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Public Sector Finances The Key Issues

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2008....



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Public spending cuts

- 2008 global economic collapse
- Austerity the answer – significant contraction in spending 2008 > 2010 > 2019..
- Chancellor promises 1.2% increase 2020/2021... no where near enough!
- Not the end of austerity



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Local Government Spending

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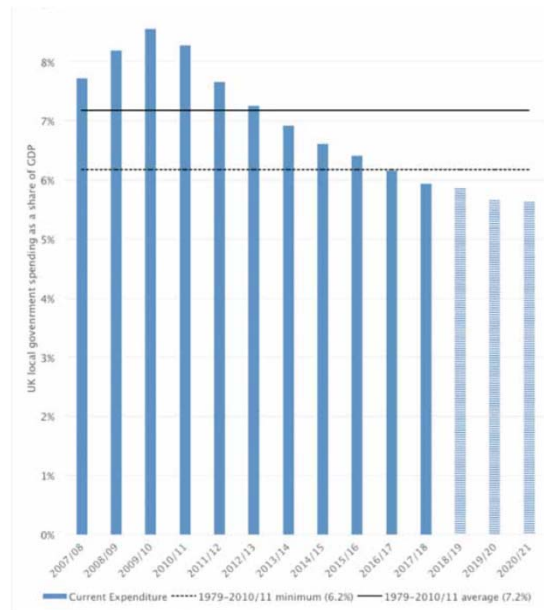


The headlines of austerity

- Over the nine years from 2009/10 to 2017/18, the resources devoted to neighbourhood
- Services across England, Wales and Scotland fell 27 per cent, equal to £8.9bn at 2017/18 prices.
- This is against the background of a real fall in total UK local government spending over the same period of 19 per cent.



Spending against GDP





Non-social care services?

- Neighbourhood services
- £8.9 Billion less since 2009/2010 to 2017/2018
- So a bigger share to 'frontline' services'
- £3.2 Billion to restore spending to 2013 levels or 12% increase
- Share of GDP is now less than in 1948!
- Narrative of Local Government is 'its all about social care'



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Social Care



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More money for social care?

- Across the UK, more people work in social care than in the NHS
- Social care representing 6% of total UK employment
- Adult social care spending fallen by 9.9% between 2009/10 and 2016/2017.



Social care demand

- In England the financial thresholds to access social care are 12% lower (in real terms) in 2018/19 than they were in 2010/11, meaning fewer people are now eligible for publicly funded social care.
- About 400,000 fewer adults received social care services in 2013/14 than in 2009/10
- Local authorities have had to prioritise funding for people with the most severe care needs.



Cuts to social care =

- Increased demand on A&E services
- Public funding is not only not keeping pace, but has declined in real terms
- 13 per cent between 2009/10 and 2015/16.



How is social care funded:

- Council tax £8.0 billion (38.6%)
- Business rates £3.8 billion (18.1%)
- Other income (predominantly NHS partnerships) £3.2 billion (15.5%)
- Government grants £3.0 billion (14.7%)
- Care user contributions £2.7 billion (13.1%)



Changes to local council funding

- RSG all but disappears
- Reliance on Council Tax
- Reliance on Business Rates
- Poorest areas hardest hit



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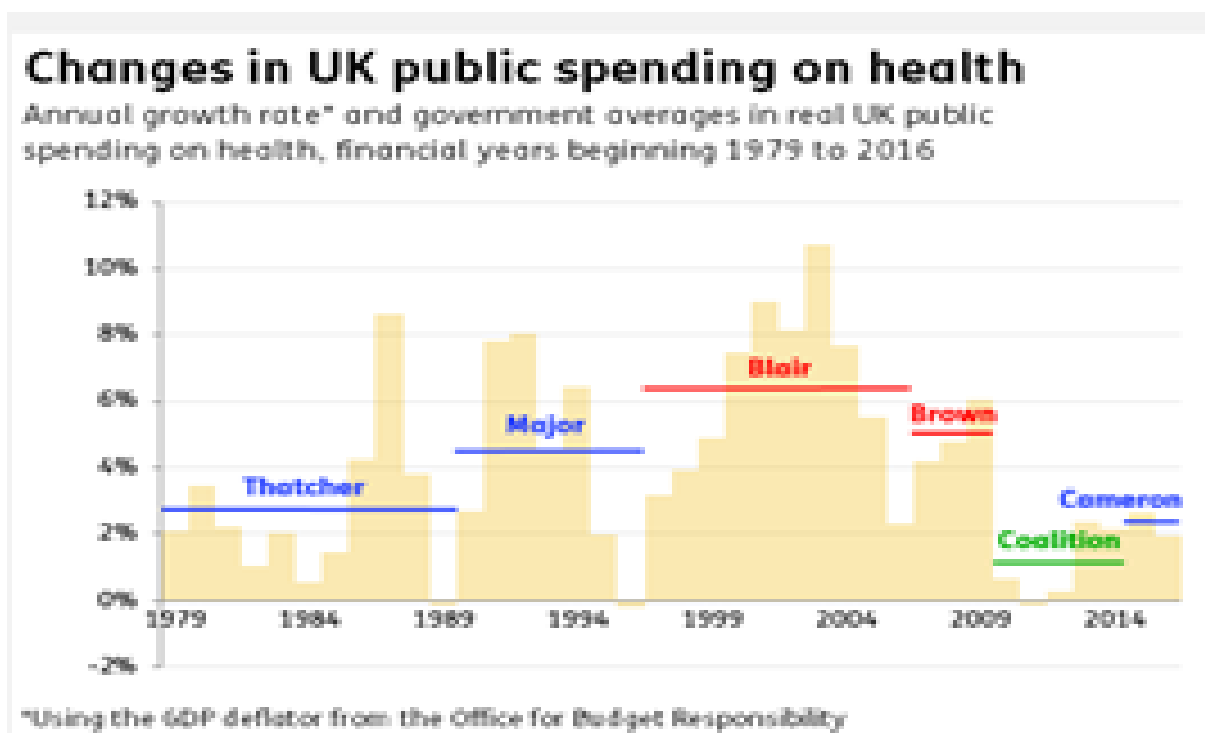
Fair funding review



