

Keynote speaker presentation

'After the Recession - Delivering the Sustainable Community Strategy
in an 'Age of Austerity'

Phil Hall – Director of Finance & Resources, North Somerset Council

North Somerset Partnership Annual Event 2009

After the Recession

Delivering the Sustainable Community
Strategy in the "Age of Austerity"



So what is the Next Challenge?

- The economy isn't the only game in town but it is the dominant one
- What has changed since we adopted the Sustainable Community Strategy?
 - The recession
 - Increased demand for housing benefit, welfare / debt advice
 - Falling income – fees and charges
 - The scale of impending public spending cuts
 - The General Election is nearer!



Economic context

“Total **government debt** will double to **79% of GDP by 2013** - the highest level since the Second World War. The **annual budget deficit** will rise sharply to **£175bn** for the next two years”

Budget 2009 Highlights



- £2bn help for young unemployed
- £1bn to boost housing market
- £1bn extra to support low-carbon sectors
- **£15bn public sector efficiency savings**
- Economy contracting at record rate
- Books not balanced until 2018
- Public borrowing to increase to £175bn this year

Public Spending Trends

Chart 3: Annual growth of public spending (% , real terms)



The Perfect Storm

When three separate and generally unrelated climatic events converge they can create a weather activity of uncommon strength, greater than the sum of the three; it is often catastrophic – it is a perfect storm



The Perfect Storm

- Pressure on central funding
- Impact of downturn on residents and businesses
- Pressure from local funding and income generation
- Pressure on capital and reserves
- Demographic and policy issues
- Pressure on partner organisations
- 75 causal factors identified to date
- 20-30% of funding over a 2-3 year period



The cuts debate

- Labour will cut costs, cut inefficiencies, cut unnecessary programmes, cut lower priority budgets

Gordon Brown



- We're going to have to make some really tough decisions about what to spend money on, and what not to spend it on.

And there will need to be a wholesale change of culture when it comes to the spending of public money across the whole public sector.

A new culture of delivering more for less of turning problems on their head and finding new, more cost-effective, solutions; and of making every taxpayer pound go as far as possible.

David Cameron



- In the current climate it's going to mean some difficult decisions not least on public spending, where you all know the debate between the parties is raging.

Yes I have said there will need to be cuts, cuts that are savage and bold. But we will make those cuts so that we can be equally fierce – equally savage – about protecting the services that matter most.

Nick Clegg



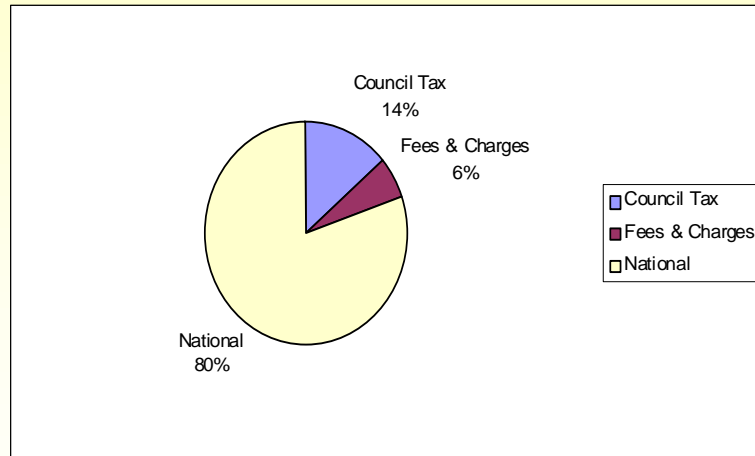
What's our public sector spending in North Somerset?

(indicative estimates only in some cases, excl government depts/quangos)

North Somerset Council	£350M
North Somerset NHS	£288M
Avon & Somerset Police	£37M
Avon Fire & Rescue	£10M
Weston College	£26M
Total	£761M

How is that spending funded?

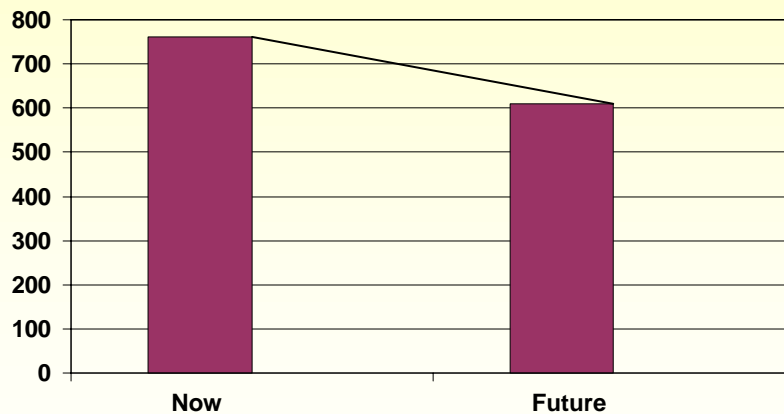
Spending = £761M



Our common issues post 2011

- Uncertainty – difficult to plan
- Assuming no increase in general government grants after 2011 (ie real terms reductions)
- Risks to targeted government grants
- Demographic pressures
- Strong emphasis on internal improvement programmes and value for money
 - Outsourcing and recommissioning
 - Business transformation
 - Accommodation and asset reviews

North Somerset public sector finances - post 2011?



North Somerset public sector finances post 2011

- Still a lot of spending left
- But we will have to work smarter to stretch the value of that spending to achieve the things we want
- We're all in it together and therefore the position reinforces the need for collaboration to deliver the SCS

Identifying the Key Issues

- The aims of the SCS 2008 – 2026 have been prioritised down to twelve by the NSP Board in terms of which will be “the most difficult to achieve”
- Your role is now to select six from the twelve
- The six will form the topics for the group work

The Aim of Today

- Aim to engage your ideas on how to enhance the value of partnership working in surviving the “age of austerity” and successfully delivering the SCS
- Let’s remember it’s not just about the “North Somerset Public Sector PLC” – partnership extends to the 3rd sector, local communities, businesses and so on
- Outputs will help shape SCS delivery plans for the future



