

**WYRE FOREST DISTRICT COUNCIL**

**29 SEPTEMBER 2010**

**ANNUAL REPORT OF THE CHIEF EXECUTIVE**

- 1 This is my first annual report to the Council. I have been with Wyre Forest for a little over 9 months at the time of writing, and I would like to begin this report by thanking members, staff and others for the warm welcome and support that I have received in that time.
- 2 Regular reports on performance of each directorate are presented to the Cabinet and Scrutiny Committees and therefore I draw attention only to some key aspects of performance in this report. I propose to concentrate on four areas:
  - an overview of the issues facing the district and the Council;
  - how we are performing against the priorities set in the corporate plan for 2008-2011, and our financial performance;
  - the progress that we have made in transforming the council;
  - the Council's strategic leadership role and joint working with partners.

**Overview of the issues facing the district and the Council**

- 3 The central issue facing the Council is how it responds to the reduction in public expenditure that will be announced in the comprehensive spending review on 20 October. While this will give global figures for local government, the detail of funding for Wyre Forest will emerge only in the provisional local government settlement in November or perhaps even as late as early December. The deficit facing the Council over the next four financial years could well be several millions of £s.
- 4 This will undoubtedly be the most challenging budgeting period in the history of the Council and will involve a significant reduction in the funding that is available to support services, with tough choices to be made on the Council's priorities and how the budget should be spent.
- 5 The Council has a good track record of finding savings and reducing expenditure. In 2009-10, the Council achieved £3m of efficiency savings (representing 8% of its budget) compared to the previous Government's target for that year of 3%. However the scale of the challenge over the coming years is of a different order. Use of reserves alone will not bridge the gap, and the past strategy of relying on them to fund ongoing revenue expenditure will end. Our unallocated general revenue reserves stand at £2.3m, but much of this may be required for one off costs associated with implementing change – for example, while we will seek to avoid compulsory redundancies wherever possible, it is inevitable that we will be reducing staffing numbers still further. The staffing reductions that will be necessary are not likely to be achieved purely through natural change.

- 6 It is apparent that reductions of a significant scale will not be achieved by chipping away at various budgets by small amounts. We need to focus on major reductions in a number of areas, including stopping or significantly reducing some areas of expenditure and activity. There will have to be rigorous focus on the priorities that emerge in the new corporate plan for 2011-2014. Just because a service is mandatory does not mean that its budget will be protected at current levels: we could still discharge a function but more slowly or to a lower level of outcome. Equally, just because something is discretionary does not mean that it is a natural candidate for cuts. Efficiency measures through better procurement, use of IT, simpler processes etc will have their part to play, but it would be misleading to think that they alone will close the gap.
- 7 While it is tempting to think that all is “doom and gloom”, we are planning ahead about how we can maintain the Council’s financial viability. A series of meetings with the Cabinet and Corporate Management Team is taking place from late August to November to allow ample time for debate about priorities and the “big ticket” items that will have to feature if we are to produce a medium term financial plan that balances. No decisions have been taken yet, but this early work will enable effective scrutiny by our committee system in the New Year and help inform any proposal for alternatives from opposition groups. Some of the measures being considered include:

**- looking at working further with our private and public partners.**

The shared regulatory service came into existence smoothly on 1 June. Positive progress is being made with implementation of the shared economic regeneration service for North Worcestershire (which Wyre Forest will host), procuring the HR service from the county council and shared customer services with Community Housing Group. Work on a range of other services is under way or under consideration, and will inevitably look at some of our larger services such as revenues and benefits administration, planning and waste collection. The present leisure centres contract ends in 2013. We need to examine the full range of options that could reduce the cost to the council of such facilities and of the sports pitches that we run. The likelihood is that, in order to achieve financial and service resilience, there will be fewer services that the council delivers on its own in future.

**- examining the income we receive from our chargeable activities.**

We need to scrutinise every opportunity to generate income and move wherever possible to full cost recovery for services that people have a choice about using. The council tax “freeze” that has been proposed by the Government for 2011-12 (we await details of how it will be funded) and the planned introduction of referenda on excessive council tax increases means that the Council will not be able to rely upon increasing council tax to cover the deficit, even if it wanted to do so;

- **impact and opportunities under the Government's "Big Society" agenda.** This could include transferring assets and services to town or parish councils, community groups, development trusts and the voluntary sector. The Big Society envisages smaller government (including smaller local government), with communities and individuals taking more responsibility for themselves;

- **rationalising our assets more generally,** disposing of those that are uneconomic and where the council's continued ownership provides no public or organisational benefit. The move to our new single office in 2012 will save over £500k in building and staff running costs;

- **review of organisation and management structure.** I am working on this at the moment and will look at a range of options including sharing senior management posts.

