A strategy for income generation

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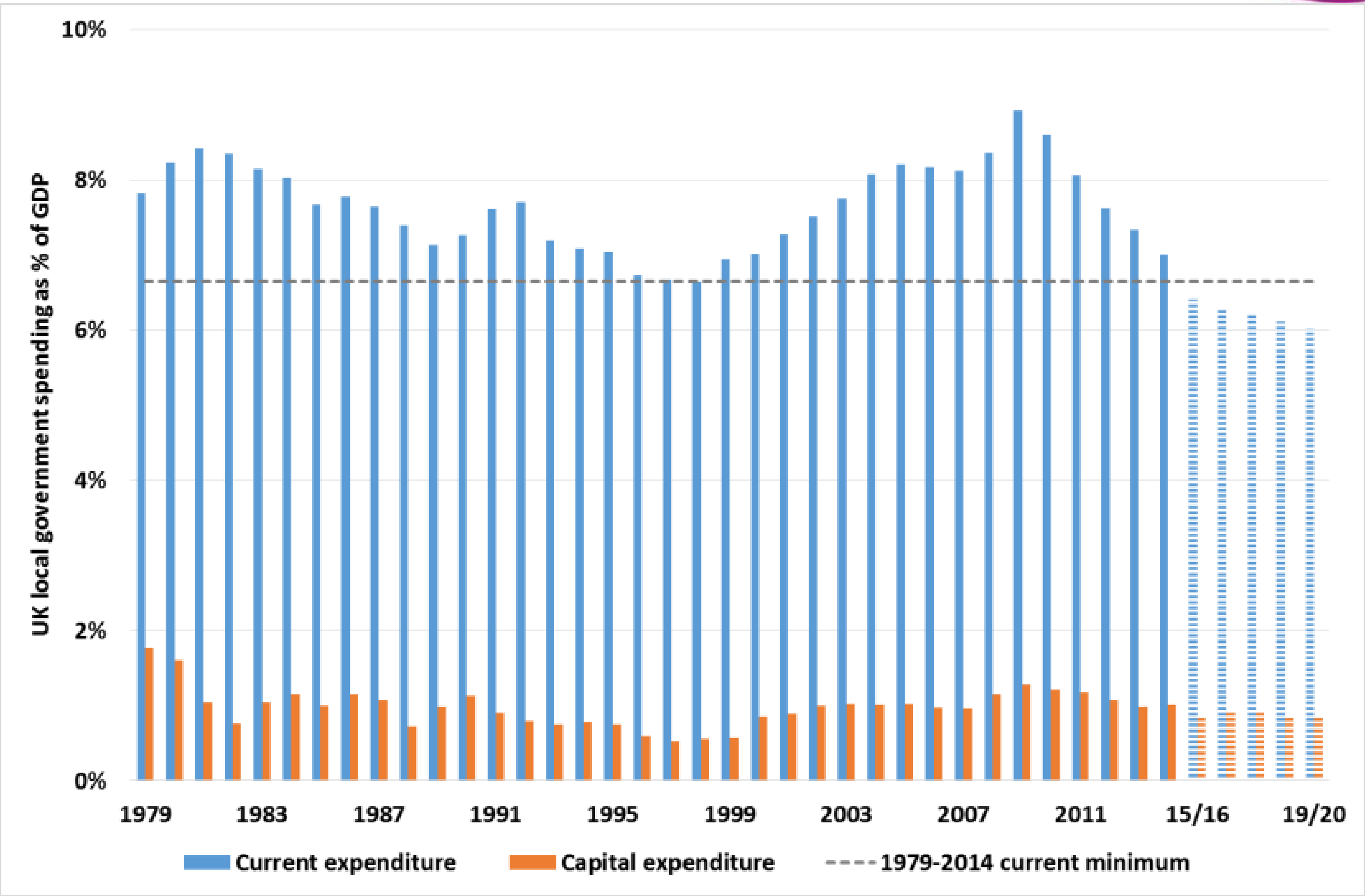
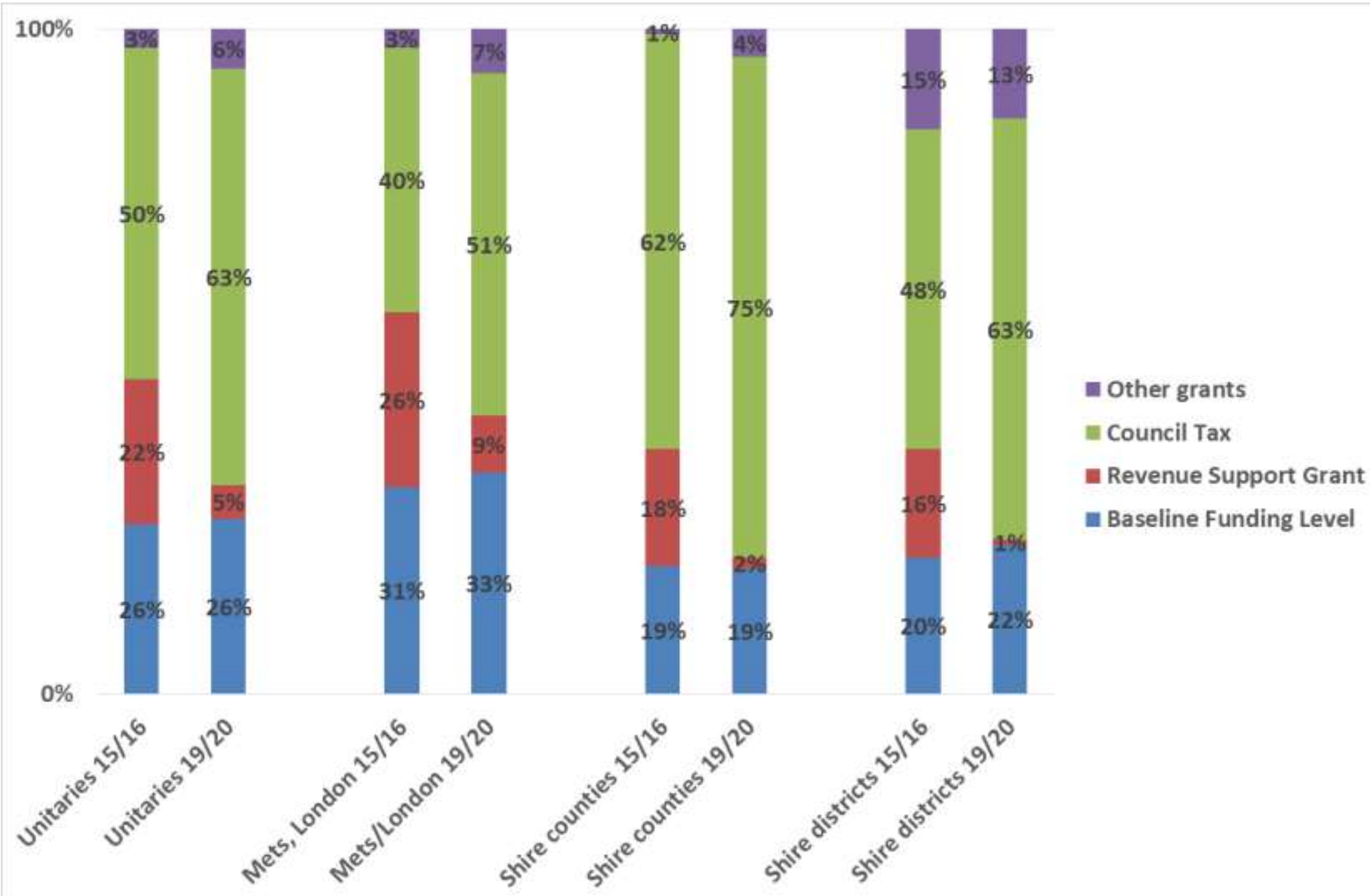
UK local government spending as a share of GDP: current spending, already below the 1979-2014 minimum, is projected to go on falling to 2020