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NHS funding



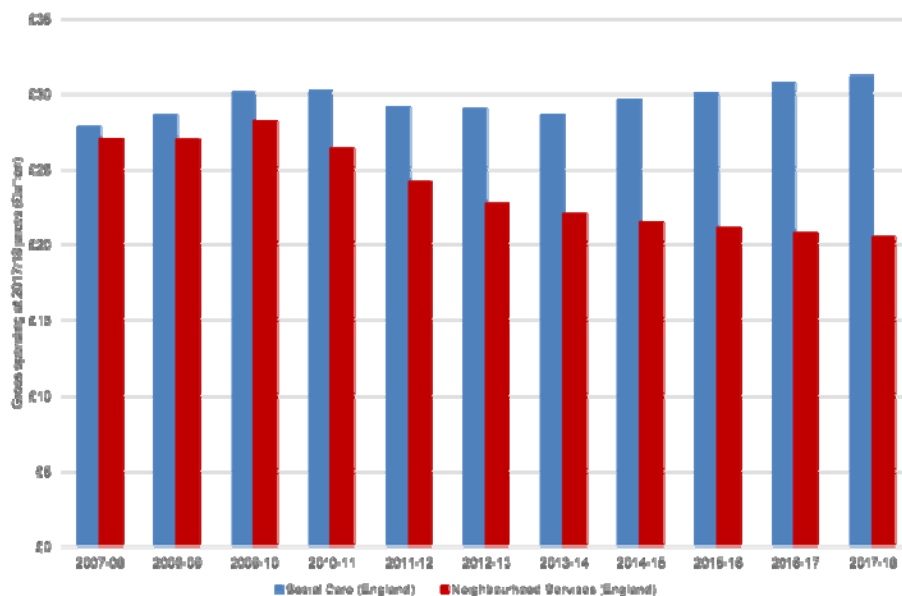


Is it enough?

- £30 billion deficit
- £22 billion 'productivity' savings
- £8 billion to be met by Government..
- Gov. claim to have given more..
- But.... £22 billion 'productivity' savings.
Unprecedented? Unachievable?



Neighbourhoods squeezed? But so have care services.....





If care services not rationed...

- Local government funding would be much much worse
- If neighbourhood services not squeezed social care would be much much worse...
- If local government properly funded the NHS pressures would be less!



Solutions?

- Taxation?
- Hypothecated tax for social care?
- Public health investment?
- Insourcing social care
- Housing standards?
- Poverty! Pensions! Decent Employment!