- 8 The Cabinet has already agreed to follow a protocol under which we will discuss proposed cuts with other public sector organisations in the county. This is overseen by the Public Service Executive Group. It will focus on identifying how cumulative adverse impacts on particular areas or groups of people can be avoided or mitigated if possible.
- 9 The full impact of the new Government's policy and financial decisions is beginning to be felt. Apart from some in year grant reductions, the main impact thus far has been radical change to many of the processes and bodies with which we deal. Examples include abolition of comprehensive area assessment and regional spatial strategies, and proposals for abolition of the Government Office and Audit Commission and the replacement of the regional development agency by local enterprise partnerships. The strong focus on localism (at the expense of regionalism and central command/control) means that the council is expected to set the agenda and provide leadership for the district. The decision to abandon reorganisation in Devon and Norfolk means that there will be no proposals in this Parliament for reorganising local government in areas that have district councils. However this provides a time frame for Wyre Forest and other districts to demonstrate their ability to implement transformational change, working jointly with other bodies, against a backdrop of sharply reducing resources. I comment further on our transformational programme below.
- 10 The economic situation facing the district continues to be challenging. While the district has a more diverse economy than in the past, the unadjusted claimant count for August 2010 shows unemployment at 4.5%, above the county average of 3.9% but below the regional and England and Wales figures of 6.3% and 5.0% respectively. The employment rate in Wyre Forest stands at 68.9%, the lowest in Worcestershire (average 75.7%), although slightly ahead of the regional average. Despite recent improvements attainment levels in schools continue to be below the national average. In 2009, gross weekly pay was lower than average at £400.40 compared to £446.60 in

Worcestershire, £441.50 regionally and £480.90 nationally. VAT registrations and de-registrations per 10,000 resident adults in Wyre Forest (35 & 27 - 2007) are lower than for the United Kingdom (42 & 30) and County (45 & 31). While the district falls roughly in mid table in the index of deprivation for 2007, this masks some intense areas of deprivation, such as the Oldington and Foley Park ward and Horsefair area in the Broadwaters ward. As with other areas, demographic changes present a challenge. Mid year estimates for 2008 show there is a higher than average older population in the area. The population aged 65 and over is expected to grow from 21% in 2010 to 28% in 2025. This demonstrates the need to help reshape the district's employment and housing offer, in order to attract and retain more young people locally.

11 The Council's response to these issues includes:

- **the ambitious ReWyre strategy**, looking at future regeneration of Kidderminster over 20 years, focussing on key areas for development such as Churchfields, the Eastern Gateway to the town and the British Sugar site. A board involving local business leaders and chaired by one of them has been established to oversee and guide progress. The Leader of the Council and I are members of the board;
- good progress with putting in place **the local development framework**. The core strategy was subject to examination in public in July and we expect the inspector's decision by the end of October. The Council can then move forward to adopting the core strategy and producing detailed site allocation policies. We should be the first district in Worcestershire to reach this stage, which will give greater certainty to developers in bringing forward proposals, including for the 4,000 housing units that are required over the period to 2026;
- the **areas of highest need projects** in Oldington and Foley Park, Broadwaters and the Walshes. The work in central Kidderminster has been buoyed by news of investment of £1m by the Big Lottery fund in community development in Horsefair, Broadwaters and Greenhill. In Oldington and Foley Park, I am chairing a project group that is developing proposals for the re-design of public services. Initiated under the Total Place programme, this involves looking with local residents and front-line staff at how services can be made more effective in terms of outcomes in supporting children and families, helping people into work, improving health and the criminal justice system – but at lower cost.

12 The council was assessed as performing "Adequately" in the Organisational Assessment section of the Comprehensive Area Assessment (CAA) in December 2009. It was rated 2 out of 4 for how it manages performance and 2 out of 4 for use of resources. CAA has now been abolished and the Local Government Association is consulting on future arrangements for self-regulation and improvement

in the sector. It will be important for the Council to take part in the new arrangements in order for its improvement to be tested against other councils', and to make greater use of benchmarking across services. While the challenging financial position may act as a brake in some respects, the redesign of services and asking fundamental questions about how we deliver them can release other opportunities for improvement – we have seen the benefits team, for example, maintain its performance despite a significant increase in the number of claims and a reduction in staffing. My own commitment to the importance of managing and improving performance is reflected in the fact that I chair the Corporate Performance Clinic. It is able to review in detail issues of good or poor performance in particular services. Feedback suggests that managers, staff and councillors find this process beneficial.