Balance of core spending power 15/16 and 19/20: as RSG shrivels beyond London and the Mets, most LA funding will come from council tax



Scottish local government finance

Table 1.2 – Net Revenue Expenditure by Service, 2012-13 to 2016-17

£millions

	2012-13 [a]	2013-14	2014-15	2015-16	2016-17
Education	4,571	4,579	4,612	4,736	4,830
Cultural & Related Services	609	614	643	598	576
Social Work	2,959	3,031	3,110	3,169	3,136
Roads & Transport	457	436	420	418	399
Environmental Services	644	659	666	684	680
Planning & Development Services	279	279	278	243	235
Central Services	386	484	439	465	390
Non-HRA Housing	306	321	342	294	292
Trading Services	(4)	(2)	(5)	(17)	(27)
General Fund Net Expenditure	**10,208**	**10,400**	**10,504**	**10,590**	**10,511**
Housing Revenue Account	(425)	(439)	(465)	(490)	(499)
General Fund + HRA Net Revenue Expenditure	**9,783**	**9,961**	**10,039**	**10,101**	**10,012**

GRANT SETTLEMENT IN SCOTLAND

82% comes from Scottish Government

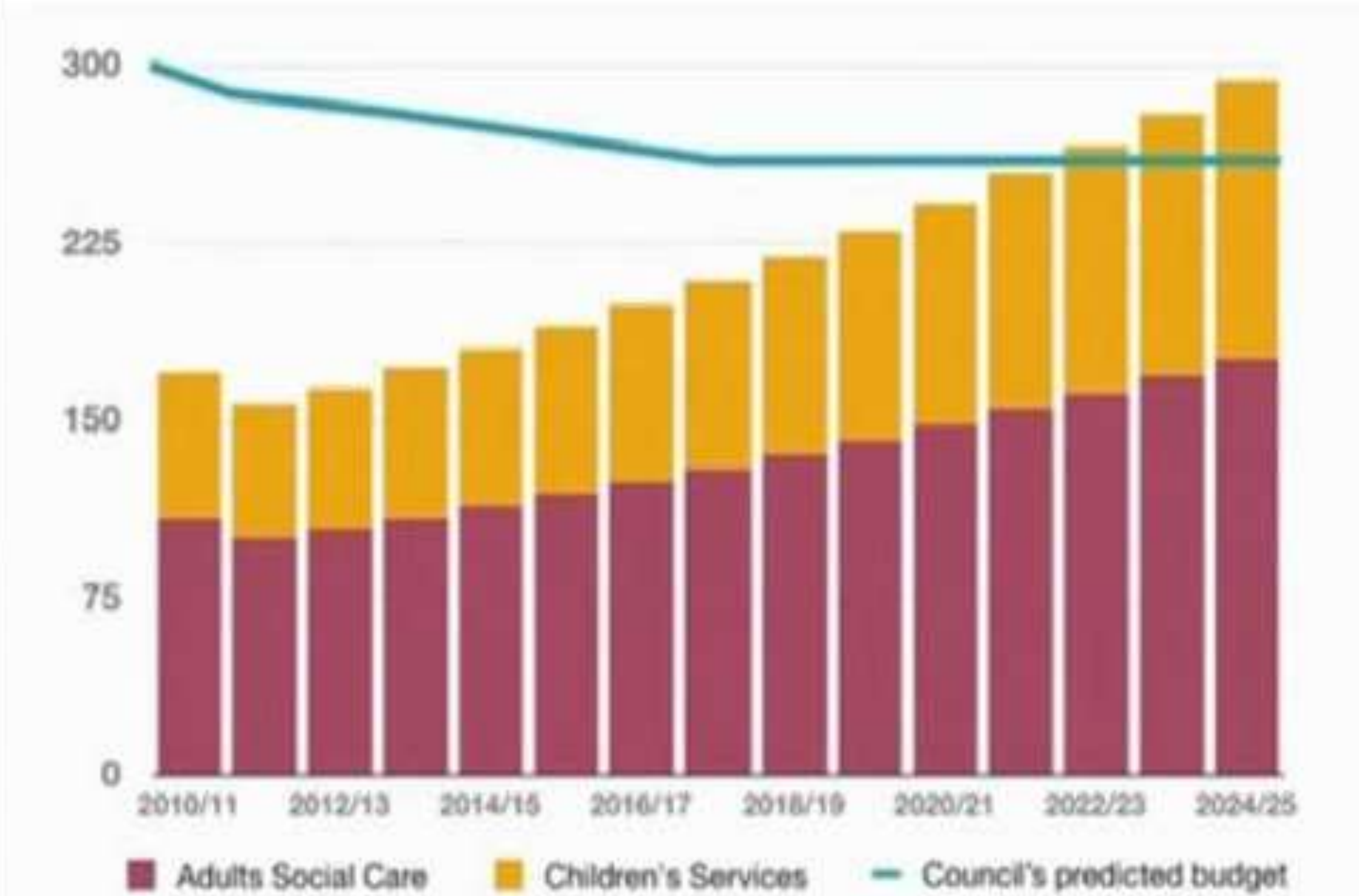
Over 25% real term decrease 2010/11 to 2017/18

9 year council tax freeze

Localisation of business rates

£2B further cuts to public services by 2020?

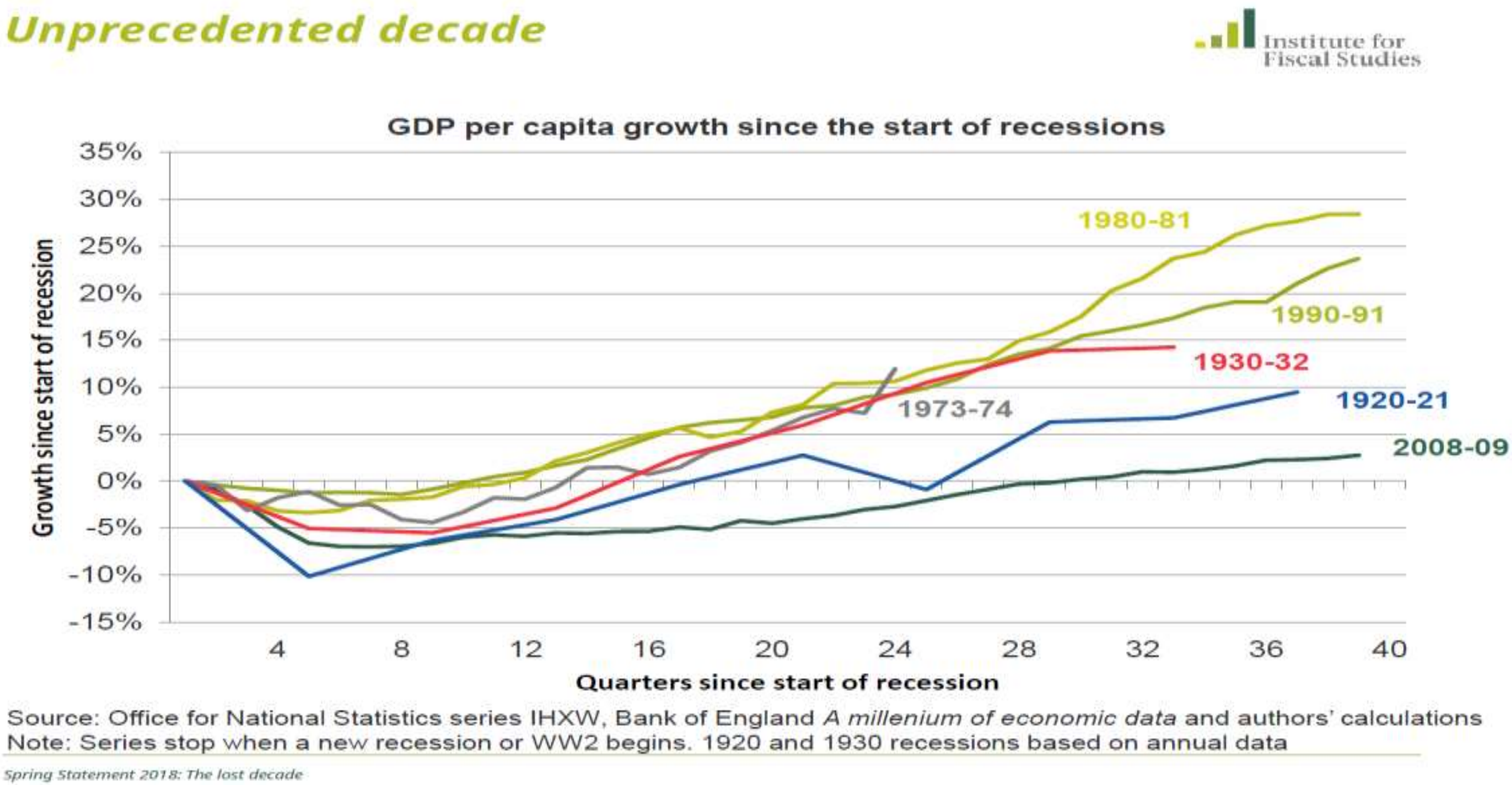
The ‘Graph of Doom’



What has happened to Neighbourhood services?

