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# From Beatlemania to Community mania:
## An example of a revolutionary local government

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Good Morning,

I come to Australia quite a bit and I always fly Qantas, that great Australian airline. I was in Heathrow on Thursday night. In front of me was a big queue, giving the Australian Qantas woman a very, very hard time at the check-in.. Just in front of me was the archetypal Pommy businessman wearing a white shirt, a grey suit, a red tie, giving the Qantas woman a really hard time - the flights were wrong, the seats were wrong, everything was wrong. She handled him absolutely superbly, and he went away muttering but settled.

I was so staggered by this customer care that when I got up to the desk I said "That was so impressive I'm going to write to the Chairman of Qantas tomorrow and tell him what a wonderful, wonderful job you are doing here in Heathrow."

She said "Sir, let me stop you."

And I said "No, I must email him and tell him what a wonderful job you're doing."

"Sir, let me stop you.

Tomorrow, that gentleman will be in **Melbourne**.  His luggage will be in **New York**."

The point of the story is that's how we used to run local government in Liverpool. If you couldn't get ahead, you got even. What I want to talk to you about today is a city that's changing dramatically for a whole variety of reasons -- a City Council that's changing, people who are changing -- and tell you a bit of a story about what's going on.

The journey is by no means complete, it has just started, but there is a new confidence in the city.  **[Refer to Slide]**

I want to talk about some conceptual issues about the city and its culture, and then talk a bit around what we're trying to do with neighbourhoods and communities. **[Refer to Slide]**

Let me just spend a minute talking about a new pluralism. What I mean by that is not any general theoretical statements about governments and how things run. It's about changing the very nature about the way cities, local governments, and communities are working together.

In the north of England particularly over the last 20 or 30 years there has been a great tradition of command/control type local government.  We order, you do -- a hierarchical relationship between the council and the community. We order you to behave. We regulate you.

And what we've been engaged in Liverpool is trying to build this new pluralism. It's probably what Tony Blair would say he's been trying to do in the UK -- trying to build a greater involvement in and ownership of what's going on in our communities, cities and towns.  That's not just about giving power away, it's about setting a new

relationship between citizens as users, citizens as customers, local authorities, and all the other institutions that are involved in leading cities and places.

It's about holding each other to account, it's not being easy on other. It's about being serious about where you're trying to get to. It's what I call about leading local governance. Not government -- governance, which is the way places are run.

Liverpool itself is a classic city with a glorious, glorious past. In the late 19th century the city saw itself as the second city of the Empire. In fact if you look at St George's Hall you can see that the leadership of Liverpool built the place to look like Rome. That's how they saw and thought about the place.

However, Liverpool has had a very troublesome last 20, 30, and 40 years. It has been a city in economic decline.  It was a branch-plant economy, and thousands of jobs went every Friday night as those branches were sawn off as part of the pruning process that went on in the 70's, 80's and 90's. The place lost its way.

And it lost its way also for political reasons. A very extreme council was elected that decided it would bring Margaret Thatcher down from Liverpool.  This was an interesting approach, but didn't work, and it didn't really enamor itself to Margaret Thatcher at the time. Liverpool very much lost its way and became very, very puzzled.

I come from there, and when I grew up and left, and particularly when I came back, I had a real sense of a place that looked backwards to the Beatles, football and things like that to understand itself, looking not at its potential future but at its past. The glass was half empty, not half full.

But Liverpool is also a city with a huge identity.  We've not always had a very good reputation, but 'Liverpool' is a place that doesn't need any further postal address, because the global brand in Liverpool is huge, and gets bigger the further away from it you go.

In the late 90's a new Liberal Democrat council was elected with a mandate to change what was a bit of a muddle. Behind that, and what I've been working with the leader of the council very closely on is making sure that we have a real sense of the vision we're trying to get here and what we're trying to do with this place.

If you look around Europe and the world the places that make the most progress are the places that are clear where they're trying to get to, that have a vision, that have a view of the future. I'm not talking about long documents, I'm talking about where you want to be, and behind that, instilling a sense of confidence on what the place is about, its position in the region – it's contribution to the world, in fact. The strapline we use, because of the city's diversity of gender, ethnicity and cultural background, is 'A world in one city'. **[Refer to Slide]**

Just to give you a sense of what you're talking about here, these are the responsibilities of the city of Liverpool.

