

ACE annual conference

Event summary

Wednesday 23 May 2018

Keynote speech: The Rt. Hon Matt Hancock MP

The conference began with an invigorating keynote speech from the Rt. Hon. Matt Hancock MP, Secretary of State for Digital, Culture, Media and Sport, (DCMS). The task of arm's-length bodies (ALBs) to deliver high quality public services 'goes hand-in-hand' with the Minister's drive to use technology to improve citizens' lives, he confirmed. While digital transformation has been part of the government's lexicon for a long-time, the need for the public sector to keep pace with the speed of opportunity is a challenge yet to be met. The Minister had three key points:

1. The importance and value of embracing opportunity

The Minister pointed to recent headlines about the potential for artificial intelligence to transform the rates of cancer diagnosis and save 20,000 lives per year within the next two decades. However, for such advancements to have major impact, the NHS, and the wider public sector, need to embrace procurement opportunities for technology. The critical question ALBs should be asking is, how can technology support and enhance user-needs? The Ministry of Defence has recently started the push the boundaries of procurement to bring in new technology and skills, and leaders of ALBs should look to do the same.

2. The use and power of data

The development of technology relies on the effective use of data. The Minister pointed to examples of best practice in the public sector, including the use of real-time open transport data, records used by the Environment Agency to predict flood-risk, and the collaborative approach by the Fire Service and Food Standards Agency to share data to assess facilities given low hygiene ratings first for fire risk. The publication of open data through application programme interfaces (APIs) is key to supporting innovation.

3. The importance of the ethical frameworks

GDPR should be an enforcing mechanism that leads to more innovative use of data, better privacy practices and improved public services to citizens. DCMS wants to support these objectives and



therefore is setting up the Centre for Data Ethics and Innovation as an advisory body for the use of data and artificial intelligence across government. It will also recommend changes and set standards to become industry norms. The Minister reiterated his excitement for the opportunities that lie ahead - to refresh the data ethical framework and for the UK to continue to be recognised as a world leader in digital government. He advised ALBs to be open to the world, embrace technology and cultivate positive change in public service delivery.

The Minister then invited questions from the audience. Many attendees took the opportunity to raise current challenges they are facing within their ALBs, including: ensuring that citizens have appropriate levels of access to digital services and data; ensuring the legal framework is keeping pace with changes in the market; difficulties in predicting what the next three to five years could bring to the digital landscape; and issues regarding treasury controls over the publication of open data, which may lead to reductions in revenue. The Minister welcomed these comments and confirmed he would be feeding back the concerns to government.

It was also discussed that at the heart of digital transformation is cultural change. The Minister agreed that effective change results from only 20% machines vs. 80% human behaviours and therefore investment in this space is critical. It is equally important that consumers are bought into the changes, for example in the rolling out of smart-metres.

One attendee pointed to the Cambridge Analytical scandal as a contributor to increasing public awareness of the use and abuse of data, and asked what the government's approach should be in dealing with major technology companies. The Minister confirmed that scandals will inevitably dominate the headlines, therefore the government and ALBs must work hard to articulate their success stories to the public. GDPR will also make an impact on the actions and culture of large technology companies. He also noted that the industry is always changing and it is unlikely that huge companies, such as Facebook, will dominate the landscape forever.

Panel one: 'How to deliver more for less'

The first panel session of the conference, considered the question of 'How to deliver more for less', at a time of fiscal restraint, forthcoming comprehensive spending reviews, swift transformations, and preparing for the impact of Brexit. The panel was chaired by Sarah Richards, Chief Executive of the Planning Inspectorate and the audience was provided with insights from Tony Meggs, Chief Executive of the Infrastructure and Projects Authority, (IPA), Abdool Kara, Executive Leader at the National Audit Office, (NAO), and Alyson Brett, Chief Executive at NHS Commercial Solutions.

Tony began by explaining how the IPA supports government in the delivery public projects. The Authority has four principle roles: to build capacity and capability; set standards to which a project should be delivered; provide independent assurance; and expert advice and support, particularly in the initiation phase. For transformation, the IPA would look at the whole system. Tony described his dislike for the phrase, 'more for less' as this can translate to just working harder and doing more with fewer people.. He went on to say that he prefers the notion of 'less is more' – i.e. doing fewer things really well. This approach is challenging in government but is a more effective way to manage resource constraints. He added that there two key things that can undermine transformation projects. The first is unachievable objectives, and stressed the importance of bridging the gap between policy and delivery, by being present when major policy decisions are being made in order to influence how they are delivered. The second issue is 'less is more' by developing the capability in house to prioritise, understanding what is important, and the resources required.



