Using roundtable sessions with the sector, we validated the common challenges and systemic barriers found in 8 pilot councils and prioritised three to focus on.

Common challenges that show up in councils

It's difficult to prioritise	It's difficult to effectively use data	Heavily siloed organisations	Skills gap	Governance is complex and overly wrought	It's difficult to change due to councils' culture

Systemic barriers underpinning the **common challenges**

We prioritised **three systemic barriers** to focus on

No way to de-risk innovation	**No standards for change**	**Challenging market**

Ever-changing political landscape	**High amount for services to deliver**	**Power sitting with statutory services**	**Rapidly evolving tech landscape**	**Sector-wide skills gap**

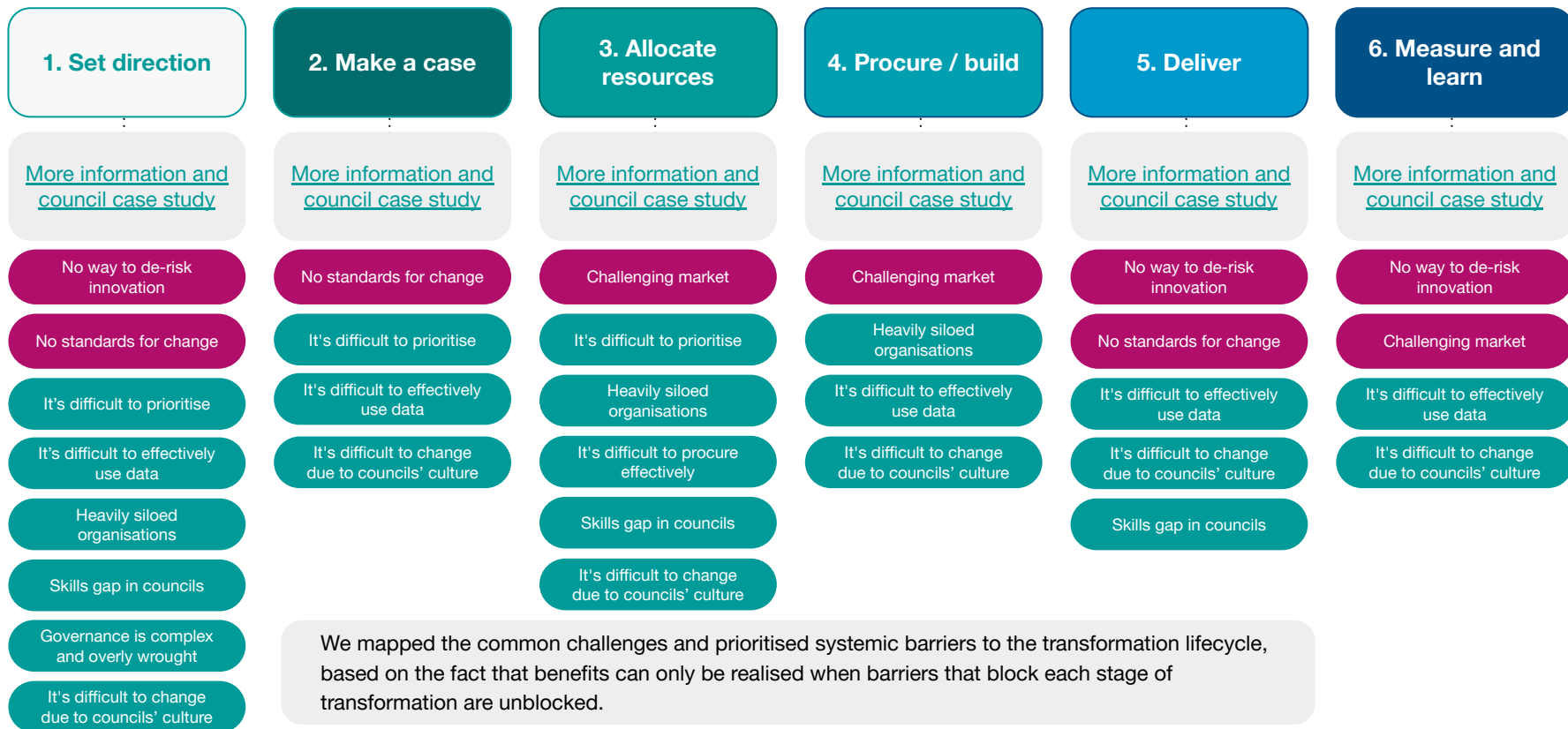**Common challenges:** A problem or obstacle that is frequently encountered by councils across the sector.
Systemic barriers: Root cause issues external to councils that mean there are barriers to progress.

Barriers mapped to transformation lifecycle

The transformational lifecycle journey is widely blocked at each stage:

1. Set direction	2. Make a case	3. Allocate resources	4. Procure / build	5. Deliver	6. Measure and learn
More information and council case study	More information and council case study	More information and council case study	More information and council case study	More information and council case study	More information and council case study
No way to de-risk innovation	No standards for change	Challenging market	Challenging market	No way to de-risk innovation	No way to de-risk innovation
No standards for change	It's difficult to prioritise	It's difficult to prioritise	Heavily siloed organisations	No standards for change	Challenging market
It's difficult to prioritise	It's difficult to effectively use data	Heavily siloed organisations	It's difficult to effectively use data	It's difficult to effectively use data	It's difficult to effectively use data
It's difficult to effectively use data	It's difficult to change due to councils' culture	It's difficult to procure effectively	It's difficult to change due to councils' culture	It's difficult to change due to councils' culture	It's difficult to change due to councils' culture
Heavily siloed organisations		Skills gap in councils		Skills gap in councils	
Skills gap in councils		It's difficult to change due to councils' culture			
Governance is complex and overly wrought					
It's difficult to change due to councils' culture					

We mapped the common challenges and prioritised systemic barriers to the transformation lifecycle, based on the fact that benefits can only be realised when barriers that block each stage of transformation are unblocked.

Quantifying the impact

Getting comprehensive, accurate and up to date data on the costs of the systemic barriers identified have been highly challenging and remains subject to high levels of uncertainty. Accordingly, the evidence presented in this report is largely qualitative in nature.

To illustrate the potential scale of costs that could be addressed through strategic intervention, we have highlighted **four areas of local government spending** where: (a) data is publicly available, and (b) sustained digital transformation could plausibly lead to improvement.

These are:

- productivity costs due to digital skills gaps in council staff
- 'keeping the lights on' activity on outdated legacy systems
- third-party spend
- Digital, Data and Technology (DDaT) project failures

The areas covered above - staff, IT and procurement of DDaT work - represent **over £8 billion in annual local government spending**, where strategic intervention could support the sector to achieve better value for money. Whilst we don't expect to be able to change this spending dramatically, it shows that Future Councils has identified an area of material spend where digital transformation can relieve pressure.

Quantifying the impact

Getting comprehensive, accurate and up-to-date data on the costs of the systemic barriers identified has been highly challenging and remains subject to high levels of uncertainty. Accordingly, the evidence presented in this report is largely qualitative in nature.

1. Set direction	2. Make a case	3. Allocate resources	4. Procure / build	5. Deliver	6. Measure and learn

Reducing digital capability and capacity gaps
- Over half (58%) of councils reported having a digital skills gap in a 2023 survey conducted by the Local Government Association[1]
- Digital skills are an essential entry requirement for two-thirds of UK SOC occupations, and these roles represented 82% of all online job vacancies[2]
- Councils employ approx. 522,000 FTE[3] (excluding teachers, school support staff and social workers). This suggests up to **248,000 FTE roles in local government** may have a deficit in digital skills

Reducing the burden of legacy technology
- Collectively, councils spend around £1-2 billion per annum on IT.[4] Between **£300 million to £1 billion** of this spending is dedicated to 'keeping the lights on' activity for outdated and legacy systems[5]

Quantifying the impact

Getting comprehensive, accurate and up to date data on the costs of the systemic barriers identified have been highly challenging and remains subject to high levels of uncertainty. Accordingly, the evidence presented in this report is largely qualitative in nature.

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Increasing competitive pressures on third-party spending
- In 2022, councils awarded contracts valued at £1.59 billion to DDaT suppliers.[6] Only 25%[7] of this spending was procured through government frameworks, compared to 72% in central government[8]
- That's equivalent to nearly **£750 million in third-party spending** that may not have achieved the most competitive benefit at the least administrative cost

Increasing the success rate of transformative projects
- Between 62% and 84% of public-sector projects are estimated to result in failure of some sort.[9] Of these projects, 3% and 9% are estimated to be complete failures, and 59% to 75% are estimated to involve problems[10]
- Limiting the analysis to just council spending on ICT procurement, the direct cost of project failures could be between **£19m and £31m** per year[11]
- The value of other productive activities that could have been achieved without these failures is likely to exceed these estimates

The case for sector level intervention

There are several reasons why the challenges identified through the Future Councils pilot should be tackled at sector level rather than by individual councils.

Systemic intervention: Due to the systemic barriers, many challenges are almost impossible to be solved by individual councils.

> **Example 1:** Council A has identified that in order to improve a service, changes must be made to the customer sign-up form. The costs provided by suppliers are far beyond the councils' budget, so the council must stay using technology that is not fit for purpose.
>
> **Example 2**: Council B wishes to do a cloud migration project in order to build cyber resilience and make long term cost savings. However there is high political pressure to deliver short term value for residents, so the money instead goes to adding additional staff to the call centre.

Economies of scale: Other challenges may be possible for councils to solve with a high investment of time and resources, however as solving these challenges require significant investment, it's more efficient to solve once for the sector rather than 300+ times by separate organisations.

Support on leveraging resources / reversing downward spiral: Research shows that organisations with constrained resources tend to spend those resources less efficiently than organisations with more headroom.

Councils are having to make decisions based on short-term priorities. However, without changes, there is a risk that councils' resources will continue to diminish, potentially leading to challenges in the future.

Organising around missions

From the Future Councils pilot, we know that some of the challenges councils are facing are intractable problems that are beyond the scope of even the most advanced councils to tackle alone.

Working alongside our pilot councils, and with input from the sector we were able to validate the challenges that the sector faces, understand the innovative best practice that already exists – and to begin to generate solutions along with representatives from councils.

We were then prioritise three missions that require collaboration among councils, central government, private sector suppliers, and other stakeholders to address.