- Neighbourhood grouping
- Total service expenditure %‘s in UK
- Average cuts v’s areas of deprivation
- £3.1B cut
- Average cuts up to 40%
- Wales phenomenon
- APSE state of the market

Lost decade


Unprecedented decade
Institute for Fiscal Studies
GDP per capita growth since the start of recessions
Growth since start of recession
35%
30%
25%
20%
15%
10%
5%
0%
-5%
-10%
-15%
4
8
12
16
20
24
28
32
36
40
Quarters since start of recession
1980-81
1990-91
1930-32
1973-74
1920-21
2008-09
Source: Office for National Statistics series IHXW, Bank of England A millenium of economic data and authors' calculations
Note: Series stop when a new recession or WW2 begins. 1920 and 1930 recessions based on annual data
Spring Statement 2018: The lost decade

Growth forecast

GDP forecast to grow about 1.5% p.a.

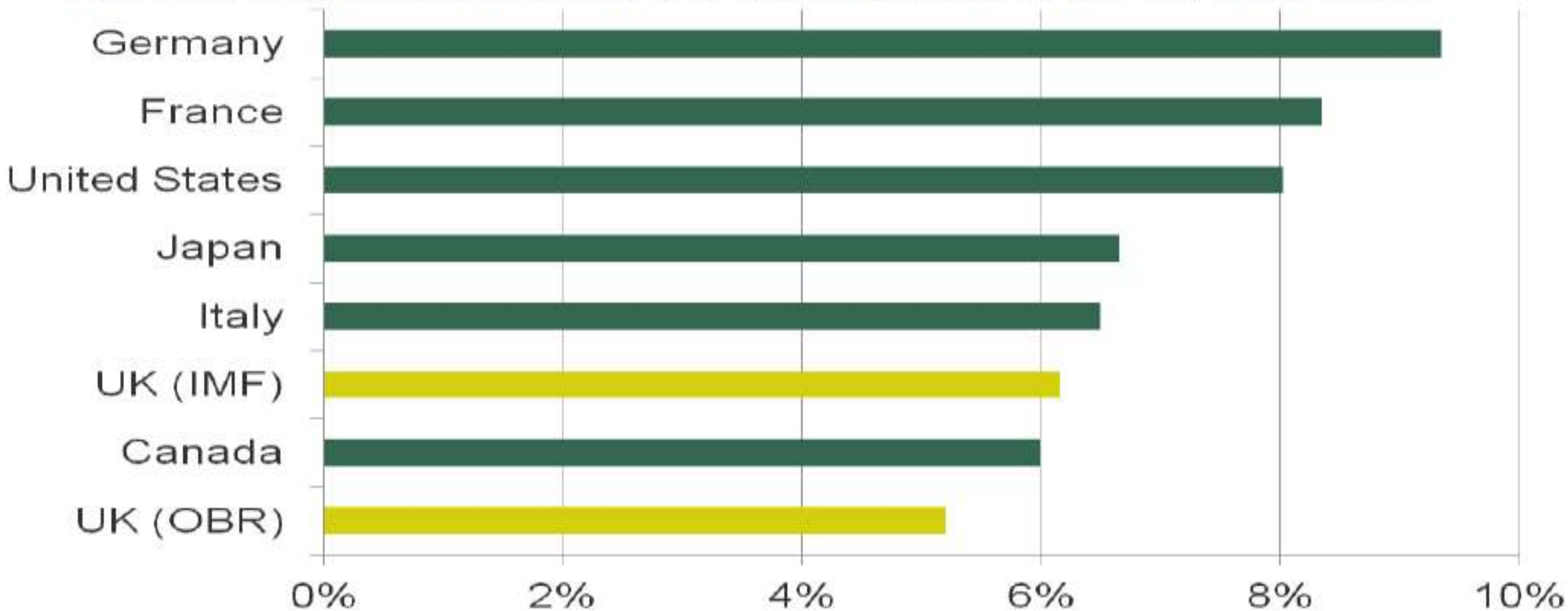
Institute for Fiscal Studies

Growth league table

OBR expects UK to perform worse than others going forward

Institute for Fiscal Studies

Forecast cumulative real GDP per capita growth in the G7, 2016–2022



Source: IMF World Economic Outlooks Database, October 2017 and OBR EFO November 2017

Spending review

The next Spending Review

2015 Spending Review covered the period up until March 2020

Next review in 2019, spending envelope to be set in the Autumn 2018 Budget

Forecasts imply day-to-day departmental spending over the three years 2020–21, 2021–22 and 2022–23:

- *falling in real per-capita terms by 2%: cost of £7bn to avoid*
- *falling by 0.7% of national income: cost of £14bn to avoid*

Public services would still face pressures from an ageing population

But desire to eliminate the deficit by the mid-2020s

- *structural deficit in 2022–23 of 0.9% of national income (£18bn in today's terms)*

Overview

In summary

Institute for Fiscal Studies

Economy took a huge hit in 2008-09 and has not recovered as it did following previous recessions

- *That is behind high borrowing, austerity, poor earnings growth*

Modest growth expected over next few years buoyed by growing world economy

- *But Brexit likely acting as a drag*

Government's fiscal policy looks increasingly hard to maintain

- *Spending review next year*

Big challenge is productivity which will underpin any growth in wages and living standards

Why self financing?

