

Opposition Priority Business: Financial Planning & Performance & the 2015 Fiscal Cliff

The United Kingdom is suffering from a sovereign debt crisis. The local Labour Party and Conservative Party could engage in a pointless debate about whether this was caused by the last Labour Government's view that it was solely and uniquely responsible for the abolition of 'boom and bust' and could therefore continue to borrow against logarithmic indices of projected future growth or whether, as the Labour Party claims, it was an ineffective bystander with no influence on economic trends, and was merely in office when this happened. That debate is not the purpose of this paper.

Historic and traditional debates about government expenditure, borrowing and taxation have focused on real choices historically available to central government, which have assumed that short term spending could be funded largely by taxation and long term expenditure by borrowing. Unfortunately, the historic scale of government expenditure, largely funded through borrowing rather than taxation, lack of economic growth and consequent inability to further increase tax receipts and inability to borrow further has resulted in such options not being available. The present coalition government has tried first to brainstorm ideas for economic growth and secondly is attempting to cut expenditure.

On 19th December 2012 the Provisional Local Government Finance Settlement for 2013-14 and 2014-15 was announced. The local Labour Party and Conservative Party could engage in a pointless debate about whether the scale of government cuts is correct. That is not the purpose of this paper.

The settlement is what it is, both the local Labour Party and Conservative Party are ad idem in relation to the effect of grant damping, have both used all opportunities to argue the point before both Labour and Coalition governments, but regrettably the likelihood is that these arrangements are unlikely to change.

On the basis of the information currently available, the LGA estimates that non-schools revenue funding will decrease by 4.8%. Furthermore referendum limits have been confirmed for councils as a means of disincentivising them from increasing council tax.

The settlement announcement confirms that local government continues to bear the brunt of public spending cuts. The Autumn Statement promised that cuts will continue at least until 2018. It is generally recognised that certain councils have managed the cuts so far by maximising efficiencies and redesigning services. With further cuts on the horizon this will be impossible to repeat, and impacts on the local frontline services that residents rely on and value are inevitable.

If Enfield Council is responsible it will plan for such eventualities, if it is irresponsible, it will shy away from such decisions and as the previous national government claimed to have been, will be an ineffective bystander with no influence on events it cannot control.

Council – 30 January 2013

The previous Conservative administration in Enfield (albeit being alone in holding the view) had been of the view that cyclical economic trends had not been abolished and had as a consequence been particularly prudent in its expenditure, had commenced work on the LEANER programme and had built up a safety net of reserves and balances to protect services from unexpected pressures.

The present Conservative opposition remains concerned that with the ever-decreasing scope for Enfield to retain services through the implementation of efficiencies that services will need to be redesigned or refocused, yet nothing seems to be happening. The Conservative administration is concerned that hard decisions are being postponed to be inherited by an incoming administration in 2014 or in the hope that any incoming Labour Government may reverse funding policies.

Unfortunately this was exactly the policy of the previous Labour administration of the council that had hoped to be bailed out by the incoming Labour Government in 1997. This never happened.

If these matters are not dealt with in a timely fashion, then there is a risk that the scale of any refocusing or redesigning of services will need to be reactive, of an emergency nature with a shorter period available for consideration for alternative arrangements or communication.

The Conservative administration therefore wishes to raise at full council its concerns about certain decisions that have been made, which it believes makes the medium and long term financial situation of the council worse and to raise public awareness of the real decisions that need to be made by local government that the present council appears to be shying from.