

# LOCAL GOVERNMENT FUTURES: SCENARIO PLANNING FOR COUNCILS



## WHO WE ARE

Social Finance is not-for-profit social change incubator that focuses on evidence, people and outcomes.

We work in partnership with governments, funders and the social sector. Our mission is to find better ways to tackle entrenched social problems in the UK and internationally.

We have mobilised over £500m to support impact projects.





# WHAT IS SCENARIO PLANNING AND WHY IS IT IMPORTANT?

## Local government faces significant challenges in planning for the future

- Massive and shifting demands over the different phases of the Covid response
- Limited time to look beyond the short-term
- Ongoing uncertainties make planning and decision-making more challenging
- Traditional research and planning tools unsuitable

## Scenario planning provides a structure for strategy in uncertain times

- Method used to understand and navigate uncertainty in complex systems
- Used by multinationals, national governments and during the apartheid transition
- Adapted to the crisis situation in local government

### The future starts now: Four scenarios to help councils plan for uncertainty in the face of Covid-19

We recently conducted a scenario planning exercise for local government, exploring how local authorities could take positive action in response to coronavirus.

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FW de Klerk and Nelson Mandela at the 1992 World Economic Forum in Davos.



## Scenario planning – what it is and what is isn't

- Scenarios are not forecasts. They describe **plausible futures** i.e. what *could* happen, not what we want we *expect* to happen or *want* to happen
- Developing scenarios can help councils to identify what they can do **in the present** to shape their local system and achieve more desirable futures
- Scenario planning is an **emergent process** and valuable in itself. Creating scenarios can help to make sense of momentous changes, and challenge our assumptions about the future

## Benefits of scenario planning

- **Learn from the crisis** – determine which activities should quickly return to normal, which to build back better, and which to stop doing
- **Update existing plans** – evaluate goals and objectives within existing Local Plans or Industrial Strategies that may need to change in light of new realities
- **Manage uncertainty** – distinguish between critical uncertainties and trends we can be relatively certain will continue to play out. Identify areas for further research and analysis



# CONTENTS

This document summarises an internal scenario planning process undertaken by Social Finance, which brought together 12 colleagues in a series of working sessions over the course of a week.

We explored scenarios relevant for local government leadership as a whole, covering finances, people services, the economy, and relationships with local partners.

Section	Page	Content
<b>1. Scenario planning overview</b>	6-9	Project question and parameters of the scenario planning exercise
<b>2. Methodology</b>	10-15	Adapted scenario planning approach for crisis planning and remote working
<b>3. The four scenarios</b>	17-22	The scenario matrix and scenario summaries
<b>4. Implications for planning and decision-making</b>	23-27	Initial insights from the scenario planning exercise for local government



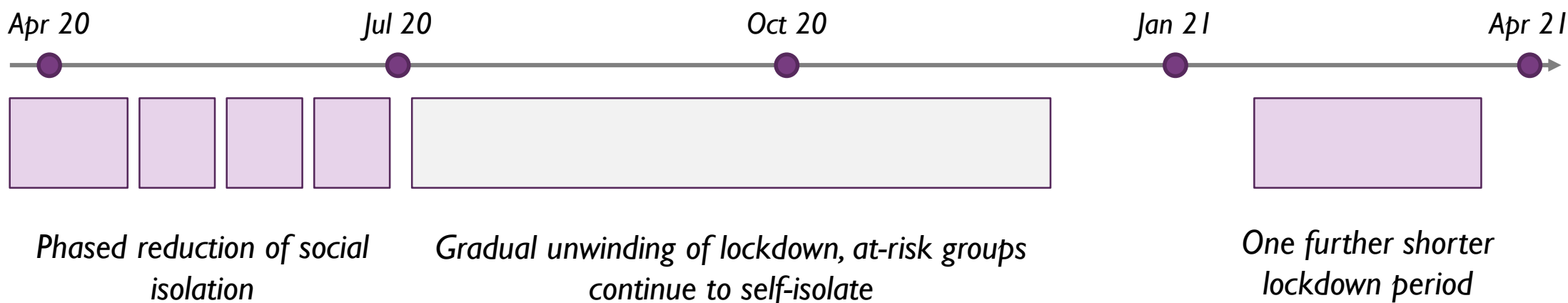


## TO KICK OFF, WE CHOSE A BROAD QUESTION FOR THE SCENARIO PLANNING EXERCISE

*Faced with the COVID-19 pandemic, how can Local Authorities change and adapt to meet the emerging needs of local communities over the next year?*