1.	Reducing the risk of innovation
2.	Creating the standards for change
3.	Enabling market change

1. Introduction

Purpose of this report

This is a report for the sector, where we:

- outline the programme vision and the work we have done so far

- highlight our key findings about the shared challenges councils are facing

- share possible next steps for sector feedback

- detail the steps that councils can take now to become modern and resilient

The Future Councils pilot has taken a whole-council approach, bringing together digital services and cyber security to support councils to become **modern** and **resilient**.

Modern: Councils that are fast and responsive delivering services that are effective, relevant, clear and accessible.

Resilient: Councils that are resistant to cyber attack and future threats, sustainable and cost-effective.

Why we commissioned the Future Councils Pilot

Since the launch of the Local Digital Declaration in 2018, there has been a significant shift in local government digital services towards more modern, user-friendly, cost effective services, which are based on flexible, secure technology that can be reused across the sector.

However, we have also seen the growing risk and scale of cyber attacks. In such a challenging context, there is a clear need for a significant change in local government efficiency and productivity. Digital transformation has the potential to save money, improve service quality and enhance security.

We are proud of the improved outcomes Local Digital has delivered over the last four years in collaboration with councils, through providing funding and expertise to help address cyber security vulnerabilities and working to tackle common local service challenges through reusable digital tools and methodologies.

However we have also learned that improvements to one service do not necessarily drive transformation across a council. Councils have told us of the importance of taking a broader approach that removes the barriers to change, if they are to meet the principles of the Declaration.

Taking a whole council approach, the **Future Councils pilot** worked with a representative group of councils to identify the barriers preventing best practise from scaling within and across councils.

Through Future Councils, we aimed to address some of the systemic barriers that make it challenging for councils to sustain digital transformation and to become modern, resilient organisations.

2. Approach

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The pilot focussed on identifying and understanding the shared challenges that councils are facing.

Our six-month sprint consisted of:

- working directly with eight councils who each received £750k of funding to kickstart transformation in their councils and identify the key barriers to change

- piloting the Cyber Assessment Framework (CAF), the outcomes of which are addressed in a separate CAF report

- a series of roundtable discussions with the wider sector to validate shared challenges and co-create ways forward

Our pilot councils

Pilot councils

- Broadland District Council and South Norfolk Council

- Cornwall Council

- Dorset Council

- Leicester City Council

- London Borough of Lewisham

- Reading Borough Council

- South Tyneside Council

- Stevenage Borough Council

South Tyneside

Leicester

Broadland and South Norfolk

Stevenage

Lewisham

Reading

Dorset

Cornwall

Common challenges

Challenges that show up commonly across councils, blocking them from achieving digital transformation goals.

Systemic barriers

Systemic factors in the sector that make the above challenges difficult for individual councils.

Taken together, these have a damaging impact on resident experience and cost efficiency.
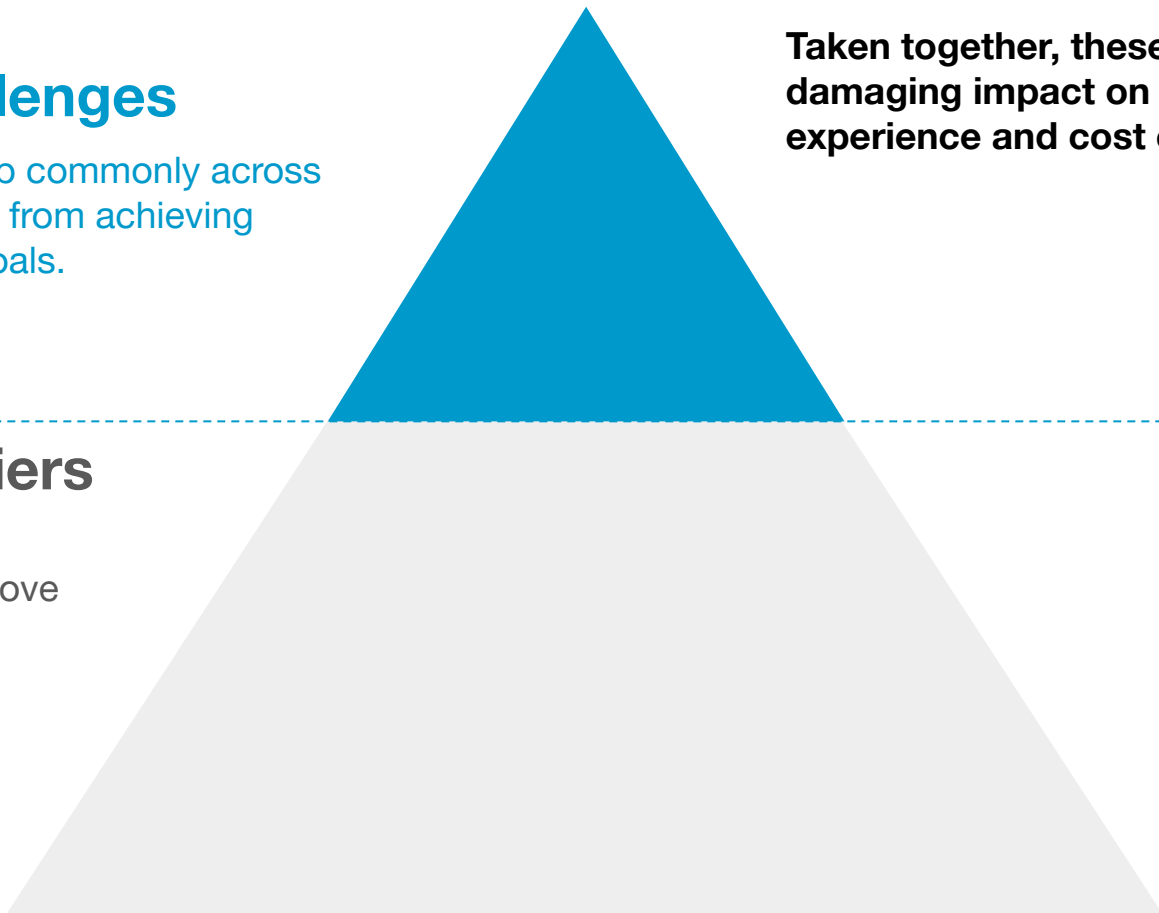
Surface impacts

Surface level impacts on resident experience and cost

Common challenges

Challenges that show up commonly across councils, blocking them from achieving digital transformation goals

Systemic barriers

Systemic factors in the sector that make the above challenges difficult for individual councils
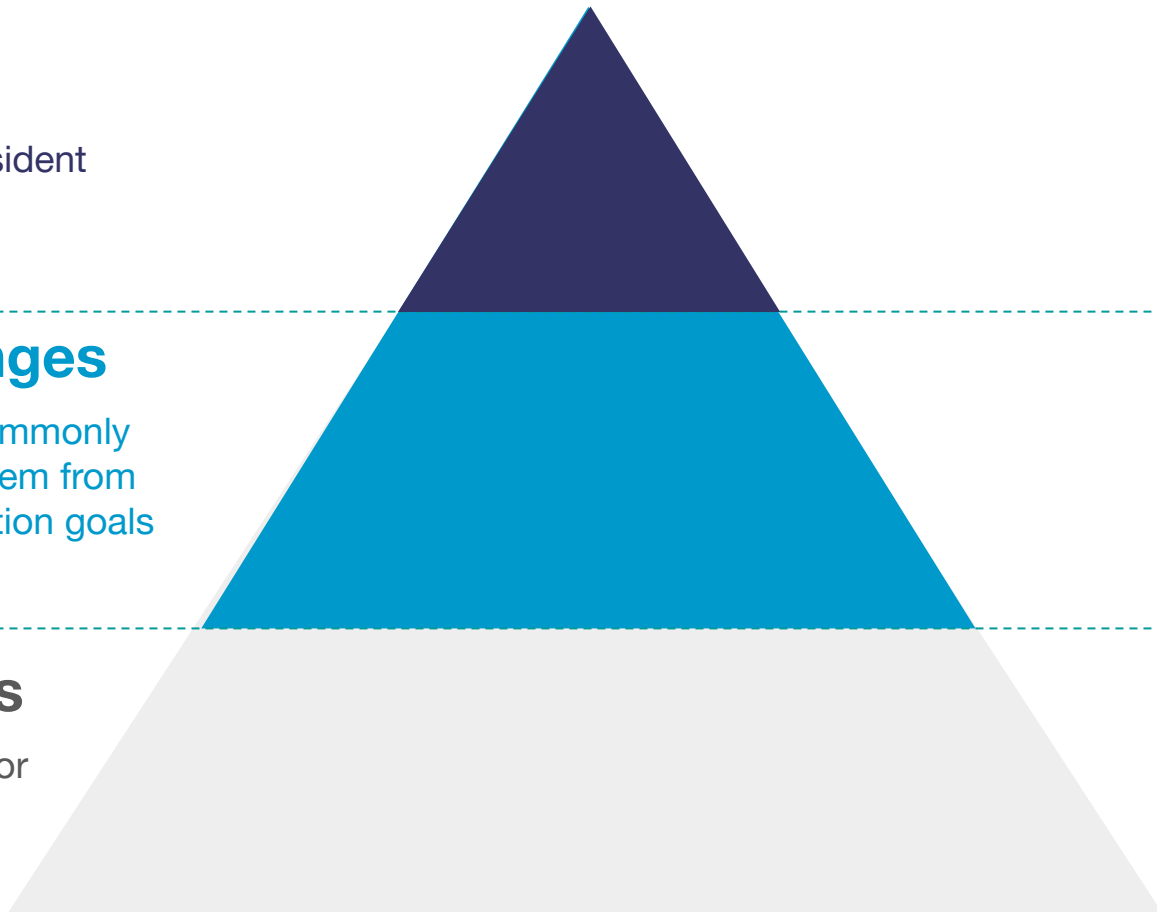
The cycle

