

Buckinghamshire County Council

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Bucks Strategic Partnership Board 20 January 2011

Powerpoint Slides – *Surviving and Prospering: local provision in 2011 and beyond*



INVESTOR IN PEOPLE



Surviving and prospering: local provision in 2011 and beyond

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Spending Review 2010

- ❑ First SR since 2007 – much delayed
- ❑ Applies to the financial year starting in just 5½ (now 2½) months
 - ❑ Not exactly great for financial planning
 - ❑ Uncertainty may have pushed down spending during 2010-11
- ❑ Local government employment already falling
 - ❑ Down 50,000+ across UK since mid-2007
 - ❑ Overall staff reduction in LG of an additional 100,000+ by 2015

Analysis of the Spending Review – local government

- Revenue grants to local government to fall by 27 per cent by 2014-15
 - But, front-loaded
 - Council tax frozen in 2011-12, then uncapped but subject to referenda
 - New Homes Bonus
 - Overall impact will be to reduce revenue budgets by c14 per cent by 2014-15
 - Inevitable impact on capital spending via impact on debt charges: -30%?
 - Broadly -10 per cent for many authorities in 2011-12?
 - Counties less than districts
 - Buckinghamshire among the least affected
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Reduction in 'spending power' in 2011-12

- Spending power =
council tax + government funding
- Buckinghamshire CC: -0.6%
- Aylesbury Vale: -8.4%
- Chiltern: -4.1%
- South Bucks: -3.8%
- Wycombe: -6.7%

NB: formula grant down 14 to 17% in each case

Wider reforms – the NHS, schools

NHS

- 'Real terms' protection to overall budget
- 20% 'efficiency savings' throughout sector
- Major reforms to PCTs
 - Commissioning passed to GP consortia

Schools

- 'Real terms' protection overall
 - New academies, 'free' schools
 - Many schools will inevitably lose cash
 - Pupil premium cost
 - FE less generously treated
 - c12% in real terms
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Wider reforms – police, benefits

Police

- Abolition of police authorities
- Directly-elected police 'commissioners'
- Some local oversight
- Major budget reductions

Benefit system

- Caps on housing allowances for publicly-funded rentals in private property
 - Limits on overall household receipts
 - Council tax benefit to be 'localised' in 2013
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Wider reforms – Big Society, Localism

- 'Big Society' is intended to shift the boundary between the State and other, not-for-profit and voluntary bodies
 - Encouraged by lower resources
 - Localism Bill includes provisions for community planning powers, local referenda on council tax (and other issues); power of general competence
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Short-term impacts on voluntary sector, NGOs

- Councils' budgets reduced in such a way that impact on funding for voluntary organisations inevitable
 - However, the government's 'Big Society' reforms may be promoted by management buy-outs, new trusts, etc
 - Signals both for expansion and contraction
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Better or worse than expected?

- Pessimism had been cleverly generated
 - "25 to 40 per cent" departmental cuts
 - "Worst since the 1920s"
 - "Deepest cuts since 1945"
 - This way of seeing the impact of deficit-reduction has talked-down expectations
 - Only time will tell how bad, and the public's response
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Early actions the public sector is taking

- Short term: recruitment freezes, pay freeze, cut overtime, stop new capital commitments, etc
 - Medium term: joint departments and/or officers, improved procurement, contracting out, increase charges; tax base incentives
 - Long-term: transfer of services to a range of institutions, stop providing some services, introduce new charges and taxes
 - NB last week's announcement about staff-operated 'mutuals', co-ops etc
 - Opportunity or threat to trading standards?
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Identifying key areas of budgetary pressure – generally within LG

- NHS, schools partly protected
 - Police and fire treated similarly to LG
 - Council services least easy to reduce
 - Children's services
 - Care for the elderly
 - Street cleaning, refuse collection
 - Thus, likely to suffer most pressure
 - Housing
 - Environment
 - Leisure, recreation, arts, museums
 - Regeneration
 - Capital investment
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Possible resources to underpin investment

- NB: Public sector investment still above early-2000s level after the planned reductions*
 - Probably rather better than that for Bucks CC*
 - Efficiencies/procurement
 - Reserves and investments
 - Sale of assets and immediate re-use?
 - Higher fees & charges?
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Resource opportunities

- ❑ Local Economic Partnerships
 - ❑ Modest, bottom-up, bodies
 - ❑ To bid for Regional Growth Fund
 - Easier in the North than in the South East...
 - ❑ Tax base incentives
 - ❑ New Homes Bonus
 - ❑ Business Increase Bonus
 - ❑ Business Rate retention?
 - ❑ Tax Increment Financing
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How to access the resources?

- ❑ Local economic partnerships to become more important as a result of 'localism'
 - ❑ Almost certainly as far as regeneration, housing go
 - ❑ Private sector regeneration to become more crucial as impact of spending reductions becomes visible
 - ❑ Local partnerships will need to facilitate (even) more flexible and pro-growth policies
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The worst that could happen?

- ❑ A double-dip recession, leading to...
 - ❑ a slower pace of deficit reduction, leading to...
 - ❑ a need for a longer squeeze on public expenditure...
 - ❑ leading to further reductions in public spending beyond 2014-15...
 - ❑ but no visible sign of a 'Plan B'
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Conclusions

- ❑ An unprecedented period for local public sector bodies, partnerships and locally-focused institutions
 - ❑ Need for renewed enthusiasm to grasp opportunities at a time of radical public sector reform
 - ❑ including new ways of delivering services
 - ❑ Need for clear focus on realistic opportunities in medium/long term
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