## WE ALSO SET A BASE CASE FOR THE SCENARIOS FOR COVID-19 EPIDEMIOLOGY AND THE GOVERNMENT RESPONSE 8



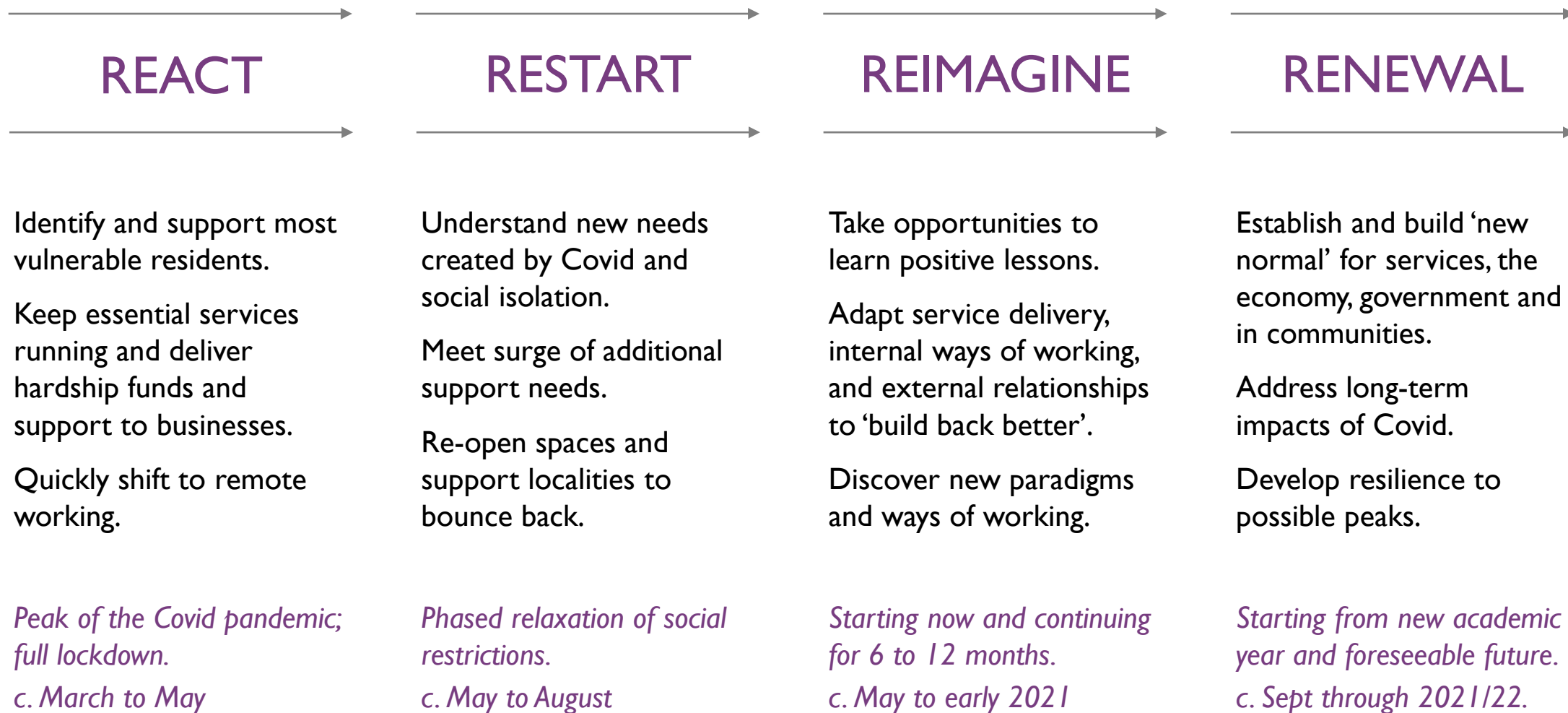
<b>Economic impact</b>	<p>V-shaped recession with quick bounce-back (initial OBR, Bank of England forecast) increasingly unlikely</p> <p>Public debt &gt; 100% of GDP; higher business and household debt; lower investment &amp; confidence</p> <p>Unemployment between 2m-5m; structural changes to supply and demand affect sectors differently</p> <p>Medium-term fiscal measures to balance budgets – higher taxes and spending cuts</p>
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> **Note** we set these base cases at the time of the exercise in April 2020. When setting a base cases we suggest using the most recent scientific and economic predictions.