Blockers to transformation create a negative impact on service delivery and resident experience, which can become a cycle
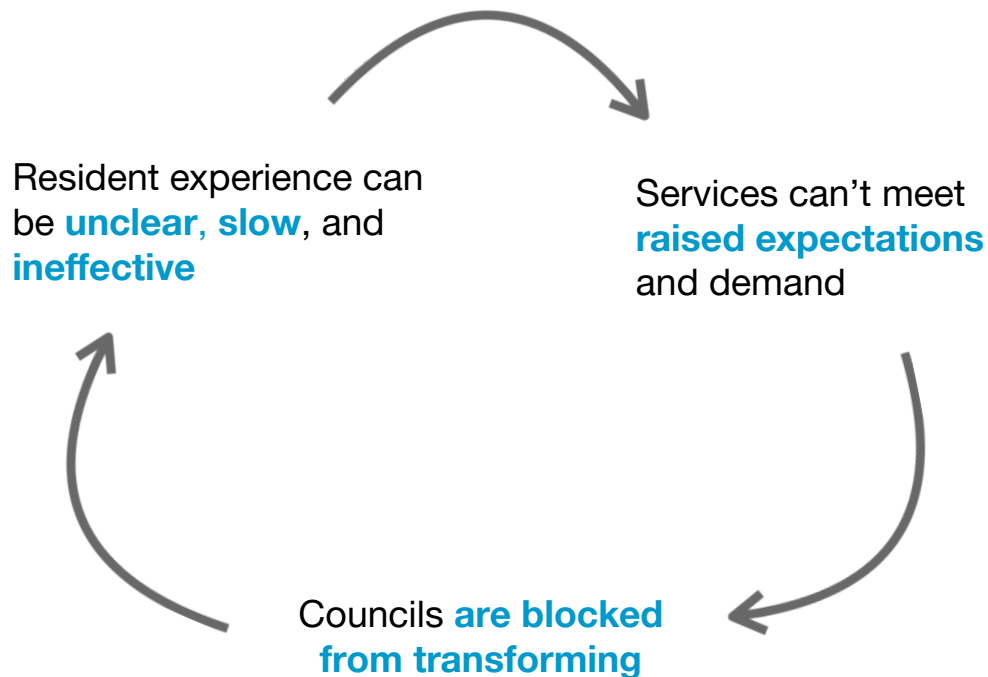
Resident experience can be **unclear**, **slow**, and **ineffective**

Services can't meet **raised expectations** and demand

Councils **are blocked from transforming**

Methodology | The research we did

The Future Councils Pilot involved working with 8 councils that were representative of the sector.

The process

| Easy to use application process | → | Councils receive £750k of funding to use in a holistic way across the council | → | Workshop on big issues with local authority senior leaders | → | Worked to support and learn from exemplar project | → | Mapped organisational challenges across the cohort | → | Worked with the sector to validate, prioritise and refine list of challenges and start to map pathways for solutions (roundtable discussions) |

Collaboration | Cohort sessions

Three cohort sessions were held over the course of the pilot, in which all 8 pilot councils were invited to come together and combine learning.

The aim was to work collaboratively across the cohort to understand shared challenges whilst also addressing the local challenges the individual councils faced. Two of these sessions were virtual and the final one took place in London. There was good engagement from the pilot councils and we were able to map the common challenges blocking the cohort from achieving their transformation goals.

Councils responded positively to the cohort sessions and felt they were one of the most valuable aspects of the programme. They were able to speak directly with other councils, recognise shared challenges and learn from different approaches that had been tried.

One council said: "The cohort sessions gave us the opportunity to take time away to meet, learn and discuss. Today's event was one of the most positive parts of the pilot – we need more opportunities to share and learn through peer exposure"

Validation | Roundtable events

Following the Cohort Sessions the insights developed were validated through sector wide roundtables with the wider sector, supported by the eight pilot councils.

We hosted the Future Councils Roundtable series in September and October 2024, holding in-person events in Leeds, London and Exeter.

These events allowed us to share insights from the pilot and validate the common challenges identified with our pilot cohort. 48 councils joined in, sharing experiences and discussing common issues. We also shared a methodology of how to measure the cost impact of some of these challenges in their own organisations and explored potential solutions, sharing best practice and innovative ideas already underway in the sector.

The events received positive feedback, with one attendee noting, "It was good to learn that the problems experienced are the same across most other local authorities". Discussions with other councils about shared problems were valued, emphasising the importance of the sector coming together to address common challenges.

Approach | A note on methodology for the pilot and implications for future methodologies

Our aim with Future Councils was to develop scalable and replicable pathways for councils to become modern and resilient. This task required thorough exploration into the **root causes** of challenges and a deep understanding of the necessary fixes.

Working with the eight pilot councils allowed us to identify **systemic issues** and devise a **transformation lifecycle framework** for addressing them systematically.

The next step is to expand on this understanding to create a broader picture of the landscape and also test and iterate replicable pathways that could be scaled. Given this, **Future Councils will not be continued in its current form** but will feed into the broader re-shape of Local Digital.

3. The barriers to digital transformation

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Summary

Councils have many wide-ranging responsibilities with increasing demand and the need to evolve with changing times and technologies simultaneously. Funds and resourcing are limited. Added to this, dynamics in the market can make it very costly to change their technology. Subsequently, councils can find themselves in a position where they retain less effective systems.

The barriers to digital transformation

Through our collaboration with pilot councils and insights gained from roundtable discussions, we've discovered that councils encounter common issues across the sector:

- these challenges aren't confined to specific service areas or particular pieces of technology

- they primarily revolve around how councils structure themselves organisationally to foster innovation, influenced by central government regulation and market dynamics

- these challenges manifest in resident experience and cost impacts downstream

Common challenges

Many councils are facing challenges which are holding them back from creating people-centred digital change at the pace required for them to thrive.

As part of the pilot, we looked at both local challenges in councils and wider systemic challenges in the sector.

These are the common challenges that were identified in our research and validated by the sector.

Common challenges *

Prioritisation	Siloes	Governance	Data	Culture	Skills
Councils are delivering many critical services, which makes prioritisation difficult.	Councils are often heavily siloed organisations which makes digital transformation difficult.	Governance in councils can be complex and ineffective. Many overlapping boards are often in place without the power to stop projects.	Councils are often unable to access the data they need to learn and improve.	Councils can have cultural challenges such as the speed of innovation and a lack of customer centricity.	Councils are sometimes lacking the skills required to make the transition to modern, resilient organisations.

*For more information on each of the common challenges uncovered through the pilot, please see the Appendix.

Systemic barriers

Out of scope | Outside the scope of Future Councils

Sector pressures and increasing demand	Ever-changing political landscape	Rapidly evolving technology and legislation	High amount of services to deliver
Councils are operating under increasing pressure due to an environment of increasing demand.	Councils operate in a highly political environment and need to manage political pressure both hard (e.g. complying with policy) and soft (e.g. pressure from council members).	Councils have to contend with rapidly accelerating technological advancements in areas such as Artificial Intelligence, and evolving legislation such as GDPR.	Councils have many critical services to deliver and are asked to prioritise delivering and changing all of them, and penalised when they fail.

Focus for Future Councils | Prioritised for Future Councils to address

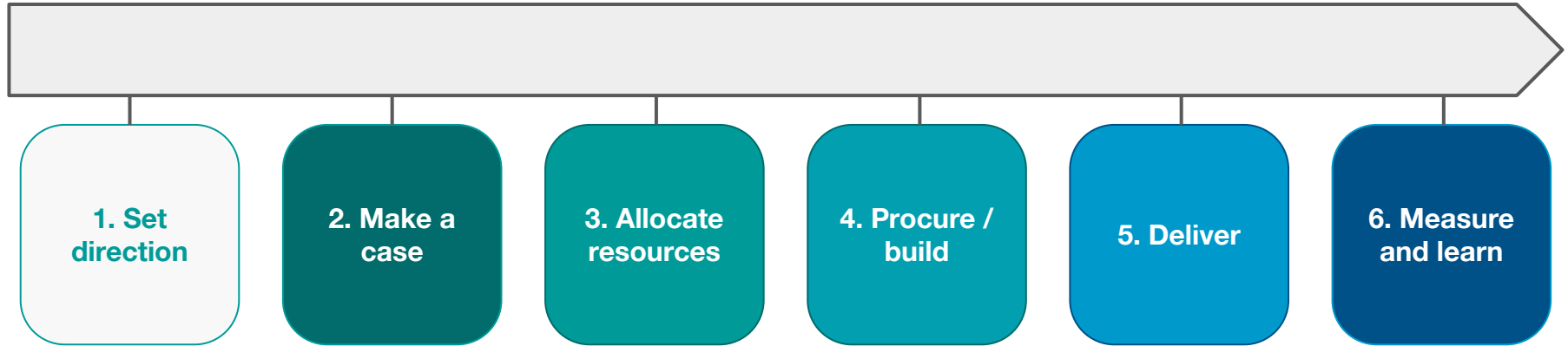| Risk	Standards for change	Challenging market
Councils are often unable to prioritise due to unaddressed risks.	Councils can lack a clear view of what good looks like / best practice for the sector.	Councils can struggle to deliver meaningful partnership and technology that enables councils to deliver for residents.

*For more information on each of the systemic barriers uncovered through the pilot, please see these slides.
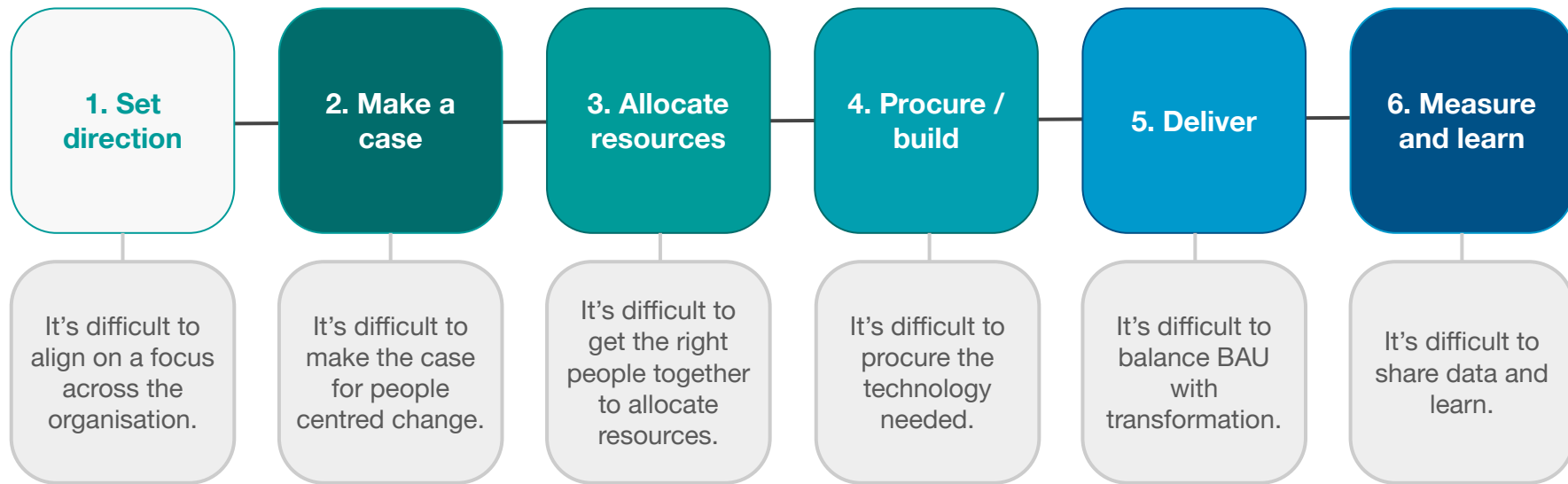
In the final phase of the pilot, we sought to better understand each prioritised challenge so that we might propose ways to overcome them at scale. This led us to organise our findings and recommendations around a central 'transformation journey'.

