

Future Shock - The challenge for Welsh local government and the national parks.

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**The Theme of the day – the hangover
after the party begins!**



The Resources Challenge - this strategic approach may have had its day!



People with a nervous disposition may wish to look away at this point!

- Assembly budget will reduce by **£216m revenue** and **£200m capital** next year- leading to a 2.1% average uplift.
- A possible reduction of **£2.2 billion by 2014** (capital spending decimated)
- Darlings budgets shows a **17.3% annual fall in capital spending**
- The **Institute for Fiscal Studies** has estimated that public services will miss out on an **estimated £45bn** from 2011-14 as a result of the cut in the CSR growth/efficiencies. Takes expenditure back to 2003 levels
- Settlements up to 2011-12 and beyond will be worse – **“two Parliaments of pain” IFS**
- 350,000 job losses across the UK public sector (Chartered Institute of personnel development)
- **QUESTIONS** – What is your budget strategy and Medium term financial plan?
- Will there be services you will seek to protect or are all “fair game”?
- IWA report – nice debate on powers but where are the resources?

“The measure of success is not that you have a tough problem to deal with, but whether it’s the same problem you had last year”

John Foster Dulles

- Modelled local government annual budget shortfalls by 2013-14

	Best Case £m	Moderate Case £m	Worse Case £m
Small Authority	4.9	13.8	33.4
Medium Authority	9.4	26.4	58.4
Large Authority	17.8	49.7	109.8
	IGNORE THIS SCENARIO!	Draft Deloitte SOLACE Project Figures	

The Improvement Challenge – when in trouble you should stop digging!



Improvement - Things can only get better?

- As resources dry up more problems come to the surface
- Getting the “**Holy trinity**” right – the corporate centre, education and social care.
- Building an **infrastructure for transformation** (If you are going to do something differently you must have the tools)
- How do you know how well your **council or organisation is performing?**
- **The Assembly** starting to bear down on this issue – corporate governance inspections, intervention boards etc
- The weight of pressures on members and officers
- **QUESTIONS** - How do we put in place “early warning” systems for organisations who might require more intensive support and yet may not accept or recognise this fact?
- Are we learning from best practice and sharing it widely?
- What is the proper role for audit and inspection?

The efficiency and risk taking challenge – be brave!



“The problem with the French is that they don't have a word for *entrepreneur*”
George W Bush

- *“Everything you need to know in order to make improvements can be found in your own system. If you go looking elsewhere you are looking in the wrong place”* **Professor John Seddon**
- **Attack bureaucracy and process**
- More rubbish **talked on efficiency** at the moment than any subject on the planet.
- **Risk taking** – the Assembly needs to remove the edicts, the daft consultations, the silly grants and encourage entrepreneurship
- **Collaboration** - pooled budgets, joint working and shared services – need to accelerate and take along the workforce
- **QUESTIONS** – Is there more you can do in terms of parks authorities working together? What about closer working with councils? What is stopping this happening?

“Be bold and the might forces will come to your aid” - Goethe

“In Italy for thirty years under the Borgias they had warfare, terror, murder and bloodshed but they produced Michelangelo, Leonardo da Vinci and the Renaissance. In Switzerland, they had brotherly love they had five hundred years of democracy and peace and what did that produce The cuckoo clock”. Orson Welles

<u>Incremental Change</u>	<u>Ambitious</u>	<u>Very Ambitious</u>	<u>Outrageous Ambition</u>
Can... and will	Can... but difficult	Can... but very difficult	Can... but won't?
Management de-layering	Strategic Commissioning	One payroll service for Wales	Voluntary mergers/reorganisation

The Political Challenge - the small matter of elections!



"If one morning I walked on top of the water across the Potomac River, the headline that afternoon would read: "President Can't Swim." Lyndon B Johnson

- **Prioritisation** – the key question for political leaders is what are you going to stop doing
- **Sustainability** – take the really difficult choices now, still 3 years to the next local government elections
- **"Be careful what you wish for"** - adversarial local politics is fine but whoever is in power faces the same resource choices. Grown up AMs and MPs!
- **A different context** – *"I don't remember a time in our country when so many things seemed to be going so wrong simultaneously and yet our democracy has become sclerotic at a time when these crises require boldness"* Al Gore
- **QUESTIONS** – How do you persuade the organisation its members and staff about the tough choices that are needed?
- How do you sell these same choices and proposals to the public?

The Service Challenges – the elephant in the room



“I'm in the room but no even acknowledges me!”

Those damn demographics and statistics!

- **ADULT SOCIAL CARE** - By 2026 it is estimated that one in five people will be aged 65 or over and the number of over-85s will have increased by two-thirds.
- **EDUCATION** - If current trends continues it is estimated that the number of surplus school places will exceed 100,000 by 2014.
- **CLIMATE CHANGE/WASTE** - In European target years 2009-10, 2012-13 and 2019-20 any member state that fails on its waste targets faces infraction fines of £0.5m per day
- **TRANSPORT** - \$200 dollar barrel anticipated in the next 5 years.
- **WORKFORCE** – pensions, equal pay, pay freeze
- **QUESTIONS** – How do we re-engineer local services?
- How do we mitigate these risks?
- Are we all buggered anyway!

Conclusions – Protect and Survive

- **Voluntary Mergers** – Rhodri Morgan AM highlighted this at the WAO conference recently
- **Forced Collaboration** – Ministers have hinted at this and the Local Government Minister has a “power to collaborate in the Local government measure”.
- **Removal of functions** - Carwyn Jones AM recently spoke of “regional social services” and the Conservatives are putting forward the concept of “free schools”
- **Full blown Reorganisation** – There are fans of this but the recession is dampening fervour
- **Challenges ahead are of a magnitude not experienced since the end of the World War II**

**Ben Bernanke, Mervyn King, Will Hutton or
..... Conclusion, Protect and Survive**



**Philosophers for our times
"We're Doomed, I tell ye!"
*Private Frazer***

***"What good is money if you
can't inspire terror in
your fellow man"***
C. Montgomery Burns



**Thank you for listening and for the
invite to speak.**

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