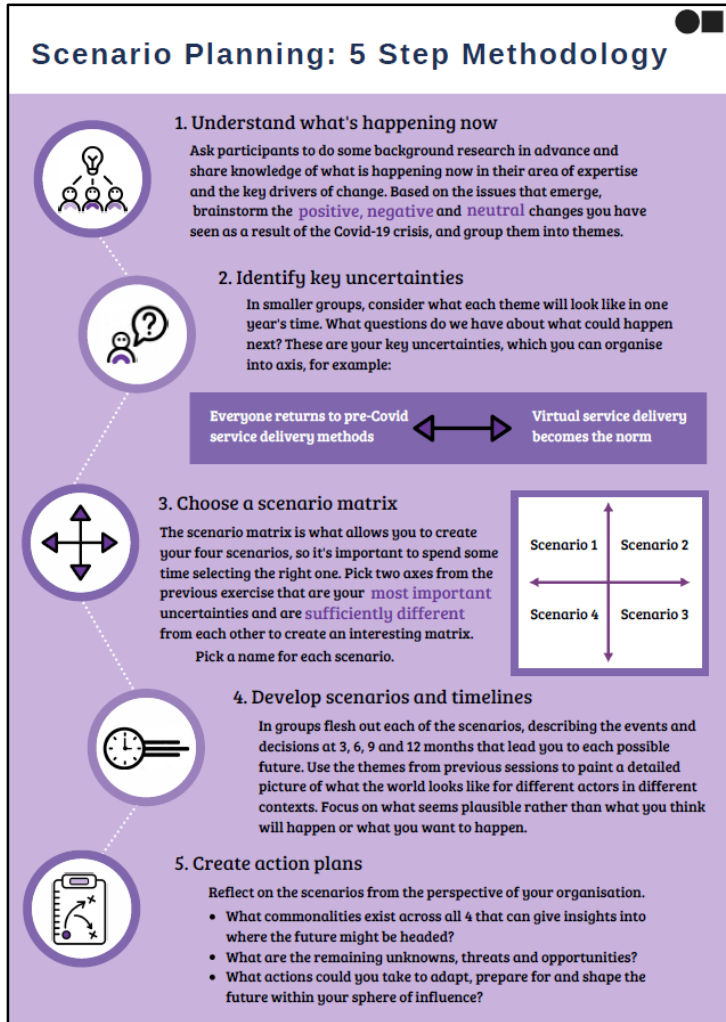
## THIS LINKS TO FOUR PHASES OF THE COVID RESPONSE WITHIN LOCAL GOVERNMENT







# WE DEVELOPED A SCENARIO PLANNING APPROACH SUITED TO REMOTE WORKING AND MEDIUM-TERM PLANNING



## 5-step methodology:

1. Understand what's happening now
2. Identify key uncertainties
3. Choose a scenario matrix
4. Develop scenario narratives
5. Translate into plans and action in the present

We used Zoom breakout rooms, [Miro virtual whiteboards](#), and online Word documents to run the process remotely.