- Austerity cuts from central to local overall
- Growth in demand for adult and childrens
- Statutory services continued protection
- Non statutory services being squeezed
- Driven rise in self financing behaviour
- Ongoing low growth means no respite in CSR
- Therefore ongoing need to commercialise

Has Austerity bitten?

What the public think

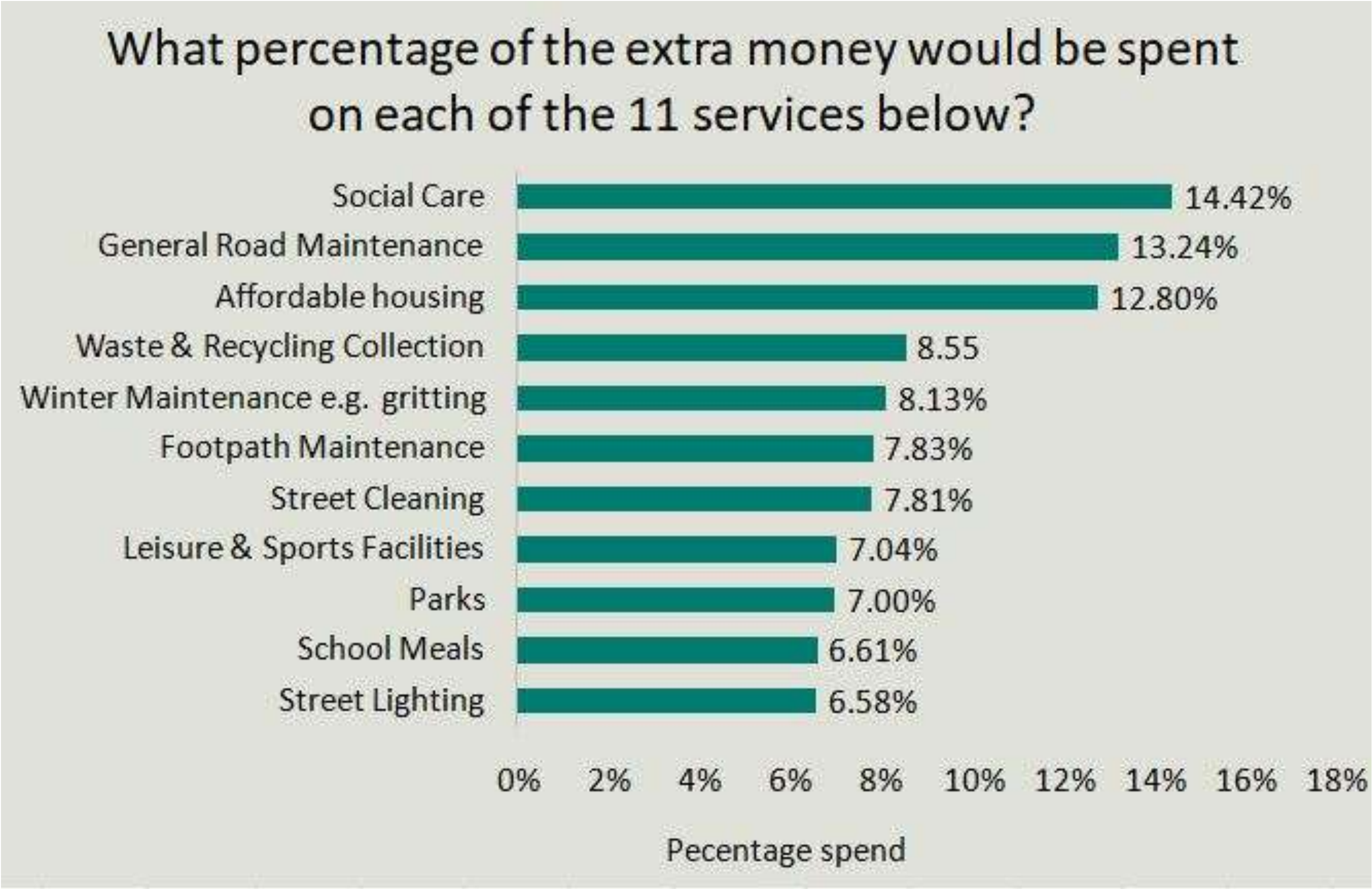
Key findings: Trust and taxes remain high

As in 2016, Trust in Councils and Councillors high versus Government ministers and Private Companies.

- Five times as many still trust the local Council over the Government to make decisions about how services are delivered provided in your local area
- Eight times as many trust local councillors over government ministers to make decision about their local area
- Five and half times as many trusted council to provide services in their local area over a private company with people trusting the council 7.5 times more than the government.
- 79% would like the government to give more money to local councils to spend at the local level for services that are their neighbourhood.

Performance of Councils services positive

How the public would like extra funds spent



What will local government look like in 2020?

