NESTA

# THE ART OF EXIT

## In search of creative decommissioning

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# ACKNOWLEDGEMENTS

# A NOTE ON THE METHODOLOGY

This project has combined both quantitative and qualitative research methods, and draws on a wide range of secondary evidence sources and literature. The research is based on a quantitative survey of over 200 public leaders from local government and health organisations on current drivers and approaches to decommissioning, qualitative analysis of over 60 cases of decommissioning in public services including interviews with key stakeholders, and interviews with informants with a range of perspectives on the issues.

The cases presented in this report were selected on the basis of: a strong and reliable evidence base; accessibility, in order to conduct interviews and visits with delivery teams; relevance to current policy context; significant scale; and a balance of service areas. Given decommissioning decisions are often contentious and the process of change can take time, some of these cases are historical examples. Direct quotations have been made anonymous.

# INTRODUCTION

Since 2002 the London Borough of Tower Hamlets has set about closing 15 outdated and under-used libraries and in their place created a clutch of Idea Stores, sited close to larger retail markets and transport hubs. There are fewer libraries but they are used much more intensively; since the introduction of Idea Stores, library visits have risen from around 500,000 to over two million a year – one of the highest participation rates in the country.

Warwickshire's Fire and Rescue service analysed data on where most fires occurred and established that three of its fire stations were not in the best place. Those stations were closed, shift patterns changed and staffing levels reduced. As a result the service invested £1.8 million in fire prevention and community services such as more frequent home visits and fire safety training, to create a more effective service at lower cost.

Glasgow City Council has embarked on a programme to close all its large hostels for homeless men, in the light of mounting evidence that the hostels did little to address the underlying social issues – poor health, mental illness, drug abuse, family breakdown – which led men to become homeless. The aim is to redirect more resources to community-based services that will prevent men from becoming homeless in the first place.

Over 15 years, Central Middlesex Hospital has moved out of a slew of Victorian hospital buildings into a purpose-built facility that has enabled it to redesign services to help people without admitting them to hospital. More people are being treated by a hospital with 400 fewer beds because resources have been invested in community-based and out-patient services, to help people manage their health at home.

New York State closed 18 youth justice centres and eliminated 1,035 professional posts within the last four years, following evidence that inmates were being systematically abused. The resources freed up by the closure programme are being redirected from centres into a community-based model of restorative justice. Incarceration rates have dropped by more than half.

In one year, Poland closed 4,000 primary schools, transforming many into new lower secondary schools to provide children with an additional year of general secondary education. This shift is partly what has propelled

Poland up the PISA rankings published by the OECD.

The public servants involved in these changes did something difficult and contentious yet necessary. They created more effective solutions to a pressing social need and, in tandem, they closed a less effective service. This allowed them to shift resources out of an old, under-performing system to fuel the growth of a more promising approach (which often involved a change in the use of capital assets). That combination – creating more effective solutions while phasing out older less effective approaches – meant their innovations could become truly transformational.

This capacity will be vital throughout the developed world in the next decade as pressures mount to improve efficiency and efficacy in public services.

As a consequence of deep reductions in public spending, the state is exiting rapidly from many of its previous functions. Tightening fiscal constraints mean that pressure to stop or decommission current activities in order to save money is only too familiar for many public service professionals at the moment. Public debate is charged following substantial cuts to local services, staff and social benefits. The landscape for public service delivery is changing profoundly as organisations are broken up, new providers are introduced and jobs are cut.

The public sector also routinely decommissions services that are failing, or delivering poor outcomes. Failure to comply with safety or regulatory requirements can lead to a decision to end a contract, close an organisation or curtail a programme. The consistent culture of inspection and accountability means that failing providers are quickly moved into specific regimes or to special status. Incidental failures can be very public, provoking outcry and calls for swift action from the media and opposition.

Yet financial pressures and service failure are not the only prompts for decommissioning. Where societies needs have evolved and public expectations changed, public services must continue to develop to remain effective, sustainable and competitive. With innovations in technology, business models or in social phenomena come new opportunities for providing public services, making them more accessible or relevant to people's daily lives. Fully grasping the opportunities of these more

disruptive innovations can also mean closing or disinvesting from existing approaches to free up resources to invest elsewhere.

Even in relatively fluid, buoyant, market economies, this is an extremely painful, contentious process. Threats to stability can cause existing providers and firms to resist innovation. In public services, it is incredibly challenging. The politics of taking decisions to close or decommission existing models of service provision can be prohibitive given public scepticism and the upheaval implied. Substantive operational barriers such as redundancy or retraining costs, sunken assets and institutional structures make this a difficult art.

The dominant interpretation of decommissioning as a cost cutting exercise or a response to failure means it is rarely conceived as relevant to innovation. Although potentially a creative process, decommissioning is more often prompted by short-term crisis – a sudden change in financial circumstance or in response to failure of poor performance – than driven by a search for ways to deliver more effective public outcomes.

This report argues that truly transformational public innovation requires creative decommissioning: actively challenging incumbent service models and mindsets to invest properly in new approaches. As public resources are increasingly precious, creative decommissioning will become a critical capability for public services.

The case studies presented in this report are all examples of attempts at creative decommissioning. These are not all stories of success, nor blueprints for how this is done well. We have come across many examples of brave efforts that have encountered huge opposition or delivered limited change. We have met teams left exhausted by trying to bring about sweeping reform too quickly and without adequate planning.

Nonetheless, strengthening this capability is going to be critical to the public sector for the foreseeable future, as constraints on public finances intensify and the demands on public services continue to grow. This paper is designed to open up the ground for more discussion, research and practice of what constitutes creative decommissioning – to help those using and working in public services to navigate this difficult and contentious space.

# PART 1:

## The challenge of exit in public services

The imperative for innovation in public services is only likely to intensify. Constraints on public finances will force public service providers to find more sustainable ways of meeting social needs. Recent analysis of the economy's performance sharply reduced growth forecasts to 0.9 per cent this year and to 0.7 per cent next year.[1] There is a growing consensus amongst UK and European leaders that a quick economic recovery is highly unlikely.[2] The Coalition Government has extended its programme of public spending cuts beyond the current spending review period,[3] forecasting six consecutive years of spending reductions that are already seeing their effect.[4]

The changing demands of an ageing population and the rise in the number of people living with long-term health conditions are challenging traditional models of welfare, provoking a need for innovation to help people remain independent, active and socially connected.[5] Many public services are designed to respond to, and so service, a need once it becomes apparent, rather than pre-empting the problem through preventative programmes which can be more cost effective in the long run.[6]

People's expectations of public services continue to rise in terms of timeliness, quality, personalisation and responsiveness.[7] Yet public services remain bedevilled by complexity created by overlapping but poorly coordinated agencies and systems. Public services organised in silos can be poorly integrated around user needs; for example, the separation between health and social care can hinder good care for older people, especially on discharge from hospital.[8]

Advances in technology mean citizens and consumers will increasingly expect to find information easily, rate and rank, download and access services, be informed and involved in decision making. These technologies may also provide some of the means to create new public services, creating new platforms to connect with citizens, for public servants to collaborate with one another and for citizens to share information, ideas and resources.

These connected challenges are creating a gap between the public services we have, rooted in the mid 20th century, and the public services that society needs, taxpayers can afford and consumers want. Gaps of this kind emerge the whole time in any dynamic economy in which technologies, consumer tastes and organisational models are changing. These gaps represent

opportunities for innovation, but bring with them difficult dilemmas.

## The dilemma of innovating in established organisations

The dilemma is how painful innovation can be for established, relatively stable organisations.

Clayton Christiansen's classic study, *The Innovator's Dilemma*, highlights the power of radical, disruptive innovation. It tells the story of innovators who enter, remake and expand markets, from airlines to computer disk drives and construction equipment, by adopting radically different, lower cost business models.[9]

Christensen found that successful companies often failed to take up radical new technologies and respond to dramatic changes in their environment, not because they lost focus on their customers, nor because they had bad managers, poor staff or few new ideas. Firms operating under these conditions usually looked for ways to add to or improve existing products, rather than invest in new ones. Unless established organisations are prepared to challenge their mainstream business models, they are unlikely to reap the benefits of innovation.[10]

The classic example was IBM, which failed to exploit many technologies it had created that led to the personal computer revolution because it was focussed on selling bigger, more expensive mainframe computers to its existing customers. As a result two start-ups, Microsoft and Intel, took most of the success.

Other economists studying private sector growth dynamics have observed the relationship between rates of 'exit' and productivity. As less efficient firms exit to allow better performing organisations to enter the market, studies have shown there to be significant productivity growth associated.[11] Indeed, if firms are relatively static and do not expand or contract, the lower the productivity growth observed.[12]

This dynamic is even more challenging in public services. Though there have been many examples of incremental innovations that have improved performance or added to services, mainstream models of public service

delivery have remained largely untouched. More radical innovations – such as those that open up access through new channels or use resources in a different way – can struggle to achieve their potential given the challenges of exit or decommissioning more established organisations or approaches.

Birmingham East and North's HealthCare at Home service for palliative care offers one example of this dilemma.

Services for people at the end of life are in crying need of innovation.[13] Surveys show that most people want to spend the last weeks of their life at home, with friends and family. In reality most people end up dying in hospital or a residential care home. End-of-life care accounts for perhaps £15 billion of NHS spending and yet the circumstances in which people die in hospital are responsible for half the complaints to the health service.

Birmingham East and North Primary Care Trust responded to this evidence by forming a partnership with the independent provider, HealthCare at Home, to create a service to help people stay at home at the end of their life. The service comprises a team of community-based nurses, a 24-hour telehealth triage service and family liaison co-ordinators to plan care around the patient's needs and bring in doctors when required. The service allows people to remain at home and to avoid the upheaval of unplanned, often lengthy admissions to hospital.

On average, someone in the last six months of life is admitted to hospital, unexpectedly, four times. With about 4,000 foreseeable deaths in Birmingham East and North PCT each year, this can equate to about 16,000 unplanned admissions per year. During its first five months of operations, only four of the 179 patients using the HealthCare at Home service were admitted to hospital, helping the PCT to release £234,000 in cash savings and freeing up hospital beds. The service provider estimates that at full capacity HealthCare at Home could save the equivalent of four hospital wards.[14]

The new service drew on the opportunities offered by technology to provide a different channel to access end-of-life care services. This innovation had the potential to limit demand on hospital beds, saving money and improving people's experience. However, in practice improvements

have remained incremental. Reducing beds in a hospital is extremely challenging. Hospitals have a strong financial incentive to fill beds. The public is generally hostile to closing down wards.

To have achieved more transformational change the HealthCare at Home model would have had to have changed the hospital system. As it was it added to it. As one telehealth service provider put it:

> *"Reaching large numbers requires thinking in terms of service transformation, pulling out every care pathway and turning it on its head."[15]*
> **Health service provider, Birmingham**

London Underground's electronic ticketing system is another example of how public services can absorb and resist the impact of innovation. Introduced in 2003, the Oyster card can store the value of a variety of single or multiple tickets and travel permits which can be topped up online or at payment points prior to travel. The card was phased in gradually using cheaper fares as an incentive to change from paper tickets. It was designed to reduce the number of transactions at ticket offices and speed up access to the tube network.