This is not like local government in Australia; we do a lot of what in Australia are state functions, so this is a very big business, a big, big operation with a 1.2 billion pound

turnover (something like 2.5 billion Australian dollars). So it's a very big organisation with huge responsibilities, some of which would be at State level here.

Then there are ninety Councilors – a very tightly formed group of ninety. And just to add a bit of zest to it, we add politics just to make it a bit more interesting. [Refer to Slide]

This is what I inherited when I started there. This was a glorious, glorious operation. We had the most compelling offer in the nation -- you paid the highest taxes and you got the worst services. Wonderful. You then wondered why the city was depopulating rapidly.

And as an organisation, its best product was strategy. I was ankle deep in strategy. If you want any strategies you don't need to make your own, I've got plenty of them. The whole place had been consumed by process; we were not very good at doing anything, so we talked about what we were going to do. I know this doesn't apply in Australia.

Perhaps even more fundamentally and crucially in terms of the organisation, there was an endemic powerlessness within the place. If you had to try and do something, the first thing you did was put the reason on the file why you couldn't do it and why you'd given it to somebody else. It was a blame culture. If something went wrong, who was to blame?

Powerlessness for me is one of the critical cancers of our society, not just in organisational terms, and it's so interesting to read about it in the [Communities in Control manifesto](#).

You know that phrase of Lord Acton's "All power corrupts, and absolute power corrupts absolutely?" Powerlessness, too, corrupts absolutely.

I look at some of our communities and see children who know no hope. I see powerlessness in the communities of Liverpool, and this is actually the core of what we are trying to change in a deprived city. That applies in organisations, too, because if you've got powerlessness in organisations you're not getting the best out of people.

There were other things wrong with the city council. We had a series of silos (departments). The big job in town was to defend or even advance your territory, and the management team met every week to defend it. Now I know this doesn't happen in local government or organisations in Australia, but this was a silo-based organisational culture which was beyond belief, had to change, and was very much inwardly focused on what we at the Council were doing. The customers – who? Our attitude was "This place would be fantastic without the ratepayers/citizens/students.

I was the new Chief Executive. I'd been in there for about a week, I'd been a Chief Executive somewhere else, so I had my underpants on outside my trousers, with a big S for Superman. And I went to our Housing Office, and it was closed at 1 o'clock for lunchtime. On the front door they had this piece of lining paper – you know lining paper, the kind that you put behind wallpaper -- ripped off the end of the roll, and in a broken felt tip pen had been written 'Closed 1-2'.

So I said, "Right, this is all going to change, we're going to become a customer-focused organisation. This will change." And when I came back a month later things had really improved. It was still shut, but a new piece of lining paper had been purchased, carefully scissored off the end of the roll, and now said 'Closed 1-2. *Sorry*'. That's change.

The point was, who were the customers? This diagram **[Refer to Slide]** represents everything we're trying to do for the organisation and the city. **[Refer to Slide]**

That line is the search for perfection in the public sector – nirvana, where all the customers love us, the councilors are all happy, and I'm paid 200 million pounds a year. Liverpool was here, down the bottom; most of our sector is in the middle.

Now the choice was to rush to be average, or use our very poor position as a platform to leap.

I made this point at my job interview, and said the proposition I'm putting to you here is to leap. Be ambitious. Be bold. Who wants to join an organisation and say, come on let's be mediocre? And you can actually use this model for any organisation you're in, instead of just aiming to be adequate, urging your staff to be mediocre. **[Refer to Slide]**

So this is our vision. It's very much around looking after the person.  We use the word customer, and I make no apology for that, because if you take our customers away there is no reason for us to exist. And that's the point I'm trying to get across to our organisation: if the customers aren't there we have no God-given right to be here. So it's important we organise around them. **[Refer to Slide]**

This is the structure, and one of the things to note is that it shows the customers at the top of the hierarchy as opposed to being at the bottom. We're actually putting in arrangements that mean we capture the information from our customers that we can turn into intelligence, which we then use to service our customers. We call it intelligence-led local government.