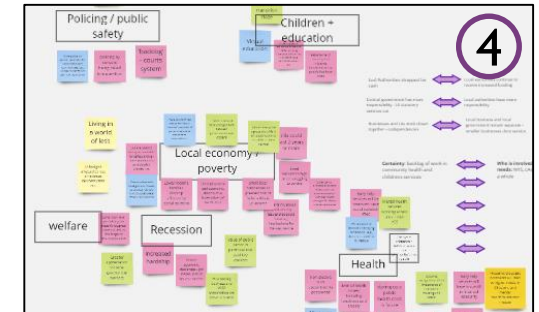
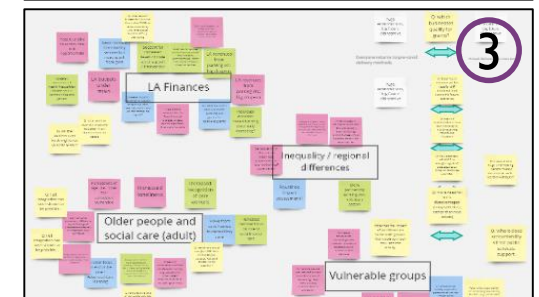
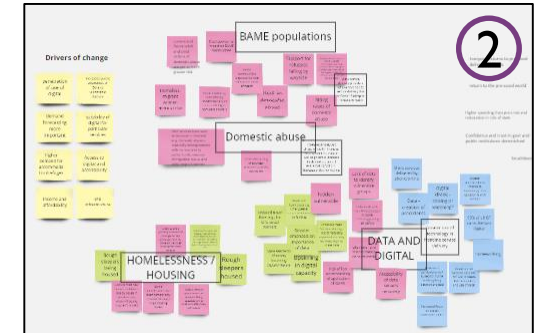
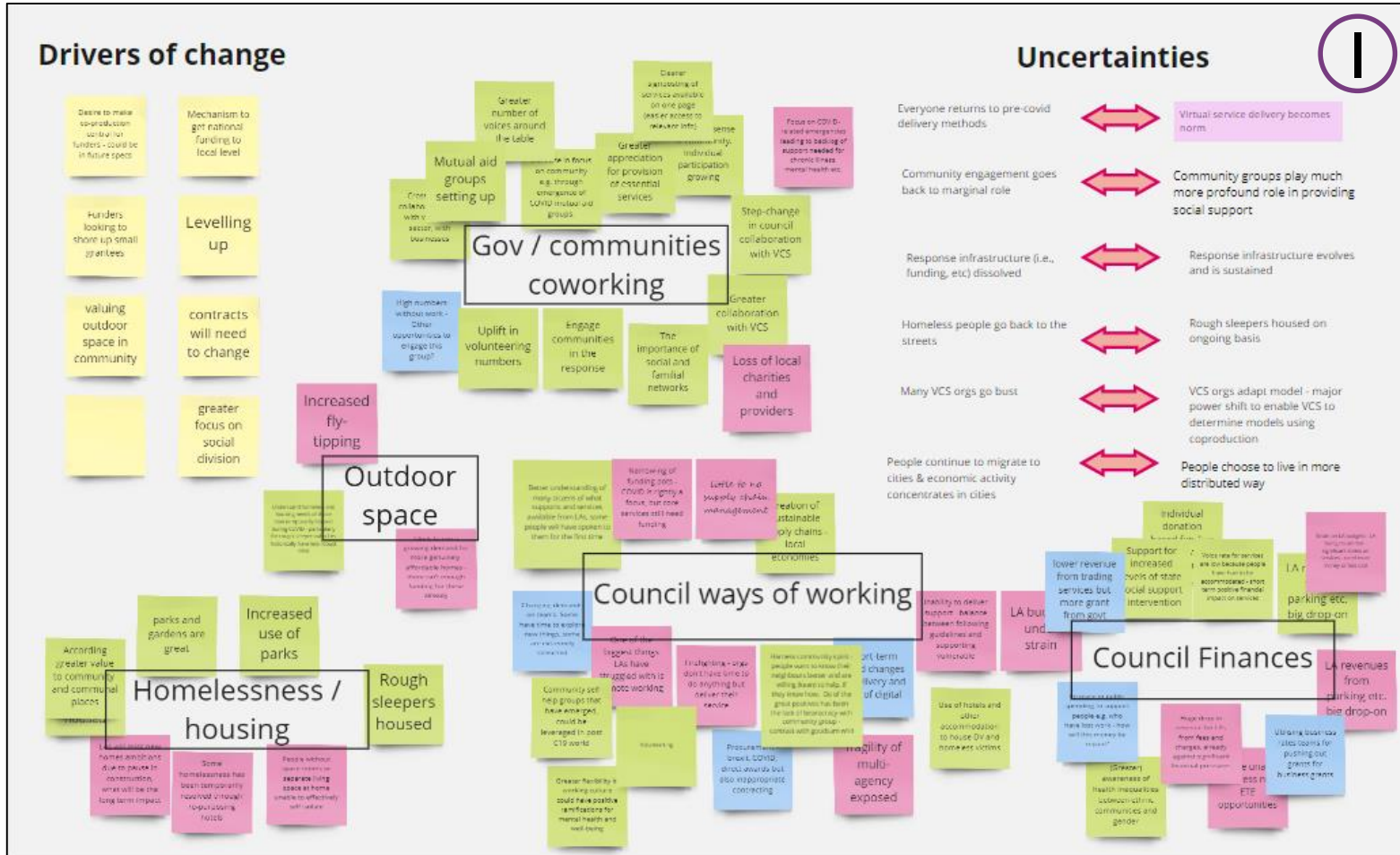
## Resources:

[Social Finance methodology document](#), [Transformative Scenario Planning](#), [Oxford Crisis Scenario Planning Approach](#), [GOS Futures Toolkit](#)





# EXAMPLE OUTPUTS – WORKING SESSIONS TO UNDERSTANDING WHAT'S HAPPENING NOW





## EXAMPLE OUTPUTS – IMPACT DIMENSIONS AND UNCERTAINTIES THAT EMERGED FROM WORKING SESSIONS

Impact dimensions	Main changes
Local economy and poverty	...
LA Finances	...
LA ways of working	...
Regional impacts	...
Outdoor space	...
Government / community relationship	...
Data and digital	...
Health and mental health	...
Housing and homelessness	...
BAME communities	...
Domestic abuse	...
Disadvantaged groups	...
Older people and social care	...
Children and education	....

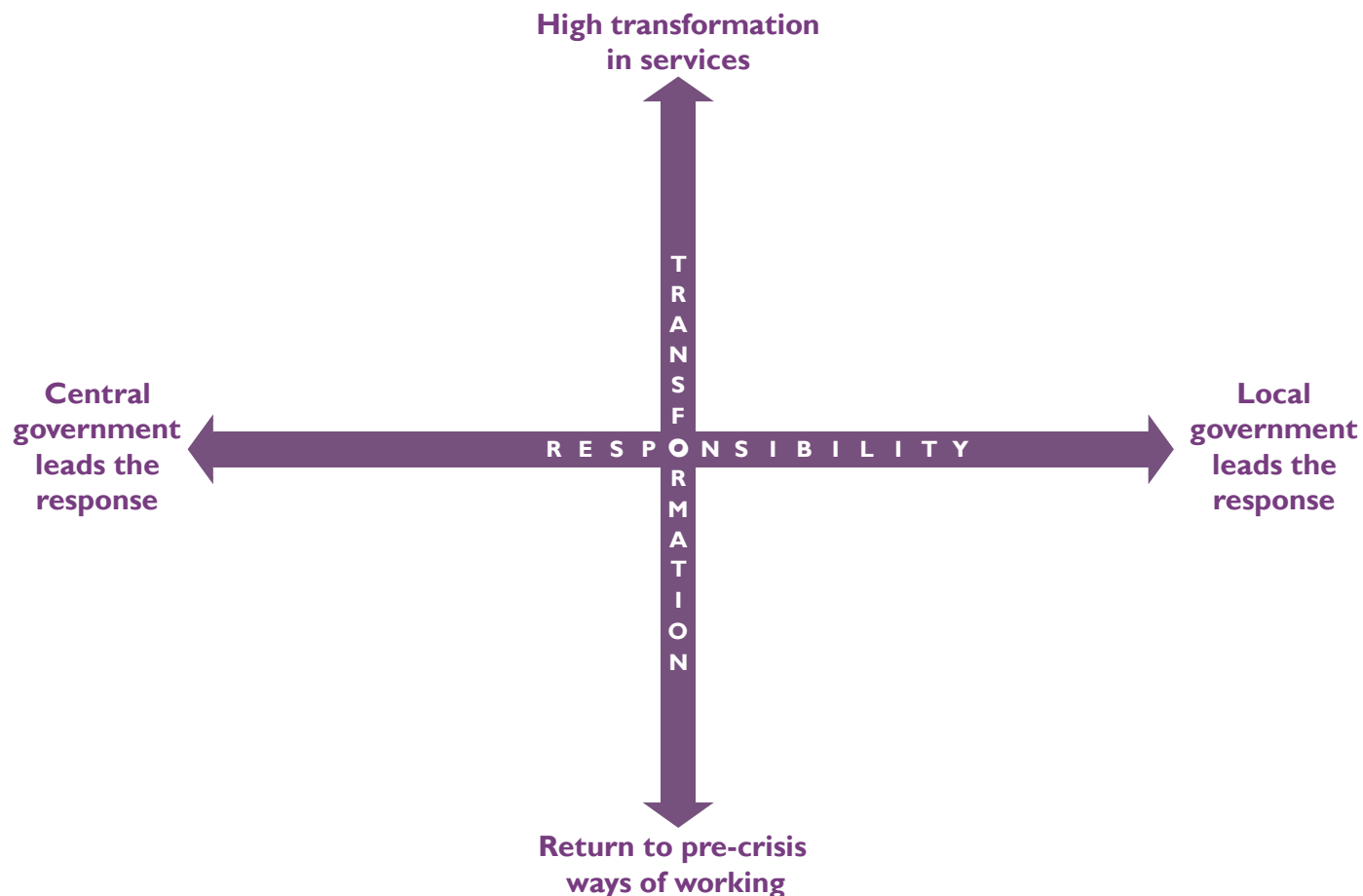
Uncertainties	Range of possibility	
	From...	To...
<b>Ways of working</b> – what will the future of work be like for councils and wider economy?	...	...
<b>Communities relationship</b> – will Covid precipitate a radical change in government and community relationship? Will good faith persist?	...	...
<b>Local economic impact</b> – what will the impact be on sectors, esp. SMEs, VCS, big employers, big local industries, and high street	...	...
<b>Council revenues</b> – how will local charges and commercial revenues be affected by lockdown and new ways of working?	...	...
<b>Disadvantage &amp; inequalities</b> – how much will Covid deepen existing inequalities and disproportionately impact some communities?	...	...
<b>Local business</b> – will local government take a greater role over for the local economy?	...	...
<b>VCS resilience</b> – will providers and community organisations survive & flourish during the crisis?	...	...