Very quickly, demand for paper tickets and the number of customers using ticket offices to process their transactions dropped dramatically. By 2010, TfL stated that the increase in people using the Oyster electronic system meant that only one in 20 journeys involved interaction with a ticket office. The success of the Oyster card ultimately implied a reduction in staff costs, or a redeployment of resources to other parts of the service such as towards safety and surveillance roles. This was particularly important following rising concerns for the safety of the underground amidst global terror threats and security scares.[16]

However, resistance from the National Union of Rail, Maritime and Transport Workers (RMT) meant that closing ticket offices and the redundancies they implied was extremely difficult. The promise of improvements to speed, value and safety of the London Underground had to be weighed against the challenge of decommissioning staff, stations and ticket offices throughout the network. Threats of redundancies are one of the reasons that prompted industrial action and strikes, and resistance has

at times blocked change.[17]

Public services' appetite for innovation is growing. There is no shortage of promising ideas for reducing re-offending, re-engaging young people in learning, supporting families in crisis and cutting crime through better design. Organisations and consultancies have introduced more disciplined processes to support innovation, borrowing methods from the fields of design, business and technology development and scientific research.[18]

Yet there are few attempts to look at the flip side of innovation, the less glamorous and more risky challenge of how to shut down or decommission what is already in place. Efforts to decommission current provision are rarely linked to efforts to innovate new solutions, as our interviews with public sector leaders showed.[19]

## Exit, closure and decommissioning in public services

As society's circumstances change, the state is regularly reorganised. Periods of cuts, changes in ideology or policy, environmental or cultural understanding of people's needs and expectations have resulted in old forms of provision being closed, industries shutting down or state functions removed or moved out of sector. Though difficult and often controversial, this process of 'decommissioning' – of stopping a service or an approach to meeting need and redirecting or saving resources – is not unusual.

Over the past few decades, governments have engaged in controversial programmes of deinstitutionalisation and industry closure. The 'Beeching Cuts' that closed scores of railway branch lines in the 1960s are still the subject of controversy among railway specialists. Since the 1970s, governments have led the gradual closure of large mental health institutions, created by the Victorians, in favour of care in the community. At a local level, community and maternity hospitals were closed to make way for large, general hospitals.

At an industrial scale, the miners' strike of 1984-5 was prompted by plans to close dozens of state-run coal mines. The armed services decommissioned countless planes, tanks, missiles, naval vessels and entire regiments as Britain's empire fell away, military commitments contracted,

alliances shifted and technologies changed. The term decommissioning has a strong military connotation, associated with post-war efforts to take equipment out of service.

There have been less dramatic but no less important changes in other areas. Many specialist schools for children with disabilities have been closed as children with disabilities were integrated within mainstream schools. New priorities in employment support services have directed the decommissioning of supported workshops for adults with learning disabilities, shifting resources into mainstream services for disabled people.

Even in the 1950s some working class communities had public bathhouses, inherited from the Victorian era. They eventually gave way to private bathrooms in people's homes once it became clear that a mix of private and social innovation had created a viable alternative.

Government departments engage in internal reorganisation which can seemingly obliterate entire departments, without that radically changing the kind of services that are provided. Since 1997 government departments such as those responsible for skills, universities, innovation, transport and local government have been merged and de-merged without this leading to much change in the programmes they deliver.

More recently, the financial crisis and subsequent reductions in public spending are putting immense pressure on public services to find more sustainable ways of achieving their goals. A long period of low growth in public spending is likely to result in more decommissioning as public service providers adjust to six consecutive years of spending reductions that are coming into effect.

As a consequence of reductions in spending, the landscape for public services is changing rapidly as new providers are introduced and organisations are broken up. The Government's current proposal to restructure the National Health Service implies a huge reorganisation, staff redeployment and the closure of Strategic Health Authorities and Primary Care Trusts.

Many local government organisations are facing budget cuts of as much as 15 per cent a year over the next few years. Many will increasingly have to consider closing or reducing services, selling off assets or letting staff go as a way to manage services in a tight fiscal climate.[20] Some local authorities are considering more drastic measures. Suffolk County Council's plans to move much of its activity into the community and become a smaller, commissioning council have already faced significant political and public opposition, eventually leading the team to put plans on hold.[21]

That brief summary shows that the public sector exits from activities through different means under very different conditions.

Decommissioning may involve stopping providing an in-house service entirely, or terminating a contract with an external provider.[22] Services can be decommissioned, as can equipment and products such as drug treatments, military hardware, buildings and infrastructure. Services can be partially decommissioned, for example by restricting opening hours or tightening eligibility criteria.

Decommissioning can be prompted by poor performance, safety issues, or as a result of more serious service failure. In closing large mental hospitals, the government acted on the grounds of a growing consensus among professionals, pressure groups and users that existing services were unacceptable and failing to support people in care.

Though often more controversial, decommissioning is also often prompted by reductions in public spending and a need to cut back on services. This is increasingly common across much of the public sector at the moment given the tight financial context and public spending cuts.

Decommissioning tends to come with strong negative connotations. Services are sometimes decommissioned in response to crisis: a failure to meet safety or regulatory requirements; abject failure to deliver value for money; pressures to cut spending. Decommissioning is largely seen as a procurement tool – a way to cut spending or achieve efficiencies by stopping less effective approaches. As one public service commissioner put it:

> *"Decommissioning is often driven by financial challenges, but it can be a powerful catalyst for innovation and change."*
> **Commissioner, Surrey County Council**

Prompts from crises mean decommissioning often happens in haste, with blunt instruments and at considerable cost, in terms of job losses, upheaval and political turmoil. Staff in the Department for Work and Pensions, Commissioning Policy team reflected the common view:

> *"Decommissioning as a phrase signals final stopping; it doesn't signify rebirth on the other side."*
> **Analyst, Department for Work and Pensions**

However, decommissioning can also be prompted by a recognition that need can be met in a different, better way – or because public need has changed so the service is no longer required. This is a difference between decommissioning decisions that are based on better outcomes – stopping something to grow an alternative – and decommissioning to cut back.

> *"Decommissioning should be as lively and active a part of commissioning, recognising that in reality things always change… it should be about redirecting resources."*
> **Commissioner, Inner North West London Primary Care Trust**

Decommissioning could be understood as a process of service improvement, driven by a search for better outcomes for the public. It should be as strategic and integrated a process as commissioning, and absolutely linked to it. Some commissioners have a strong sense of what is required. This is how one commissioner described it:

> *"Decommissioning doesn't always mean closing something. It is about drawing a line under what is currently provided and taking the time to go back a few steps and review why you are doing it in the first place. It is important to have reviews going on all of the time, often incrementally pushing the boundaries of what is possible."*
> **Commissioner, Royal Borough of Kensington and Chelsea**

## There are important reasons why decommissioning is hard, and controversial

Decommissioning decisions are often extremely contentious. Producers, consumers and politicians all have powerful reasons to want to protect patterns of provision with which they are familiar, rather than risk investing in less well established alternatives. There are significant structural, political, cultural and ethical barriers as to why exit and decommission is a difficult art in public services:

• Decommissioning decisions often provoke strong reactions from the public. Consumers can be sceptical about change, fearful that innovation merely disguises a diminution of services, from rural bus services to post office closures. This mistrust is far from unjustified; change can often involve job losses, disruption and upheaval.

• Decommissioning decisions can be particularly challenging when applied to areas of high need or against a backdrop of long-term rising demand. Any decisions to close hospitals or reduce capacity where beds are in high demand can be extremely contentious, given people are in consistent need of care. Conversely, there is a risk that services that provide for a less visible or vocal constituency or a smaller demographic can be vulnerable to pressures for decommissioning.

• Providers often protect current forms of provision. This does not just apply to unionised, in-house public services. Commissioning organisations can form trusted, established relationships with providers that make it hard to decommission them, especially where doing so might endanger a local organisation, employing local staff. Many provider organisations are heavily dependent on public service contracts, making it in their interest to protect arrangements as far as possible.

*"Even though those organisations were not the best performers, they were not decommissioned because of our interest in developing the future market – it would have bankrupted the small providers."*
**Commissioner, Surrey County Council**

- Commissioning can establish long-term contractual arrangements with particular providers. Investments made through the Private Finance Initiative funding can lock public services into very long-term contracts and investment plans which are highly restrictive to directing funding elsewhere.

- There are substantial operational challenges involved in decommissioning. It can be expensive, including redundancy costs, writing off assets and TUPE arrangements.[23] Often the full costs of delivering this sort of change are not fully accounted for. As one commissioner we interviewed illustrated:

  *"Buildings bring issues as the money doesn't go back into the service so people end up keeping hold of services because they don't benefit from giving them up."*
  **Commissioner, South East London**

- The availability of practical, useful evidence can act as a barrier to decommissioning. Evidence of the benefit of innovation is invariably more tentative than the very concrete costs of closing a service. Often evidence is not substantive enough to make decisions to disinvest in what is currently provided (albeit imperfect). As one interviewee involved in an innovative criminal justice programme in Liverpool put it:

  *"A lot of store was made on reducing reoffending but we haven't got a clear idea of whether it has. A range of national and local studies have been done but it is not clear if the cohort is big enough to measure statistically."*
  **Service provider, Liverpool**

- Decommissioning decisions are often as much about politics as the business case. As decommissioning often involves reprioritising resources or prioritising certain groups, often decisions are politically contentious, sparking ideological opposition and critique. Politicians campaign against bureaucracy or waste but few see votes in taking services away from citizens unless driven by necessity (at least the sense of it).

## The need for a new public capability

After a decade of rising public spending, most politicians and commissioners are used to spending money to improve performance.[24] More sophisticated commissioning practice has emphasised the value of making investment decisions on the basis of outcomes rather than on the level of activity, to drive innovation amongst providers.[25] Public service commissioners now face completely new challenges as a result of extensive, rapid reductions in public spending:

> *"It's a brave new world for some people. People are used to adding and never taking away."*
> **Commissioner, Inner North West London Primary Care Trust**

Public services are facing substantial cuts with significant opposition. Disputes over closures to library services, social care programmes and health bodies are already leading to protests, strikes and legal action. They are just the first signs of what is to come.

In this context, attempts at innovation risk being stifled as resources are withheld or cut back. Investing in innovation will require more explicit discussion of how to redirect resources from elsewhere. Without that deliberate and strategic linkage innovation is likely to remain marginal and additive.

The creative side of public services innovation – increasing the supply of promising ideas – has received growing attention in the past few years. This needs to be matched by just as sophisticated an approach to how services are phased out. Public services need to become adept at creative decommissioning.

# PART 2:

In search
of creative
decommissioning

We have examined scores of cases from the UK and round the world to learn more about creative decommissioning: where a service has been closed in a concerted attempt to innovate a different, more effective solution. These are deliberate attempts to link decommissioning and innovation in a single, integrated cycle of change.

There are relatively few examples of this genuinely transformational kind of innovation. This chimes with the reflection of many of the professionals we interviewed, who told us that decommissioning in public services tends to be disjointed and poorly managed, and examples of good practice are rare. Guidance or policies on decommissioning are much less common than for commissioning.[26]

By no means have all of these attempts been successful. In some high-profile instances where local authorities have openly proposed closing some in-house services and handing responsibility to community groups, the process has become mired in controversy. Councils such as Suffolk and Barnet recently made challenging proposals to become mainly commissioners rather than providers of services, to allow for greater flexibility. Suffolk's plans, which included closing services traditionally provided by the council and transferring responsibility to community organisations, were derailed by local political opposition.[27]

We found a small number of key cases in which there was a deliberate and successful attempt to decommission a service and create an alternative. These stories are not detailed blueprints for creative decommissioning. Indeed one of the main lessons from the successes, and the failures, is that creative decommissioning is not primarily a technical and managerial process. This sits uncomfortably with the majority of the discourse and guidance for decommissioning which tends towards the technical and apolitical.

Rather, these are stories of teams carefully planning and then driving through transformation, overcoming obstacles and managing risks, by building political and public support, persisting over a long period. They emphasise the importance of strong leadership and tenacity.

More public services will need the skills of creative decommissioning, to meet rising consumer expectations and the demands of a changing society, within the framework of fewer resources.

## Creative decommissioning: a new approach to public services innovation

Creative decommissioning is a strategic process that combines efforts to innovate and decommission – actively challenging incumbent service models and mind-sets and supporting the development of (and investment in) new approaches. It is an entrepreneurial, creative activity that anticipates future demand and actively develops the market of providers.

The illustration opposite (Figure 1) is an attempt to characterise the cycle of creative decommissioning. This cycle is iterative, and non-linear, and can be applied in different contexts and at different levels. Though this illustration has been drawn from the case studies, it does not represent a step-by-step process or fixed guide. Rather, it aims to convey the dynamism and integrated nature of this process, and show the critical components involved.

