



ASSET

A LEADER'S PERSPECTIVE

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As Leader of Hounslow Council Peter is responsible for the council's vision, strategy and political leadership and takes charge of service delivery, planning and policy formation. He maintains a close and vital relationship with central government and government bodies as well as numerous West London partnerships, the LSP and members of parliament. As leader he oversees the borough's regeneration and the council's significant improvements have been recognised at a national level.

A former Sheffield-born teacher, he became leader of the council's Conservative Group in 2000 and leader of the council in May 2006. The council tax has been frozen for the third year running, the council has attained Beacon Status in Community Cohesion and this year was awarded a 4-star top rating by the Audit Commission.

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INTRODUCTION

Regrettably this is not a very inspiring title for the presentation. In light of comments made earlier, had I

that Councils will have to ask themselves some very difficult questions about priorities and to ask these in the near future.

When we are faced with tough choices there is that inevitable and variable auction of competing demands as Lead Members, Cabinet Members and Directors all fight their corner to get their piece of that ever shrinking pie. This always leads to that awful process of salami slicing, as individuals accept a series of small cuts to a project, a programme, or one or two members in the team. In my opinion that process is, in the long term, ultimately

very damaging. The lesson from previous recessions is that those who can learn quickly and accurately, and can assess the sort of organisation they want post-recession, and prepare themselves to deliver or lead the way when the upturn comes survive the new world.

This is a quote from Hilary Clinton and perhaps in some ways there is perhaps a silver lining to what lies before us. As we all know, and it is explained in wonderful detail in earlier papers in this series, the recession has changed the outlook for public sector finances and it will reshape the public sector totally. Our

finances have been severely affected by the recession

Recession – never waste a good crisis!



been more creative it would have been "Things can only get worse". I think the recession combined with the pattern of Central Government spending over the last decade has left us all in difficulties. We all know that future budget cuts will be far worse than those experienced last time, in the 1980s, when I was still in school. Things will get worse as the relatively, and I choose the word carefully, benign spending environment of this pre-election period gives way to the tough choices that will have to be made after the next General Election.

We all now use the "C" word. The end result of all this will be

"a real reduction in total public spending of 1.4% per annum in the three years to 2013/14; this would avoid the need for additional tax rises, but the scale of public spending restraint would be unprecedented historically and would require even larger cuts in departmental spending given fixed commitments on debt interest and many social security benefits"

and by levels of Government borrowing. Price Waterhouse Cooper state "that we estimate a fiscal gap of over £40 billion at today's value, about one third of GDP, which would have to be closed to achieve current budget balances by 2013/14." The report goes on to state

I am showing this to my cabinet colleagues all the time; and emphasising the phrase "there will be real reduction in public spending". The figures, 1.4% per annum over the next 3 years, may not mean a lot to many people, but the following line really gets people thinking, "...the scale of public spending restraint would be unprecedented historically and would require even larger cuts in departmental spending given fixed commitments on debt interest and many other social security benefits." The axe is going to fall severely over the next few years. Daniel Finklestein in The Times puts it more creatively.

(This country is) insolvent. Out of money. Financially embarrassed. Strapped. Cleaned out. We are skint, borassic lint, Larry Flynt, lamb and mint. We are lamentably low on loot. We are maxed out. We are indebted, encumbered, in hock, in the hole. We are broke, hearts of oak, coals and coke. It doesn't matter whether money can buy us love, because we haven't got any. Welcome to the era of no money

Daniel Finklestein,
The Times 11 March 2009

Cheerful stuff. We, as the public sector, are moving into an era of no money. Experts predict public sector cuts of between 10 to 20%, an amount that is difficult to visualise. But it strikes me as a politician, if I want to protect my schools, if I want to continue to take care of vulnerable adults, if I want to safeguard children in my Borough; where is that 10 to 20% going to come from?

A changing national policy context

But there is more than the recession forcing us to change; there are other drivers, for example, the changing national policy context. We are all localists; we all talk about passing power from the centre to the local. Many of you have been in local government longer than I have and I think all of us will believe it when we see it.

