

County Councillor's Report to Parish Councils in the Thredling Division of Suffolk

There's not much good news around just now and everything is focused on reductions in expenditure. We have joined forces with the Police to reduce property costs. They and us have buildings that are under-used or are uneconomical to run, so we are disposing of properties in Thorndon at Kerrison and in Ipswich at Whitehouse, Tower Street and Belstead House. The police have seven to dispose of and we are jointly purchasing St Edmund House in the Rope Walk and Landmark House beside the A14 near the Bury/Norwich Road interchange (ex Hewlett Packard but never occupied).

We have to expect reductions in our Grant income from Government very shortly even though our Grants were agreed by the previous Government and our budgets based on them. However, for the first time ever, we, like the Government, will be compelled to introduce a mid-year emergency budget. Clearly, those services that we have a statutory obligation to provide will continue to be provided, but elsewhere the axe will almost certainly have to fall, but the detail of course is yet to be determined.

I will concentrate the rest of this report on the Government's financial position and the interim report they issued on 15th June, a week before their emergency budget on 22nd June. I have summarised below the content of the report, but if you want it in full, go to:

http://www.hmtreasury.gov.uk/d/spending_review_framework_080610.pdf The underline obscured the underscores and these are between spending, review, framework and 080610.

So these are the key points:

- Reconfirmed reducing the budget deficit is the most urgent issue facing Britain. March budget forecast the deficit to be 11% of GDP this year and according to the IMF the UK has highest budget deficit of G7 and G20 countries
- Debt interest to reach £70bn by 2014-15 based on previous government's forecast
- The spending review will be guided by the principles of freedom, fairness and responsibility in order to demonstrate that we are all in this together
- Bulk of deficit reduction will come from 'cuts' in spending rather than tax increases
- Already made a start with £6.2bn of savings in 2010-11 and reviewing spending approvals given between the start of the year and the election to see if still affordable and meet the government priorities
- Reconfirmed it will:
 - deliver its guarantee that health spending will increase in real terms in each year of the Parliament, and that 0.7 per cent of GNI will be spent on overseas aid by 2013;
 - limit as far as possible the impact of reductions in spending on the most vulnerable in society, and on those regions heavily dependent on the public sector;
 - protect as far as possible the spending that generates high economic returns; and
 - make further savings to fund the priorities set out its programme
- Reducing the deficit will mean:
 - thinking innovatively about the role of government in society;
 - taking the difficult decisions collectively as a Government to reduce the deficit; and
 - consulting widely using all available talents to ensure that we deliver a stronger society as well as a smaller state.
- Government's approach is drawing heavily on experiences from other countries notably Canada.
- The Spending Review will be wider than just allocation of resources. It will consider new and radical approaches to public service provision including:
 - a step change in the drive for efficiency and VFM in the Public Sector by driving down costs of operational delivery
 - challenge the way services are delivered by shifting power, funding and responsibility to individuals and professionals
 - reforms to the welfare and tax systems and to public sector pay and pensions to enable jobs to be protected together with frontline services and those most in need.

- In prioritising resources the following questions/criteria will have to be answered:
 - Is the activity essential to meet Government priorities?
 - Does the Government need to fund this activity?
 - Does the activity provide substantial economic value?
 - Can the activity be targeted to those most in need?
 - How can the activity be provided at lower cost?
 - How can the activity be provided more effectively?
 - Can the activity be provided by a non-state provider or by citizens, wholly or in partnership?
 - Can non-state providers be paid to carry out the activity according to the results they achieve?
 - Can local bodies as opposed to central government provide the activity?
- The Spending Review (SR) will be published in the Autumn and will show how the government will reduce the deficit. Ahead of the June budget the new Office for Budget Responsibility (OBR) will make its independent forecasts for the economy and public finances. The June Budget may set control totals by government department for this parliament with the detail coming in the SR.
- Capital spending is set for a fundamental review to identify areas that will achieve greatest economic returns including how assets can be managed more effectively.
- The broad timetable for the SR is set out below:

May – Elections, Announcement of £6.2bn of 10/11 spending cuts

June - Publish approach to the Spending Review, Emergency Budget

July- Initial ministerial discussions to decide Spending Review priorities

August - External engagement programme

Autumn - Ministerial discussions on departmental settlements, Cabinet signs off PEX/Ministerial decisions, Spending Review released

- The Public Expenditure (PEX) Committee chaired by the Chancellor will lead the SR and advise Cabinet on decisions to be taken. Other members at this stage include:
 - Chief Secretary to the Treasury (Deputy Chair) – The Rt Hon Danny Alexander MP
 - Foreign Secretary – The Rt Hon William Hague MP
 - Minister for the Cabinet Office and Paymaster General – The Rt Hon Francis Maude MP
 - Minister of State at the Cabinet Office – The Rt Hon Oliver Letwin MP
- The government plans to organise a series of events over the Summer to discuss and debate various aspects of public spending.
- The PEX Committee will also take into account the findings of the various independent reviews which have spending implications. These include:
 - Commission to review the long-term affordability of public sector pensions
 - Strategic defence and security review
 - Local government finance review
 - Commission on long-term care
 - Review of legal aid
 - Review of sentencing policy
 - Review of the Housing Revenue Account
 - Review of the terms and conditions for police officer employment
 - Review to set the date at which the state pension age starts to rise to 66
 - Lord Browne’s Higher Education Review and
 - Review of support for part-time students

This report was written prior to the Governments Emergency Budget scheduled for Tuesday 22nd June, so much more will be known then and that will enable Suffolk County Council to review its position.