The transformation lifecycle

In order to modernise services, councils need to move through six steps consistently:
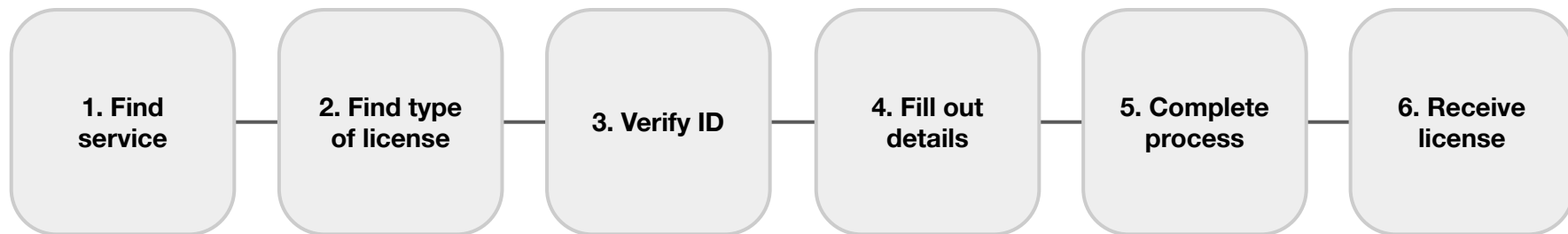
| 1. Set direction | 2. Make a case | 3. Allocate resources | 4. Procure / build | 5. Deliver | 6. Measure and learn |

Our research has shown that there are challenges at every stage of the journey

1. Set direction	2. Make a case	3. Allocate resources	4. Procure / build	5. Deliver	6. Measure and learn
It's difficult to align on a focus across the organisation.	It's difficult to make the case for people centred change.	It's difficult to get the right people together to allocate resources.	It's difficult to procure the technology needed.	It's difficult to balance BAU with transformation.	It's difficult to share data and learn.

Fixing the journey requires every step to work - an example

Getting my driving license service - If we fix most of the journey but leave the first step (finding the form) or the last step (receiving the driving license) broken, we haven't fixed the service.

1. Find service	2. Find type of license	3. Verify ID	4. Fill out details	5. Complete process	6. Receive license

Demonstrating cost impact is similar – the first steps lay the groundwork for visible impact later on in procurement and BAU.

Transformation lifecycle

Many councils are facing challenges which are holding them back from moving through the transformation lifecycle.

1. Setting a direction

2. Making the case

3. Allocating resources

4. Procuring

5. Delivering

6. Measure and learn
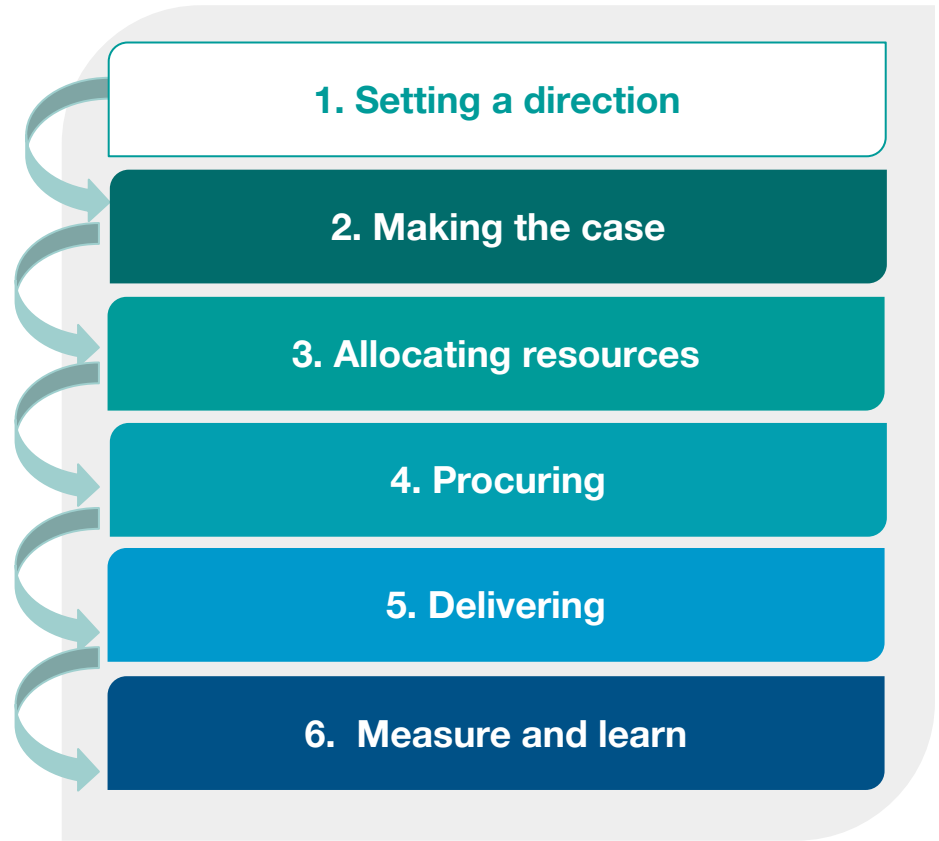
Transformation lifecycle | Setting a direction

Root cause issues blocking the lifecycle.

1. Setting a direction

2. Making the case

3. Allocating resources

4. Procuring

5. Delivering

6. Measure and learn

It's difficult to set a direction due to external pressure, high risk levels and complexity

Councils are facing extreme pressures to cut costs and political pressure to add immediate value for residents, without compromising anywhere, which makes prioritisation challenging due to political and organisational risk. There is a rapidly changing tech landscape, making it difficult to have clarity on what to do in what order (especially for less mature councils).

"The infrastructure changes we need to make are at odds with political priorities. Elected members want funding spent on announceables rather than back office improvements which will improve services and resident experience in the long term."

Quote from a council worker

Transformation lifecycle | Making the case

Root cause issues blocking the life-cycle.

1. Setting a direction

2. **Making the case**

There's no consistent approach across the sector to making the case for change. There is no agreed method of calculating return on investment (ROI). This makes it difficult to quantify long term benefits.

3. Allocating resources

4. Procuring

5. Delivering

6. Measure and learn

"The business cases we get can be so long and dense.
It's hard to evaluate the quality of evidence or compare the impact of different proposals. I need more certainty that long-term bets will pay off."

Quote from a council worker

Transformation lifecycle | Allocating resources

Root cause issues blocking the life-cycle.

1. Setting a direction

2. Making the case

3. Allocating resources

The mechanisms for allocating resources are complex, duplicative and ineffective.
Councils are often siloed organisations with complex governance structures and a lack of collaboration between departments makes it difficult to prioritise across the organisation. Silos within the council mirror a siloed sector with ring-fenced funding for statutory services.

4. Procuring

5. Delivering

6. Measure and learn

"It's hard to allocate resources to prototyping or testing small scale because you need to fill in a business case to get any money for a change project, which means committing to solutions and modelling their impact up front".

Quote from a council worker

Transformation lifecycle | Procuring

Root cause issues blocking the life-cycle.

1. Setting a direction

2. Making the case

3. Allocating resources

4. Procuring

5. Delivering

6. Measure and learn

"I worry we are too reliant on suppliers to deliver change.
I need help to ensure our commissioning teams have confidence to challenge suppliers and get the best value for people and place."

Quote from a council worker

Councils can find it challenging to procure what they need
Councils are working within a market that doesn't always provide what they need, where implementing even minor changes can incur significant costs and lengthy timelines and they are locked in to systems that aren't fit for purpose. Added to this councils may not have the skills or knowledge to procure effectively.

Transformation lifecycle | Delivering

Root cause issues blocking the life-cycle.

1. Setting a direction

2. Making the case

3. Allocating resources

4. Procuring

5. Delivering

6. Measure and learn

"Often, we end up rolling out large-scale changes that require change management projects instead of starting small and doing things incrementally. It makes services really reluctant to get on board because of the risks it poses to their performance and KPIs."

Quote from a council worker

Services are highly focused on BAU delivery rather than transformation Service teams are rightly focused on delivery and digital teams sometimes sitting in a bubble, meaning that transformation is viewed as peripheral, or even with skepticism. The sector-wide skills gap makes it difficult to attract and retain staff and undermines transformation across the lifecycle.

Transformation lifecycle | Measure and learn

Root cause issues blocking the life-cycle.

1. Setting a direction

2. Making the case

3. Allocating resources

4. Procuring

5. Delivering

6. Measure and learn

"We introduced improvements to our service to reduce costs but it's difficult to understand the impact as we need access to data from other service areas, which is difficult to bring together. Services all measure different things based on their statutory requirements, but this doesn't tell us what the experience is like for people or how effectively we're meeting their needs."

Quote from a council worker

Difficulty gathering data can block councils from measuring and learning
Councils are sometimes blocked from gathering and using data effectively. This then can stop councils being able to effectively measure and learn from the data.

4. Case studies

01. Setting a direction

Background

The first thing councils need to do in order to transform effectively is to set a clear direction for how services modernise.

This is important because it allows different departments across the council to have a clear set of priorities to align to.

However, this often does not happen in practice and many councils end up with organisation-wide plans that contain many conflicting priorities. There can be a sense that everything is a priority – so nothing gets prioritised.

1. Set direction

Setting a direction in this case means having a clear plan for how the council will modernise its services. Including a list of priorities - and a list of things which are not priorities. It should allow the different parts of the council to work in a complementary way and it should enable the council to maximise efficiency by making sure its limited resources get used in the most effective way.

Case study: Setting a direction

In Council A, budgets have been cut and the council is struggling. They describe 90% of what they do as 'keeping the lights on'.

There is low recognition of the importance of having digital services. There is a perception in some parts of the council that residents don't have the internet as they are from a lower socio-economic bracket.

There is a council-wide plan in place, but it is very broad and covers many areas, without sufficient detail on how they will be transformed and how the different pieces fit together.