# WE SELECTED TWO UNCERTAINTIES TO CREATE SCENARIOS THAT FELT BOTH MOST UNCERTAIN, AND LIKELY TO HAVE AN OUTSIZE IMPACT

**1. Responsibility:** Will the crisis response be directed by central government, or will leadership and decision-making be driven by localities?

**2. Transformation:** how much can councils use the crisis to transform their operating models versus return quickly to familiar practice and restore normality?









# SCENARIO MATRIX

High transformation  
in services

## Innovation against the odds



Central Government drives major national programmes for social and economic recovery. Local Authorities become more agile to deliver local transformation alongside other responsibilities, acting as coordinators to get the most out of combined local resources.

## Civic renewal



Local Authorities are able to use learnings from the crisis response to embed new ways of working, engage residents in decision making, and form partnerships with health, local businesses, VCSE and communities. Opportunities for locally driven change abound.

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Central  
government  
leads the  
response

Local  
government  
leads the  
response

## Central command and control



Central initiatives take precedent and local authorities retrench to focus on delivering core services. The NHS and central departments expand their remit and community partners operate increasingly independently.

## Race back to normal



Local Authorities focus on quickly getting services back up and running, returning to previous systems and making them as effective as possible in the new context. After a year of upheaval, staff and the wider public have little appetite for change.

Return to pre-crisis  
ways of working





## Innovation against the odds

Councils undertake research to understand how needs have changed, to plan for lifting of social restrictions and take quick decisions about which services should return to business as usual vs services to reimagine.

Quicker, simpler changes are prioritised over larger-scale reforms.

Services are inundated by additional support needs post-lockdown (children’s services, financial inclusion etc.), so councils must prioritise cases and manage long waiting lists.

Delivering large central government programmes (e.g. unemployment, homelessness) consumes much of councils’ capacity to implement local plans.

Finances	Councils receive funding to deliver central programmes, those that experience biggest income reductions implement easements for some statutory duties.
Ways of working	Councils embrace digital and remote ways of working. Service teams become more agile and multidisciplinary for the ‘restart’ phase. Councils become a facilitator and coordinator in communities.
Adult social care	Central government provides additional funding in the short term, then undertake major reforms to integrate adult social care further with the NHS.
Children’s services	Higher demand for services following lockdown but limited funding means councils take on more of a signposting role.



## Civic renewal

Councils develop strategies to establish their role within the ‘new normal’; they move quickly to capitalise on the trust and activism forged within the lockdown to establish stronger connections and fund community groups.

Councils develop new processes to support a learning, adaptive culture. They embed new service models, upskill staff on new ways of working with partners, and socialise plans with workforce.

Many new budgets include referendums to increase council tax above 3%. More councils borrow to purchase local residential property. They take equity stakes in local employers that can add value to recovery and formalise new partnerships with the private sector.