But I think one thing is certain. We must change from being simple service deliverers to strategic commissioning agents. It is important to step back from current systems of delivery, identify the present and future needs of the community, and build a vision of how we will meet those needs. To put it a different way we have to shrink the Council's direct service delivery role and focus instead on activities where we alone, as local authorities, can add value.

Changing Hounslow; or it could be changing Barnet – or Barnsley

Our world is changing in many ways. In its hey day, so I am told, Hounslow Town Centre was once the second most prosperous town centre outside Oxford Street. Today it is the 18th out of 18 in terms of not doing too well on the metropolitan town centre front. There are a plethora of 99p shops, and as it's Hounslow probably 98p, 97p and I think there are even 96p shops. Probably the highest value retail outlet we have is Primark. There is a Marks and Spencer but it only sells the stuff that nobody else wants to buy that gets dumped over to us.

The world is changing. Hounslow is changing. If you walk down Hounslow Town Centre it is very different now, in terms of ethnicity and cultural mix, to what it was 10 or 15 years ago. Nationwide, the world is changing; by 2020 the UK population will have grown to 67 million. The over 85s will have increased by 50%, those

over 65 by 30%. There will be more pensioners than those under the age of 16, and intense pressures on adult and health services. In my Borough, over the next 5 years, we have to build 15 new forms of entry into our schools, because on top of everything else we have the third highest population increase in London. I am not sure why we are blessed in that way. It means that adults in Hounslow are busy procreating and adding to our wonderful mix. These are the pressures we face.

As a politician I think I can mention that out there the people are not very happy with us, the public sector, despite all the improvements that I can point to about how my Council performs. Despite the fact that we are now a 4 star authority, levels of satisfaction with the

services that we all provide have declined. There is wide spread public cynicism about the motives of all of us involved in public services. I ban the word expenses from being used in my presence. People do not like politicians and they do not think very highly of the public sector. People expect more. They expect more, sometimes, unreasonably. They expect more for less. The world is changing and people are more demanding. "Be more demanding" is the slogan of Waitrose or ASDA. Well people are, and they are expecting more of us, more and more.

1. **A new relationship with our residents.** *In which residents will have a much greater involvement in designing services and actively participating in improving their lives.* We talk a lot about empowerment and community engagement but we do seriously have to begin to get people involved in the services that we provide for them. The days of sitting in ivory towers thinking we have all the answers to their problems are long gone and also, in my opinion, if you involve people more in delivering services, we get better services, that cost us less; a useful financial driver.

2. **A one public sector approach.** *In which our strategies and services and those of our public sector partners are integrated and aligned, so that we can work together to improve outcomes for people in Hounslow.* An important aspect will be placing democratic accountability at the heart of it all. In my role I hear a lot about shared services but see little evidence of them. There are notable exceptions but generally Councils are far too hesitant, "We do it best, why would we share with those next door" is the general attitude. There are

too many easy excuses when it comes to shared services. The better way forward is to focus, within in an authority, on getting together all those public services and organisations that make a difference to peoples' lives and seriously bringing them together to make a real practical difference to peoples' lives. As a Council Leader I need to bring all my partners together and through cooperative joint working begin to develop common priorities and focuses.

3. **A relentless drive for efficiency.** In which the Council plays a leading role in ensuring that public services as a whole are as efficient as they can be.

The search for efficiency

We could make a start on smallish things. For example why does each authority have to have its own separate HR function? Why do we all have to have our own asset management sections? Why do we all have to have our own PR communication functions? Our focus should be on more than just selling things off and saving money.

Intractable problems



We politicians have to face intractable problems that never seem to go away. What does surprise me are those areas of service provision where we spend considerable amounts of public money without seeming to have much effect on peoples behaviour; there is the ongoing drain on resources. For example there are within this Borough, and probably in many other parts of the country, significant health inequalities. As an authority we spend millions every year on children in care, yet despite that their life chances are far below children outside of the care system. Similarly with climate change, and issues around National Security, I think the traditional ways of doing things have been looking in the wrong places for the challenges we face when trying to find solutions.

