

Meeting the Challenges of Finance and Reform

Rob Whiteman
Chief Executive, CIPFA

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The Story So Far - 2014/15 Budgets

- Road maintenance budgets are falling, along with park and footpath maintenance, and street lighting
- Planning and economic development budgets are reducing
- Libraries, leisure services, arts centres and museums are closing and reducing their hours and staffing
- Youth clubs are closing and reducing to fewer sites
- Regulatory services that local people rely on for protection including environmental health and trading standards are reducing staff
- Non-critical care services, including day care, respite care and children's centres are closing

What Next? - Spending in 2015/16 and beyond

- As part of the continuing austerity programme the Chancellor has announced further spending cuts in 2015/16
- Cumulative cut in DEL of around 10.3% over 5 years
- Cuts in 2015/16 in line with SR 2010 departmental priorities
- Protection for some (Health, Education and International Development) means deep cuts for others
- CLG and FCO over 50% cut to DEL by 2015/16
- Austerity likely to last well beyond 2015/16
- Assuming no tax increases or cuts to AME would mean further cuts to DEL in 2016/17 & 2017/18
- IFS estimate that in this scenario would mean another likely 7.9% cut from DEL

Key Challenges for Local Government Finance System

- Promoting economic growth and investment
- Ensuring sufficient housing
- Integrating health and social care systems
- Working alongside a welfare system that promotes work
- Promoting early intervention

Piecemeal Responses

- City Deals available to those areas focused around major cities – individually negotiated.
 - Huge variation in approaches
 - Proving difficult to access huge welfare budgets to unlock savings – Manchester City Deal shows some progress.
- Economic Action Zones – allow some areas to keep locally generated business rates.
 - Have to bid for and subject to overall limit
 - No evidence yet as to whether promoting new growth or merely displacing growth from elsewhere
- New Homes Bonus
 - Providing incentive for growth in those areas already growing
- Better Care Fund – promotes integration through the Health and Well-Being Boards
 - Both Health and Social Care making significant demands on funding

Re-thinking Local Government

- Access to sufficient locally determined resources
 - Freedom for local authorities to set local taxes
 - Remove central government political influence from resource distribution
 - Access to additional funding sources
 - Local Government Finance System that supports the key challenges
 - CIPFA/LGA Local Government Finance Commission
- Improved co-ordination across public bodies
 - Mapping local spend
 - Allowing savings in one area to support early intervention and prevention in another
- Social care and health integration
 - About relationships, common aims and closer working rather than structures
 - Both Social Care and Health are at reactive end of provision
 - Early intervention is more cost effective at the start of the chain – housing, education and sports and leisure provision may require much smaller investment