Finances	Finances recover after initial shortfalls as central government directs funding for recovery programmes through local government.
Ways of working	Changes to internal ways of working, local relationships and collaboration between councils increases. There is a more accepting culture for experimentation but shifting to new management cultures is a challenge.
Adults social care	The sector is fragmented and verging on collapse with providers weakened by the crisis. Post-lockdown there is scope to provide new local employment opportunities and build on community solidarity.
Children’s services	Family breakdown puts pressure on children’s services and temporary social workers are appointed alongside recruitment drives for foster carers.



## Race back to normal

There is significant pressure to ‘return to normal’ as social restrictions lift, and councils focus on re-opening offices, public transport, libraries, leisure centres etc.

Both adult social care and children’s social care receive further government funding injections but for other council activities, funding is sufficient to cover only higher needs cases.

Political discussion is largely focussed on mainstream groups (jobseekers, disruption for schools, universities and graduates). Both local and central government prioritise addressing the economic impacts. Combined authorities and councils take more of a lead on industrial strategy and economic recovery.

By mid-2021 most services operate as before, with adjustments for distancing.

Finances	Government covers a large part but not all the crisis response costs. Other revenues sources are heavily impacted (e.g. fees, charges and business rates).
Ways of working	Staff are keen to establish former ways of working amidst other change and uncertainty. Likely to be some staff burnout and adjustments.
Adults social care	The pre-crisis lobbying to fix social care funding continues. Although complex cases were cared for in the community during the crisis, this is not sustainable.
Children’s services	Additional government funding supports children's services to meet the short-term increase in referrals when school open. Pre-crisis ways of working return.

 **Central command and control**

National social and economic programmes are announced. Delivering these occupies councils fully such that pre-Covid local strategies and transformation plans are put on hold.

Councils plan to switch back services that were repurposed during lockdown. Person-facing services quickly return to pre-Covid ways of working.

The VCSs and community organisations that survive the lockdown and recession are more active in delivering services - some of this work develops independently of Councils.

Staff return to offices, though in smaller numbers. Vacant office and retail spaces and prolonged recession severely impact councils' commercial income.

Finances	Councils receive funding to deliver national economic and social programmes, but revenue shortfalls mean many implement easements of statutory responsibilities.
Ways of working	Workforce and leadership lack capacity to make widespread changes and quickly return to familiar patterns, both internally and in relationship with local partners.
Adults social care	Central government issues sweeping reforms to integrate adult social care with health, bringing it much closer to the NHS.
Children's services	Social care statutory duties are prioritised. Early help and other non-statutory service funding is reduced in the short term to protect safeguarding duties.





The exercise developed a more nuanced understanding of things that are still uncertain and revealed commonalities across all four scenarios.

- Relative certainty** > **Government programmes.** Large-scale economic and social programmes driven by central government likely, which councils may need to deliver (e.g. unemployment, homelessness, domestic violence, digital).
- Relative certainty** > **More flexible ways of working.** Every council is facing decisions about which services to quickly return to normal versus reimagine. Staff can quickly learn and adapt during the crisis but burn-out and change fatigue is a risk, and many could find their skills challenged.
- Major uncertainty** > **Financial impact.** Impact on Council's commercial revenues means widespread statutory easements may be necessary to avoid Section 144s.
- Major uncertainty** > **Change in support need.** Demand for services will increase as social restrictions lift, but granular needs, and impact on businesses, are not understood and will differ greatly by place. This will direct the local response for the next 12 months or more.
- Major uncertainty** > **Adult social care.** The future of adult social care is the most divergent across the 4 scenarios, ranging from better funding settlements as a result of improved public awareness, to greater integration with the NHS and central government, or sector collapse.