For example, a key transformation goal is to manage demand better, but the data infrastructure is not in place to gather the necessary information. However other elements such as leveraging Artificial Intelligence are referenced in the plan, which is leading to disjointed initiatives.

At times resources are focused on exploring the potential of emerging technologies rather than putting the basic building blocks in place to achieve transformation goals.

"It's difficult to prioritise change projects without a clear set of priorities to align to. The goals in the Council Plan are too vague. They can be used to justify any piece of work. We don't have the headspace to define direction when we are hard pushed to keep the lights on. We need to stop some things, which requires stronger direction from the top."

Quote from a council worker

02. Making a case

People-centred transformation requires investment. In order for councils to modernise services in a way that balances the perspectives of residents, staff, technology, finances and politics, they need to first make a business case for the long term value of transforming a particular area.

Currently, it is difficult to make a case. There may a be lack of usable data available, or the long-term benefits may be difficult to quantify. This can result in transformation activities focusing on short-term cost cutting rather than long-term value. This in turn has informed the culture within councils, such that in some councils, cases on long term value are not considered worth making as they are sure to be rejected.

'Waterfall approaches' to business planning and transformation often require up front solutions to unlock funding before any testing has taken place to generate the kind of evidence that could support a business case.

2. Make a case

Making a case, means putting a business case together for a transformation project, this is important for having a way of organising evidence in order to make decisions for how to deliver the council plan.

Case study 02

Case study: Making a case

In Council B, residents using the anti social behaviour (ASB) service submit complaints over and over again as its not clear if their forms have been received, or how long a reply will take.

The ASB team have no clear view of the resident or team data they need to address this. Elements of the system often break and the team feel they are 'working blind'.

At the council level, business as usual (BAU) improvement business cases are not considered strong as it is difficult to show return of investment (ROI).

Leadership say they want to see more cases for transformation based on resident outcomes but teams feel these cases will not be prioritised and don't feel they have the skills or data needed to make them effectively.

"Business cases typically rest on financial savings rather than non-financial benefits."

Quote from a council worker

03. Allocating resources

Councils struggle to get the right people together to make and enforce decisions on how funding is best allocated. Currently processes are siloed, confusing and ineffective.

In the future There should be a clear and effective method for councils to bring the right people together and allocate resources to improve services.

"There are many ways that people can get funding for their projects. There's capital funding, transformation funding and funding which is allocated through the service planning process. Each fund is managed separately, allocating money according to different priorities, which makes it harder to align change efforts".

Quote from a council worker

3. Allocate resources

Allocating resources in this case means convening the right people in the right forums to decide which projects to allocate funds and people to, based on the business cases created in the previous step.

Case study: Allocating resources

In Council C, it's difficult for people to manage and pay off their debt to the council – they don't know what they owe and they can't set up direct debits or pay in cash.

The council knows they need to fix corporate finance but they don't have a consolidated view of the systems currently used to manage debt across the council or prioritised requirements to inform procurement of a better system. Innovation is happening in siloes to meet the needs of individual business areas but not holistically across the council

The governance system is overly complex. There are many overlapping boards with unclear purpose, which is confusing for staff. Governance has no 'teeth' and there are many ways to get projects approved, which means that in practice nothing gets deprioritised.

Despite attempts to collaborate, the council's separate divisions remain isolated, even after merging into a new council. This is due to the sector's funding structure, which creates a power imbalance, making it difficult for councils to work together effectively.This is partly informed by the siloed nature of the sector, with ring-fenced funding for statutory services creating a power imbalance that makes cross-council initiatives difficult.

The council aren't able to prioritise customer needs in order to influence the procurement of the new corporate finance system.

04. Procuring technology

Even if councils do excellent work identifying needs and prototyping new technology that will solve those needs, they can struggle to get access to the technology due to problematic market dynamics.

In many cases, there are a small number of suppliers available, who charge a high premium for tech innovation that is considered 'bespoke'.

Vendor lock-in and legacy tech can hold back technological innovation. There is a lack of central pressure, standards, guidance and patterns that push suppliers to deliver customer-centred technology for councils. Individual councils have little bargaining power as they are operating alone.

4. Procuring technology

Procuring technology means in the context of transformational change refers to the process of acquiring and implementing new technological solutions or tools as part of a broader organisational transformation. This step is crucial in adapting to changing council environments, improving efficiency.

Case study 04

Case study: Procuring technology

In Council D, it became clear after a discovery, that the current technology for social care was leading to suboptimal resident experience and cost inefficiencies.

A human-centred design sprint created the specs for a new system.

However, to purchase this system from suppliers would have prohibitive costs.

Council D decided to build their own technology. However, due to various factors, they ended up switching back to the old system.

"We're locked into a long-term contact and we can't afford the cost of changing suppliers. We're worried about the risks of a change breaking our services. We don't think we've got all the information we need to challenge what we're being told by the suppliers but they say they can't implement the changes we need."

Quote from a council worker

05. Delivering

It's difficult to integrate BAU delivery with transformation.

There is a lack of mechanism to free up people in services to support innovation and the high risk environments they manage making services reluctant to prototype/try new things/introduce new systems in case it causes a dip in their performance measures.

"People collectively generate great ideas but we don't turn that into sustained action...We need a way to free up people in services so they can support with understanding problems and designing and testing solutions."

Quote from a council worker

5. Deliver

Delivery in this case refers to both councils delivery of core services and the successful delivery of transformation initiatives into BAU. The challenge is that currently these two things are seen as completely separate, where ideally they would be fused into one.

Case study: Delivering

In Council E, the adult social care service is disjointed and difficult to navigate, which is impacting resident experience and outcomes. Staff in the service are stretched and working in a siloed way which leads to long wait times, between service areas, and a lack of early, low cost preventative care.

The system cannot meet the needs of both service delivery and regulatory reporting (leads to confusing /non-intuitive workflows, manual workarounds only unlockable by managers). Sharing data with external partners is difficult.

There is a need to come together to identify the requirements for a new system. However there is no clear mechanism in place to free up people in services to support innovation. Added to this, staff in the service are managing a high risk environment making them reluctant to prototype, try new things or introduce new systems in case it causes a dip in their performance measures.

Compounding this, service delivery teams can see 'digital' as a source of frustration not an enabler.

In cases where service staff do work on transformation initiatives, interim outputs of transformation may not get well adopted or integrated into BAU.

06. Measuring and learning

Currently, Councils face challenges in collecting data, hindering their ability to measure and learn.

A vicious circle stops councils from gathering and using data (which itself is a long-term investment requiring cross-council collaboration) and from measuring and learning effectively. Often councils need to use data to prove the case for why they should invest in getting data.

Many are blocked from gathering and sharing data through both technological and cultural barriers, ambiguous legislation that creates a risk to data sharing.

Where data is available, it may not be usable, or the skills may not be in place to analyse it.

6. Measure and learn

Measuring and learning is a critical step of the transformation lifecycle, where councils gather data from services in order to understand their effectiveness to date and how to focus in future.

Case study 6

Case study: Measuring and learning

In Council F, some residents receive support from the council because they're struggling financially. But there is also a risk of them receiving eviction warnings if they're struggling to pay rent.

Staff feel that this undermines the work that they are doing with residents.

Accurate data is not shared across council service areas which has resulted in a disconnected council view of residents and families.

One issue that has stopped effective sharing is the perception from some teams that sharing data within the council would breach GDPR and create a legal risk.

There may be in fact no legal issue, however the ambiguity of legislation and the difficulty in translating it to meaningful principles for action is leading to a situation where data is not shared.

Another barrier to the sharing of data is technical, the systems the services are using are siloed, requiring manual workarounds to share data which creates additional friction.

"They must be thinking: why is the council chasing us about rent when they know we can hardly feed ourselves?"

Quote from a council worker

5. Impacts

How blocked transformation affects residents, costs and cyber risk

LOCAL DIGITAL

Impact and cost to the sector

How these systemic challenges create inefficiencies and additional cost pressures for the sector.

Exploring the costs to the sector

Alongside the root cause analysis, we explored how these systemic challenges were manifesting in each pilot council and leading to inefficient or additional spending, missed savings opportunities and poorer resident outcomes.

With the pilot councils, we examined the impact of their challenges through multiple lenses:

- **staff** – how has this led to staff working in inefficient ways?

- **services** – what could they not do as a result? What did they have to stop or not start doing? What else did they have to do or procure?

- **residents** – how did this create failure demand? How did this lead to poor outcomes?

The different types of costs we identified:

	spending on inappropriate and underutilised technology solutions
	ineffective governance and decision-making processes
	project delays, sunk costs and over spending
	failure demand
	social value of poor resident outcomes

Identifying costs | What we observed

Inappropriate and underutilised technology solutions

- additional budget required to implement or adapt inappropriate and/or duplicative technology solutions
- staff time spent supporting inappropriate or underutilised technology solutions

Governance and decisions-making processes

- inefficient use of staff time in low-value or unnecessary governance processes
- ineffective prioritisation leading to overcommitment of resource, staff burnout and/or poor quality of work
- staff time spent establishing information governance and data sharing arrangements for new project work

Project delays, sunk costs and overspending

- delayed projects leading to increased delivery cost or taking a longer time to achieve expected benefits
- project failure leading to council spending without any benefits realisation
- additional spending on contractors to deliver 'urgent' work as a result

Identifying costs | What we observed

Failure demand

- temporary accommodation (TA) – the number of families evicted who are also being supported by a council's Together for Families service
- housing repairs – the number of incorrectly recorded repairs and avoidable calls to the Customer Services team

Poor resident outcomes

- the socioeconomic costs of families living in TA
- delayed repairs – the value of living in a safe and well-maintained house

Impact: Resident experience

A disjointed customer journey for residents trying to access services.

"We have a disjointed view of our citizens, especially the most vulnerable, which means the council is unable to take preventative measures to ensure the wellbeing of its residents and financial continuity for the council."

Quote from a council worker

Resident experience | Fragmented resident journey

Some of the common challenges councils are facing have resulted in a disjointed user experience for residents. This leads to:

- extended wait times for services, resulting in residents not receiving the required level of care within a reasonable time frame

- inefficient handovers between service stages. This means residents can get missed in the process

- confusion in navigating potential care options and sources of support from the council, causing missed opportunities for earlier, low or no-cost preventive interventions

6. What next?

Potential solutions and next steps

LOCAL DIGITAL

Understanding the challenges

Having understood the biggest challenges obstructing councils from becoming modern and resilient, breaking them down into addressable steps along a transformation journey, and identifying some of the costs of not addressing them, we are starting to generate ideas for solutions.

