

Necessity, Invention and Gov 2.0

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Abstract

The public sector is under pressure as never before. As it moves further towards commissioning services in a connected and distributed economy, where service recipients expect to co-create the services they consume, government needs to reinvent itself. Yet finances are under severe pressure and will remain so for the foreseeable future leading to growing calls for substantial savings – whilst preserving or improving services.

How can government react to these pressures and what will the government of the future look like?

In this paper we argue that seeking to design the government of the future in any detail (Gov 2.0) is futile. Instead, government needs to understand trends and adopt new behaviours / operational modes that can capitalise on them. This can help to identify possible characteristics of the government of the future such as:

- ✓ *a smaller centre with localised outcome-centric delivery (**‘ministers for outcomes’** not **‘ministers of state’**);*
- ✓ *a partner-centric approach to developing delivery models – where local government is leading the way (**Whitehall has a great deal to learn from Town Hall**); and*
- ✓ *a recognition that service users are more than just ‘customers’ – they are **citizens and businesses who want to engage, not just consume.***

Introduction

The role of the public sector has changed. Over the last 20 years, it has increasingly moved away from direct service delivery (for example, digging coal out of the ground or providing train services) to one of service-commissioning. Parts of the public sector are becoming increasingly comfortable and sophisticated in their role as commissioners – notably local government. However, large parts of central government retain modes of operation which prevent them from changing to take on their new role.

In addition, in an increasingly connected and distributed economy, the expectations of the recipients of government services are creating an irresistible force for change, to which public services are not able to respond. Many services are simply failing to meet current service requirements – let alone the demands of the future.

To complicate matters further, public sector spending will continue to be squeezed as never before as the consequences of the national debt play out over the next ten years.

The questions are:

1. What can Government realistically do to bridge the gap between tumbling finances and a rapidly evolving, increasingly complex service landscape?
2. What will the future Government look like (we refer to this as Gov 2.0) and how will it get there?

Whilst the direction of travel and objectives seem clear – the destination is not. It is important to recognise that the pace of change is now so great that seeking to design Gov2.0 is futile. Service-recipients are likely to demand that they co-create services and any centrally produced design is therefore likely to be wide of the mark and obsolete before it has been constructed. What **can** be done is to understand the trends and adopt new behaviours and operational modes to capitalise on them. This has nothing to do with ideology or populism, but is about efficiency, effectiveness and, ultimately, survival of public services.

This paper explores possible directions of travel (the kinds of operational models that might respond better to emerging trends) and how the necessary changes might be delivered. Given the scale of the challenge, these changes cannot be made overnight; the paper concludes by exploring some pragmatic immediate next steps that can set public services on the journey required.

What is the direction of travel?

As discussed above, seeking to design what the government of the future (Gov 2.0) is likely to look like is futile; the pace of change is too fast and any design needs to be co-created with service users. Instead, a direction of travel can be identified by understanding emerging trends and the new behaviours they imply.

In our view, characteristics of Gov 2.0 are likely to include three key elements:

a) Ministers for Outcomes – not Ministers of State

The government of the future is likely to be smaller, more localised and outcome-centric. The result is likely to be a significantly smaller 'centre' - commissioning services from satellite providers that are a mix of public, private, third sector and joint ventures. In other words – 'ministers for outcomes' rather than 'ministers of state' – an approach that is already beginning to bear fruit in Scotland.

b) Alternative Service Delivery Models – Whitehall Learning from Town Hall

We believe that there are opportunities to capitalise on best modern practice already available in other sectors. For example, Alternative Service Delivery Models (ASDMs) have come of age and may offer better ways to deliver desired outcomes than traditional single organisation models. These include a mix of service providers (public, private and third sector) and a mixture of models (in-house, shared services, joint ventures, outsource and hybrids). Local government is leading the way in exploiting these for public service delivery. In our view Whitehall has a great deal to learn from the way the Town Hall is creating sophisticated, interconnected webs of partnership-based service delivery.

These approaches are characterised by:

- Less prescriptive service delivery models that look to match service capabilities to the outcomes required rather than be constrained by existing departmental silos/boundaries;
- Clear accountability models that link back to outcomes, rather than silo departmental loyalties; and
- A partner-centric approach – working throughout the delivery chain as joint participants in or commissioners of delivery.

c) Engagement rather than Consumption

In our view, government of the future will need to recognise that service users are more than just customers. In an increasingly connected and distributed economy, users expect to co-create services rather than merely consume them.