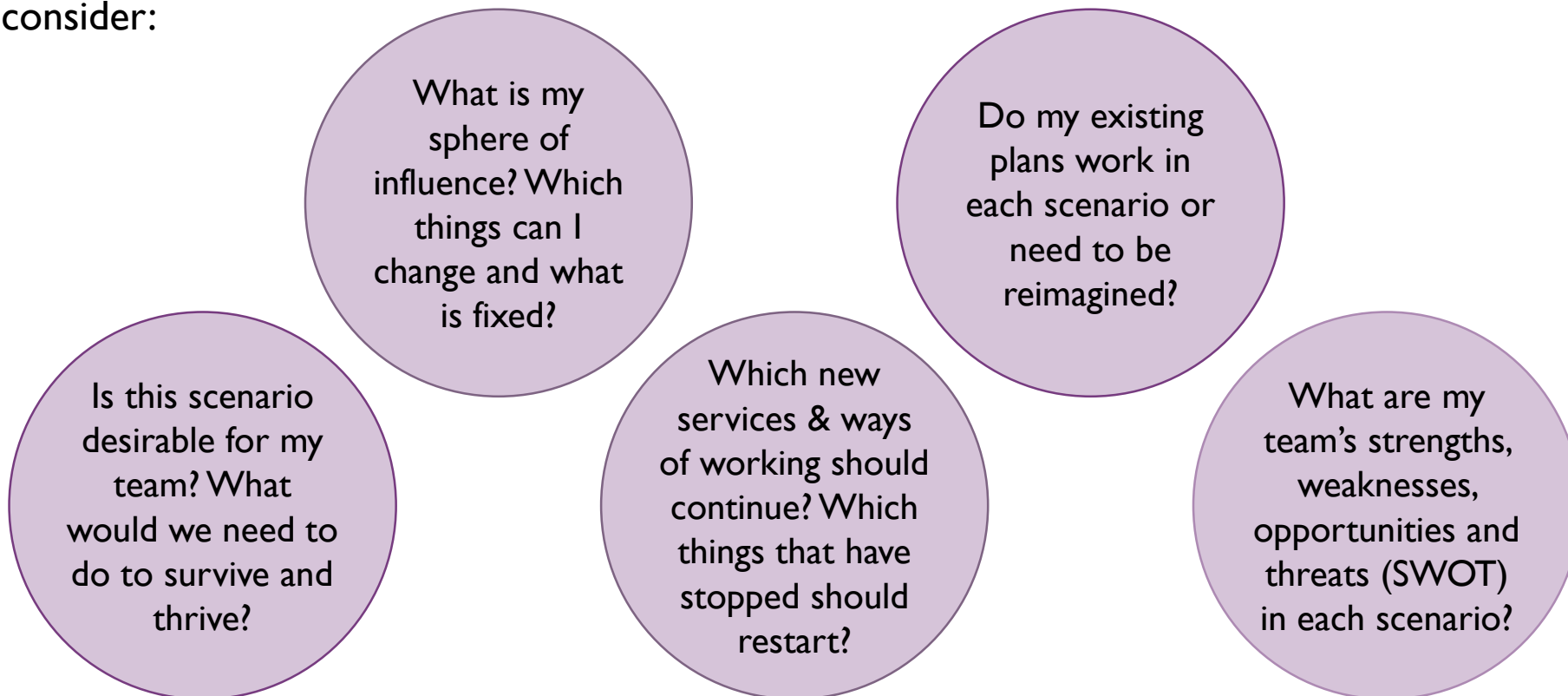
The scenarios highlight opportunities and decision points where councils can shape local systems to achieve positive outcomes for themselves and their residents.

- Short-term action** > **Prepare for a surge in demand once social restrictions lift.** ‘Front doors’ may have to change existing thresholds, put in place new systems to manage waiting lists so less urgent cases are not lost, and become more interconnected to support people with a variety of needs
- Short-term action** > **Conduct research into local needs.** Councils have a short window to understand new population needs (e.g. frontline staff engage with different populations, analysis) and establish new processes to quickly synthesise information, take decisions, communicate, and review
- Opportunity** > **Coordinated response.** Every council in the country are facing similar challenges (evaluating Local Plans, understanding new needs, deciding which services to revive or transform). Regional and other council networks can be a valuable to share approaches and findings, and to jointly lobby government
- Opportunity** > **Relationships with communities.** There is a short window to put in place infrastructure to sustain the community engagement mobilised during the crisis. Councils shifting to a community coordinator role could get the most from local partner resources



## ONGOING SCENARIO PLANNING

In the Covid-19 crisis context, the immediate priority may be how Councils can **adapt** to different possible futures, but scenario planning can also support councils to **transform**. Scenarios can be used as a reference point to consider:



*> This can be spread over many months as Councils use existing governance and planning structures to evaluate their strategy in the “new normal”*





### Thank you!

Scenario planning can be a valuable exercise to broaden understanding of complex, uncertain events, but it is best used as a practical tool to guide local strategy.

We are keen to explore how this approach could fit alongside new ways of working as teams meet specific planning and transformation challenges. We're looking to focus next on children's services, adults social care and the local economy.

- Any feedback and thoughts on the approach are very welcome!
- And please get in touch if you are interested in trialling scenario planning in your area

See our [project page](#) for more information.

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