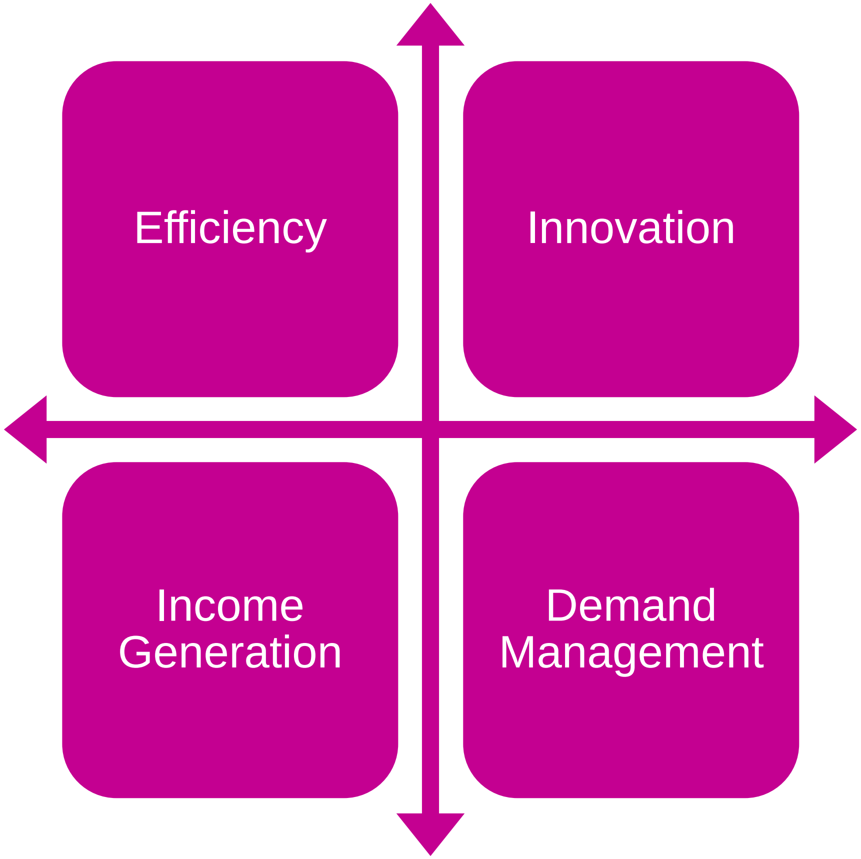
Self Confident

AN ENSURING COUNCIL

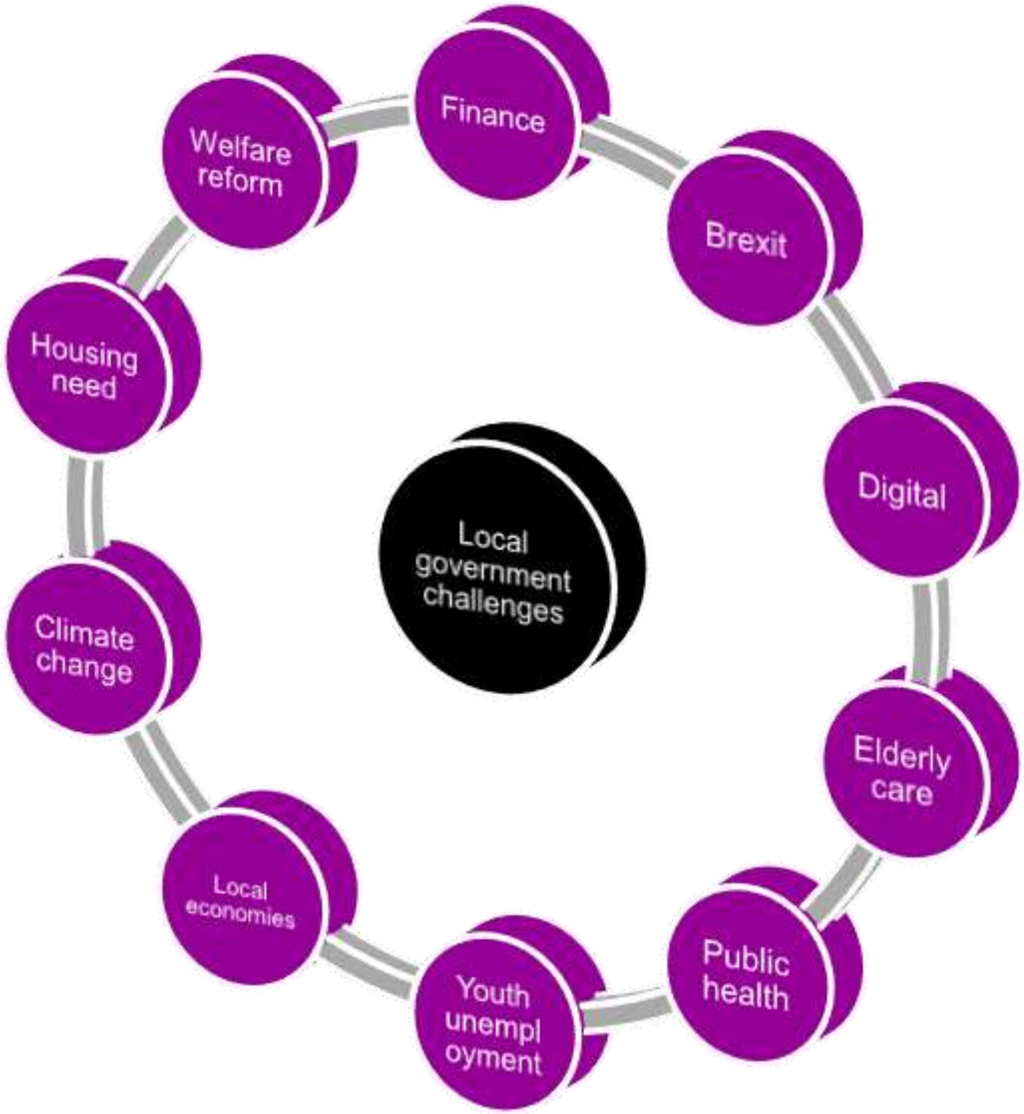
Self Sufficient

Self Reliant

The pillars of excellence



Public policy challenges



Income generation

www.apse.org.uk

Income generation

80% intend to increase fees & charges over next 2-3 years

- Sports pitch lettings (91%)
- Allotments (70%)
- Festivals/concerts/events (68%)
- Cafes in parks (66%)
- Bowling greens (64%)
- Ice cream vans/mobile caterers (60%)
- Fairgrounds (58%)
- Renting buildings and land (49%)
- Sponsorship (43%)
- Tennis courts (42%)
- Boot camps (32%)
- Mini golf (28%)
- Golf course green fees (26%)
- Sale of land (26%)

