

Poised on the cusp of a new agenda

The impact of the Spending Review will be felt by local government for years to come. *The MJ* and Serco asked a round table of top council chiefs at the LGA conference about their initial thoughts. **Heather Jameson** reports

The aftermath of any government spending announcement often comes in two waves. The initial announcement sees first thoughts, but it can take weeks before the full extent of the details are recognised.

The MJ and Serco brought together a group of top council executives to get their first thoughts on chancellor George Osborne's Spending Review.

On the whole, at a 10% cut in local government spending, the figures were largely anticipated. 'There were no surprises. We started our budget early,' one council chief claimed.

But, while most of the council bosses around the table had the figures broadly right, one even admitted he was expecting a 20% cut and had already budgeted for 15%. Don't tell the chancellor, he may come back for more cash.

'When we started out making cuts, they were simple. We were turning things off,' one chief explains. Now, however, they are more complicated and it will become harder to keep balancing budgets after the latest 10% reduction is in place.

With communities secretary Eric Pickles repeatedly telling local authorities they can raise their council tax as high as they want – as long as they are willing to hold a referendum – we could see some takers when it comes round to budget-setting time.

One of our debaters suggested: 'We are looking at what a 5% increase would be like – and if we could have a referendum "lite".'

The real surprise was the lack of central government financial backing for Lord Heseltine's suggestions for a single pot for economic growth. 'There was a missed opportunity of putting money into growth... we see our main role as growing the local economy,' one chief explained.

While the Heseltine review called for around £50-70bn investment, the actual figure unveiled by the Government was £2bn a year for five years – and much of that has been redistributed from other local government funding pots.

One chief commented: 'There was real disbelief at the single pot money – considering it was Heseltine.' But he added: 'It was a clever trick of government to do competitive bidding – if you lose out it's not that the Government wasn't putting forward enough money, it is because your bid wasn't good enough.'

The finer detail of the single pot funding remains to be worked out – but our debaters were not convinced the Government has the plan fully in place. 'If you ask BIS how this will work they will say the minister will decide in the next couple of weeks – which equates to ministers don't have a clue.'

There was also a feeling that 'what is emerging is new government pots and we are expected to spend our money in certain ways.' So while the Government continues the rhetoric of freedom, the Spending Review has controlled the cash, so councils have the freedom to deliver on central government priorities.

Another debater disagreed and claimed: 'I think we just have to grasp the opportunities'. He suggested his authority had achieved a lot, by just getting on with things without waiting for any 'permission'. He said simply: 'No one told us to stop. Local leadership can be really important.'

The money handed over for social care is, of course, welcome, but there is a lot of confusion around the table



regarding how the system will work and who will 'pull the strings'.

'More worrying is that we will spend the next 18 months working out the mechanisms and performance indicators and I just want to get on with it.'

Another debater was more optimistic. He said: 'For the first time ever I have a plan of how health will work locally. It is not a short-term project – it will take a lot to get it work-

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ing properly – and there are some huge obstacles.

'We have to change the culture between the Department of Health and the NHS – and I don't see how we can crack that.' He added: 'The way hospitals are funded is a problem. They are funded per patient.' As acute care trusts are run like businesses, it is not in their interest to close hospital beds. If the Government wants to make services more efficient, and more integrated, there will need to be a seismic shift in how the NHS funds acute care.

One sceptic couldn't see the shift towards more integrated public services – through health or other bodies – as an easy win. 'Until there is a "duty to work together" or a "public sector commissioner", I'm not sure it will happen. Do away with police commissioners in favour of public sector commissioners.'

'They [the Government] are just trying to get through the next two years. The DCLG [Department of Communities and Local Government] can only go as far as they amount of push they have in Whitehall.' As we know, the DCLG is not one of the big hitters in Whitehall compared with the Departments of Health, Education, Work and Pensions and the Home Office – the other big players in public services.

'The thing we don't know about, in terms of pressure, is the impact of welfare reform. Will we be creating dysfunctional families more quickly than the troubled families unit are solving them?' asked one chief executive, while another added: 'Welfare dependency is going to be a huge problem. Unless you can get some people into jobs it is going to be a huge calamity. We have got to accept there isn't any more money.'

Despite the focus on the Spending Review period, what is more worrying is the long-term future, and where the sector goes from there. As one debater stated: 'I'm not sure anyone has great ideas about what will happen after 2015. We need some good ideas.'

Another debater agreed: 'I'm not sure the current Government – or a future Government – has a plan to get us out of this.'

So, are we in a political vacuum, or do we have strong central and local government leadership to see us through?

'We spent the 1980s and 1990s arguing for our democratic right to freedoms and flexibility,' one debater reminded the table.

'Arguing now that we are in a political vacuum and we need more central guidance is completely counter to the culture the sector fought for. Be careful what you wish for.'

'For me, City Deals are looking less and less attractive,' he added. It is financial freedoms in exchange for fulfilling the Government's policies. 'We are trying to have as much freedom as we can to do what we want.'

There are, we hear 'the beginnings of something' when it comes to joint working between counties and districts and when it comes to maximising spend for economic growth. But, 'there is a need to move to a much more active sharing of the problem between counties and district councils.'

One of our debaters commented on a business-related event he recently attended, where the business leaders were full of praise for the coalition policies – low corporation tax, smaller state, a focus on growing the economy. He asked: 'Which voice is most influential; those who are "bleating" from a government point of view or those who are singing their praises? Maybe local government hasn't been pitching its argument in the right way.'

There are opportunities on the horizon. In London, there is the possibility of a new financial model. One chief stated: 'I think we will see metro mayors back on the political agenda from the big parties. I think we will have the restructure of local government straight after the next elections. I think we will be in a much more fragmented, more mixed picture.'

The Local Government Association does seem to have a plan. 'What [LGA chairman] Sir Merrick Cockell delivered [when he published the LGA's *Rewiring Public Services* report] was a collective sector response. Whether it is accepted or not remains to be seen.'

'We have reached an interesting point where we are on the cusp of a new agenda.' ■



The MJ/Serco round table delegates (from top right, clockwise): Warren Tsoi; John O'Brien; John Wood; Martin Swales; David Kennedy; Neil Davies; Sean Hanson; Peter Bungard; Giles Roca; John van de Laarschot; Chris Williams; Heather Jameson; John Polychronakis; Steve Robinson; Sarah Burnett; Michael Burton and Tony Reeves



Participants at *The MJ/Serco* round table

- John O'Brien, chief executive, London Councils
- John Wood, chief executive & director of environment, Hertfordshire CC
- Giles Roca, head of strategy & members' services, Westminster City Council
- John van de Laarschot, chief executive & council manager, Stoke-on-Trent City Council
- John Polychronakis, chief executive, Dudley MBC
- Steve Robinson, chief executive, Cheshire West and Chester Council
- Peter Bungard, chief executive, Gloucestershire CC
- Chris Williams, chief executive, Buckinghamshire CC
- Tony Reeves, chief executive, Bradford City Council
- Neil Davies, chief executive, Medway Council
- Nick Bell, chief executive, Staffordshire CC
- Martin Swales, chief executive, South Tyneside MBC
- David Kennedy, chief executive, Northampton BC
- Sarah Burnett, head of public sector outsourcing, NelsonHall
- Sean Hanson, partnership director, Serco
- Warren Tsoi, marketing communications manager, Serco
- Luke Allen, communications manager, Serco
- Heather Jameson, editor, *The MJ*
- Michael Burton, editorial director, *The MJ*

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