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Session Three

Using Behavioural Insight to achieve more consistent strategic decision making across local political cycles

The brief

For the third, and final session, the cohort decided to focus on a challenge that would benefit from the application of behavioural insight techniques. By drawing on the behavioural skills and tools learnt in the first sessions, and others' shared experiences, session three introduced another range of new ideas, thought leadership and tools to help find practical ideas that could be implemented to achieve more consistent strategic decision-making across local political cycles.

13th October 2023



Case study: Making Spaces for People - what could we do in Derby?

The city of Derby has set an ambitious challenge to meet the changing needs of the 21st century. The goal is to transform itself to be sustainable, attractive and provide an overall experience that encourages social interaction and inspires more people to spend more time and money in the city.

This challenge to inspire greater civic pride and provide a recognisable, positive image and identity for Derby will require new thinking within the council to break away from the traditional siloed service approach to adopt a more holistic, systems approach. It is clear the use of behaviour science techniques can help to drive this required cultural change.

To meet this goal, Team Derby has had to think realistically and focus on outcomes rather than just services. Storytelling has been useful to describe and sell the change to making the city more people centred, more environmentally effective and offering more choice about moving around to enable the population to live healthier lives.

Lessons have been learnt from the experiences and successes of cities such as Vancouver and, closer to home, Leeds which have used effective storytelling and wider thinking about what really matters, to place improvement in the lives of citizens at the heart of development plans.

In these examples, success has come from recognising what they were trying to achieve in terms of better lives rather than making the usual investment decisions for interventions that impact infrastructure such as traffic and transport. The problem, the risks and the politics has been reframed and the business, community and political stakeholders taken along on the journey.

“In society we face some really big, complicated, difficult, wicked challenges daily. But we have a state that is organised very much to cope with a world that was very different - it wasn't quite so complex, so wicked.”

Rachel North,
Derby City Council



Trust: a private sector perspective

The importance of building and maintaining trust in the long-term partnerships between public authorities and private sector operators cannot be over-estimated in terms of delivering great outcomes for communities. The challenges of the UK's deregulated bus policies acutely highlight this challenge.

Outside of London, the UK bus market is almost entirely deregulated and delivered by the private sector under a range of different contracts with Passenger Transport Authorities. This compares to the rest of Europe, where approximately 50% of transport services are delivered by the public sector.

The challenge in the UK, therefore, is how to motivate these private sector providers to deliver, particularly in this deregulated environment where there is minimal competition among the major transport groups. The inability of the private sector to set fares and the reality of high investment risk due to contracts which may be shorter than the lifespan of the assets, makes trust in these partnerships difficult.

The Netherlands and some Scandinavian countries are examples of successful public-private relationships. These countries prioritise the creation of case studies about successful public transport users, and this has been instrumental in boosting ridership and making significant strides in electrifying their bus fleets. They also adopt a more balanced approach to risk sharing between public authorities and private sector operators, with a focus on building trust and fostering long-term partnerships.

In particular, the use of so-called "breathable contracts" allow flex and acceptance that in the relationship there will be times when one party is perhaps winning. However, by offering much longer-term contracts of 10 to 15 years, there will inevitably be times when that win is reversed. Trust was needed to achieve this required investment and to create the necessary behavioural change and the acceptance of a different way of doing things.

Ultimately the challenge is to overcome this, sometimes culturally engrained, distrust between the public and private sector. And while there are examples of poor behaviour, the reality is usually organisations and stakeholders are looking for long-term stability and risks they can manage.

"Risk cause should sit with those best position to manage it. The idea of handing control of fares over to the private sector, when historically it's been with public sector is, in a lot of places, unthinkable. But we're talking about the need for modal shift, but where is the incentive for a private sector operator to generate more patronage and create that modal shift?"

Danny Gilbert,
Strategy Director, Amey



What culture and behaviours need to exist in Councils to enable them to successfully plan and deliver their strategic goals over four-year political cycles?

Being a local politician is a difficult job and not a popular role to take on. Attracting people to stand for office – and to remain in office – is increasingly difficult due to the increasingly polarised nature of politics and the power of social media to mobilise opposition to policies. People usually do the job simply because they love their communities and want to make a difference to the lives of the people around them.

Alongside these personal challenges there are now increasing pressures due to lack of funding, with severe financial pressures already seeing a number of major authorities running shortfalls or declaring themselves bankrupt.