56% indicated that they have income generation schemes

- Selling recycling materials (97%)
- Renewable energy (9%)
- Anaerobic digester (6%)
- Solid fuel recovery (3%)

43% answered that they have income generation schemes

- Property clearance
- Private sector cleansing
- Cleansing for developers
- Sponsorship & advertising
- Events e.g. sporting events
- Care of garden charging
- Other in-house sections e.g. parks
- Services to parish councils
- Other public services e.g. NHS

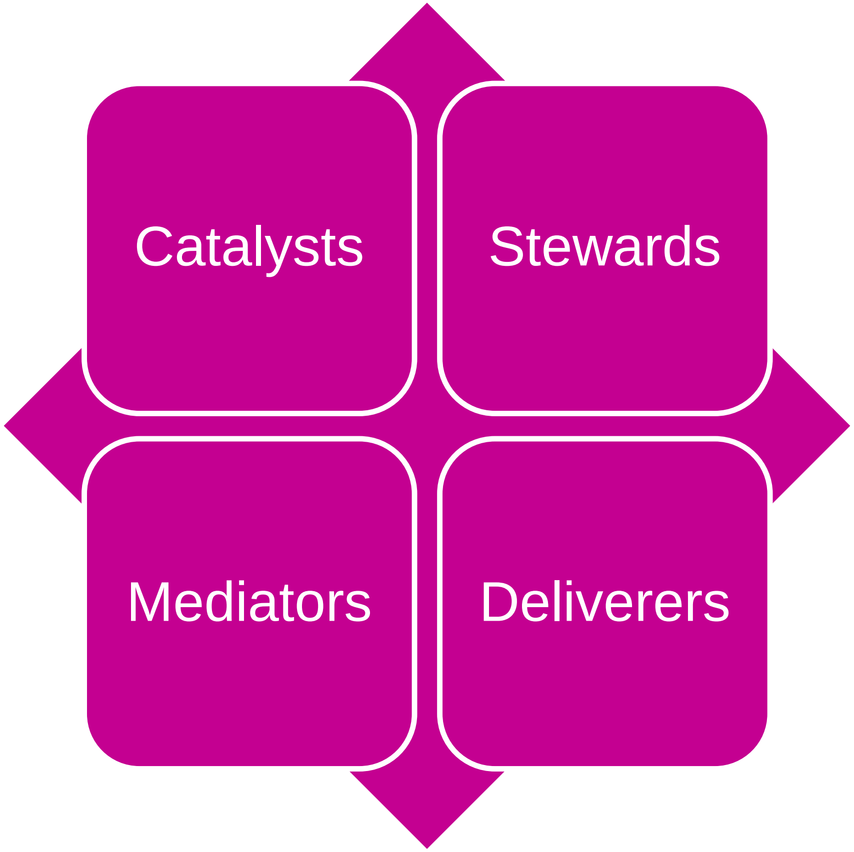
50% currently sell their services outside of the local authority and over 20% considering it as an option

- Taxi testing (53%)
- MOT services (60%)
- Commercial body shop facility (11%)
- Authorised testing facility for VOSA testing (19%)
- Driver training (72%)
- CPC approved training provider (26%)

