

Doing more for less

As Chief Executive of Derry City Council Valerie Watts faces the twin challenges of local government reorganisation in Northern Ireland as well as the prospect of delivering 'more for less' like all local authorities facing an austere financial environment. Here Valerie Watts addresses the practicalities from a Chief Executive perspective about delivering 'more for less'.



Valerie Watts, Derry City Council

For me, the topic of doing 'more for less' really forms the basis of a wide-ranging discussion on the budgetary challenges that lie ahead. As a Chief Executive of a City Council in Northern Ireland, that means pausing on the looming funding gap and examining all possible options that might be available for coping with what most commentators and senior officials expect to be a severe and prolonged downturn in public finances. The money that will be available to fund services will not be anything like current or past levels.

Against this financial back drop and with looming local government reorganisation in Northern Ireland we have to ask what is the role of lead officers in local government in shaping the future of public services whilst continuing in our quest to drive up performance.

For me, it is about examining all the options that may be available to us to improve performance. In the short to medium

term that will be about sourcing alternative funding, tapping into new funding pots or perhaps even shared funding options. We may well have to look for further asset disposals and seek more innovative ways of releasing capital.

What lessons does the private sector have to offer? What sorts of deals would be of interest to the private sector if the cost of maintaining a service would be less than the funding likely to be available? There will be some interesting changes in the dynamics of the relationship between the public sector and private providers.

In the long run, we should be aiming to 'do much better with less' and, if that is the case, what should we be thinking about now? No one should be in any doubt about the scale of the challenge facing the public sector over the coming decade and perhaps well beyond.

The UK Government is facing unprecedented levels of national debt and, whilst government and opposition parties may differ on the impact on public spending, both agree on one thing and that is that the impact on public spending will be severe. HM Treasury has forecast that, without tax increases, annual public sector expenditure may have to fall by up to £35 billion per annum if we are to reduce national debt by 50% by 2014.

There is no doubt that Northern Ireland, dependent as it on the Block Subvention and with limited tax raising powers, will feel the cold wind of these reductions to a degree that cannot be managed by merely trying to weather the storm. We are entering a new age of austerity and these hard times must herald hard choices.

Historically, this has not been the experience in Northern Ireland. For many reasons over the last 40 years money has always been found to ease the pain of recession and we have remained sheltered from the worst effects. This will not be the case in the near future.

There are options and the Northern Ireland Executive faces options that are no different to those facing the rest of the population: Raise more, save more or spend less - or some combination of the three!

Raising more falls into four broader categories: asset disposal – the sale of physical assets such as land and buildings; the privatisation of organisations, bodies and operations; increasing taxation, including negotiations to permit the extension of tax-raising powers and identifying new sources of funding.

It is my view, however, that raising new money to fund inefficient or unreformed services is both wasteful and disingenuous. The current focus on public spending priorities should be welcomed as an opportunity to challenge the efficiency and effectiveness of Northern Ireland public service delivery and, where service delivery and value for money falls short of best practice, there should be no hesitation in identifying and addressing those shortfalls.

Within Northern Ireland we can no longer see ourselves as a special case within the UK. We must learn to do more with less and that will mean we see three concurrent workstreams:-

- Revenue generation will be critical to develop new and innovative ways of raising finance at regional and local level.
- Cost reduction where we will need to look hard at where costs can be reduced throughout organisations, including collaboration and joint working to deliver services and pooling resources to greater effect.
- Increased service effectiveness through re-engineering services to cut out wasteful process, increased front, middle and back office standardisation and a clearly articulated benefits pathway.

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Identifying new sources of finance or cost reduction merely as an alternative to dwindling Westminster/Barnett funding misses the opportunity to address the adequacy, efficiency and effectiveness of existing services and of their service delivery.

If we are to genuinely transform our public services then continuous improvement has to be at the heart of what we do. The status quo of public expenditure, service provision and service delivery is no longer an option. Northern Ireland must look for new funding models but it also must definitely seek and embrace new service provision and service delivery models. There may be a brief respite in the run up to the forthcoming election, but the message is clear there will be reductions in real

spending. There will be challenges for departments and big reductions in capital spending as well as a severe impact on revenue streams.

I am confident that with cooperation, learning from each other through best practice networks, and being bold and brave in sharing new ideas and innovation in service delivery, we can get through the toughest of times and deliver more for less. But it will not be easy or painless.

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Image: Derry City walls