The illustration involves two overlapping, intertwined strands of activity: creating the new and closing the old. The strands are drawn as fluid and mutually reinforcing; the two strands are flexible, but linked in a single cycle.

Creative decommissioning is:

- **Strategic and integrated** Whether the creative and the decommissioning strands are combined at the same time, or linked sequentially, one following the other, they have to be linked in a single cycle.

- **Entrepreneurial and creative** Some parts of the process can be planned. Preparation pays off. Creative decommissioning rarely works well when it is done in a rush. Yet it is also a highly uncertain, iterative process to discover what works in practice.

- **Alliance building and breaking** Existing models of public services are protected by powerful, mutually reinforcing alliances of producers, consumers and politicians. Creative decommissioning works by breaking up those alliances and building new alliances to

**Figure 1:** The cycle of creative decommissioning
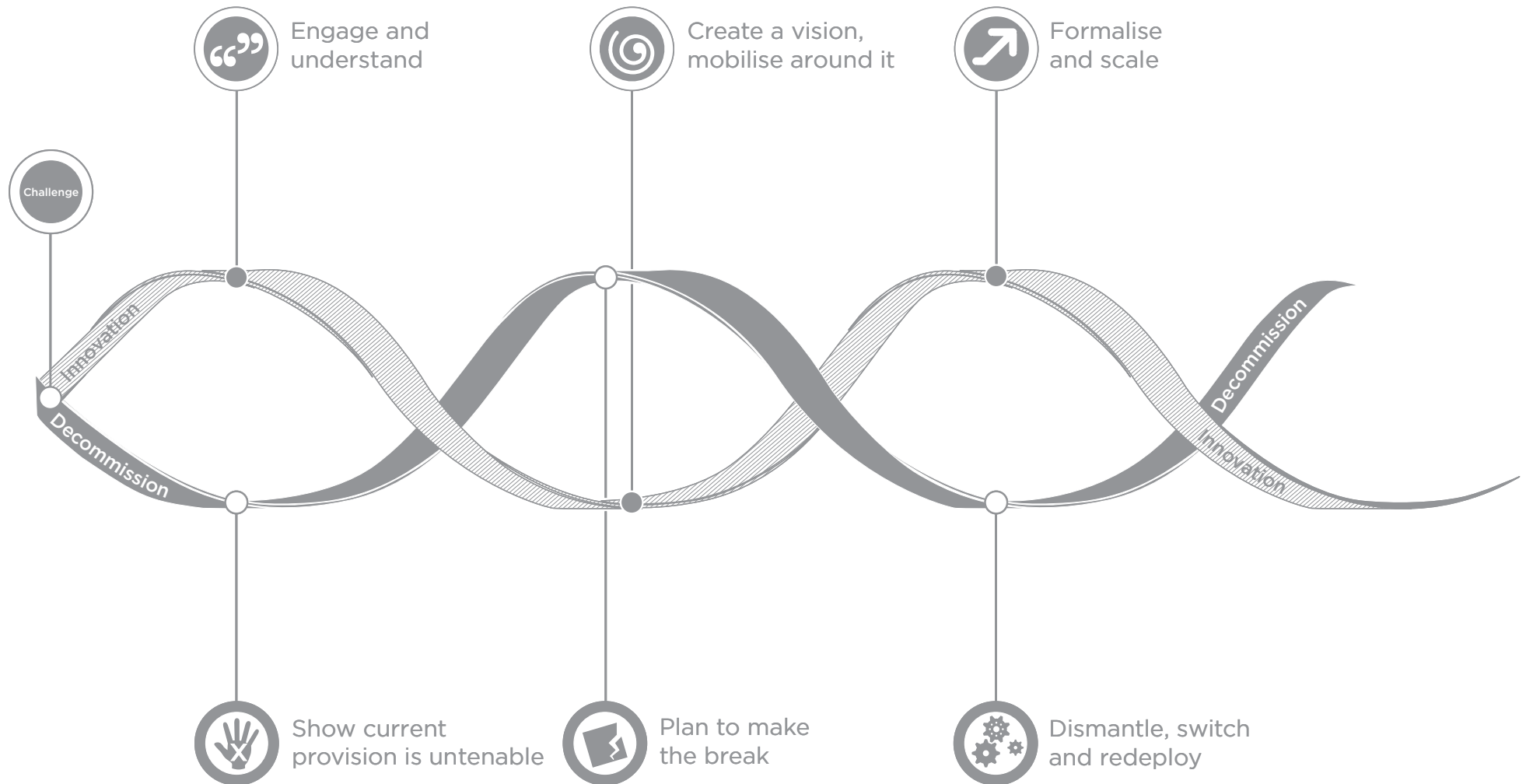
support a different pattern of provision. These alliances need to work between contexts, such as between local commissioners and leaders, services users and providers, politicians and providers. Alliance building is necessarily a political process and not a purely technocratic and managerial one.

- **Same ingredients, different contexts** There is no 'cookie cutter' recipe for creative decommissioning. Each case involves similar ingredients, but these need to be combined with skill depending on the context. The dynamics differ depending on whether there is an existing market for delivering public services or whether services are commissioned nationally, locally or on an individual basis.

Challenge

The process starts with a preparedness to make a twin **challenge** to existing services. Do they meet existing need at affordable and high enough standards of quality? Are they well designed to meet emerging needs and make use of assets? In some cases the momentum comes from a recognition, often brought on by external review or inspection, that current services are performing poorly. The case for innovation in Tower Hamlets' library services was made easier because traditional services did badly compared with services in similar London boroughs.

In other cases, where current services are performing quite well, the initiative comes from addressing future needs. Warwickshire's Fire and Rescue services started their creative decommissioning programme by examining how well aligned services were to meet emerging demand. Effective challenge must be open and forward looking rather than seeking to pin blame for poor quality on existing systems.

Challenge can come from many different sources, and today's context for public services makes this even more open and actionable. Trends towards open data make public scrutiny of performance more feasible, and new policy instruments such as people's 'right to challenge' and more individual budgets mean that the means to challenge what is currently provided are potentially more widely distributed.

As with any commissioning process, establishing an appropriate business case for creative decommissioning needs not only to assess the evidence of whether what is currently provided is less effective, but must also account for the costs of managing the transition appropriately.

That process of challenge, which is rarely a one-off event, should set off two overlapping strands of work. The **creative, innovation strand**, involves three main blocks of activity:

**Engage and understand** Successful projects engaged service users, staff, pressure groups and politicians, from an early stage, in efforts to understand the needs a service had to address and define the key outcomes to be achieved. Many techniques can be used in this process from ethnography to facilitated discussions and analysing aggregate data. This process cannot be rushed because establishing the goals for a new service is critical. However,  it needs to be clear from the outset that this is part of a forward-looking process designed to lead to action.

**Create a vision, mobilise around it** People will not rally around a vague plan. To persuade them to break their allegiance to a current service requires a tangible, attractive alternative. That means being able to show realistic prototypes, models and designs for a new service which convey how it would look, feel and work. Creative decommissioning is more likely to succeed the wider the support base for the change. Building demand for change makes the job of creative decommissioning easier. If change is entirely driven by an isolated group of managers it may well not gather the kind of momentum needed for success.

**Formalise and scale** As the process unfolds, operational skills become more important, for instance to retrain staff, design new brands, implement new service formats and fit-out new buildings. To scale across many sites an innovation has to be relatively simple, effective and compelling to be adopted by staff not involved in its creation.

To be successful, this creative strand needs to be properly resourced and planned, with a team taken out of their day jobs and allowed to focus on innovation. Clayton Christensen found that companies that managed to escape the innovator's dilemma, maintaining their leadership of an industry, deliberately set up internal competitors to their established businesses.[28] The public sector may well need to do something similar.

The second strand is **decommissioning**. This needs to be approached as strategically and systematically as the creative, innovation strand. It too involves three main areas of work.

**Show current provision is untenable** The critique of existing provision must be sustained, over months and sometimes years. Often this involves managers intentionally challenging current provision, inviting customer feedback, external review and evaluation, and comparisons with other services. An effective case against a current configuration of services is rarely made in a single report or meeting. A concerted effort is required to communicate the rationale for decommissioning, from politicians, managers, service users and even staff.

**Plan to make the break** For commissioning organisations, break with a current service might involve applying policy tools such as sunset clauses to decommission existing contracts. This requires formal and sufficient notice for providers, consistent communication and engagement with those involved. Where services are provided in-house, breaking out of an existing approach means personnel are moved or made redundant, locations change or buildings are closed down.

Often, breaking internal cultures and working practices is the most challenging part of this process, and needs leaders to embody new behaviours. Most formal guidance focuses on this aspect of decommissioning – such as how to terminate a contract with a poor performing provider or how to support service users in transition as a means of support is closed down.

**Dismantle, switch and redeploy** Though planning for closure might take months, in action the switch from one service to another needs to be as seamless as possible, limiting or managing disruption to users and staff switching from the old service to the new as much as is realistic.

These two strands are not just intertwined, they should be mutually reinforcing. Dissatisfaction with current provision should propel the search for better approaches. The creation of an attractive, tangible vision of an alternative service should build demand for change and heighten dissatisfaction with the *status quo*. The closure of older facilities should free staff and resources to reinvest in the new. Evidence that the early application of the new approach is more effective should create further demand for change.

Just as the creative strand needs to mobilise an alliance of users, staff, providers and politicians around new models of provision, so the decommissioning strand needs to directly address opposition. A vital part of this process is to win over staff and users who were wedded to the established service. To gain traction an innovation needs to acquire advocates among service users, frontline staff and middle managers. They are often the most authentic and compelling ambassadors for change.

Two activities link the two strands. First, the process needs constant feedback and review to reinforce the need for action and guide efforts at innovation, often drawing on new data sources and different metrics to evidence the value of the new approach. Second, the entire process requires a degree of **financial** sophistication.

In some cases this involved investing upfront to create new models before the savings were realised. Generating savings can also be costly, in terms of closing buildings, terminating contracts and making staff redundant. Creative decommissioning often requires financial innovation, such as through pooling the budgets of several services.

This is not a linear, step-by-step programme. Many of the successful cases profiled here did not follow every step of the process, which can play out differently in different contexts.

One crucial factor is time. Creative decommissioning tends to be unsuccessful when important steps in this process are rushed, overlooked or neglected, because services need to be changed fast to meet budget deadlines. Success tends to come to those who prepare the ground well. In some cases change is driven from the centre, nationally and locally; in other cases the process is much more dispersed and so less obvious.

Another is engagement. The inherently political nature of creative decommissioning should not be underestimated, and where teams have tried to avoid confrontation this has often slowed progress. Making a strong case for creative decommissioning is not just about focusing on the business case. Working closely with teams internally and engaging with local groups, businesses and politicians to develop a shared vision for change is critical to success.

The decision to embark on creative decommissioning can come from different places, dependent on the context in which a service is provided.

**Notes**

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## Vantage points: a guide to reading the case studies

We have looked at examples of creative decommissioning from across a range of public services, from a number of different contexts and vantage points. The dynamics differ depending on whether there is an existing market for delivering public services or whether services are commissioned nationally, locally or on an individual basis.

Where services are commissioned at a national level or where decisions are guided by a change in government policy, challenge may be led by a change in political direction and break up of existing institutions, instigated nationally. This was the case with Poland's school closure programme, where central government dictated the policy and implementation plan.

Commissioners at a regional or community level might embark on a strategy to innovate and decommission, or provider organisations can lead an internal shift. This was the context in which the majority of our cases were operating, whether as providers of services in-house (Middlesex Hospital, Warwickshire's Fire and Rescue Service, Tower Hamlets' libraries) or as commissioners of externally provided services (Thurrock Council, New York Juvenile Justice, and Glasgow Homelessness Service).

In some contexts, service users and communities might prompt innovation and decommissioning directly. In many cases, the voices of service users and communities were important influences on decommissioning decisions, either as campaigns or pressure groups or through direct feedback. Yet in Suffolk, Activities Unlimited are providing a way for these groups to make these decisions themselves, offering a different vantage point entirely.