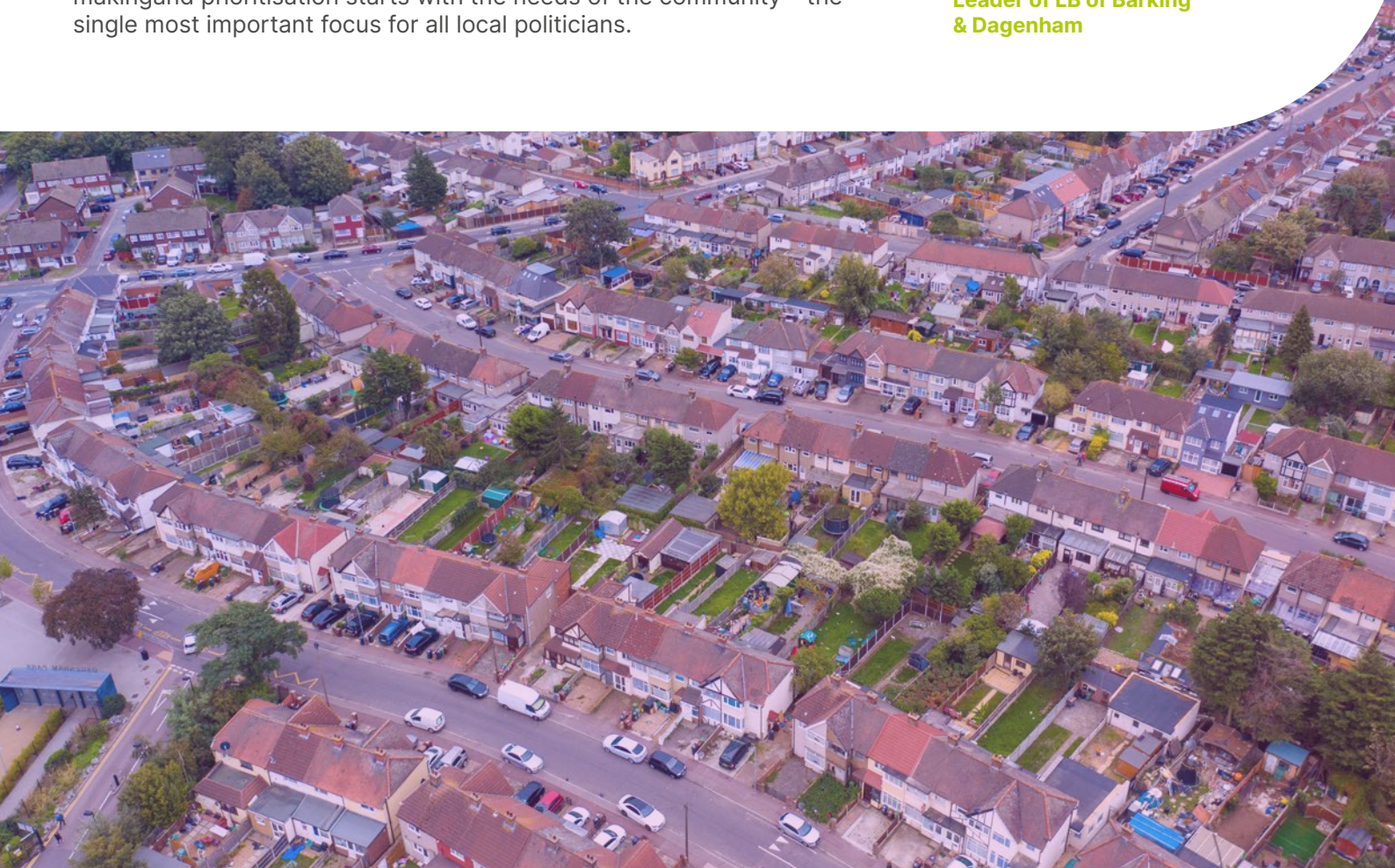
Officers play a key role in supporting their elected officials and, as such, should be thinking not just about the problems but also the solutions – working in partnership with the council members to tackle the issues that matter most to the community. The strongest and most important relationship in any authority is the one between the leader and the chief executive.

Having set the policy vision, politicians look to officers to help them to deliver that vision. It has to be the vision of the community and so needs to speak to the residents. Officers need a deep local understanding of where the need is and where the opportunities lie. Storytelling is a valuable tool.

Despite fierce party-political rivalry, the reality of local politics is that most councils operate with close cross-party cooperation as the decision-making and prioritisation starts with the needs of the community – the single most important focus for all local politicians.

“I’m just not a politician, I’m a community champion - I love my community and I know it better than the officers do. But we work in partnership and we have to make that partnership work.”

**Cllr Darren Rodwell,
Leader of LB of Barking
& Dagenham**



How behavioural insight can be used to encourage longer term strategic thinking and investment behaviours amongst both senior politicians and executives

The Behavioural Insights Team (BIT) grew out of the original Cabinet Office “Nudge Unit” and now, independent of government, has eight offices around the world and operates with government, non-profits and the private sector as leader in applying behavioural science to real-world challenges.

Understanding the impact of cognitive biases

There are clear cognitive biases - systematic errors in thinking - that hamper consistent decision making among senior politicians and decision makers, usually caused by the tendency to default to so-called Fast, System 1 thinking which is efficient but more prone to error compared to the more processed Slow, System 2 thinking.

Addressing these cognitive biases is important across the three stages of the decision-making process defined as:

- **Stage 1 - Noticing:** the way information and ideas enter the agenda for policymakers.
- **Stage 2 - Deliberating:** the way policy concepts and ideas are assessed and debated by policymakers.
- **Stage 3 - Executing:** the way decisions are planned and realised as actions.



Stage 1 – Noticing

Availability bias: the tendency to think an issue is important because it comes to mind.

Attention bias: tendency to focus on certain elements while ignoring others; the attention a business issue receives is not always correlated with the attention it warrants; presenting issues in a way that triggers attention to previous 'sleeper issues'.