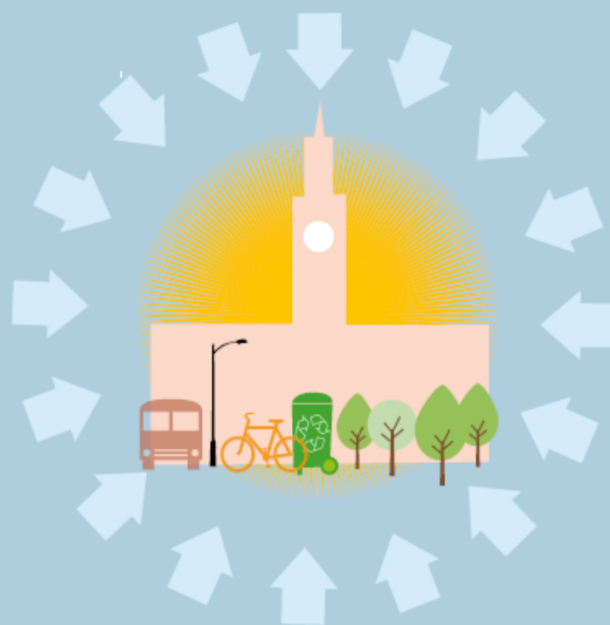


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Rebuilding Capacity

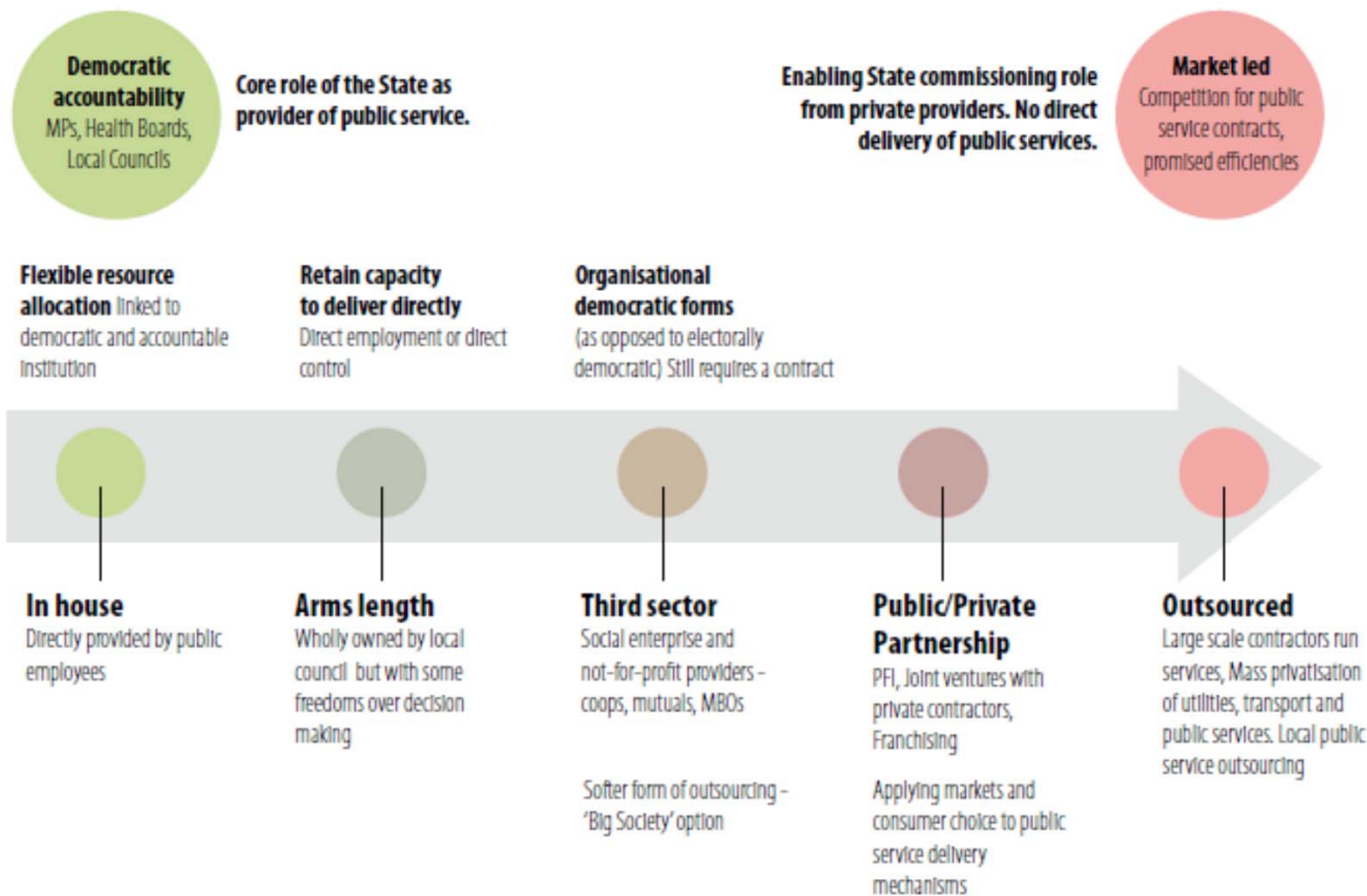
The case for insourcing public contracts



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Chart 1: The State as the provider to the enabling model





Community wealth prism?

- Adoption of social value in procurement
- Partners – anchor institutions
- Schools, NHS, Universities, Council Suppliers
- Outcomes – circular wealth within the local economy



Is subsidiary part of community wealth?

- Yes!
- Local employment
- Pay and the local economy
- Jobs, training, skills.....
- Child well-being



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Over to you.....

People

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