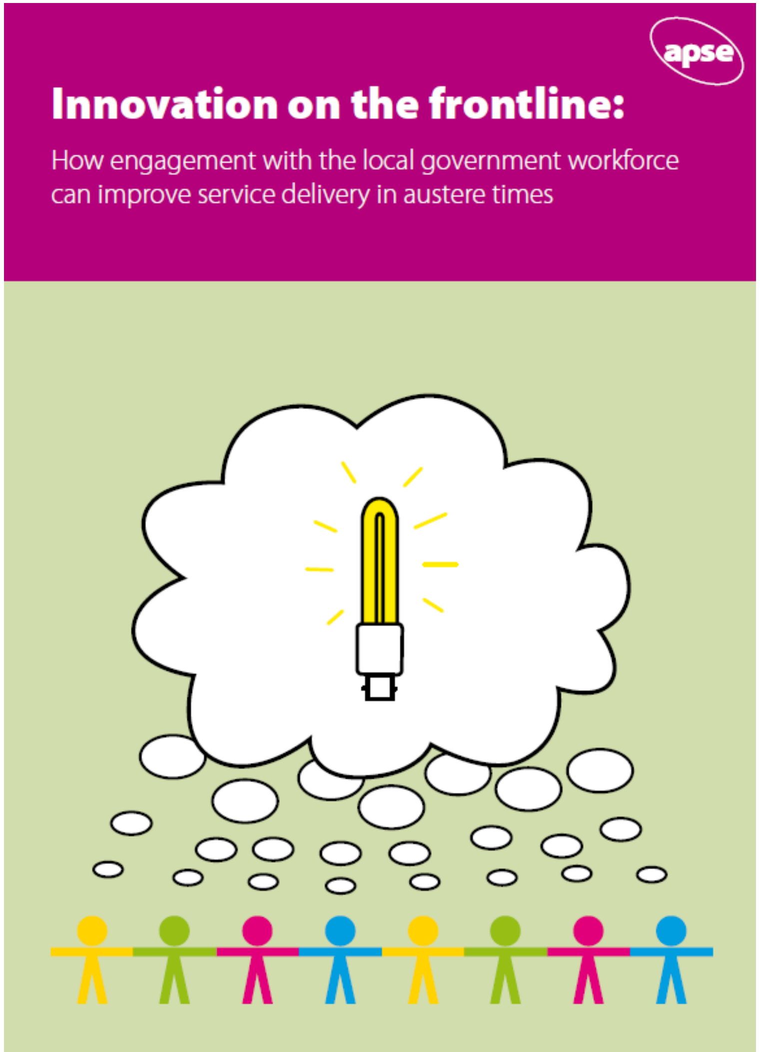

apse
Municipal
entrepreneurship
Local authority
Innovative public services ahead
NO
Bureaucracy
Inefficiency
Stick-in-the-mud attitudes

apse

Who are the public entrepreneurs and innovators?



Innovation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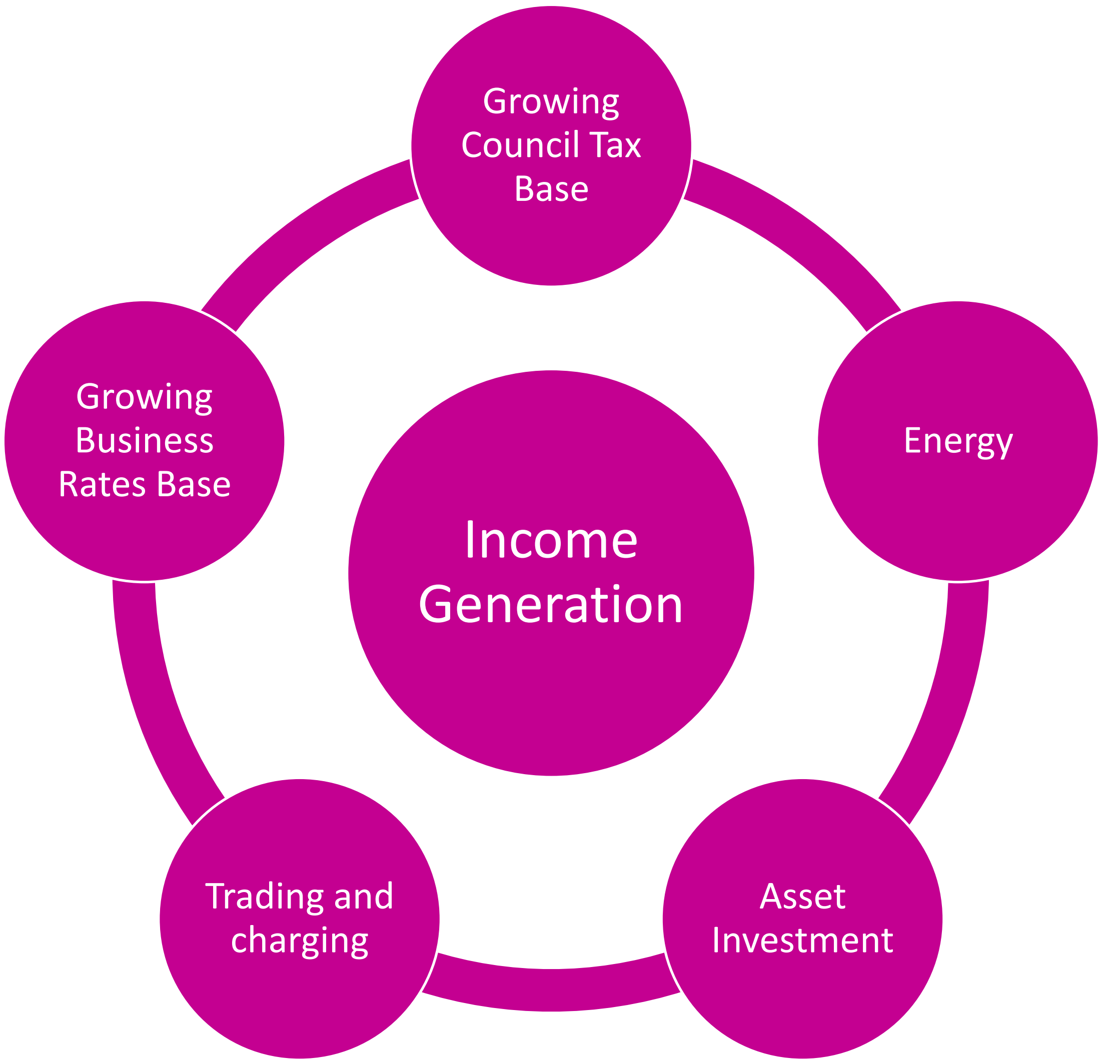
Innovation on the frontline:
How engagement with the local government workforce can improve service delivery in austere times

Commercialisation strategy



Conclusions

- Budgets continuing to drop up to and beyond 2020
- Sector response been good in terms of cost reduction, efficiency and improving productivity
- This only takes us so far
- We now need to seek out income generation opportunities to offset budget cuts
- Need for a commercialisation strategy
- Time for a spirit of municipal entrepreneurialism

LOCAL SERVICES
LOCAL SOLUTIONS

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