What follows are cases of the cycle of creative decommissioning in practice in each of these different contexts, profiling the experience of some of the people involved and the impact of their work. From these cases we can draw out some principles of what makes creative decommissioning work – and how it can be applied more broadly.

## Creative decommissioning on a national scale

### Poland's educational system, dismantling old schools

More than a decade ago, Poland embarked on a major reorganisation of its national schooling system – closing (or reconstituting) about 3,764 schools and opening 4,000 new ones in one year. The Polish education system traditionally provided children with eight years of general, primary education, followed by four years of secondary education, in which children were split into vocational and academic streams.

In 1999, the leaders of the Polish education system – a grouping which embraced not just the Ministry of Education but also leading practitioners and politicians – decided to change the system to provide an extra year of general secondary education. The new system would provide six years' generalist primary education and three years of general education in a new lower secondary school, the Gymnasium, followed by three years' higher secondary in specialist streams.

Poland's new system has delivered impressive results. By 2003, Poland had raised its PISA (OECD's Program for International Student Assessment) student performance rankings by 20 points and had reached the OECD average from being far below.[29] Poland's educational performance has improved consistently: it ranks ninth amongst all countries in overall PISA reading scores. Systematic evaluations have linked Poland's school reform programme to this increase in performance, due to the delay of streaming into vocational tracks and directing more resources to education.[30]

In retrospect it is possible to see in Poland's programme elements of the creative decommissioning model. The system's leadership challenged the system for which they were responsible, questioning whether the traditional model was good enough, particularly given Poland's economic ambitions. The leadership mobilised a wide alliance around a vision of expanding education for all, embodied in a tangible, scalable model of the lower secondary school. Teacher qualifications, curriculum design, assessment, learning and supervision methods were all revised around the new strategy and the new 'Gymnasium' schools.

In implementing the reforms, the central government allowed localities

**Figure 2:** Poland's education system – dismantling old schools

**Engage and understand**

Engaged teachers in planning for the new system

**Create a vision, mobilise around it**

Alliance around a wider education for all

**Formalise and scale**

Holistic retraining of learning approaches

**Dismantle, switch and redeploy**

Rapid implementation, 4000 closures in a year

**Show current provision is untenable**

Low PISA ranking fuelled the need to improve attainment

**Plan to make the break**

Spending decisions were led locally

Poland's schools were failing to meet attainment standards

Challenge

Innovation

Decommission

considerable discretion in choosing which schools to close and reconfigure. Not only did this increase local buy-in, it fragmented potential opposition. Direct spending on education was devolved from national to local government, whilst maintaining consistent levels of spend as a percentage of GDP.[31] Moreover once the switch came, it came rapidly. Thousands of schools were closed within one year, quickly formalising and scaling the new approach in practice.

The Polish Government led this reform programme at a national scale, creating a new vision for education and rapidly decommissioning old schools. Compare the pace of Poland's reforms to the UK's gradual closure of large institutions for mental health patients in the course of the 1970s and 1980s. The case for the closure of these institutions was built up over many years, involving campaigners, families, politicians and professionals. Many would argue the closure programme was long overdue. The shift towards providing more 'care in the community' made provision more flexible, but was also supported by professionals seeking a more holistic, integrated and supportive approach.

Both the decommissioning and the innovation were driven by a set of values about people with unstable mental health having a right to live as independently as possible within the community. Despite this consensus, the switch from institutions to care in the community was protracted and fraught. High-profile cases in which former residents committed sometimes violent crimes threatened to turn public opinion against the switch, but policymakers responded by making care in the community programmes more reliable and risk-conscious. Whereas Poland transformed the structure of its school system in a few weeks, the shift to care in the community required more time to allow the new service to bed in. Two decades on there are no public advocates of a return to the old system.

One of the key lessons from these two cases is that framing counts. In both cases, creative decommissioning involved creating a consensus about the need to achieve better outcomes rather than just saving money. In the Polish case, the Gymnasium was a tangible model that was swiftly implemented to bring benefits for all pupils. In the care in the community case, the future model was less tangible and needed much longer to establish itself.

**Notes**

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## Creative decommissioning through internal change and redesign

Most public services are still delivered in-house by public sector organisations. So an internal capability to innovate and decommission will remain vital to the public sector's ability to evolve and adapt, even if more services are contracted-out and commissioned from external providers.[32] Although it is now common for public services to have 'business transformation' programmes, often these are designed to automate and streamline existing systems rather than completely redesign them.

The challenges involved in decommissioning services provided in-house are often driven by internal cultures and norms. Retraining or re-hiring staff, introducing new skill-sets, or introducing a new type of leadership often comes hand-in-hand with the structural redesign of systems and institutional provision. Overcoming these challenges can require upfront investment and can take time to embed in practice.

**Reconfiguring Central Middlesex Hospital**

Central Middlesex Hospital is a well-evidenced example of a hospital reconfiguration programme that combined some of the elements of creative decommissioning. It is the case of one hospital in amongst an ongoing programme of closure, mergers and reconfigurations that the NHS has experienced over the past 50 years, as facilities improve and needs change.

The challenge to the old hospital was not hard to make: services were housed in a Victorian building that was expensive to maintain and made it difficult to provide high quality services. Infection rates were high and the costs of bringing facilities up-to-date were pushing the hospital towards insolvency. The Trust acquired funding for a new, state-of-the art hospital within which a new vision of more intuitive, patient-centred care could be realised.

> *"They all thought that the reason why it didn't work was a resource challenge so asking for more money, more beds etc. In practice, it was a design challenge which required us to rethink provision more radically."*
> **Clinician, Central Middlesex Hospital**

Clinicians realised that preventing insolvency required a whole system redesign, given the inefficiency of the current way in which inpatient and outpatient services were organised. The provision of inpatient, outpatient, home and primary care was completely redesigned, investing more in outpatient and community provision to keep people out of hospital as much as possible. The new system integrated a 'Right Care' approach to delivering care centred around the patient that is flexible, personalised and delivered at the right point.

The redesign eliminated more than 400 beds, a fifth of capacity, whilst sustaining the overall level of activity.[33] Alongside the structural change involved, the hospital reconfiguration allowed for a change in practice, putting a stronger emphasis on community and home care to prevent demand for acute services. The entire programme to decommission old hospital buildings, build the replacement and establish new services took 15 years.

**Figure 3:** Reconfiguring Central Middlesex Hospital

Hospital-based care was expensive and unproductive

Challenge

Innovation

Decommission

**Engage and understand**

Clinicians wanted a more modern, intuitive system

**Create a vision, mobilise around it**

The whole system moved towards a Right Care approach

**Formalise and scale**

Substantial investment in new, smaller, leaner hospital buildings

**Show current provision is untenable**

Expensive upkeep, high rates of infection

**Plan to make the break**

Redesign of inpatient and outpatient services

**Dismantle, switch and redeploy**

Eliminated more than 400 beds, moved more care into the community

**Redesigning Warwickshire's Fire and Rescue service**

In contrast, the trigger for Warwickshire's Fire and Rescue Service's creative decommissioning programme was neither old buildings nor a failing service. The service's leadership believed there were opportunities to improve outcomes by shifting more resources to fire prevention rather than responding to fires once they had started. The team wanted to change the culture of the fire service from one that directed resources from the centre – often too late – to one where frontline staff are able to predict and reduce demand on the service.

The challenge to the service was driven home by comprehensive data on how and where fires were persistent. The service used this intelligence to review where fire stations were located and to make the case for decommissioning. Three fire stations were proposed for closure. To date, two have been closed at Warwick and Brinklow, and the third at Studley will close in March 2013. A number of retained fire-fighter and professional posts have been eliminated or reallocated elsewhere. The service's response to automatic fire alarms was changed, reducing the number of false alarms the service attends by 73 per cent.

As was the case at Central Middlesex, closing buildings brought the opportunity for Warwickshire to change the culture of their Fire and Rescue service. Having been expert at managing crisis, Warwickshire wanted to get better at preventing demand. Insights from the frontline were critical to achieving this – capturing their tacit knowledge of where fires were more likely and why.

Warwickshire's programme highlights the critical role of better data to achieve more strategic prevention of fires and guide the direction of resources. The programme is yielding £118,000 in direct savings each year, as well as allowing £1.8 million to be redirected towards more effective preventative work and specialist rescue provision.[34] Having freed up resources from closing fire stations, Warwickshire has increased its number of home safety checks from 6,000 to 10,000 per year, building awareness and skills for preventing domestic fires.

**Figure 4:** Redesigning Warwickshire's Fire and Rescue Service



Reduce demand by preventing rather than putting out fires

Challenge

Innovation

Decommission

**Formalise and scale**
Changed perception of what the fire service is for

**Dismantle, switch and redeploy**
Buildings closed and resources more responsive

**Create a vision, mobilise around it**
Frontline staff able to take control

**Plan to make the break**
Data mapping prompted system redesign

**Engage and understand**
New data revealed patterns in where fires occurred

**Show current provision is untenable**
System not effective for preventing fires

The London Fire Brigade face this challenge on a larger scale. The third largest fire service in the world, London Fire Brigade consists of 5,700 fire-fighters, 1,300 support staff and serves a population of more than 7.5 million, in 3.2 million households, across an area of 1,537 square km. The service carries out 65,000 home visits a year to install smoke alarms and advise on fire safety. At that rate it would take 50 years to cover every household. So it is vital the fire prevention work is targeted on those households at highest risk.[35]

In both of these cases, timing was critical. Central Middlesex Hospital took a long time to plan a new model of elective care, based on their understanding of demand. Warwickshire's improvement programme stretched over two years but managers involved felt this gave them too little time to plan and communicate effectively. Perhaps as a result the programme excited strong opposition: public resistance forced the service to abandon its plans to close Bidford Fire Station in spite of a compelling case for change.

**Notes**

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### Changing cultures – Tower Hamlets' Library Services

Public libraries are a case study of the difficulties of decommissioning, especially where universal services are involved. Libraries are deeply rooted, iconic institutions, to which people are strongly attached. Many people defend the values libraries stand for, open access to books and information, even if they no longer use library services. As a result closing libraries, even when they are run down and little used, often faces local opposition. Plans to close libraries as austerity measures have provoked national protests and legal action.

Yet over the last decade a string of reports have warned that the number of people visiting libraries continues to fall and the number of books they borrow even more sharply. Fewer and fewer people are visiting libraries and those that do often use the library to search for information and use computers. Ubiquitous access to the web through mobile devices, computers and tablets is changing how people access information and read. E-book readers like the Kindle and iPad allow access to millions of books.

Some library services have responded to these challenges. In Hampshire libraries have been remodelled as Discovery Centres. The London Borough of Newham has turned libraries into the core for integrated, one-stop shops for public services. Libraries have also adapted to the e-book revolution, with services such as Sutton Bookshare, a council-led marketplace where residents can lend and borrow books.[36] Other services have turned to community support to stave off closure: Lewisham's community library is staffed by local residents.

However these cases remain the exception rather than the rule. Innovation in libraries tends to be piecemeal. Libraries are hard to close and yet also hard to change.

One of the few library authorities to adopt a deliberate and strategic programme of creative decommissioning was Tower Hamlets. Since 2002, Tower Hamlets has systematically closed 15 old libraries and opened up four new 'Idea Stores' – a reinvention of what a modern library could be that combines a library service, adult learning, after school activities for children, local information, a café, health services and other cultural activities in one location.

**Figure 5:** New vision for Tower Hamlets' library services



**Engage and understand**

Public consultation confirmed demand for a new type of library

**Create a vision, mobilise around it**

Brought in new perspectives to prototype Ideas Stores

**Formalise and scale**

Gradually closed and sold buildings, reinvestment made

Libraries not used, people wanted better access to knowledge

Challenge

Innovation

Decommission

**Show current provision is untenable**

Asked people why the old libraries weren't working

**Plan to make the break**

Visible regeneration gained the support of local people

**Dismantle, switch and redeploy**

Rapid implementation, new working culture

The programme started with a clear challenge: Tower Hamlets was rated one of the worst London boroughs in terms of its library provision. The mainly Victorian buildings were often inaccessible: libraries that had been built close to centres of population a century ago, now found themselves wedged into the side of a busy dual carriage way. The ageing buildings were expensive to run and renovate. Little had been invested in the book stock for years. A public consultation found there was huge demand for a fundamentally different approach.