Abdool discussed how the NAO works to drive improvements in service performance that will lead to significant savings in the public sector. He described issues that can affect the delivery of more for less. The first comes from within organisations, recognising where costs and values lie in the spectrum of performance, as well as understanding the customer and the opportunity to move spend to lower cost/higher value areas. He added that the use of data and evidence can help drive decision making. Demand can be managed by mitigating against factors that lead to greater demand. Whilst outsourcing can help, Abdool considered that there needs to be an understanding of the costs and baseline activity, as well as being in a steady state. Organisations also need to have clear accountability and good governance, with a

focus on efficiency and transformation.

Abdool went on to describe issues outside an organisation's control. Diffuse ownership across government departments can mean misaligned incentives. The sharing of services across institutional boundaries can bring benefits. National bodies, such as regulators can shed light on issues, share learning and drive system improvement, although this is not always clear. He advised there can be great challenge in aligning different incentive systems – legislative, financial and cultural. Finally, Abdool warned that unrealistic capability and capacity planning can lead to crisis management and short termism.

Alyson began by explaining that her organisation, NHS Commercial Solutions, is an NHS collaborative procurement hub, fully owned by mental health trusts, that has delivered more than £190m savings to the NHS. It was set up on the back of an investment project, as opposed to spending less, investing resource to set up a strategic collaborative procurement organisation to do true category management. The investment comes from membership, made up of various health trusts' subscriptions. Alyson then set out the three key aspects of delivering more for less that procurement that can contribute to.

- Collaboration: as well as driving scale out of the system, recognising processes, with a strategic approach to markets, is critical.
- Context: procurement should not be seen in isolation but as part of the whole system, including in the NHS, clinical preference and 'getting it right first time', to deliver the best service.
- Quality: putting user-need at the heart of specifications, including at pre and post tender audits. Delivering more for less to Alyson means directing investment into the right places to deliver more and creating a culture of delivering.

Questions were then invited from the audience and the following points were raised during discussions:

Many public sector employees have a well-placed public service ethos, but this can become a block when looking at things differently. Staff engagement to get the culture right to bring about change is important so they understand the challenge the organisation is facing and work with them to shape the changes. . The IPA has published [The 7 Lenses of Transformation](#), which considers vision; design; plan; transformation leadership; collaboration; accountability; and engaging people. Leadership of transformation takes real energy and can be very challenging. Being a passionate and inspirational leader connected to the whole organisation can be key, where the culture has some stability.

Digital transformation requires a vision, but as the programme progresses opportunities will arise because it is evolutionary. Therefore, there needs to be an amount of flexibility about what the it will look like at the end.

Transformation can be continuous, made up of many small projects, with continuous change and evolution. Funds are allocated for a specific purpose and government has the right to ask organisations to use the money efficiently and effectively. However, this can prevent an agile approach to transformation, so any changes to the plans need to have an effective governance structure around them.

If big changes are required but there is intransigence, having a clear vision with good systems and processes to drive the change is important.

Panel 2: Building Resilience of our staff

As negotiations for leaving the European Union gather pace, many government's agencies are making preparations, in addition to continuing with programmes of transformation, efficiencies, and 'business as usual'. In this context, the panel provided an opportunity to think constructively about these challenges and how ALBs can ensure their staff are fully engaged and supported throughout.

The panel was chaired by Rebecca Hilsenrath, ACE board member and Chief Executive of the Equality and Human Rights Commission, and joining her was Sir David Behan CBE, Chief Executive of the Care Quality Commission, (CQC), Alan Clamp, Chief Executive of the Security Industry Authority, (SIA), Steve Bruckshaw, business psychologist at Resilient People and Maggie Ellis, Senior Affiliate at Aberkyn.

Sir David began by discussing the responsibility he took on when he started his role in 2012 to restore political and public confidence in the delivery of services in the health sector. His key lesson to CEOs was the need to align organisational values with individual values to ensure there is an emotional connection with purpose and objectives of change. In the case of the CQC, the purpose was to ensure that health services provide professional and high-quality care. To reach this understanding, organisation-wide discussions took place over the definition of organisational values, looking at the whole picture of what should be expected from one another. Sir David stressed the importance of ensuring there is common approach to implementing these values and therefore all leaders within CQC were put on a leadership development programme to ensure there a commonality in promoting good teamwork, staff engagement, resilience and the use of



key performance indicators. He pointed to the wealth of literature that supports the evidence that a highly engaged team is vital to a successful organisation, and therefore ALB leaders need to invest in this area.