To meet the challenge of the future, we have got to change, to move and to modernise. The following 3 principles are borrowed from the London Borough of Barnet who are going through a major exercise and are developing these 3 ideas that begin to shape what they, and we in Hounslow, want to do as an authority.

To make a real difference our focus should be on services and being able to commission better outcomes for all residents through having a better understanding of their needs and their priorities.

Also we need to have that relentless drive for efficiency and I like to think that we in Hounslow were a little bit ahead of the game, before the talk of recession started back in 2006. Then I was a backbencher, in opposition, and saw the council earn a 3 star rating from the Audit Commission. We were classed as good and improving. The Administration was very pleased with that. Unfortunately residents were not so impressed and after 35 years of one party control, we came in and took over.

And what we wanted to do was to focus on improvement and efficiency and to act on poor quality and inefficiency wherever we found it. So we got together with KPMG and launched a programme to drive up efficiency within the council and to improve across the board and from top to bottom what we do. Now, two years later, from a standing start, using some disciplines from the private sector, and after many long days and even longer nights of analysis and performance comparison, innovation, and determination I think that programme has achieved many of the things the Government is now telling us we ought to do.

That is why I feel a little bit ahead of the game. We have managed, in Hounslow, to squeeze out the best part of £53 million pounds of cash savings. We have had no increase in council tax for 3 years. I would argue that we have protected front line services. I am delighted to be able to give residents a long list of extra monies that have been put into the services that matter to them. We have moved a long way away from the historic salami slicing approach to service budgets. It is also worth mentioning that all that was done by a council that has one of the lowest balances in the whole of London unlike, say, colleagues in Kensington & Chelsea who have more money in their balances than Hounslow ever have in our normal revenue budget. We only have a few million put by for a rainy day.

We have downsized the organisation, and have lost about 400 colleagues. Savings have been made across the organisation through shared support services such as HR, finance, payroll, and admin support across the council. It has allowed me to say that I have put money into services in the borough and to achieve some successes that might sound like small fry to some but are valued for example to plant a thousand trees, reduce the amount of graffiti by half, to spend a couple of million pounds on CCTV cameras, to develop a cleaner, greener, safer agenda.

Even so the organisation I inherited was not a failing council. It did many things above average. It did well in certain areas. So what was the difference, what was the driver? I suppose that is where politics comes in, the determination to have new levels of effectiveness and efficiency. The reason that this matters so much to me is the alternative to our approach. That will lead to, to put it simply, the destruction of public services. Either we change our back office and our front office ways of providing services, or in a few years time we just stop doing things altogether. Either we make fundamental changes now, or, without being too emotive about it, we have more future baby Ps, we have more children leaving school unable to read and write to sufficient levels; and the list goes on. That is what we are here for as I remind staff at the council all the time. That is the bigger picture, the world we are trying to create as politicians. Even if there was no financial crisis, there is moral imperative, a word I do not often use as a politician, but there is a moral imperative to use resources even better, to provide public services at reasonable cost.

The future?

Well we need even more innovation, we need more resident involvement, and we need more partnerships across organisations. All of us have become too used to doing things in the way that we have inherited and use the models that we have. I always ask the question which I now commend to you.

If you were starting from scratch would you invent what you now have and are using now?

Tough economic times necessitate radical thinking about how and what services local or central government delivers. Also we have to ask whether we should be delivering certain areas. The great difficulty for any council will be to stop doing things that may sometimes bring us winners awards, maybe make us feel good, and may enable us to produce glossy publications that look good on the shelves - until the dust begins to gather. Those services actually make no real difference to people's lives and that is the challenge before us. The opportunity lurking deep in the recession is that it might embolden local government to consider really radical change and to take very difficult decisions without losing its accountability for local public services.

Councillor Peter Thompson
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