- 13 Residents' perception was measured by the 2009/10 Viewpoint Survey. Residents were asked whether they think Wyre Forest District Council provides value for money and how satisfied or dissatisfied they are with the way the Council runs things. In the Place Survey 2008/09, 31% of residents thought the Council provided value for money and this has increased to almost 36% in 2009/10. An even bigger improvement can be seen when looking at satisfaction: almost half (49%) stated they are satisfied with the way Wyre Forest District Council runs things, which is an increase of almost 7% from the Place Survey 2008/09. The survey is due to be repeated shortly and it will be interesting to see if perceptions continue to shift. We have invested more effort in putting the Council's story across through the media team, and plans for a new on-line magazine for residents are well advanced – the first edition is expected at the turn of the year.

**How we are performing against the priorities set in the corporate plan for 2008-2011, and financial performance**

- 14 The annual report that was presented to Council in July noted that we have made good progress in 2009-10 against the four priorities:
- further affordable housing delivered with our partners: 75units, making a total of 174 between April 2008 and March 2010;
  - new arrangements being implemented for collecting garden waste and recycling: 14% increase in recycling in July 2010 compared to the previous month, and an annual revenue saving of £300k;
  - the launch of the ReWyre prospectus for economic regeneration of Kidderminster; and
  - significant savings from the work that we have done on efficiency: £3m in 2009-10, well ahead of the target.

15 These achievements are not attributable solely to me or even the directors: it depends on the contribution and commitment of the Council's staff, to which I would like to pay tribute. It is pleasing that staff's work has been recognised by further awards this year including:

- national award from the Society of Procurement Officers for outstanding achievement in procurement. This was for procuring new insurance contracts for 7 district councils, led by David Tirebuck, our procurement officer. The contracts were awarded in April 2009 and the result was a great success, delivering £1.7m of savings to the group and annual savings to Wyre Forest District Council of around £60k. David's expertise is now being made available for part of each week to support Malvern Hills District Council;

- green flag awards for Brinton Park, Kidderminster and QEII Gardens, Bewdley.

- 15 The Council's officers continue to be successful in attracting external grant funding to support or enhance the services that are provided for local communities, whether in leisure and arts provision or in economic regeneration. Many hundreds of thousands of pounds were attracted during 2009-10.
- 16 Through careful management of its revenue resources, the outturn for 2009-10 was £1m less than had been budgeted which allowed the Council to strengthen its reserves. A very significant contribution was made by the successful reclaim of over £700k of VAT, following work by Tracey Southall, David Knipe and other members of the accountancy team. The Council has dealt well with the significant reduction in interest earned from investments which, historically, it used to support its revenue expenditure on services. The principal issue was the sharp decline in interest rates following the financial crisis of 2008. The Council continues to play its part in the joint recovery action – organised by the Local Government Association - which aims to protect the position of the many councils that were affected by Icelandic banks going into administration in October 2008. We secured the return of over £2m of the Council's investments in the last year, and obtained valuable capitalisation directions to protect the Council's revenue account. We are optimistic that we will secure further returns of the frozen investments in 2010-11 and subsequent years.

### **The progress that we have made in transforming the council**

- 17 There has been significant and positive progress on major projects. The new cemetery and crematorium, being developed by Dignity plc, is at an advanced stage of construction and will open in spring 2011. The Council has invested £1.25m in this project. Our single largest project worth £10.5m is the construction of new offices for the Council at the Finepoint site between Stourport-on-Severn and Kidderminster – this will allow us to save over £0.5m a year in running costs and remove the inefficiencies that come from operating out of four main offices. We have purchased the site for the new building, appointed the project management and design team and the planning application was submitted earlier this month. Tenders for the construction will be invited in November with the contract expected to be awarded by February 2011 and construction and fit out completed in time for the Council to

move in during summer 2012. I chair the project group that drives the detailed work, and regular reports are provided to the Transformation Board and the Corporate Resources Scrutiny Committee.

- 18 Work on the three main transformation projects is led by three directors: making information manageable (Caroline Newlands), mobile and flexible working (Mike Parker) and the administration review (Linda Collis). Progress has been good and has reached pilot implementation stage for mobile/flexible working and the administration review. Wider roll out is on schedule for the autumn and detailed proposals about changes to the structure of administrative support services are due to be released at the end of September. On 24 September, we will have started to reduce our storage requirements significantly through our destruction of unwanted records day.
- 19 Underpinning the work in these areas is the ICT strategy, overseen by David Buckland. We have a more resilient and cost-effective infrastructure, with investment in a smaller number of servers and effective back up facilities at our reserve site. New software and processes continued to be implemented, particular mention being due for the Agresso system for procurement and payments and the electronic document management systems.
- 20 In this process of change, involving staff and all political groups is very important. The staff survey undertaken in 2009, before I joined the council, had some uncomfortable messages about internal communication and the extent to which staff felt directors and managers were visible and involved them in decisions about the future direction of council. The 2010 staff survey closes after this report is written but I hope that some initial results may be available by the time of the Council's meeting, and I will report these orally.
- 21 The Leader and I have undertaken a round of corporate briefings for staff this summer and the next will be held in November. There was strong participation in the staff survey about the single site accommodation. While we did not expect a unanimously positive response to the consultation on proposals to change mileage allowances, generally staff seem supportive in tackling an area of inequality. Building and maintaining support for the transformation process will become ever more important as we make bigger changes. Here, the strong links that have been forged with senior managers in WF20 and with all managers through the Management Forum will assist. The Corporate Management Team has developed as a team and I feel that we are operating well as a cohesive unit. Various staff and union representatives have been involved in the working groups for the various transformation projects.
- 22 In respect of members, the meeting of the Chairman and Group Leaders has been rejuvenated. It meets in advance of each Council meeting to discuss likely agenda items and other issues relevant to the

