

# Financial Resilience: from surviving to thriving

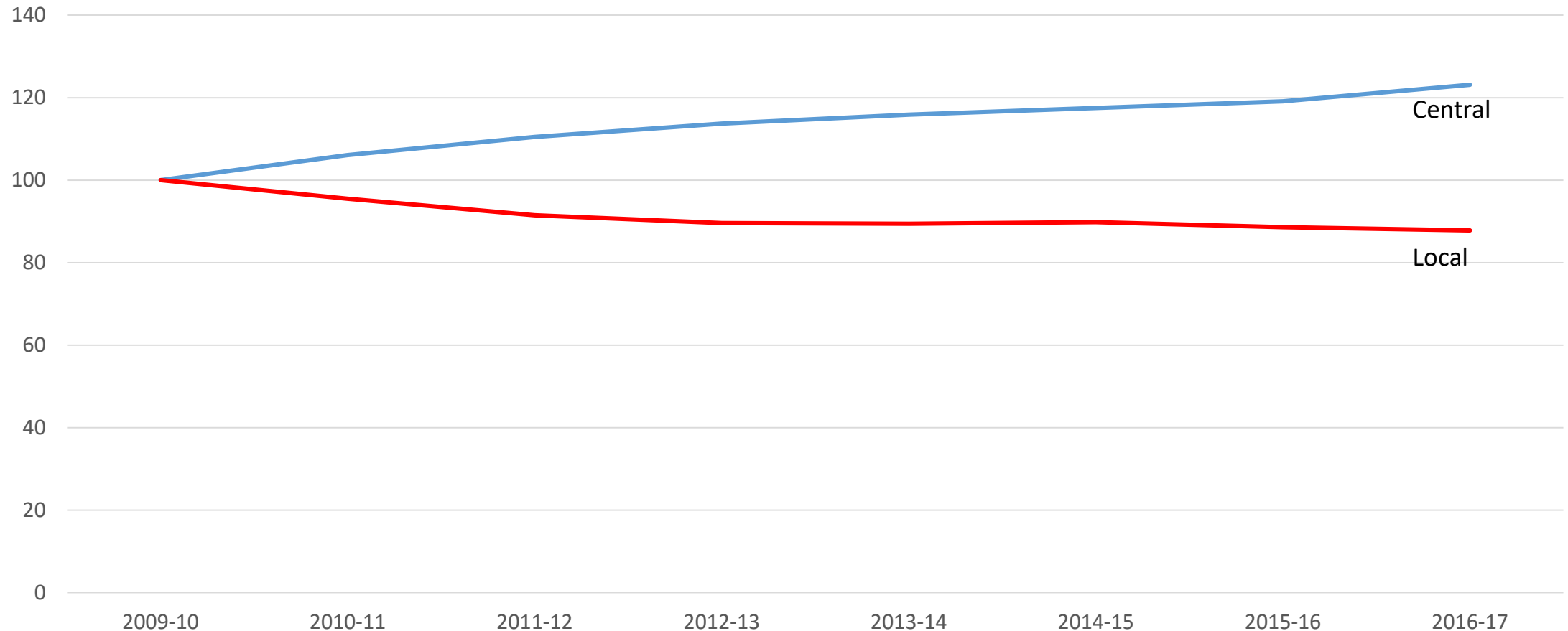
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# Recent trends

- Local government has been used as a 'safety valve' to allow reductions in the growth of UK public expenditure so as to facilitate deficit reduction
- This approach was imposed from 2010, but on the assumption that the deficit would be eradicated by 2015
- It is now suggested that the deficit will be with us till the mid-2020s
- Thus, 'austerity' will continue
- Begging the question as to whether the reduction in LG revenue spending of 25% to 35% will represent the end of spending reductions....

# Central government (UK) and local government (England) current expenditure (cash) 2009-10 to 2016-17



Sources: (i) Central government – HM Treasury, *Public Expenditure Statistical Analyses 2016*, Cm 9322, Table 6.2 and *Public Expenditure Statistical Analyses 2014*, Cm 8902, Table 6.2  
(ii) Local government - DCLG, *Local authority revenue and financing England*, successive statistical bulletins, annual, 2009-10 to 2016-17, figures adjusted to take account of schools' transfers to academy status, transfer of public health and accounting adjustments). Excludes police and fire & emergency services

# Pensions vs adult social care

## - England

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Pensions (UK)	83.01	87.00	93.18	100.40	103.58	107.21	109.27	111.57
Adult social care (England)	14.57	14.40	14.74	14.52	14.56	14.50	14.40	14.39

Sources: PESA, 2014 and 2016; DCLG

## Illustrative Core Spending Power of Local Government;

	2015-16	2016-17	2017-18	2018-19	2019-20
	£ millions	£ millions	£ millions	£ millions	£ millions
Settlement Funding Assessment*	21,249.9	18,601.5	16,632.4	15,598.8	14,584.3
Council Tax of which;	22,035.9	23,247.3	24,623.2	26,082.1	27,629.0
<i>Council Tax Requirement excluding parish precepts (including base growth and levels increasing by CPI)</i>	22,035.9	22,858.5	23,789.7	24,760.7	25,773.5
<i>additional revenue from referendum principle for social care</i>	0.0	381.8	814.2	1,289.6	1,811.5
<i>Potential additional Council Tax from £5 referendum principle for all Districts</i>	0.0	7.0	19.4	31.7	44.0
Improved Better Care Fund	0.0	0.0	105.0	825.0	1,500.0
New Homes Bonus	1,200.0	1,485.0	1,251.9	938.0	900.0
Rural Services Delivery Grant	15.5	80.5	65.0	50.0	65.0
Transition Grant	0.0	150.0	150.0	0.0	0.0
The 2017-18 Adult Social Care Support Grant	0.0	0.0	241.1	0.0	0.0
<b>Core Spending Power</b>	<b>44,501.3</b>	<b>43,564.2</b>	<b>43,068.6</b>	<b>43,493.8</b>	<b>44,678.3</b>
Change over the Spending Review period (£ millions)					177.0
Change over the Spending Review period (% change)					0.4%
Please see the Core Spending Power Explanatory note for details of the assumptions underpinning the elements of Core Funding					
*2019-20 Settlement Funding Assessment has been modified to include a provisional tariff or top-up adjustment					

# Core spending power: 2017-18 and 2018-19

	2016-17	2017-18	2018-19
Core spending power	43564	43068	43494
Adult social care	14390	15168	16017
CSP minus ASC etc	29174	27900	27477

# 'Thriving' against this backdrop

- The pre-2010 local government model cannot survive as resources for some services fall by 50% or more
- Unless the recent pattern of public expenditure priorities is changed then councils will have to think radically
- Local authorities will probably have to:
  - Rely more on centrally-funded provision, eg the NHS, Network Rail, benefits
  - Lobby government for legislative change to remove (some) statutory duties
  - Lobby for significantly greater powers to charge for services
  - Go into business, especially housing development and regeneration
  - Jointly provide services
- The public will need to have all this explained....

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