The public valued libraries – convenient and open access to books remained a high priority for the community – but current provision was failing to meet their needs. Books were hosted in the wrong kind of buildings, which were open at the wrong times, in the wrong locations, staffed by people with a culture that too often prioritised organising the books rather than serving customers. People wanted services that reflected their daily lives.[37]

The Idea Store concept emerged through public engagement. It was clear the new libraries would need to be located close to the main markets, public housing estates and transport hubs. The team commissioned external input from the architects Bisset Adams to design the physical space to capture the spirit of the new service. It was through the building design that the culture of Idea Stores was shaped, engaging staff and the public in visioning a new type of library and community asset.

With multiple levels and mobile divides, the space can be manipulated to serve different needs. The overall feel of an Idea Store is quite similar to an Apple Store. Each Store has an attractive and affordable café. The Stores blend into the high street and deliberately evoke a retail feel to make them feel modern, accessible and aspirational. The design and models for the stores, and then the first to be created on Roman Road market, provided a highly visible rallying point to mobilise interest from the public, business, politicians and staff.

As the first Idea Stores neared completion the team also embarked on an extensive recruitment and training programme, borrowing from techniques used at high street chains like Pret à Manger, to prepare staff to work in a more customer-focussed way. The training made tangible the kinds of behaviour the service needed to encourage – staff out on the

floor, working with customers – rather than in a back room cataloguing books. The entire programme was led by a dedicated team which just focussed on developing the new formats.

The attractive designs for the new libraries reinforced the shortcomings of the old. The closure programme was planned so there was never more than six weeks between the closure of an old library and the opening of a new one in its place. The old library buildings were eventually sold off to be redeveloped: one became an extension to the Whitechapel Gallery.

Switching buildings was, if anything, easier than changing cultures of work and service. Some more traditional librarians disliked the new format and left. The leadership team had to work hard to develop a new working culture – the 'Idea Store way' – and train staff extensively to work more flexibility and focus on meeting customer needs. It is harder to decommission an ingrained culture of work than it is to decommission the building in which people operate.

Tower Hamlets now has one of the most highly rated library services in the country, with use of library and adult education facilities across the borough having doubled in the past five years.[38] The sale of some of the old library sites helped to fund the reinvestment in Ideas Stores, although upfront investment was critical to pump-prime the redevelopment work. The Idea Store buildings also allow much lower running costs. Tower Hamlets is one of the few local authorities that are not planning to cut spending on libraries in the near term.

These examples show that with enough time, preparation, investment and a commitment to a shared vision of better services, the public sector can transform itself from within. However, our case studies show managers and politicians often have to be courageous and tenacious to lead such changes. Over the past few years, government policy has moved towards a more widespread commissioning structure – where many statutory and non-statutory services are commissioned from a more diverse market of providers. One case for this shift is that it could by-pass some the challenges of managing internal change.[39]

**Notes**

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## Creative Decommissioning of external providers

Decommissioning in house services requires change in internal practice and management. Where services are provided by external organisations, decommissioning decisions mean ending or changing contractual arrangements with existing providers. Nevertheless, sustained engagement, mobilising around a vision or set of commissioning priorities and careful planning around decommissioning are all critical practices in managing exit.
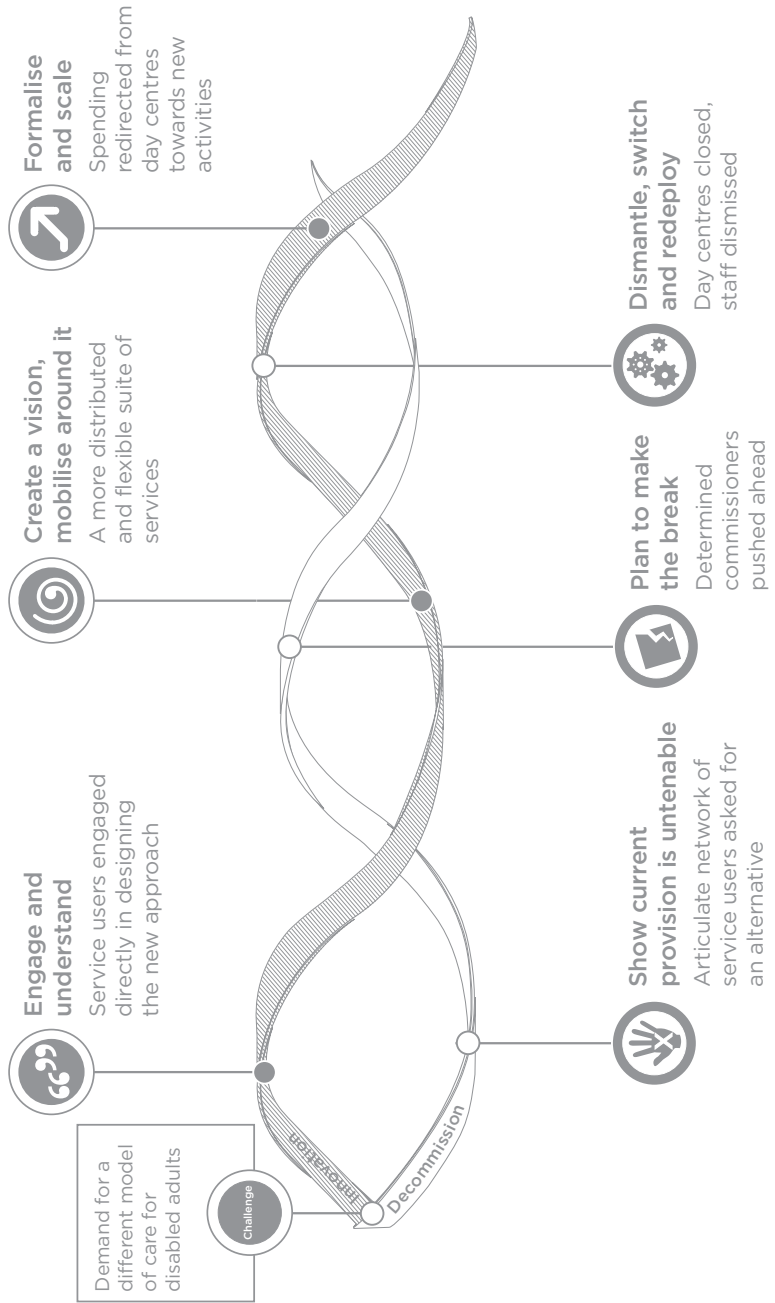
## Co-producing decommissioning: Thurrock Council's Adult Social Care

In 2005, Thurrock Council, on the northern edge of the Thames Estuary and east of Dagenham, provided the majority of its care services for adults with learning disabilities through dedicated, multipurpose day centres between Ockendon, Grays and Tilbury. These were relatively large, costly institutions that served people but also entrenched a culture of dependency amongst service users. They were unpopular, but there was little incentive and not much scope to change. Service users had low expectations, few alternatives to compare the service with and little information about alternatives. Habit and custom led staff to assume that the service they were providing was exactly what their clients needed.

The challenge to the service, whether it was really providing clients with what they wanted, came from the shared ambition of Thurrock's Director of Adult Social Care and the Service Manager for provider services. Together they saw an opportunity for radical reform – creative decommissioning – that was not obvious from within the bounds of service.

Together with an increasingly articulate network of service users, the team redesigned a more effective, personalised alternative to institutional care. They worked hard to demonstrate the inadequacies of the current approach and the opportunities in the new. Bit by bit they built a coalition of support for decommissioning the day centres and finding more effective, community-based solution, that would allow people more choice, control and independence.

**Figure 6:** Adult social care in Thurrock



**Engage and understand**
Service users engaged directly in designing the new approach

**Create a vision, mobilise around it**
A more distributed and flexible suite of services

**Formalise and scale**
Spending redirected from day centres towards new activities

**Show current provision is untenable**
Articulate network of service users asked for an alternative

**Plan to make the break**
Determined commissioners pushed ahead

**Dismantle, switch and redeploy**
Day centres closed, staff dismissed

Demand for a different model of care for disabled adults

Challenge

Innovation

Decommission

Thurrock Council eventually closed all of its multipurpose day centres and moved towards a contracting model, supporting the development of a specially created social enterprise run by and for service users – Thurrock Lifestyle Solutions – to provide more targeted, personalised support for adults with learning disabilities. Instead of confining people to a narrow range of programmes available in the council's centres, Thurrock Lifestyle Solutions co-designs an individual support plan with service users and their personal assistants to choose from a wide range of activities on offer in the community, from going to the cinema, to having a meal out or going swimming. They also support people to find paid employment, and live independently in their own homes.
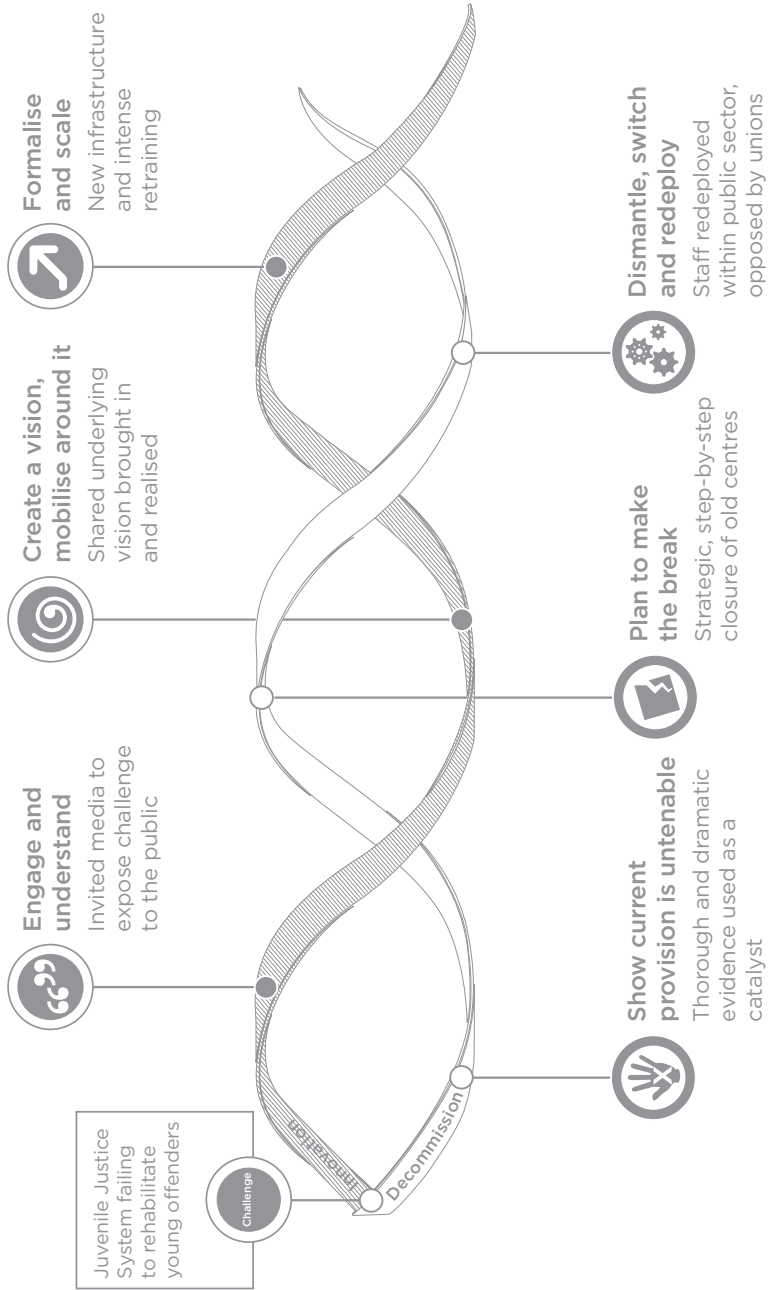
Closing the day centres was an extremely contentious process. The team faced stiff resistance from day centre officers, from trades unions fearful about job losses and from service users and their families who were fearful that closing day centres would leave them without adequate support. They chose to push ahead, determined to slowly win people round and break down the coalition that was intent on keeping the old day centres in place.