Most of the local governments in the UK are still founded on late 19th century principles, where everybody gets the same: a little jam is spread across everybody, as opposed to being very targeted, very focused, being a lot more intelligent, if you like, about the way you do things. This, then, is what we have been doing by building an I.T. platform that captures all that information, and then customer channels (as we call them).

Now we've got one-stop shops – there are now nine, there will eventually be sixteen -- where you go into one place and talk to one person to get access to all our range of services. Liverpool Direct is our call centre, where you speak to one person to get access to the whole range of services: it's doing 50-odd thousand calls a week now. That's the ultimate ambition, and we are working towards it.  We are also using the web -- and we still answer letters.

What's interesting is the breakdown of the way people use these channels. Liverpool Direct gets 70-75% of our trade, because people want to ring us. One-stop shops get about 20%, and the web about 5%. And yet government is obsessed with the web.

Actually, the organisation has a rule: you will never hear "Press button 1… press button 2", you will always speak to a person on the other end of the phone.

The point is that the public sector has to be smart. We have got to provide world-class services. Organising around the customer is the first step of that equation. A lot of people, however, think that's the only thing you have to do - and one of the problems I've got is that everybody thinks that if we answer the phone in three rings we're doing well. We used to be measured on that by central government, in fact. If you answered 90% of your calls within three rings you were a very efficient council. We used to answer it in three rings, and we still said, "Sod off". You've got to do the stuff at the back; you've got to improve service provision.  It isn't just about answering the phone quicker and getting the web sorted out, or the one-stop shops, it's about putting everything behind anything that improves service provision.

Some of this is obvious, but it's about trying to do things very differently. Let me give you an example: pest control. I know it isn't at the top of your agenda, but it's one of the things that captures Liverpool. If you had rung Liverpool Council Pest Control four years ago to say "I've got a rat in my house" – well, you probably wouldn't have got through. But if you had got through, and occasionally people did, we would say, "No, sorry, it's not a rat, it's a mouse". And you'd then have a surreal argument with someone from Liverpool City Council about whether what was squeaking in your kitchen was a rat or a mouse.  And the reason for this was that we had 24 hours to respond to a rat but 48 hours to respond to a mouse. So everything went down as a mouse.

You couldn't make an appointment, because the technicians took the appointment book with them when they went out. There was only one place to pay, and it was in the city centre, so you couldn't pay. It was a disgrace, and the reason all of this was put in place was to avoid showing that we were failing as much as we were.

Now we've gone into what we call, using techie-bureaucrat speak, business process re-engineering. What we did was get the guys who did this service (because they're the people who know most about what's going wrong), given them the right kit, and had them redesign it. Using that platform we talked about you can now ring up, go to the one-stop shops, pay over the phone, or make an appointment.  The technicians have all got handheld wireless technology now and turn up very quickly. It has revolutionised the service and taken cost out. It's not very complicated but it is ruthless driving for efficiency and improvement. Those are the sorts of things that we've been doing.

Actually, the biggest thing is using more risk. In the public sector risk is a bad word. Most of what we do in the public sector, for all the reasons we know, is to analyse the problem to death, till the solution is 99.9% right.  Then we announce it to a waiting world and discover the problem has changed, and because it's taken us months and

months to analyse it and come up with the solutions, we've also given the forces of darkness time to organise against us.

So all of this is about doing more, quickly. Now if you were doing something in the private sector you might go into a deal that had a 30% probability of succeeding. I can't do that in the public sector, and you wouldn't want me to, but give it a go at 60% and tweak it if it's wrong. Take more risk, it's called managing more risk. Risk management is about wholly changing the culture in local government, being a lot more opportunistic, and actually giving things a chance.

That's how we built our call centre. We didn't do a big grand plan, we just started adding services into the call centre and changing things by giving the call centre operators the right to represent customers in the organisation. Previously they'd been taking the calls and then forgetting about them. Suddenly those call centre operators were becoming champions for the customer within the organisation, chasing their mates and colleagues up.

The point I'm trying to make is that in every position of leadership that we have -- and all of us in this room are leaders in what we do – we all cast a shadow, a shadow of leadership across the organisation.  Family, community group, whatever you're in you cast that shadow.