These fall into two categories:

- those that councils can address directly
- those that require collective action

Solutions

Along with identifying and validating the shared challenges that councils face and the deeper systemic challenges underlying this, during the Future Councils pilot we also worked with councils to identify potential solutions.

The challenges that councils face, which block them from becoming modern and resilient, cannot be solved by one council alone.

While there are some immediate actions councils can take, solving the deeper challenges will require sector-wide collaboration.

In this section, we review pathways at two levels:

What councils can work on now

Immediate actions that councils can take to address areas of the challenges that are within their control.

Missions for the sector

Wider sectoral missions that require collaboration with other councils in order to tackle challenges that are too big for individual councils to take on alone.

What councils can work on now

Immediate actions that councils can take to address areas of the challenges that are within their control.

What councils can do now

While working together with our pilot councils to uncover common challenges and deeper systemic barriers, we found some immediate actions that councils can take to increase momentum on a local scale. In many cases, these build on work that is already underway in some councils.

Strategic alignment

Ways of working

Problem analysis

Investment

Council-led action | Solutions

Strategic alignment

Actions include:

- refreshing priorities across the council, aligned around shared customer goals, with a clear view of how digital supports them
- setting clear and transparent key performance indicators connecting digital, data and technology professions with service teams
- reviewing governance processes – do these have clear purpose, drive prioritisation and provide the right balance of control and autonomy?

Problem analysis

Actions include:

- creating end-to-end journey maps showing how services fit together to inform holistic transformation programmes
- mapping the as-is for the current transformation process in the council to understand how this is currently working and identify blockers and opportunities
- improve security oversight of new procurements and identify existing systems that have no or little security oversight

Council-led action | Solutions

Ways of working

Actions include:

- visible senior leadership providing a clear mandate and powers for digital transformation teams
- creating environments that allow people to take risks, for example through explicit expectations around space to test and learn
- testing new cadences for project management, and methods for managing projects, using agile and user-centred design methodologies
- mobilising locally organised groups of councils using common solutions focused on sharing ideas and practice rather than specific solutions

Investment

Actions include:

- ensuring the necessary hardware is in place, such as data storage and cloud based services
- investing in skills, and ensuring digital competencies are understood and team capability is appropriately developed

What the sector can work on together

Cross-cutting missions that require sectoral collaboration, addressing challenges that are too big for councils to solve alone.

Missions for the sector

From the Future Councils pilot, we know that some of the challenges councils are facing are intractable problems that are beyond the scope of even the most advanced councils to tackle alone.

Working alongside our pilot councils, and with input from the sector we were able to validate the challenges that the sector faces, understand the innovative best practice that already exists – and to begin to generate solutions along with representatives from councils.

We were then prioritise three missions that require collaboration among councils, central government, private sector suppliers, and other stakeholders to address.

1. Reducing the risk of innovation

Mitigating the high risk of innovation for councils by providing access to evidence and sharing risk across the sector.

2. Creating the standards for change

Creating patterns, tools and templates. Supporting case-making and governance. Leadership academy and skills training.

3. Enabling market change

Collaborating with suppliers, collective procurement, and improving partnerships with partners, such as the LGA.

Convening the sector

Convening the sector, setting the digital roadmap for change and measuring progress.

Creating the conditions for missions to succeed by:

- looking widely across the sector to find and share relevant information that can contribute to missions
- coordinating efforts across missions to ensure they are more than the sum of their parts
- developing the case for change and investment with relation to funding

What this involves:

- Making central forums for councils to come together with partners to diagnose and discuss shared problems accessible and available
- shaping a digital roadmap, outlining a staged plan for the sector and the scope of each actor
- measuring outcomes and progress, introducing an objective metric to quantify progress

1. Reducing innovation risk

Mitigating the risks inherent in innovation by creating new ways to share and use data, evidence, time, money and expertise across the sector.

The problems to solve include:

- innovation is perceived to be a cost risk, where little certainty of success is known
- innovation (and certainly failure) can carry reputational damage (political)
- operational risk inherent in new ways of working, such as sharing data (what if there is an unintended consequence?)

Solutions might involve:

- exploring ways to share data, evidence, approaches, and solutions
- pooling resources from many councils to innovate and share the risk
- move or mitigate the risks, bring in external bodies to offer specialised services to increase certainty

Example interventions include:

- pooled funding mechanisms to fund innovation activities and shared solutions
- a localgov platform to share evidence of what works and the lessons learned
- centralised data sharing advice service

2. Creating the standard for change

Embedding the tools, methods and approaches to improve how change is managed and governed across the sector. Creating efficiencies by adoption of consistent practices.

The problems to solve include:

- no shared approach to manage and govern change well (especially across internal divisions)
- lack of consistent approach to test and learn before committing resources
- A struggle to balance short and longer term priorities using traditional case-making tools
- not enough people working across the sector with mature digital skills and experience

Solutions might involve:

- embedding standard patterns, tools and approaches to deliver and govern change
- shared, validated ways of capturing the short-term, direct and long-term indirect value of doing a new thing
- a benchmark for approaching change that enables the sector to collaborate more effectively

Example interventions include:

- good governance assurance toolkit
- case-making tools to better model long-term fiscal factors
- a new academy for embedding digital leadership and change skills across all council departments

3. Enabling market change

Using our combined efforts to collaborate in new ways, working with suppliers and partners to improve the quality of services provided and value for money.

The problems to solve include:

- multiple one-to-one council-vendor relationships
- lack of competition in the market not driving product improvements
- lack of interoperability across contracts as well as technology solutions
- lack of a good brief – councils do not always know what they need and therefore cannot ask for it

Solutions might involve:

- collective bargaining for the sector
- clearer, more accurate asks from the sector to suppliers (and means to collaborate)
- better conditions for contracting as well as procurement

Example interventions include:

- good governance assurance toolkit
- case-making tools to better model long-term fiscal factors
- a new academy for embedding digital leadership and change skills across all council departments

What happens next?

A new role for Local Digital within the sector

Through working with the 8 pilot councils, we have heard that there is a need in the sector for guidance, and that councils look to DLUHC to provide this.

The pilot sought to understand the common and systemic challenges faced by the sector, as defined in the missions. Future Councils has therefore now served its purpose and will not continue in its current form, but the learnings from the pilot will feed into the broader scope of Local Digital.

The sector is often constrained by having to balance competing needs. In the short to medium term, we heard that councils would welcome more direction and support from central government, be that: how to better arrange governance or how to approach the market when procuring and so on. The long term ambition of Local Digital is to ensure the sector is mature and robust enough to guide itself, but for today there is a need for this additional support to unblock the sector.

Recognising that innovative work is already underway to address some of the challenges found, it will be important for Local Digital to work with the sector, to seek to understand where councils can address the challenges individually and collectively, where stakeholders may intervene and where DLUHC may convene and facilitate potential interventions.

We need your help

Local Digital wants to help create and nurture the conditions for the collective action we think is needed to lessen the impact of system-wide problems and support the sector on it's journey to being modern and resilient.

The missions we've outlined will need further input from local councils, suppliers, leaders and practitioners from across our public services, member organisations and subject matter experts.

We would like to hear about any work you are already carrying out to solve these systemic challenges, or any ideas you have on how we can tackle them.

Please let us know if you would like to be involved.

How to get involved

To share your feedback on this report or your ideas for how to tackle the challenges we've outlined, please email support@localdigital.gov.uk.

To hear updates on the programme:

- subscribe to the Local Digital newsletter
- follow us on Twitter or LinkedIn

We will also update our website with more information as our work progresses.

Department for Levelling Up,
Housing & Communities

Thank you

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#LocalDigital   #FixThePlumbing

Appendix

Definitions

Modern

Councils that are fast and responsive delivering services that are effective, relevant, clear and accessible.

Resilient

Councils that are resistant to cyber attack and future threats, as well as sustainable and cost-effective.

Shared challenges

Challenges that our pilot councils are facing that we have validated as being common across the sector.

Systemic barriers

Deep systemic factors that underpin the shared challenges, many of which are outside of an individual councils' control.

Transformational change process

The process by which councils can make a change to the different facets that make up 'digital' at the council.

BAU

Business As Usual (BAU) is the work carried out by teams or individuals as part of their standard daily work practice.

DDaT

Digital, Data and Technology teams.

Maturity

How much a council has progressed in its digital transformation.

What is 'Digital'?

Digital, as defined by Tom Loosemore, is the holistic application of Internet-era principles to meet heightened expectations. He describes it as 'the application of the culture, processes, business models and technologies of the internet era to respond to people's raised expectations'.

Culture	Practices	Processes	Technologies	Raised expectations
Prioritising user-centricity, innovation, collaboration, and openness.	Embracing agility, data-driven decision-making, and responsiveness.	Streamlining workflows and minimising bureaucracy.	Utilising digital tools and data-driven solutions.	Acknowledging the need to meet higher service standards driven by the Internet.

In summary, 'digital' signifies a profound shift in how councils operate, delivering user-centred, efficient, and responsive services in the Internet era.

Common challenges

Challenges councils are facing locally that are holding them back from becoming modern and resilient.

Future Councils |
Common challenges

Councils across the country are doing exceptional work in extremely difficult circumstances.

They are delivering critical services while also spearheading change projects and adapting to a VUCA context (volatility, uncertainty, complexity, and ambiguity) where the goalposts are constantly shifting.

Through working with our 8 pilot councils, and validated at the roundtable events with the sector, we have identified that there are several shared, local challenges for councils as they go through the transformational change process.

These challenges each feed each other and block successful change at different parts of the journey.

Common challenges | Siloed organisations

One of the challenges councils are facing that is preventing them from changing is **silos**.

Siloed organisations

Governance

Data

Culture

Skills

Ability to work across services

Integration of 'digital' with wider organisation

Organisational risk planning to mitigate cyber threats

Common challenges

Many councils are facing challenges which are holding them back from creating people-centred digital change at the pace required for them to thrive.

As part of the pilot, we looked at both local challenges in councils and wider systemic challenges in the sector.

These are the local challenges that were identified in our research and validated by the sector.

Siloed organisations

Governance

Data

Culture

Skills

"We don't have clear line of sight into the different projects/priorities across service areas in our organisation so find that we are sometimes working on the same thing in two different areas but we don't know until much later."

"Services are not working efficiently, not joined up, [there's] lost capacity. The people that really lose out are the residents."

