

Appendix 2

Policy Statement: Future Council

Realising the Council's Strategic Options

This is a short paper setting out the policy context that will inform the changes the Council faces over the next few years.

The Council recognises these are unprecedented times:

- The national debt is at an unsustainable level with public sector net borrowing of £149 billion last year. As a share of the economy, the government is seeking to reduce borrowing from 10.1 per cent of GDP this year to 1.1 per cent in 2015-16.
- This is an ambitious target to reduce the debt substantially in the lifetime of this Parliament and the public sector will carry a significant proportion of this reduction.
- However the demand for support from the most disadvantaged is growing as is evident from rising numbers of homelessness that the Council is having to support and the increases in benefit claims.
- As a result of the economic climate, consumer and business confidence is fragile and hence Council income that is dependent on a buoyant economy – such as rental income or investment income is reducing;
- Formula Grant for Watford for 2011/2012 has been notified as £6.009m compared to £8.072m in 2010/2011 (26% reduction). For the following year 2012/2013, a further loss of grant of £791k will occur and the total grant loss for the two years (excluding concessionary fares adjustment) represents a 27.73% cut. The original Government Comprehensive Spending Review indicated further reductions in grant in the two years 2013/ 2015 of 2.5% and 7.2% respectively. No announcement has been made about these two years but it can only be assumed that Watford will suffer further grant reductions in succeeding years. We could therefore be faced with a total grant reduction of circa 37% over the four year period.
- This level of grant loss is far more severe than might have been anticipated and increases the current efficiency target from £3.8m to circa £5m.
- Service users and residents are rightly more demanding seeking greater value for money, improved services and more say in how services are delivered.
- The government expects Councils to respond to this agenda fully, as reflected in the Localism Bill which paves the way for community assets, neighbourhood plans, community right to

challenge and we will soon see legislation encouraging open procurement of all Council services as well as delivery through 'Big Society' channels.

Once the deficit is tackled, the economy is forecast to grow by 2.7-2.9% over the next 3 years and Watford is in a strong position commercially to benefit from increasing consumer spend, rental income growth and business growth.

The Council's task is to fully anticipate and prepare for this challenge. WBC has a history of innovation already driven by the desire for the highest quality of service and the best return on investment. That is why the housing stock transfer has successfully taken place; we have an excellent Leisure provider achieving high levels of recognition and customer satisfaction, an expert theatre operator running the Colosseum and our Community centres transferring to the Third Sector. Our 4 shared services with TRDC are delivering £1.6m savings annually and in our Service Prioritisation process in 2010/11 we have identified £2.9m of savings for delivery by 2013.

However more has to be done and the next phase will require even greater creative approaches to service redesign and service transformation.

We are embarking on this change management programme with a clear vision to ensure service improvement is the outcome.

What kind of Council do we want to be?

The Council's vision and values are now clearly set out. The Mayor's manifesto has been the basis of establishing the corporate priorities of:

- Improving the health of the town and enhance its heritage
- Enhancing the town's 'clean and green' environment
- Enhancing the town's sustainability
- Enhancing the town's economic prosperity and potential
- Supporting individuals and the community
- Securing an efficient, effective, value for money council
- Influence and partnership delivery

The question now is how should WBC take forward its service development, service redesign and service improvement given the above context.

The challenge is to secure better outcomes with greater value for money and sustainability. Members do not have a predetermined view about delivering through in house or externalised services. A mix of direct delivery and commissioning is appropriate.

Members are clear that they want to provide universal services - they do not want a two tier service based on ability to pay. If services are to be externalised to produce further savings, key questions will need to be addressed:

- Will a private provider constrain the flexibility the Council needs to respond to urgent or localised issues?
- What level of contract monitoring will be required and at what cost?

- How do we get the contract right so that it enables the service quality outcomes we seek at the right price?
- WBC will not always have the critical mass to make major savings on its own. If we join together to contract with other authorities how do we ensure we still have sufficient influence and control? How to ensure specifications are outcome orientated?
- How to ensure we contract with organisations who share our values and culture?
- How to avoid a lack of cohesiveness in a multiplicity of shared services, in house and externalised services across several authorities/types of provider.
- How to maintain a Watford Council brand notwithstanding more externalised services.

Members recognise the need for continuing capital investment to realise the ambitions for the town and they wish to see a property strategy that maximises return on investment, releases surplus assets for disposal, maintains the retained asset base effectively and allows for prudential borrowing in accordance with approved plans.

TRDC – Extending the Partnership

The four shared Services has been a bold and largely successful move, saving both Council's £1.6m pa. The government is clear that shared services is the way forward for local authorities to reduce back office costs. Whilst there has been challenges and learning from the relationship with TRDC, extending the partnership is a sensible option. However key issues around governance, top management structure and culture between the two organisations need to be addressed in tandem with any further shared services.

A dialogue with stakeholders

Engaging with residents and stakeholders will be important to help define this future. We will need to understand much better what residents want and the views of our service users. Perceptions of our current services – what residents think will be key. We need a detailed knowledge of our services, user preferences and clarity on expected quality and preferred mode of delivery. We don't have this detail on all services as yet and need to reach this point quickly.

We need to phase consultation (ie avoiding a 'big bang') and cover the quality of service, what users are prepared to pay for and how it is to be delivered. Consultation should focus on what is delivered not who delivers. To this end we will introduce a series of "Big Topics" for consultation over the next 2 years combined with specific service consultation with users and work in depth with small groups of residents/users through a series of Citizen's Juries.

The Council's Future

By 2015, the Council will be different – it will have a greater mix of service providers, a wider range of shared services and better aligned structures politically and managerially. It will be delivering universal services at a lower

cost but at the same or better quality which is more in tune with service user and resident wishes. The key will be to ensure the journey to this position is one that has full engagement with staff, partners, stakeholders & residents.

PH Policy statement
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