Eventually they succeeded, mainly because they developed a tangible, practical model which appealed to a significant majority of service users and gave them democratic control. The new model of provision has more flexibility built into it: shifting from one kind of activity to another should be easier. However, success was hard fought. The project had its critics, and some team members left the council.

**Transforming New York State's Juvenile Justice System**

New York's juvenile justice system has undergone a complete transformation since 2007. The change was prompted by crisis: the abject performance of a number of punitive centres. That led a newly installed leader to redesign its aim: to 'narrow the front door' into the system through more comprehensive, community-based prevention programmes. As a result, New York State has decommissioned more than 18 centres and eliminated 1,035 professional posts. The resources freed up by this closure programme have been reinvested in a more restorative, therapeutic approach.

**Figure 7:** Transforming New York's Juvenile Justice System



Juvenile Justice System failing to rehabilitate young offenders

**Engage and understand**
Invited media to expose challenge to the public

**Create a vision, mobilise around it**
Shared underlying vision brought in and realised

**Formalise and scale**
New infrastructure and intense retraining

**Show current provision is untenable**
Thorough and dramatic evidence used as a catalyst

**Plan to make the break**
Strategic, step-by-step closure of old centres

**Dismantle, switch and redeploy**
Staff redeployed within public sector, opposed by unions

Challenge

Innovation

Decommission

By the second half of the last decade, New York's 39 juvenile justice facilities were in a desperate state. It cost about $266,000 a year to keep a child in a facility, and an annual budget of $166,920 million. Despite significant investment, recidivism rates were at 85 per cent.[40] There were profound issues with substance abuse and poor mental health among inmates. Four facilities were under federal investigation over allegations of child abuse. There had been piecemeal efforts at reform to reduce the use of residential placements and there were lots of spare beds within the facilities.[41] However, there had been no attempt to dismantle the costly, dysfunctional system and introduce a new approach to care.

In 2007, the New York State Office of Children and Family Services (OCFS) – a $4 billion agency responsible for foster care, adoption and juvenile delinquency – introduced a new Commissioner with a remit to transform the juvenile justice system in the state. Not only did they want to divert children from coming into a justice system that would trap them in a cycle of recidivism, they wanted to close what wasn't working and spend money in better ways:

> *"We were not only downsizing the system, but reinventing it – and reinvesting in the community."*
> **Commissioner, Office of Children and Family Services, New York**

The priority was to 'narrow the door' into the youth justice system, stemming the inflow of new inmates, close the poor services currently in place and create in their stead more effective ways of preventing repeated juvenile delinquency, through family support programmes, community placement work and greater emphasis therapeutic interventions.

The closure programme quickly ran into fierce opposition from unions and political leaders, especially from suburban areas of upstate New York that housed the facilities which were an important source of blue collar employment. A coalition of opposition built up with the State Senator leading criticisms of the closure programme, despite the evident harm inflicted in many of the inmates. The Commissioner explained: *"My goal was to do what was best for the children. That put me at odds with the politicians."*

The politicians may have underestimated their opponent. The team worked hard to sustain momentum and commitment around the closure

and reinvestment work to make it impossible for opposition to force them backwards.

In this case the challenge came from a damning report from the United States Department of Justice that exposed excessive violence and deprivation in four facilities. There were reports of excessive force used as a disciplinary measure for even the mildest grievance. The investigation concluded that the facilities violated the constitutional rights of children, and that this punitive approach would damage the prospects of young people within and beyond New York. The Commissioner seized on the report to kick-start transformation: *"Given the demonstrated deficiencies of the status quo, there was no reasonable excuse for inaction."*

So far 18 facilities have been decommissioned. In the process, New York OCFS eliminated 1,035 jobs and reduced the number of young people in residential centres from 14,000 to fewer than 650. They invested some the savings from closing the centres into a $1 million innovation fund to support the creative strand to the work, creating new models of community justice services such as the 'Sanctuary model' in Brooklyn.

In an unimposing and unremarkable town house, young people at the end of their programme receive intensive therapy, with their parents, close to their own homes. The young people are active participants in their own rehabilitation programme, with work and skills-building projects designed around their strengths. The emphasis is on collaborative and restorative support: disputes are resolved by convening a circular discussion involving everyone in the centre to resolve the issue. Staff transferring from the old service are put through intense re-training programmes, focused on mental health and trauma therapy.

The Sanctuary model is an adaption of the pioneering approach to juvenile justice rehabilitation developed in Missouri. This is grounded in the humane treatment of youth, with facilities located in the community. It is a trauma-sensitive, co-produced therapeutic model where treatment is located closer to home (which, for most in this case, means New York City).[42] Missouri's comprehensive approach is an evidence-based programme, from which elements of the Brooklyn model are combined.

The programme's success has helped maintain momentum in difficult circumstances: in three years, New York has managed to cut by more than half the number of children who get placed in custody. Yet union hostility to the closures remains intense. Before the financial crisis had hit the state's budget, staff who had lost jobs within the centres could be redeployed elsewhere within the public sector, despite opposition from unions. But in the last two years, they have had to contend with losing staff and laying off more than 200 people.

Financial flows have sustained the programme too. The state has been able to capture most of the savings from transforming its existing facilities – receipts from the sale of some of the disused centres and lower operating costs – and reinvest in better community services. Where facilities have been closed, the Governor has created an economic development fund for communities to apply to redevelop properties themselves or start up new projects to compensate for the loss of jobs and revenue.

### Rethinking homelessness in Glasgow

> *"There's a saying in Glasgow: if someone presented as homeless and only needed a roof over their head, we'd throw a party."*
> **Community Service Provider, Glasgow**

Homelessness is a serious issue in Glasgow.[43] For many, causes of homelessness are a patchwork of complex emotional and physical needs, often exacerbated by persistent drug and alcohol addiction. Some have grown accustomed to a transient life, moving in and out of public care or prison.[44] Not all can immediately sustain an independent tenancy. The solution is not just to provide them with a roof over their heads but to help them live more stable lives.

Glasgow City Council had developed expertise in managing homelessness. The traditional approach to single people seeking help was to accommodate them immediately in large hostels before they were assessed and moved into temporary, and then more permanent housing. Glasgow had an effective system for accommodating people within long-stay hostel settings, giving access to statutory housing and care.

The trouble was that many of the same people kept on becoming homeless. For all the care, support and resources that were meeting the demand, there remained a persistent population of chronic, repeatedly homeless men and women living in the city. The system mainly managed the homeless population rather than preventing homelessness. Indeed, by moving people from hostel to hostel, it helped to perpetuate a cycle of transience and insecurity, masking the real roots of the problem – poor mental health, high rates of drug and alcohol addiction, and a dysfunctional private rental market.[45]

In 2005, Glasgow embarked upon a creative decommissioning programme to close all large, male homelessness hostels and shift provision to a more preventative suite of services.[46] The Scottish Government (then Scottish Executive) invested in the programme with a view to radically reforming the city's homelessness services and reduce the need for hostels. This started from a very different ambition and perception of what the services were for:
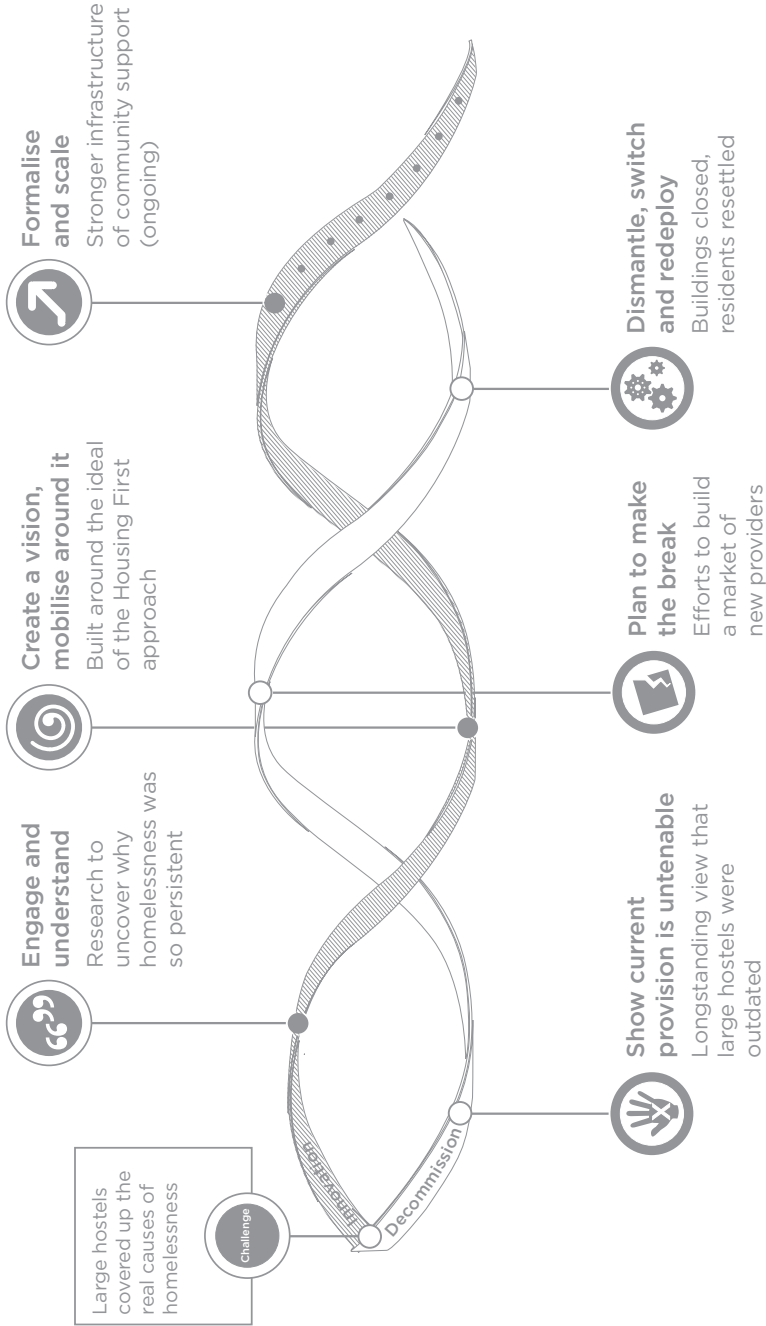
> *"It wasn't about reforming homelessness services. Our ambition was to end the problem of homelessness in Glasgow."*
> **Commissioner, Glasgow Homelessness Partnership**

The challenge came from consensus amongst the City Council, national government, community sector and service users that existing hostel provision was poor. The three large scale hostels – James Duncan House, Peter McCann House and Robertson House – were volatile, difficult places to live and work, and drug problems and violence were common.[47] There had been long-standing concerns about the inappropriate and out-dated nature of large-scale (up to 250 bed) hostels that were run by the Council, and the national task force provided the support necessary to begin dismantling the inadequate system.[48]

The multidisciplinary Glasgow Homelessness Partnership (between Glasgow City Council, Greater Glasgow and Clyde Health Board and Glasgow Homelessness Network), began by decommissioning three large city centre all male hostels for the homeless (704 places). One by one buildings were closed, staff retrained or moved on, and users resettled with tailored support. Wherever possible, users were resettled immediately in ordinary housing, with flexible support from community resettlement and support services.

**Figure 8:** Rethinking homelessness in Glasgow



**Engage and understand**
Research to uncover why homelessness was so persistent

**Create a vision, mobilise around it**
Built around the ideal of the Housing First approach

**Formalise and scale**
Stronger infrastructure of community support (ongoing)

**Show current provision is untenable**
Longstanding view that large hostels were outdated

**Plan to make the break**
Efforts to build a market of new providers

**Dismantle, switch and redeploy**
Buildings closed, residents resettled

Large hostels covered up the real causes of homelessness

Challenge

Innovation

Decommission

There were challenges faced by all staff in adopting new ways of working – such as in hostel management, care, support and casework. The programme inevitably provoked tensions: it involved significant and unsettling changes to the make-up of the workforce as well as a council-wide pay and benefit review. A small, tight, multidisciplinary team led by a determined manager brought in from outside the service identified and worked with allies to build a strong coalition for change.