Framing: how the presentation of an issue, not its substantive content, can determine how it is interpreted by decision makers.

Example: A new disease is expected to kill 600 people - which programme would you choose?

A - Certain Outcome - 200 people will be saved

vs B - The Gamble - 1/3 chance 600 will be saved + 2/3 chance 0 will be saved

C - Certain Outcome - 400 people will die

vs D - The Gamble - 1/3 chance 0 will die + 2/3 chance 600 will die

While both choices (A vs B and C vs D) are the same, people tend to choose A rather than B and D rather than C as choices framed as gains promote risk aversion (A) but when framed as losses they induce risk-seeking (D).

Stage 2 – Deliberating

Illusion of similarity: decision makers have inaccurate assumptions of what people think or know, and inaccurate predictions about how people will act, such as the failure of "new Coke"; we over-estimate how much our employees or customers understand and support our views and ideas; this clouds our understanding of how new employee policies or customer experiences will be received, such as the poor take-up of tax-free childcare.

Confirmation bias: decision makers may judge information in a way that supports their pre-existing views.

Motivated reasoning: this may actually reduce our ability to understand and interpret evidence.

Stage 3 – Executing

Over-confidence: often called the 'mother of all biases'. Common with only 21% of people being "well calibrated".

Optimism bias: the tendency to overestimate abilities, the quality of plans, and the likelihood of future success, such as the Olympic Games cost overruns.

"Decision makers should try to be well calibrated rather than just accurate. Accuracy is about making good and precise predictions. Calibration is about accurately assessing how good your predictions are."

Lis Costa,
Behavioural Insights Team

Applying Behavioural Insight to build better environments for consistent decision making - techniques to de-bias decisions

Strategy 1 - use techniques to elicit more perspectives

Pre-mortem: Imagine that a decision or project has failed, and then work backward to determine what potentially could lead to the failure of the decision or project. A process for running this meeting might be:

1. Define the decision or project.
2. Arrange a meeting to discuss the (hypothetical) failure of a decision or project.
3. List the symptoms. What would failure look like? What would success look like?
4. List the causes. Consider a wide range and include anything that might be a contributing factor.
5. List the reactions of different stakeholders.
6. Discuss which causes are avoidable and what steps need to be put in place to mitigate or prevent them from occurring.

Pro-mortem: One downside to pre-mortems is that they can be negative. Address this by complementing a pre-mortem with a pro-mortem to look at what factors might drive success.

Think groups: Helps to elicit more perspectives by creating a neutral – often anonymous – environment to collect ideas. Consider using Google Drive or a similar tool to minimise bias.

Red Teaming: Gives people the license to be critical; to go into a team or project and deliberately poke holes and try to undermine the plan. The risk is that it can prompt a defensive or negative reaction from the team that you need to be aware of.

Strategy 2 - Teaching your organisation to become better calibrated

Forecasting can help organisations to remove bias by continuously testing beliefs against reality. To achieve this there are four steps:

Step 1 - Set overall goals and delivery outcomes.

Step 2 - Consult evidence and make forecasts (run games such as forecasting tournaments).

Step 3 - Use forecasts to inform planning.

Step 4 - Review results and track accuracy moving from Forecast to Reality to Consequence.

FACTS

BELIEFS



Diagnosing your challenge from a behavioural lens

A behaviour map is a useful tool to assess opportunities for intervention by breaking down a large challenge into the small actions that each actor needs to take to drive success.

- Set a high-level goal: What problem are you trying to solve?
- Identify who contributes to the success or failure of your goal.
- Identify what behaviours contribute to the success or failure of this goal – “If only X would do Y”.

Generating solutions to address the organisational challenge using the EAST framework

The EAST framework condenses behavioural science academic literature into four key principles - ‘Easy’, ‘Attractive’, ‘Social’ and ‘Timely’.

a. How can you make something EASY?

Simplify; reduce the hassle; set intelligent defaults.

CASE STUDY 1: Increasing collaboration by creating a simple form to ensure people know who they can ask for help, and for what.

CASE STUDY 2: Encouraging sign ups to payroll savings schemes by using defaults to encourage a behaviour.

b. How can you make something ATTRACTIVE?

Attract attention; personalise experience; provide incentives.

CASE STUDY: Shifting referrals away from overburdened NHS clinics by redesigning the existing patient referral interface.

c. How can you make something SOCIAL?

Highlight helpful social norms; leverage networks; use reciprocity effects.

CASE STUDY: Understanding what’s affecting your colleagues’ decision-making - using social norms led to an 62% increase in the proportion of men intending to take parental leave.

d. How can you make something TIMELY?

Consider the immediate costs and benefits; help people plan their responses to events; prompt people when they are most likely to be receptive.

CASE STUDY: Fighting online scams in France by raising awareness at the right time to help reduce consumers’ vulnerability.

“We’re looking at more research now where you’re drawing less on the subconscious and more actually trying to build people’s own capabilities; to use heuristics and their biases to their own advantage to empower them with more self-regulation strategies.”

Cathy Magrey,
Behavioural Insights Team