Within CQC, Sir David has led mental wellbeing campaigns and promoted psychological well-being as an important issue, not just within the workplace but also offering support for family members. CQC has signed the Mindful Employer Charter and staff are encouraged to share their experiences of working to ensure that the organisation's working practices can be adapted if necessary to support their staff.

Alan was the next speaker and he reflected on his experiences as the chief executive of an ALB for the past seven years. He wanted to emphasise the challenge to be resilient is not confined to a small number of people, or excludes CEOs themselves. Alan recognised that CEOs face many pressures, particularly as accounting officers for the effective delivery of services but also in enforcing GDPR, upholding the Nolan principles and being accountable for the health and safety of their staff. However, in order to build resilience in others, leaders need to first build it within themselves. Instrumental to this is ensuring time to exercise, sleep, eating well, having a positive mind-set, accepting failure, learning from it and accepting failure in others, and most importantly – cake.



To build resilience in others, the values of the organisation should reflect an open and honest culture, not one where staff are reluctant to share problems or there is an environment of blame. Within the SIA, Alan has used the 360° feedback process to assess staff performance based on values and staff receive awards based on their ability to meet these values. The

senior executive team all have a personal objective to promote the Nolan principles and while there is still a 'long-way' to go, this is an important move in facilitating the right supportive working culture.

Steve Bruckshaw then shared his advice from the perspective of a business psychologist. He had ten steps based on the acronym 'resilience';

R – leaders must have the right **relationship** with themselves, on a psychological level by getting the appropriate work-life balance, on a physical level through exercise and on an ecological level by connecting with nature.

Essence – leaders need to be aware of their core values and what drives them.

Small Habits – building up good practice can support resilience, for example taking short regular breaks from work and leaving the office daily at a sensible hour.

In the moment – happiness and strength is about being the best you can at the moment in time.

Learning –resilience is a toolkit of knowledge and continuous coaching is the most effective way to build resilience and implement cultural change.

Imperfections – leaders should accept they have pressures and know their limitations.

Elements – self-awareness is key. Leaders should acknowledge and develop their strengths and weaknesses, including impatience, gratitude and optimism.

Nature – taking the time to connect with your environment can have a profound impact on mental well-being.

Cluff – [Professor Peter Cluff](#) has produced a significant amount of academic literature on

mental toughness which may be useful to CEOs. He argues resilience is not about a ‘bounceback’ from crises but about consistently managing one’s health and well-being.

Evaluation – it is important to monitor resilience and mental well-being. Steve advocated the use of measurement tools, such as Peter Cluff’s mental toughness assessment tool and the PERMA model, (Positive emotion; Engagement; Relationships; Meaning; Accomplishments).

Finally, we heard from Maggie Ellis, drawing on her wealth of experience supporting leaders to bring transformational change. Her key message was that there is a narrow line for the leaders to be performing ‘above’ or ‘below’ their optimum as CEOs. Operating ‘below the line’, leaders are problem-focused, blaming and defensive. Whereas a leader ‘above the line’, would be a creative, fun, playful at work but secure in their boundaries, and therefore would not feel the need to defend their independence.

Maggie explained that it largely comes down to language and embracing an open, honest and constructive culture. In between the stimulus and response is the freedom to choose and it is within this space that CEOs can perform to the best of their ability and avoid the ‘fight or flight’ response to challenges.

The panel then invited questions from the audience. The first question was in relation to pay cap regulations and how organisations can approach change management in a way that takes into consideration individuals’ different perspectives and strengths. Alan reflected on the experience of relocating the SIA to Canary Wharf and taking the time to understand and reassure any concerns from staff. This inclusive approach meant the move resulted in only one resignation.

In times of fiscal constraint, threats of ALBs being abolished and pressures to reduce staff numbers, there is no doubt of the challenge to build resilience in public sector staff. However, to support staff, it was reiterated that ALBs should be clear about what they are trying to achieve, to have effective continuous coaching in resilience and that leaders must be clear about the link between personal and organisational purpose, and listen to their staff. One organisation said they have tripled the staff training budget, so although they cannot increase staff salaries, they are sending a clear message that they care about supporting staff, developing them and want them to feel valued in the workplace. Engagement should be about more than ‘doing the rounds’ of making announcements in the office, but really listening to concerns and responding appropriately. Sir David Behan used the example of responding to IT systems complaints to improve the home-working experience.