As the means to close the hostels were being put in place, Glasgow's housing services commissioning team set about creating a new set of services that address the social and emotional dimensions to homelessness. They commissioned through an open procurement process, introducing new providers and different approaches. These new services included more intensive, acute drug and alcohol addiction services, a financial advice service working with those at risk to prevent evictions and better coordinated information.

The Glasgow team have done more than close outdated buildings; they have started to change how the problem of homelessness is seen in the city and how it can be solved rather than managed. The new services are focussed on preventing recurrent homelessness. The key to that was an understanding the deeper, real needs of homeless people and the factors that led them to become homeless in the first place.

Glasgow Homelessness Partnership have not yet achieved their ambition: a truly preventative, joined-up network of services to 'turn off the tap' of homelessness. However, they have radically reduced repeat presentations (from 23 per cent to 10 per cent) and are introducing a 'Housing Options' service to test a more holistic approach to homelessness prevention. Qualitative evidence suggests ex-hostel residents are achieving a higher quality of life with a stronger sense of privacy, independence and dignity.

**Notes**

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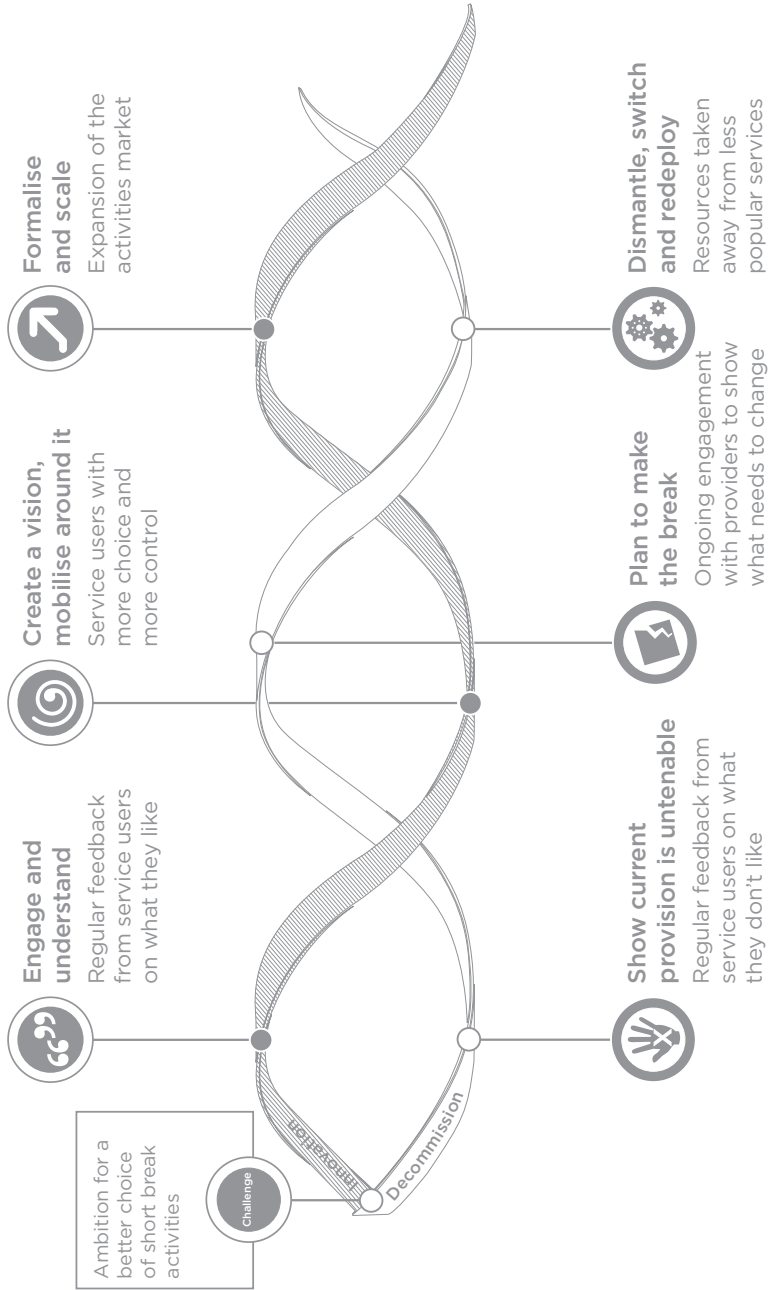
## Platforms for creative decommissioning – putting service users in charge

With the introduction of micro-commissioning tools such as individual budgets and better access to more relevant information, service users can commission services directly. Shifting an entire system from in-house provision and central commissioning to a situation where services are directly commissioned by individuals or communities can create a dynamic environment for creative decommissioning, in which new services emerge and old ones fade away more easily. One example of this kind of creative decommissioning in action is the way the market for respite care has been shaken up in Suffolk.

### Shaking up the market – Activities Unlimited

Activities Unlimited is a platform that provides a sophisticated brokerage service between people seeking respite care or a short break and providers of those services in the county. A dedicated team identifies potential new suppliers, supports provider organisations to improve their performance

**Figure 9:** Activities Unlimited – a platform for creative decommissioning



Ambition for a better choice of short break activities

Challenge

Innovation

Decommission

**Engage and understand**
Regular feedback from service users on what they like

**Create a vision, mobilise around it**
Service users with more choice and more control

**Formalise and scale**
Expansion of the activities market

**Show current provision is untenable**
Regular feedback from service users on what they don't like

**Plan to make the break**
Ongoing engagement with providers to show what needs to change

**Dismantle, switch and redeploy**
Resources taken away from less popular services

based on user feedback and signposts users towards services that are most appropriate to their needs. Where services are inadequate or where uptake is low, Activities Unlimited signals need for improvement, shifts resources towards more effective services and eventually withdraws public support from under-performing services.

The traditional approach to offering respite care and short breaks to families of young people with disabilities was to direct them to a services provided by about 30 dedicated suppliers. With a limited range of services on offer, service users had little scope to compare different services. The market was inflexible and difficult to adjust. The suppliers specialised in respite care which made decommissioning a high-stakes affair: if a service was decommissioned an entire company would close.

The Activities Unlimited platform was developed through a partnership with the disability charity Scope in 2009, and was based on extensive feedback from users about the limited range of services on offer.[49] The online platform not only provides people with a wider choice but it also generates much better information for Activities Unlimited about which services are most popular. It acts as a dynamic, creative decommissioning tool that allows service users to directly influence and shape the market of provision using personal budgets.

Activities Unlimited works to expand and develop the market, by training and supporting many more organisations to offer short breaks and respite care, as an add-on to their main business. Commercial leisure providers were trained to run courses for young people with disabilities alongside their normal school holiday programmes. As a result, there are now more than 300 providers offering a much wider range of services from creative workshops, to sports sessions, short courses in animation and photography or residential programmes.

Creative decommissioning is written into the way the Activities Unlimited programme works. Challenge comes from the direct feedback of service users. By analysing the bookings made on the platform, Activities Unlimited can track which services are used and rated most highly. Feedback determines what works. Activities Unlimited has decommissioned £100,000 worth of less effective respite care services per year on the basis of user feedback.

Scope's brokerage allows an ongoing conversation between service providers and commissioners – the service users themselves – on what needs to change and improve. This allows for a much more continual, less fraught and contentious approach to creative decommissioning. This kind of managed market will not work for all services, where for example individual budgets do not make sense or where there are higher capital costs and barriers to entry. But it is striking that in this case creative decommissioning has been made easier, less controversial and more manageable.

**Notes**

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# PART 3:

Making creative decommissioning work

Creative decommissioning requires grit and determination. In many of these cases, closing down older models of service provision was an extremely contentious, political and difficult process – whether shutting institutions such as New York's justice centres or shifting out of older approaches to care such as Thurrock's support for disabled adults. It required them to take risks, think long-term and stay focused on their goals despite significant constraints.

Yet the challenging financial outlook for public services in the next few years means decommissioning – whether creative or otherwise – will become far more commonplace. More local authorities such as Sutton Borough Council, Wakefield, Shropshire Council and Swindon are taking lead from Suffolk to shift to a smaller operating council which mainly commission rather than provide services.[50] Health organisations are getting ready to decommission much more aggressively as budgets are squeezed and agencies reorganised to meet the spending challenge.[51]

Furthermore, recent policy developments are likely to affect decommissioning practice and could create more flexible conditions in which decisions are made. New commissioning models such as Payment by Results, Social Impact Bonds or attempts to share resources across organisations through Community Budgets currently being trialled could have a profound effect on the way in which public services are managed in the future.[52]

For example, one of the potential effects of a more widespread take-up of Payment by Results and other outcomes-based commissioning models could be an increase in decommissioning or stopping less effective approaches, as providers are only paid for success. If results-based commissioning is rigorously evaluated, this could strengthen knowledge about 'what works' in addressing social issues, in theory making a consensus on what is less effective more achievable and actionable.

This section looks back at the case studies to draw out some common conditions for creative decommissioning, and reflects on their implications for current public policy development. It also considers areas of public services where creative decommissioning might productively be applied, and points to some next steps for research, debate and experimentation.

## Making creative decommissioning work – wider policy conditions

There is not a neat guide for creative decommissioning. Our research has not thrown up a consistent linear process that can make creative decommissioning easier. This is closer to an entrepreneurial, political process than a managerial or technocratic one. However, although the cases of creative decommissioning took place in different contexts, there are a few common characteristics that gave each a better chance at success.

- Decommissioning for better outcomes.

- Opening up to scrutiny, welcoming challenge and feedback.

- Valuing useful and accessible evidence.

- Making finance more flexible.

- Creating platforms for a new type of engagement.

### Decommissioning for better outcomes

In each of the case studies, the prompt for decommissioning did not just come from a need to make savings, nor to improve efficiency of current provision. Each case was driven by an ambition to achieve better value for public money. The argument for decommissioning was made on the promise of  more effective ways to respond to a social need. In many examples this helped to mobilise people towards shared goals, creating a strong alliance for change.

Glasgow didn't just want to manage homelessness more effectively. Their ambition was bolder – to end homelessness in the city. Through dismantling a proportion of the system by closing the large hostels, Glasgow Homelessness Partnership were able to redirect efforts and resources towards more concerted prevention of homelessness occurring in the first place.

New York's Office for Children and Families Services knew that they faced a crisis in provision for young people in the juvenile justice system. Centres

were in an appalling condition and becoming too crowded, recidivism rates were extremely high, incarceration rates were too consistent. Decommissioning the justice centres and remodelling the system towards more rehabilitative, restorative approaches was an attempt to redefine what outcomes should be for young people using the service – a chance for a better life.

As commissioning practice has become more established amongst public sector professionals, it has become more sophisticated. Originally commissioning plans were designed around inputs – the number of sessions provided, or the number of staff available. This is now being superseded by output and outcomes-based commissioning. Though it is still far from widespread, outcomes-based commissioning has the potential to support greater flexibility and scope for innovation in how a need is addressed.[53]

This level of sophistication should equally be applied to disinvestment decisions. In current practice, decommissioning is somewhat behind commissioning in that it is still largely viewed as a service-based decision, rather than as part of a strategy to redesign an approach.

In many of our cases, decommissioning was seen as part of the route towards transforming outcomes over a long time, not just as a means to short-term efficiencies, cuts, or in response to poor performance. This process ought to engage politicians, service users and professionals in its formative stages, to establish what outcomes they should seek to achieve together.

### Opening up to scrutiny, welcoming challenge and feedback

In many of these cases, creative decommissioning was made possible following a willingness to be open about performance, and welcoming feedback from a wide range of perspectives. This is an attitude that actively seeks out opportunities for improvement, somewhat different from the relatively defensive position that can often be taken on performance. This openness brought in new ideas, using inspection and review to spark innovation.