political groups. The Transformation Board, which consists of the five group leaders, meets monthly and provides oversight of the transformation programme. While the political changes at the elections and in early June have consolidated the majority group's position, the coming period will continue to require working with all groups in the Council to deliver change.

23 We have also held a range of events for councillors to engage in discussion about major issues facing the council including:

- a successful IDeA-facilitated seminar on possible changes in governance and electoral arrangements in June;
- briefing event for all members about the cemetery and single site projects also in June;
- two further sessions for members on the design of the new building in July and September;
- two member workshops on development of the corporate plan during August.

24 On a personal level, I am very grateful to members who have taken time to accompany me on visits to their wards. By the time of the Council's meeting, I will have undertaken 10 visits to eight wards (two wards have had a second visit because of changes in councillors in May) with a total of 18 councillors or former councillors. More are planned for later in the autumn. These visits are very helpful to me in getting to know the district and in seeing or hearing about the issues that members deal with in their representational role.

25 The General and District Council elections were held on 6 May, the first I had overseen as returning officer in Wyre Forest – generally these were conducted successfully, with a few hitches and issues such as the delayed delivery of postal votes. We had no problems with voters being unable to vote because of queues at polling stations. Further town and parish council elections were held on 27 May, again with some learning points for the operation of the count and my role as returning officer. There have been extensive “lessons learned” and feedback events with elections staff and with candidates/agents.

26 For reasons outlined earlier, the process of change will continue and accelerate. Over time, the Council may well deliver fewer services on its own than now and therefore move more to a commissioning model. There will be fewer staff, and they will have to be more flexible. There are likely to be leaner structures at all levels. Processes, including those that directly affect councillors, will have been reviewed and simplified. No organisation can afford to stagnate, and I remain positive about the Council's ability to continue its transformation journey to ensure we can continue effectively to serve our communities.

**The Council's strategic leadership role and joint working with partners**

27 I am a member of the Council's local strategic partnership, Wyre Forest Matters, and also the Worcestershire Partnership Board – although this will change later in 2010 when a more streamlined model, involving council leaders, is proposed to be implemented. The structure and focus of partnerships is being reviewed against the changing policy backdrop, including the introduction of local enterprise partnerships, and the need for all public bodies to reduce expenditure. There is a feeling that partnership structures have become too weighty and that the time for change has arrived. This may affect the two theme groups of the Worcestershire Partnership (economy and transport, health and well-being) on which I represent the northern districts. We will look at local structures in the light of these changes and the increased focus on localism. Central to this will be continuing the role of the Council in providing strategic leadership for the district, its residents and businesses.

28 There has been positive progress in our relationship with partners. I would single out:

- work with the Community Housing Group to build on our strategic relationship and to work more closely together on various projects, such as developing a joint customer services function;
- the establishment of the ReWyre Board and ongoing support for the Business Leaders' Group, both of which provide vehicles for discussion with businesses about their priorities for the district;
- establishing positive working relationships with our new MP, Mark Garnier.

29 I play an active role in meetings of the Worcestershire Chief Executives' Panel and the Worcestershire Leaders' Board – they are key bodies in coordinating local government activity in the county and in sharing good practice. Outside the formal groups, I am leading for Chief Executives on a review of how we address economic and place-shaping issues within the Worcestershire Partnership and on the county's bid for a Local Enterprise Partnership, which was submitted at the beginning of this month. I have taken on the role as secretary of the SOLACE West Midlands branch: this is not an onerous requirement with only a couple of branch meetings each year.

**Conclusion**

30 I am very proud to be Wyre Forest's Chief Executive and, whilst we may face many challenges, I know that with the support of Councillors and our staff we can strive to meet them head on together. The role has proved to be exceptionally interesting, enjoyable and challenging. I

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feel that I have got to know the area better and its strengths and opportunities, and I would like to thank members and others for the support that I have received. The Council faces significant challenges over the coming period and I feel confident that it will rise to meet them, demonstrating its ability to provide effective community leadership.

Ian Miller  
September 2010