If in that shadow you are saying something that is inappropriate - if, for example, I shout at people, I'm saying to the rest of the organisation and the group I'm in, "It's okay to shout". If I saw all of you walking down the street and I knew your parents, I would see their walk in your walk because we ape the behaviour of those we most respect. Whether it's positional power or whatever, we do imitate that behaviour.

When we lead, we cast huge shadows. And that leadership role can be anything -- it can be in a small playgroup, it can be in a large organisation, and not just at the top level it's where we are we lead, we cast shadows. If I'm abusive, racist, or homophobic in my behaviour as a leader, that's telling the organisation that it's okay for everybody,

Whereas I actually demonstrate very clearly that I am not that kind of person, and do things that are completely counter to that. For example, when somebody does something very well, I'll drop them a little note to say well done, because I think people like being appreciated and valued. For me the critical issue in behaviour is not structures, not strategies, but understanding people and how we behave.

Let me tell you about communications. I have a great gift for communication. I have a very, very useful strategy, which I have used for years. It's called osmosis: if I've thought it, that means I've communicated it. I haven't got a problem with that -- and I'm sure you know somebody who has that same approach to life.

I had a very able woman working with me who used to drive me nuts. Because every time we had a stocktake, as I call them, she repeated herself six times. For every issue she'd tell me the same thing six times and for the five years that we worked together, it drove me absolutely bananas.

We brought in a thing in which we called the Liverpool Way -- a west coast psychotherapy-based behavioural program which is learning about learning to behave differently. One of those things is that we do coaching and feedback. So for example if it was us, you'd say "Three things I really appreciate about you are…. " and give examples, and then "You could be more effective if…. " and give examples.

Janet, my co-worker, and I had one of these feedback sessions, and there was my moment. I was going to get this out, give her what for. I said, "You could be more effective if you stopped repeating yourself."  It just came out. She sat there calmly, because we'd been trained, and said, "Thank you for that feedback and coaching." Then it was her turn.  "David, the three things I really appreciate about you are…" (and I could tell you about those for an hour or two). And then she said, "You could be even more effective if you listened." It's an absolutely true story. She told me that all the years we'd been working together I'd been doing the usual Chief Executive thing -- doing six different things at the one time, signing letters, answering calls -- and she never knew whether I'd heard what she said. That fifteen-minute interchange between us transformed our working relationship. We became a completely different team – and' team" is the thing that is driving the local agenda.

Now the other element in this is about how you work in local organisations and change the way you deal with things.  One of the things is how you work with others.  Now, I'm not going to order you do this, because health and safety rules prevent it, but I'd like a volunteer.

Let's dance.

When we dance, I'm leading. And that's how local government has seen its role for a very long time. Think of me as local government. Think of my partner as the community.  Now, community, lead me. Ooops.

Did you spot anything there? The local government didn't know what to do. That's true, and I think one of the issues for us in the relationships between local government and communities is about trying to understand each other better, and actually think differently about how we behave with each other and work together.

I like to think of our relationship as if we have to learn to dance with each other. Sometimes you have to spin the community around, you have to jive, and sometimes you have to waltz or quickstep. There are a whole set of things we need to understand and learn about each other in managing this relationship differently.

The other thing in this  -- and it's partly the same thing -- is baton changing, giving the baton over to somebody else to lead in a particular issue because they are actually good at it. Again, we've not been good at that. **[Refer to Slide]**

These are some of the things that have happened in Liverpool. Our taxes used to be the highest in the country; we're now at 98th. We've taken 120 million pounds out of the cost -- and, unfortunately, I've taken 4,500 people out of the system. All took voluntary severance or early retirement, but it had to happen, because we were massively over-peopled for our business. Since then services have improved

dramatically. We've now got 56% in the top quartile and we're heading up to become an excellent authority. **[Refer to Slide]**

And then we were named European Capital of Culture 2008. We bid for it, and we engaged with the community as part of the whole process of bidding. The heart of it was actually involving the community in everything we did. We sat down as two leaders, the leader of the Council and myself, and asked what are our biggest assets in the city? Our arts, our heritage, and our buildings. Right, we put those aside and asked "What are we going to win the bid on?" It's the people, the culture of the city.