When Tower Hamlets wanted to change how they provided libraries,

they went out to ask the public what was not working about the current approach. They looked at data on how and when people used the libraries, trying to identify how current services could fit more neatly with people's shopping or leisure habits. When they started to build the Idea Stores, the team invited in external expertise to challenge them on their new strategy.

The crisis in New York's juvenile prisons did not escape the media. The Federal investigation prompted outcry from the *New York Times* that the state had let it get to this point. The Commissioners' seized this opportunity to get public opinion behind their decommissioning programme, throwing open the doors of the prisons and inviting the media in.

Public perception, aversion to risk, adverse media attention are often cited as barriers to innovation and decommissioning in public services, and can derail attempts. In many of our case studies, there were deliberate attempts to manage public perception by being open and explicit about the limitations of an existing approach. They invited challenge from different perspectives, using this as fuel for transformation. Consistent feedback kept them on track.

The trend towards making data more open and accessible in central and local government and across the public and third sector, presents an opportunity for a more constructive (and cost effective) challenge to what is currently provided. Combined with new online or social media tools that help to interpret data, opening up data to new scrutiny has the potential to support not only greater accountability in public services, but to highlight where investment could be directed more effectively.

## Making evidence usable and accessible

As with any commissioning decision, a clear and robust business case is a critical component of creative decommissioning. What stands out about these cases is that commissioners were very active in shaping evidence and using it to further their ambition for better outcomes and show they were delivering results. There is a danger in being over simplistic: there is huge debate about how to measure the impact of interventions on complex social issues. But access to useful evidence can drive and support better

decision making in what to stop doing and where to redirect investment.[54]

The scale of Poland's school reorganisation made it critical for the government to illustrate its impact rapidly. Within only one year, Poland's PISA ratings improved. More than a decade on, social scientists have made concerted attempts to understand the causality between the structural reorganisation and national performance improvements, evidencing the impact of an additional year of secondary education before the children were split into streams.

Glasgow City Council faced serious challenge from the (then) Scottish Executive about the high rates of homelessness in the city. In order to understand the problem better, the Scottish Government funded research into why homelessness was occurring, including attempts to bring new perspectives on the problem by introducing new methods of analysis such as a topographical study of where homelessness occurred. They used different types of evidence to understand these complex causes and the real costs of homelessness in the city.

The importance of using evidence to support investment decisions is widely recognised (if not widely practiced). Yet dealing with negative findings that expose the inadequacies of an existing approach can be extremely challenging. Commissioners can feel reluctant to use data available to challenge providers, and providers can feel reluctant to be transparent about variations.[55] In contrast, in our case studies evaluation and evidence were used to spark improvement, not shying away from highlighting what wasn't working.

Furthermore, commissioners are not often able to make decisions on the basis of firm indicators of current performance. The way spending is accounted for can make it difficult to determine the costs of current provision, which can make the case for innovation hard to see.

## Making finance more flexible

Ring fenced finance and long-term contractual arrangements make investing in and disinvesting from public services a complex art. Funding gets fixed in silos, can be closely tied to organisations and unit or specific costs are not easy to calculate. Though policy innovations such as Community Budgets and Total Place planning tools were introduced to support more system-wide change, politics and power lines continue to get in the way.

Many of our cases went to great lengths to establish a more flexible funding environment to support creative decommissioning. Many (though not all) of them had additional investment to facilitate the shift towards a different way of working. Given how precious public resources will be over and beyond the next spending review period, additional investment is not likely to be feasible. However, some of their efforts give hints at how new financial mechanisms could be used to accelerate creative decommissioning.

New York has managed to ring fence the receipts from closing juvenile justice centres, to make a direct reinvestment in community, restorative approaches such as the Brooklyn by Brooklyn Center. What they have achieved is akin to a more prospective justice reinvestment model, originally developed in Texas in the United States. Justice reinvestment describes an initiative where the budget for a proposed new state prison was redirected to build up the market of providers of alternative, preventative and community-based services, including drug and alcohol addiction support, education outreach programmes and mentoring.[56]

New York's juvenile justice service achieved something different. They were able to close facilities upfront, and reinvest savings from these back into alternative provision. The State Governor's support for the transformation programme ensured that reinvestment was ongoing, agreeing to ring fence savings from the closure programme to invest in alternatives.

Activities Unlimited is a user-driven commissioning platform for service users to spend personal budgets on short break services. It brings together the range of services on offer across Suffolk and provides information

to inform individual or group decision making. Reviews by other service users give relevant advice, and encourage peer interaction. By brokering a more direct link between service users and providers, Activities Unlimited can ensure resources are shifting to the most effective and popular approaches, enabling decommissioning in a fairer, more transparent and user-centred way.

Negotiating these innovations in finance was as much about changes to governance as how spending was allocated. Shared finance for shared outcomes needs careful financial planning but it also needs political buy-in and innovation in governance arrangements. Realising the potential of Community Budgets asks that different parties agree on a shared set of outcomes for the area; financial incentive models stand or fall on consensus around the price point for a particular outcome such as the prevention of a prison placement or offence.[57]

### Platforms for a new type of engagement

Critical to creative decommissioning is effective, sustained engagement and communication with staff and users of services. But engagement is not limited to a bounded consultation exercise, or to a public event. What unites some of the most successful attempts is how they have managed to engage with people in more compelling, more genuine ways.

At Thurrock Lifestyle Solutions, the team is staffed by service users who are not only engaged in, but lead the design and development of new services for adults with disabilities. The service is fully co-produced, recognising people's assets and the skills they can bring to improving Thurrock's market of care providers. It is through the advocacy and peer networking supported by the social enterprise that Thurrock was able to build a coalition for change, and to instigate the closure of less effective day centres.

The Activities Unlimited platform provides a direct link between providers and micro-commissioners of services, and a feedback loop that drives market development. Service users are engaged, informed and given genuine control over commissioning decisions.

Albeit at a local level, there have been a few successful initiatives to bring users directly into formal commissioning processes, such as Camden's commissioning for mental health day care centres. Camden developed an (at the time) unique outcomes-based commissioning approach that asked prospective providers to work with service users and local residents to develop more effective mental health services. Camden specified the outcomes they wanted to achieve, but not the activity required to meet those outcomes.[58]

Creative decommissioning benefits from as much if not more engagement and co-production with people using and delivering services to mobilise around a vision for a new approach and to effectively break from the old. Our cases illustrate how a sense of movement, collective support and energy help to 'pull' away from the old system, enabling an innovation to scale.[59]

## Creative decommissioning: where next?

These conditions – drawn from our research – can help to inform how creative decommissioning can be supported in practice, and to create a policy environment more conducive to this kind of shift. Yet the case studies themselves remain isolated examples from particular contexts and circumstance. One of the firm messages we have heard is that the public sector lacks sufficient practice in creative or even effective decommissioning.

One primary goal is raising the level of commissioning skills, including within this a specific focus on decommissioning and how it can be applied as a constructive process. This is especially important where there is a drive towards more effective prevention and early intervention such as in health, social care and reducing reoffending. As well as in training and support, there is also a need for further innovation in designing the right tools and processes to assess costs and benefits that accrue over longer timescales.

Another critical question to address is: where are the right areas to strengthen practice? Towards what outcomes might creative decommissioning usefully be applied?

Many of the cases illustrate efforts to decommission services which depended on large fixed assets or institutions, or approaches that were confined to single silo solutions rather than addressing a person's whole needs. In many cases the shift was to take resources away from services that reacted to demand to those that more carefully analysed and prevented it.

Though only indicative, further research could usefully address the grounds for decommissioning in areas such as:

- Areas where services depend on fixed assets or infrastructure costs, such as prisons, social care day centres, care homes.

- Areas where problems could be more effectively prevented, such as addressing homelessness, preventing young people from becoming workless.

- Areas which try to address complex social issues through multiple means, such as supporting families and young people in crisis, or tackling drug and alcohol addiction.

- Areas where advances in technology could provide alternative access or channels of communication such as administrative services, accessing information or advice.

**Notes**

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# CONCLUSION

A cross most of the developed world, converging constraints on financial and environmental resources are putting immense pressure on governments, public services and businesses to find new sources of growth, welfare and prosperity. Finding more sustainable ways of meeting peoples' needs in this context is not a short-term challenge. Building the capacity to innovate and adapt as society evolves is a much longer term, more fundamental goal.

Over the past few years, the process of innovating – the design, development, implementation and scaling of new ideas – has been given growing attention. The dynamics and value of innovation can be more carefully measured and better understood, in both the public and private sectors. Yet this trust in innovation as the driver of growth is misplaced without as careful and creative an approach to disinvesting from older, less effective solutions.

Given the adverse effects of closure, exit and decommissioning decisions – the costs of redundancies, risks to service users and consumers, the impact on providers and communities – this aspect of innovation has been neglected, and holds strong, negative connotations. Our aim in this research was to shed some light on how this can be a part of a more constructive process of change and renewal in public services, geared towards improvement.

The case studies we have found offer insights into how decommissioning can be managed more creatively. These are not blueprints. This report has been written in a context where many public services are grappling with how to meet challenging savings targets, managing staff structures, engage with local politicians, communities, unions, and providers on how to adapt to an austere financial climate.

Yet together they begin to show how it can be done – the tricks, tools and techniques used to shift resources out of less effective approaches towards better ones. We want to continue to build and develop this knowledge, as public services come to learn the art of exit.

# ENDNOTES

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2.  International Monetary Fund (2012)' World Economic Outlook: Global Recovery Stalls, Downside Risks Intensify.' Washington DC: International Monetary Forum.

3.  HM Treasury (2011) ' The Autumn Statement 2011.' London: HM Treasury.

4.  Nearly three-quarters of health and local government organisations we interviewed reported budget decreases next year – and just under a quarter of those were facing a budget contraction of 15 per cent or more. NESTA and Ipsos MORI Public Sector Leaders Survey.

5.  Office for Budget Responsibility (2011) 'Fiscal Sustainability Report: June 2011.' London: Office for Budget Responsibility.

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9.  See Christiansen, C. M. (1997) 'The Innovator's Dilemma: when new technologies cause great firms to fail.' Cambridge, MA: Harvard Business School Press.

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18. In the UK, NESTA created a Public Services Laboratory to work with local and central government and a growing range of innovation intermediaries and agencies, such as Participle, Think Public, The Young Foundation and The Innovation Unit. Designers such as Engine and Ideo are applying design thinking techniques – such as ethnography, visualisation and prototyping – to improve public service innovation. Governments in Denmark, the Netherlands, Singapore, Canada and Australia have launched public service innovation programmes.

19. While 32 per cent of professionals interviewed reported a radical shift in service provision in the past two years, only 10 per cent reported changes had resulted in decommissioning. NESTA and Ipsos Mori (2011) Public Sector Leaders Survey.

20. NESTA and Ipsos MORI (2011) 'Public Sector Leaders Survey.'

21. See: Suffolk County Council (2010) 'The New Strategic Direction Explained: Council services to be delivered differently in the future.' Suffolk: Suffolk County Council. See also BBC News, 3 June 2011 'Outsourcing plans shelved at 'trailblazing' Council.' http://www.bbc.co.uk/news/uk-politics-13638495

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23. TUPE refers to the Transfer of Undertakings (Protection of Employment) Regulations which in the UK's implementation of the European Union Business Transfer Directive. Part of UK Labour Law, TUPE protects employees if an organisation is taken over or transferred into another business, and protects the terms and conditions of contracts.

24. In our survey, while 65 per cent of organisations surveyed reported they had explicit commissioning guidance and procedures, only 45 per cent reported similar guidance existed for decommissioning. Furthermore, for the vast majority – 62 per cent – this was part of a commissioning strategy rather than specific for decommissioning. Most strikingly, of the 100 local authorities we spoke to, none reported a separate decommissioning strategy. NESTA and Ipsos MORI (2011) Public Sector Leaders Survey.

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38. *Ibid*.

39. Cabinet Office (2011) 'Open Public Services.' White Paper. London: Cabinet Office.

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