

Scanning Financial Horizons:

Modelling the consequences of fiscal consolidation for local delivery

Horizons beyond 2010/11


The recession has had a number of immediate consequences, but the delayed ramifications for public expenditure are likely to be felt severely once the current Spending Review period ends. Even on published projections, spending levels beyond health, education and international development are likely to fall significantly. Having enjoyed a decade where public spending rose from 36% of GDP to 43%, the banking crisis and consequent recession are placing significant strains on the public purse. With tax increases unlikely, public spending for the next two Spending Review periods will be seriously constrained.

But what will be the real world consequences of this spending constraint for local services? Is it realistic for “efficiencies” to absorb all the savings required? If some services are to be cut, which are most and least likely to fall under the knife? Will social services, or leisure and recreation services, or environmental services take the brunt of reductions?

The Research

In this project we will attempt to quantify the scope for improving productivity and generating more effective mechanisms to deliver existing services at lower costs. However, we will also scope out future scenarios and the consequences for local government services as difficult trade-offs are made between competing priorities. We intend to create a model to predict the likely impact on frontline services for a range of revenue and capital budget scenarios, flowing from the choices that future Chancellors of the Exchequer might make in respect of grant settlements in particular.

- We will showcase private sector and local authority case studies and gather expert opinion to map the potential efficiencies that councils could realistically deliver within a range of timescales
- The research will develop a series of local government spending forecasts. These will be based on projections for the public sector as a whole and consideration of likely scenarios of how central government funding will fall between Whitehall departments

- 
- From the spending forecasts that are developed, and taking into account the realistic efficiency saving projections identified, NLGN will assess the likely impact that different spending scenarios have on future delivery of services. This modelling will be grounded in on-site simulation exercises with a representative sample of councils, involving senior staff such as Chief Executives, Finance Directors and Departmental Heads

In the short term the project will:

- Showcase best practice from the private and public sectors to deliver efficiency savings and make a series of recommendations to the local government sector
- Bring together a steering group of influential policy makers, decision-makers and specialists to share their expertise and guide the research with seats reserved for sponsors
- Consider the implications of different spending scenarios on local authority service delivery
- Have a dedicated launch, attracting both a specialist and political audience and offering a high profile for sponsors
- Ensure copies of the report are distributed to Ministers and Shadow Ministers as well as senior civil servants, local authority chief executives and leaders, plus the national and trade media

Longer term goals include:

- Contribution of opinion and comment pieces to the specialist trade press and provide speaking opportunities at conferences and seminars
- Helping to ensure that local government can plan and deliver stretching efficiency targets but does not shoulder more than its fair share of the burden of public sector spending reductions
- Shaping thinking within the main political parties and within the civil service on the realistic scope for local authority efficiency savings and the impact of different spending scenarios on local services

Budget

Total budget costs for this project will be approximately £40,000 – cost and timescale breakdowns are available. Co-sponsorship and association with the report is available from £20,000 per sponsor.

Beginning in late autumn 2009, this report will complete and be published in spring 2010. Its launch will be the beginning of a dedicated campaign to highlight the impact of various local government spending scenarios on service delivery and influence thinking up to and beyond the next election.

To find out more about becoming involved as a sponsor please contact James Kirkland (020 7015 1384, jkirkland@nlgn.org.uk) or visit www.nlgn.org.uk.

© The New Local Government Network is an independent think tank that seeks to transform public services, revitalise local political leadership and empower local communities.