Quotes from the pilot councils regarding silos

Common challenges | Siloed organisations

The problem

Siloed organisations can lead to:

- services being disconnected, and service leadership concentrating on building business cases within their own service areas

- 'digital' being separate from the wider organisation and operating individually

- risk management decisions being isolated within service areas and not appropriately managed at an organisational level

The impact

This can lead to:

- missed opportunities to identify common issues and collaborate for wider change

- confused residents, which leads to high rates of avoidable failure demand

- 'digital' resources that are not used effectively and to their full potential

- strategic security risks that are not always assessed and managed by security experts

Case study | Siloed organisations

Background

A council has recently undertaken an ambitious digital transformation programme and combined the IT and digital functions into one team (DDaT).

To support this council-wide transformation, the Senior Leadership Team has encouraged Housing to ensure that 90-95% of resident contact regarding housing repairs is done using digital methods first before calling the call centre.

The Housing Online platform was procured from NEC to support with online reporting of housing repairs and was rolled out to council residents in September 2020.

The challenge

Despite efforts to reduce non-digital contact, there is still a high volume of call centre contact.

One of the challenges contributing to this is that Customer Services and Housing largely work in silos and do not view the customer journey end-to-end.

The ongoing challenges are leading to the following impacts:

- **Residents** receive a bad experience, and there are long waits for repairs
- **Customer Services** receive a high call volume of stressed residents
- **Housing** is unable to channel shift residents to Housing Online

Common challenges | Governance

One of the challenges councils are facing is **governance**.

Siloed organisations

Governance

Clear governance process is followed

Governance process is effective

Data

Culture

Skills

"We are not good at organising ourselves around a set of priorities, we're lacking the strategic element."

"We've just got a hierarchy of boards, not focused on decisions…I don't always know why I am on the Board. Am I there to commission something? To make a decision?"

"No teeth and no consequences. People always find another way if they get a no."

"I think it's more of a delegation problem. Too much is escalated and there seems to be the feeling that a piece of work can only progress if it gets in front of the SLT/CLT."

Quotes from the pilot councils regarding governance

Common challenges | Governance

The problem

Governance in councils can be slow, inefficient, disconnected and unclear, resulting in:

- boards can be duplicative, have unclear purpose or struggle to get decision-makers and security experts together

- complex processes that can create an admin overhead, which slows down delivery

- a criteria for prioritising digital projects that can be unclear, leading to escalation

- people working around existing governance processes

The impact

This can lead to:

- it being unclear what organisational priorities are or where prioritisation is supposed to happen

- too many broad strategic priorities which makes it difficult to decide which projects are most impactful and which should be stopped to free up space

- the wrong projects getting sign off while the right projects fail to get approval

- security risks not being effectively communicated or understood by board-level decision-makers

Case study |
Governance

Background

A council has people and departments that want to deliver good services and have the autonomy to do so.

However, decisions are made in silos but are often dependent on limited central resources.

The current governance boards and system in place is confusing and there is no consistent understanding about how it works.

The council wants to simplify the governance system to reduce the duplication of effort, workarounds, wasted time and wasted money on projects and products that are not fit for purpose.

The challenge

The existing governance system hinders council staff from working together to prioritise and resource transformation activities.

Staff in strategic roles are not sure where to go for support with scoping, approving, resourcing, and monitoring their transformation projects, and spend a lot of time in unproductive meetings.

The unclear governance system ultimately leads to staff taking the wrong things to the wrong boards, which results in a lack of decisions being made with a growing number of strategic priorities identified.

Common challenges | Data

One of the challenges councils are facing is related to **data.**

Siloed organisations

Governance

Data

Accurate data to make informed decisions.

Data integration across departments.

Culture

Skills

"We are experiencing a housing crisis...if we could get specific data from our housing partners, we can identify people at risk of homelessness more quickly."

"Quality of data is the biggest barrier – it needs a lot of sanitation before being made public."

"Our biggest obstacle at the moment is that conversations [on goals for data sharing] aren't happening enough."

Quotes from the pilot councils regarding data

Common challenges | Data

The problem

Data challenges include:

- disjointed data that does not allow for visibility across services

- data is locked into systems that prevent the full use of this data by others

- overall fear of sharing data due to knowledge gaps, risk aversion, and leaks

- limited transparency of data usage for residents and partners

- security risks are not always documented in a single place

- asset inventories are often out-of-date

The impact

This can lead to:

- councils that are unable to generate insights from data to use for evidence-informed decision making

- no end-to-end view of the customer journey, leading to siloed decision making

- residents that are reluctant to share data, reflecting a lack of trust in public authorities

- councils that do not understand their level of risk exposure at an organisational-level and therefore cannot prioritise effectively

Case study | Data

Background

A council has a digital strategy in place, dedicated digital and data teams, and management that is committed to digital transformation.

However, accurate data is not shared across council service areas, which has resulted in a disconnected council view of residents and families that utilise council services.

The council is trying to create a new data sharing approach across council services, maximising the value of its data warehouses and the links between them to achieve improved outcomes and user experience for residents.

The challenge

Information sharing guidance is not transparent, especially within Adult Social Care (ASC) and Children's Social Care (CSC).

There may be limited understanding around how data is used due to lower digital literacy amongst residents.

Organisationally, this leads to a culture of fear around data sharing because of limited data sharing knowledge in some teams, and also from cultural barriers such as risk aversion and fear of data leaks.

Residents are therefore reluctant to share data because trust in public authorities has declined as a result of budget cuts and reduced in-person engagement.

Common challenges | Culture

One of the challenges councils are facing that is preventing them from changing is **culture.**

- Siloed organisations
- Governance
- Data
- **Culture**
- Skills

Innovation and adaptability.

Resident centric approach.

"In the past we were guilty of implementing technology and buying things that achieve the way the business wants to work with less focus on the impacts and addressing the needs of customers."

"Not sure where the customer services surveys go – team leaders aren't expected to review and action feedback from these surveys."

"Proposals have to be really well costed but if we have a reason to deliver something it's not dismissed straight away; it is looked at for its return and benefit."

Quotes from the pilot councils regarding culture

Common challenges | Culture

The problem

Cultural challenges include:

- a fear of trying new things due to the impact on vulnerable residents or facing repercussions, whether financial or in the media

- an 'immature' view of the role of digital/technology – either that digital means digitisation or that tech alone will solve the problem

- a focus on financial savings that leads to a lack of consideration of impacts on customers and staff

- culture around cyber security can be immature and considered to be a hindrance

The impact

This can lead to:

- councils choosing a solution quickly that prevents small scale testing and learning from taking place

- systemic failure to prioritise the customer – transformation is largely focused on cost savings, which means that many important business cases do not come forward

- high levels of failure demand

- service areas that can buy and use new software that increase the risk of a cyber attack

Case study | Culture

Background

A council has previously initiated research to understand and evidence the problems faced by residents who wish to access services.

However, the council has been unable to translate these learnings into a project or programme of work to prioritise and make service improvements.

The council wants to address an unclear approach to prioritising and resourcing change projects which makes it hard to scope, resource and deliver cross-cutting transformation work that will have long-term benefits.

The challenge

Currently many projects jump to a solution, and spending time to define the outcome and the 'why' is seen as a delay.

This leads to many projects getting stuck in discovery and never moving to the design phase or making broad insights tangible.

This has an impact on momentum and to counteract this stalling in progress, there is an immediate rush to select a solution that can be designed and rolled out.

Often this leads to project benefits not being realised due to poor solutions or projects not being seen through.

Common challenges | Skills

One of the challenges councils are facing that is preventing them from changing is **skills.**

Siloed organisations

Governance

Data

Culture

Skills

Time and space away from business as usual (BAU) pressures.

Well-integrated skills required for transformation.

"We don't have enough resource to innovate as we are so focused on BAU. There's so much going on we can't put enough support into the business."

"Benefits for staff and customers from improved digital capability must be demonstrated throughout the organisation to secure staff support for change."

"There is resistance because people have worked in PRINCE 2 ways for decades so changing to agile is hard."

Quotes from the pilot councils regarding skills

Common challenges | Skills

The problem

The challenges councils face in terms of skills include:

- capacity constraints and varied digital skills across the council

- lack of capability for user-centred approaches and agile working, including user journeys and addressing pain points

- absence of data and cyber capabilities, analysts, Power BI, and data sharing

- low system proficiency amongst staff

- poor retention of key skills and knowledge loss

The impact

This can lead to:

- missed opportunities to capitalise on successes and factors beyond technology being neglected in digital transformation

- inability to make evidence-based decisions

- unstable project teams with frequent pauses and unclear objectives

- underlying issues that remain unaddressed

- cyber risks that are not addressed

Case study | Skills

Background

A council has identified the desire and aspiration for business improvement based on digital capability.

The council has engaged a transformation partner to help build agile and service design skills sets across the organisation.

The council wants to integrate digital strategy and skills within the border organisation to improve benefits for staff and residents.

The challenge

Digital transformation is currently seen as only the digital team's role and 'digital' is seen as a distinct workstream that is not embedded in service transformation strategies.

The ongoing friction between business process and technology capability creates myths that the systems in place do not work, which leads to low enthusiasm for tech and digital. This leads to poor tech adoption, which results in systems not being used in an optimal way, leading to inefficient and risky workarounds.

Overall, the lack of a holistic understanding of tech capability as well as gaps in skill sets means missed opportunities and poor solutions are put in place.

Systemic barriers

Barriers within the wider system that are blocking councils from transforming.

Systemic barriers

If we drill even further down into why councils find doing new things so hard, we arrive at the root causes of the barriers to progress.

Time, space and resources

Councils do not have the time, space or resources to meaningfully collaborate or look ahead. This leaves them stuck in BAU with larger issues unsolved.

This is a contextual ask

Risk

The risk of sharing sensitive data or prototyping is too high for councils to do so consistently. The relationship with risk needs to change.

Standards for change

There is a lack of clarity on what good looks like for transformation in the sector. This leaves each council trying to work out the best path forward.

Challenging market

Sub-optimal market conditions make it hard for councils to complete successful procurement, on the right terms, even if they have built a good case and made effective decisions.

Lack of time, space and resources to collaborate | Root causes

A common pattern that was clear across pilot councils and at the roundtables with the wider sector was the lack of time, space and resources to pull back from BAU and collaborate on wider challenges.

Many councils found that they were facing shared challenges, but had not been able to connect on these across the sector previously.

Council budgets are squeezed and scrutinised, and almost all activities are directed to 'keeping the lights on', with little room for looking ahead or collaborating.