People in senior management positions today are mostly of a similar demographic profile – the so-called ‘baby-boom generation’ or ‘baby-boomers’. This generation has grown up before computer-technology was prevalent. In contrast those entering the workforce now have grown up with pervasive technology as a norm and the internet as a part of their social fabric. The so-called Generations Y and M bring very different mind-sets to collaboration and the work-place.

Definitions:

Baby boomer is a North American-English term used to describe a person who was born between 1946 and 1963. Following World War II, these countries experienced an unusual spike in birth rates, a phenomenon commonly known as the baby boom.

Generation Y refers to a specific cohort of individuals born from 1978 to 1994. Though some mark the beginning of Generation Y in 1982 "Generation Y" alludes to a succession from Generation X, a term which was originally coined as a pejorative label by the Canadian fiction writer Douglas Coupland in 1991. Generation Y are the children of the ‘baby boomers’.

Generation M are also known as the **internet generation**, one of a variety of terms used to represent the generation of people who have grown up with computer technology as a commonplace. The distinguishing mark of this cohort is that its members spent their formative years during the rise of the World Wide Web. Thus, they usually have no memory of (or nostalgia for) a pre-Internet history.

Generation M and generation Y have been described as techno-savvy, expecting to be connected through technology 24 hours a day, 7 days a week. Their environment is ‘media saturated’. That is, multi-media access is a constant background context. The ‘saturation’ refers to the fact that further media access is limited by the number of hours in the day. But this generation is starting to increase media consumption within that time constraint through multi-tasking.

This generation want to come and go as they please, wear what they like and work the hours that suit them because they value a balanced life more than ‘piling up possessions’. They want to work in small groups and be a part of every decision. Direct orders set their teeth on edge; they demand an explanation of why you want them to do

something or, better, show them by example, to earn their respect by doing what they do.

They are used to being able to find everything quickly and easily; everything has to be handy, functional and fast. Over time this has bred impatience and a greater desire for instant gratification, satisfied by the endless sources of instant communication and entertainment technologies such as Facebook, MySpace, texting and IM. The computer/e-mail/Internet combination is not just an administrative tool; it's a platform for communication, entertainment and creativity.

Young people still keep diaries but they publish them as blogs. They still have pen pals and fan clubs; they just connect with them in cyberspace. Rather than plaster their rooms with posters, they decorate personal Web pages. And while they still chat on the phone, they also communicate via text and instant messaging. They are increasingly comfortable with a lack of privacy, expect to speak to an audience even in personal communication, and are familiar with harsh, anonymous criticism.

This generation don't distinguish social networks from professional ones. Their network is their network, so "If I'm looking for a vendor, I can pop into the same network." Mass collaboration means being open, peering and sharing. In addition a lack of technological fear and constant interconnection allow them freedom to test boundaries and they want to duplicate this experience in the workplace. Why use PowerPoint when you can create movie clips? Why send e-mail announcements when you can have a company blog? Why ask that question of only people in the room when you can simultaneously ask an unlimited group of global experts?

As a result, there are already forms of collaboration that take place without any formal relationship between the collaborators. An example of collaboration around a single issue is MyOffice. This sprang up as a group of people interested in – and prepared to collaborate around - a common goal: developing an alternative to Microsoft. From a business perspective, 'Start-up Weekend' offers some insights into how this new generation approaches innovation – please see case study.

For government, this means adoption of the newest technologies and communication methods to facilitate participation and interaction with service users who are more than just 'customers'. They are *citizens* and *businesses* who want to engage, not just consume.

CASE STUDY: Start-up Weekend

An organisation called 'Startup weekend' has started running 54 hour events in American cities, where a group of people show up, network, chart ideas out and produce a product. And if they don't, it's fun to meet people, have some good food and just immerse yourself in Web 2.0 culture.

"We broke into groups based on 'expertise': business development, PR/marketing, user experience, design, front end development, back end development, and legal. The groups allowed for quick action," says Devin. "We had seven-minute update meetings every hour and each hour flew by. On Sunday night we had a business model, website, and marketing campaigns ready to go for a product launch."

It is hard to imagine a typical company trying to agree on a product, design a website, create marketing campaigns, and draft contracts and legal arrangements in three days. It is more likely that this would take a number of weeks to step through the hierarchy before pitching an idea to the person in charge.