And what we did in the whole bid was built communities into the process. Now what did that mean?

It didn't mean telling people to do things, although it did involve some of that. It also meant giving grants out to actually help people initiate, innovate, pump-prime activities.  It meant building a sense of ownership, building a sense of belief.  And going right down to the depths of this, it meant making sure that people bought into the vision. Buying into the vision meant dancing differently, handing the baton over in some areas.

We sent a globe of the world out to every school, as a way of involving every school in exploring that world. And we are now sending a 'friend ship' out as part of the year of the sea – we built a wooden ship that goes round to every school and community, where kids can go in and open different chests with different things in them, so kids can engage with them. There's a lot more on our website. Go to [www.liverpool.gov.uk](www.liverpool.gov.uk) and then to 'Culture' and then to 'Culture and Tourism' and then to 'Capital of Culture'.

Behind all of it lies this fundamental belief in involvement. 2008 is the Capital of Culture and 2007 is heritage.  We've got the 800th birthday of Liverpool -- and I've just hired Robyn Archer to be the artistic director for 2008. She's arriving in Liverpool tomorrow morning as I fly back tomorrow afternoon. She'll be with us for 10 days, so she's starting to take responsibility as artistic director for the city, which is a great result for us. Robyn Archer is a hugely impressive woman, and I'm delighted to have hired an Australian.

I now see the job of Chief Executive as a civic entrepreneur; making the connections, doing the deals, allowing the partnering, incentivising, engendering the activity, handing over power, pushing power away -- not as an agent of social control, which increasingly you find in some of the governments across the world.

Local governments, state governments, and central governments see themselves more and more in the mindset of agents of social control in an extreme way. That's a loose description, but you often see activities associated with that agenda. **[Refer to Slide]**

One word I'll pick out is 'subsidiarity'. I'm not sure if you know this word in Australia. Subsidiarity is a term used in Europe that means giving power to the level that can best deal with that power. Every level from the European Union downwards always says to a power level above it, "Give us subsidiarity. Push the power down". But the really interesting thing about subsidiarity is that it always stops at the level that you're

at. We want it from central government, but we are reluctant to give it to communities. So in dealing with subsidiarity, one of the driving forces is about remembering that you have to be there for those closest to the ground. **[Refer to Slide]**

Our formalised arrangements involve the community through all their forms.  I call it the tent umbrella, because we're all underneath it; working together, trying to move forward, and having a plan. This is simply about pushing power down to neighbourhoods, down to local areas, involving the community in the provision of local service, through social businesses, through engagement on the ground, through a whole variety of methodologies that are about working with people that are closest to the problem -- actively encouraging social business and social enterprise to own the agenda and seize the bits of it from us, as deliverers of service. **[Refer to Slide]**

Prejudice. I want to leave you with this. When I was introduced I looked at you in the audience and I could see that some of you thought "Nice suit, big bureaucrat, the enemy is in our midst." If I'd come in looking somewhat different, would you have looked at me differently?

Because what happens is that we all have prejudices. We often talk about prejudice in terms of racism and homophobia. But when you talk about me and my lot, the bureaucrats, you also talk in a prejudicial way. Because I'm not a bureaucrat in the pejorative sense that many of you would use the word. I actually passionately believe in communities, and what's happening, and where we are trying to lead our governments and cities. But if you continue to treat me in the way you saw me in my suit, you will encourage the wrong reaction. See me differently – what do you see? What do you expect?

Many of you, rightly or wrongly, and I do the same in my world, will go into a meeting in a community organisation find and the prejudice is there in the room. What do you get? Think differently about your behaviours; think differently about how you deal with me. Because behind the uniform there are many of us trying desperately to engage with you but we don't know how to dance. And we need help.

And I'll leave you with this. The reason I do my job is because of the children.  **[Refer to Slide]** I got a great education in Liverpool, and I've gone on to be a very lucky guy and get a job like this. We lost the plot with education in the city and let down generations of children. Our improvement in education now is demonstrable.

Our future is them. If we don't change the way we work and organise together in pluralism that perhaps we've lost and are trying to rediscover, and that certainly you are trying to find here, then we lose the future.