To close the session, Steve shared a coaching phrase; ‘do you ask the easy questions for a hard life or do you ask for the hard questions for an easy life?’ With this approach in mind, building resilience should be about being open

and transparent conversations with staff about challenges within the organisation and having empathy with their concerns.

Closing Speech: A perspective from the private sector, with Doug Gurr, UK Country Manager, Amazon

Doug began by explaining that change has been a constant for Amazon, which despite being a relatively young organisation has grown from being just a handful of people to having 24,000 employees in 95 physical UK locations. Whilst Amazon “does a lot of stuff”, each fit into three simple areas, that fit together as a whole system.

The first is to improve the shopping and entertainment experience for the consumer, whether physical or digital products. By offering the Prime service, Amazon knows that the consumer will become engaged and shop more frequently across the whole product selection. The company asks itself how everything fits together to the overall mission.

The second area is the manufacture of hardware – from the Kindle to smart voice enabled devices. The devices are designed to support the shopping and entertainment experience.

The final area is the provision of tools and services to other businesses - digital and physical infrastructure, such as the Amazon marketplace, web services, and publication services. The majority of the products sold by Amazon are sold on behalf of small and medium sized businesses, and product detail pages can be translated into many languages. Doug’s view is that there has never been a better time to start a business in the age of the current ‘industrial revolution’ enabled by data and thematics, which could reverse urbanisation.

Doug then went on to talk about the approach Amazon takes to driving change. The company has four operating principles:

- Customer obsession, rather than a competitor focus: start with the customer and work backwards, with consideration of whether the product meets a need, and can something be built to meet this need. Amazon will sit down at the beginning of the process and write the press notice that will make the readers want the product.
- Have a passion for invention: all Amazon’s employees are excited by change, not only by the products that can be invented but also the small incremental improvements that can be made to the single components of the process.
- Commitment to operational excellence: this drives customer trust – doing what you say you will do, day-in day-out, with relentless focus on defect reduction and elimination. Trust is hard earned and quickly lost.



- Long-term thinking: what can be achieved is very different when the timeframe is altered, from the short to the long term, to a 5-20 year programme. The decisions made are very different when the timeframe is changed. A long-term approach for Amazon has meant reinvestment into areas it believes will generate long-term shareholder returns. This carries risk and there may be failure. However, this should not be seen as a bad thing – most things fail the first time they are tried, but inventions will not happen unless you are willing to try something, and dogged persistence is needed – a few really big wins pay for a lot of failures. Success can be a hard road but if you find the things that transform an organisation, the returns can be huge.

Following his thought provoking speech, Doug took questions from the audience and the following matters were discussed:

Amazon want to discover the 'next big thing' and think this will be communicating through voice recognition software.

Amazon's employee base is fairly young, both in age and the amount of time they have been employed. As a 'values and behaviour' led organisation with a firm philosophy that if hard working people with the right attitude are employed, they can be taught skills needed. Above all else, the company values diversity, including diversity of thought. Amazon has a philosophy that most decisions are reversible and that the vast majority of decision making should be delegated to machines. But when high value decisions have to be made, many different opinions are sought for collective decision making, ensuring a diversity of perspectives.

From early on in Amazon's life, the organisation had a clear view that data would improve the quality of decision making, by looking at pattern and making recommendations. Data also improves the velocity and fine detail of decision making.

Doug has noticed the difference between working in the public and private sector is that there is not a huge tolerance of failure. However, unless we are trying to take risks and move on, progress won't be made. Organisations need to think about what it is ok to try, and signal to Ministers and the public that things are being tested to learn more. When failures occur, try and understand what went wrong so it won't happen again, rather than to just shut everything down, and consider the leadership signal sent.

People are employed at Amazon because they are keen to learn and are often trained to see 'beyond the direct line of sight', influencing things that are beyond their control.

One of Amazon's leadership principles is frugality. The company considers that constraint breeds resourcefulness, to push different and better ways of building things to a large scale.

Finally, Doug was asked how he felt public services would be delivered in the next 5 to 10 years. He feels that the digital revolution, with data and thematic will bring long term benefits with short term disruption. He feels that any organisation needs to embrace this, which can bring tremendous value for the UK's citizens. He would also like to see public sector organisations start from the point of considering what the citizen's experience is.

The conference ended with a networking lunch reception, sponsored by Saxton Bampfylde.

Thank you to all our outstanding speakers and the 60+ attendees that contributed to the discussions. We hope it was both enjoyable and useful to support you in your roles as senior leaders of ALBs!