Where councils had collaborated it was often ad-hoc and in pockets, such as phoning a counterpart at another council because they had heard about an interesting initiative that the other had done.

The pilot funding allowed the pilot councils to spend time with each other and look at wider issues, identifying common patterns and solutions.

Convening the roundtable events in London, Exeter and Leeds allowed for a sector-wide conversation that we found invaluable, and heard similar feedback from councils that attended.

Risk | Root causes

A second pattern that was identified was the difficulty in managing risk across the sector.

There is a risk to doing something new, and this leads to many councils and teams feeling too exposed to make progress.

Councils can be penalised and shamed for trying things if they don't go well, and so they live in fear of causing harm to vulnerable people or negative media attention.

Currently much of the risk for innovation sits within individual teams and councils, rather than being shared across the sector.

Even some advanced councils have seen large digital projects stall due to financial and regulatory risk.

Business cases focus largely on financial benefit rather than customer-centred cases for change that are aligned to strategic objectives.

No standards for change | Root causes

A third pattern that became clear was a lack of clarity on the best practice for how to 'do digital change' in councils.

Governance processes are nebulous, partly due to no clear guidance on how decisions should be made.

Digital and Cyber teams can struggle to get buy-in from SLT, to get clarity on where to focus and to move forward with confidence.

Technology is often procured in an ad-hoc way based on licenses expiring and personal preferences rather than through a considered process.

Skills remain a challenge and part of the issue is knowing which skills to bring in, and in which combinations, and how to best leverage people once in.

Challenging market |
Root causes

The final systemic challenge that became clear through this work is the failure of the market to deliver meaningful partnership and technology that enables councils to deliver for residents.

In many cases there are a small number of suppliers available, who charge a high premium for tech innovation that is considered 'bespoke'.

Even if councils do excellent work identifying needs and prototyping new technology that will solve those needs, they can struggle to get access to the technology due to problematic market dynamics.

Vendor lock-in and legacy tech can hold back technological innovation.

There is a lack of central pressure, standards, guidance and patterns that push suppliers to deliver customer-centred technology for councils.

Individual councils have little bargaining power as they are operating alone currently.

Root causes

These are the root cause issues identified in each case study and tagged by systemic challenge

Setting a direction – what's blocking councils?

Why is it so difficult across the sector to set an aligned direction for how services modernise? There are several factors at play.

First, councillors' political pressures prevent the de-prioritisation of actions that could affect residents in any area. This implies there is a large personal and organisational risk to execs for investing in one area at the expense of another. Secondly, executives are under pressure from powerful services with statutory funding which further adds to the risk.

Risk **Political pressure** **Prioritisation**

Prioritising a direction in this case requires integrating complex factors such as the role of emerging technologies that require specialist skills / knowledge that executives may not have.

Standards for change

The siloed nature of the sector and the way services are funded means that it's hard to get councils to move in a cohesive, strategic direction. There is no best practice across the sector for how to work across silos.

Silos

Common problems

Silos **Data** **Prioritisation**

Systemic barriers

Political pressure **Risk** **Standards for change**

Making a case – Root cause issues

Councils lack a unifying sector understanding of why and how digital transformation improves outcomes.

Skills

Standards for change

It's difficult to share and use data due to ambiguous legislation, and technological barriers.

Data

Risk

Long-term benefits are difficult to quantify.

Skills

Prioritisation

Early stage testing is not prioritised or executed consistently as a way of building a case for further improvements, as its difficult to access budgets and teams.

Skills   **Silos**

There's no agreed ROI method for the sector, BAU is seen as separate to, or in competition with, transformation.

Standards for change

Common problems

Skills   **Silos**   **Data**   **Prioritisation**

Systemic barriers

Risk   **Standards for change**

Allocating resources – Root cause issues

Siloed working in the council is a barrier to data sharing due to different systems and policies.

Silos　**Data**

Focus on siloed business planning and budget setting and lack of join up between departments.

Silos

Limited capacity and expertise within councils to procure strategically and effectively manage supplier contracts.

Skills

It is difficult for councils to prioritise their highest value opportunities. This is where prioritisation and BAU and transformation tensions show up.

Silos

Prioritisation

Skills and ways of working required to implement and sustain digital transformation are inconsistently resourced across the council.

Skills

Common problems

Skills　**Silos**　**Data**　**Prioritisation**

Procuring technology – Root cause issues

Limited capacity and expertise within councils to procure strategically and effectively manage supplier contracts.

Skills

Incumbent suppliers building 'data fortresses' makes it difficult for councils to easily and safely export and import data.

Data **Challenging market**

No clear mechanism to free up people from day jobs to be consistently involved with transformation projects.

Silos

The current process is focused on the procurement of solutions without focusing on the problems these solutions are trying to solve. Procurement processes that emphasise risk transfer and minimising service disruption over achieving outcomes.

Risk

A lack of awareness of what "good" looks like and what technology solutions are available in the market.

Standards for change

Fragmented procurement strategy and a lack of options in the market means council services operate across incompatible systems.

Challenging market **Silos** **Skills**

Common problems

Skills **Silos** **Data**

Systemic barriers

Challenging market **Risk** **Standards for change**

Delivering – Root cause issues

No sector-wide standards for decision-making in transformation. No sector-wide standards for transformation approach.

Services are focused on delivery, rather than on the council's transformation plan. Services do not plan jointly when working up business plans and budgets.

Prioritisation

Silos **Standards for change**

No unifying sector understanding of why and how transformation improves outcomes.

Skills **Standards for change**

No clear mechanism to free up people from day jobs to be consistently involved with transformation projects, which means transformation happens in silos.

Silos

Common problems

Skills **Silos** **Data** **Prioritisation**

Systemic barriers

Risk **Political pressure** **Standards for change**

Measuring and learning – Root cause issues

Risk sits with councils, councils can be penalised for trying things.

Risk **Prioritisation**

Some councils can lack data and insight capability. Where there is insight, it is not always shared across the organisation. This makes evidence based decision making difficult as well as evidencing outcomes.

Skills **Data** **Silos**

Risk of data sharing falls onto individuals, services or councils.

Risk **Data**

Data-driven insight not valued.

Some services have a limited view of what is happening in other services as data is not always shared.

Silos **Data**

Disjointed infrastructure (such as technology and data systems) make working across service areas difficult. Incumbent suppliers building "data fortresses" make it difficult for councils to easily and safely export and import data

Challenging market

Data

Common problems

Skills **Silos** **Data** **Prioritisation**

Systemic barriers

Political pressure **Risk** **Challenging market**

References

Reference ID	Description	Value	Source
1	Percentage of local authorities reporting to have a digital skills gap (2022/23)	58%	Local Government Association (2022) Local Government Workforce Survey: Research Report https://www.local.gov.uk/sites/default/files/documents/LG%20Workforce%20Survey%202022%20-%20Final%20for%20Publication%20-%20Tables%20Hard%20Coded.pdf
2	Percentage of SOC occupations in the UK where digital skills are an essential entry requirement	Two-thirds (67%)	Department for Digital, Culture, Media & Sport (2019) No Longer Optional: Employer Demand for Digital Skills https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/807830/No_Longer_Optional_Employer_Demand_for_Digital_Skills.pdf
2	Percentage of jobs advertised online in the UK requiring digital skills (2019)	82%	Department for Digital, Culture, Media & Sport (2019) No Longer Optional: Employer Demand for Digital Skills
3	Estimated FTE employed by UK local authorities, excluding teachers, school support staff and social workers (2023)	522,000	*For the most recent FTE estimate* ONS - Public sector employment, UK: September 2023 https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/publicsectorpersonnel/bulletins/publicsectoremployment/september2023 *Detailed breakdown of FTE by roles* Local Government Association (2010) Local Government Workforce: Analysis of job roles https://www.local.gov.uk/sites/default/files/documents/local-government-workforc-4f6.pdf
4	Estimated council spending on IT budgets p.a.	~£2 billion	Local Government Association (2017) National technological and digital procurement category strategy https://www.local.gov.uk/sites/default/files/documents/11.29%20National%20technological%20and%20digital%20procurement%20category%20strategy%20v02_4.pdf

Reference ID (cont.)	Description	Value	Source
5	Percentage of spending by councils on 'keeping the lights on' activity for outdated legacy tech p.a.	15% - 50%	Range based on two sources: • 15% — Local Digital survey of local authorities and their reported spending on legacy technology • 50% — spending by Central Government departments on legacy technology (see: Organising for digital delivery - Report from the Digital Economy Council) https://www.gov.uk/government/publications/organising-for-digital-delivery/organising-for-digital-delivery#:~:text=A%20recent%20analysis%20by%20Government,over%20the%20coming%20five%20years
6	Total value of DDaT contracts awarded by local authorities (2022)	£1.59 billion	Local Digital analysis of Tussell contract data and awards
7	Percentage of DDaT contracts awarded by local authorities through a central government framework (% no.)	25%	Local Digital analysis of Tussell contract data and awards
8	Percentage of central government third-party contracts awarded through a framework	72%	National Audit Office (2023) Lessons Learned: competition in public procurement https://www.nao.org.uk/wp-content/uploads/2023/07/lessons-learned-competition-in-public-procurement.pdf
9	Percentage of public-sector projects resulting in some sort of failure	62% - 84%	Range based on two sources: • A New Zealand government study (2007) • Royal Academy of Engineering, and British Computing Society (2004); The Challenges of Complex IT Projects. London: Royal Academy of Engineering https://www.pwc.ch/en/publications/2017/pmi-are-public-projects-doomed-to-failure-en-2017.pdf

Reference ID (cont.)	Description	Value	Source
10	Percentage of public-sector projects that completely fail / are abandoned	3% - 9%	Range based on two sources: • A New Zealand government study (2007) • Royal Academy of Engineering, and British Computing Society (2004); The Challenges of Complex IT Projects. London: Royal Academy of Engineering https://www.pwc.ch/en/publications/2017/pmi-are-public-projects-doomed-to-failure-en-2017.pdf
10	Percentage of public-sector projects that involve problems / some challenges	59% - 75%	As above
11	Number of DDaT contracts awarded by local authorities (2022)	2,270	Local Digital analysis of Tussell contract data and awards
11	Median value of DDaT project *(for calculating the spending on projects abandoned)*	£61,000	Local Digital analysis of Tussell contract data and awards
11	Average budget variance on challenged projects *(for calculating additional spending on projects that involve problems)*	18%	Royal Academy of Engineering, and British Computing Society (2004); The Challenges of Complex IT Projects. London: Royal Academy of Engineering