After one such amazing weekend, the group ended up with a new company and product – a "fast polling" website called Vosnap.

What will the journey require?

As with the direction of travel, we have identified three broad areas where change is required to existing government models, if they are to make the journey towards Gov 2.0.

1. Identifying and delivering outcomes

Firstly, government needs to establish a much stronger focus on outcomes – investing actively in live and continuous research that tests the determinants of outcomes and critically evaluates evidence of the interventions that have a lasting positive impact. This research needs to be rooted in an understanding of the strategic influences for change that affect the UK across the spectrum of political, economic, social, technological, environmental and legal factors. Government can use this evidence to establish a vision of a desired future, framed as a linked set of strategic outcomes, that can define the future state (setting out 'what good looks like').

These central strategic outcomes then need to be linked to the mix of delivery organisations that can best deliver them. That has started to happen with the current PSAs – but needs to go further and faster and be more closely aligned to the underpinning delivery chains.

2. Bringing the service delivery models to life

Establishing the alternative service delivery models (ASDMs) mentioned above, will require that government breaks down existing silos – both within and between departments. The aim will be to create smaller more nimble ‘business units’ (initially within departments), that can be linked together into alternative models for delivery – not just within departments, but across current departmental boundaries.

The aim should be to start with a strategic outcome and then take an organisationally agnostic view of the optimal service delivery model that might best delivery it. Those models might comprise:

- **In-house transformation:** delivery through a set of business units within a department, but with clear accountabilities for each unit’s element of the overall service delivery chain.
- **Shared services:** here, elements of the delivery chain might comprise business units that are providing services to more than one government department. There are a variety of potential models available, such as captive or joint venture.
- **Outsourcing:** elements of the services through a variety of models involving providers in both the private and third sectors.

The optimal approach may involve a mixed model, linking together each of the above. Sometimes this optimal approach may not be capable of being put into effect immediately (for example, due to existing contractual obligations). However, by understanding the optimal approach, government can make better-informed decisions on the compromises made if other solutions are put in place.

Ultimately, by focusing on outcomes, these smaller ministries will be able to commission the most appropriate service delivery mechanism rather than trying to force-fit delivery within traditional organisational boundaries.

3. Increasing Connectivity and Leveraging existing assets

Here government needs to harness the power of cloud technologies to support the flexible and rapidly changing service delivery systems that represent true joining-up.

In places, early steps are already being taken to create the technology 'glue' that can bind partners closer together through secure networks. For example, Kent County Council and its partners have created Kent Public Service Network, a single network phased to take in all Kent and Medway's public and voluntary organisations. It provides a platform for shared services and closer collaboration and integration between partners. Over time, this could be extended to allow greater participation and co-creation with citizens and businesses.

In addition, government may find ways to leverage its ownership of financial service organisations. This might be used, for example, to catalyse change in public service delivery (through learning from B2C interfaces) or, in time, by finding new financial models to support ASDMs.

How can the journey begin?

We recognise that Gov 2.0 cannot happen overnight and in our view will not be 'designed' in the traditional sense.

Instead it will evolve if the right behaviours are adopted. This does not require massive investment – but does require new thinking. The key first steps are to:

- ✓ Embed evidence-based commissioning principles in strategic planning
- ✓ Manage activity around outcomes not structures
- ✓ Embrace ASDMs and central/local collaboration
- ✓ Harness technologies that both integrate new supply chains and engage the citizen
- ✓ Transform the capability of Government and the public's faith in democracy.

Conclusion

Public services in the UK are at a cross-roads; the current rate of spend is simply unsustainable. Yet service user expectations continue to rise. By acting now, government can position itself for transformation into a public service that is fit for the 21st century.

About EightyTwenty Insight

EightyTwenty Insight is a sourcing advisory company, formed in 2007 to provide strategic and pragmatic advice in a changing sourcing market. Working with our clients, we deliver value by scoping, designing, contracting and helping to deliver tailored sourcing solutions. We provide advice to both central and local government across all process areas including human resources, information technology, finance & accounting and procurement.

Working with EightyTwenty Insight, organisations are able to navigate their way through market diversity, a crowded set of providers and the complex delivery models available to them. We are proud of our expert staff, the experience-rich methodology we use, our ability to think about tomorrow's needs as well as today's and the empowering way in which we transfer knowledge and skills to our clients.

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