

Spending review submission to the Treasury

Purpose of report

For information.

Summary

There will be a Spending Review this year looking at spending plans for 2015-16 with an expected announcement before the summer recess. This cover note provides context and explains the proposed approach. The discussions are already taking place in Cabinet and in order to influence them as early as possible, we expect to send a submission to the Chancellor and other key Ministers before the Executive meets. The submission will be circulated as a late paper to the Executive at the same time.

Recommendation

The Executive are invited to discuss the submission and the follow up with Ministers. A more detailed submission to the Treasury will follow in the late Spring.

Action

LGA Officers to proceed as directed.

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Spending Review submission to the Treasury

1. This note covers a Spending Review submission to the Treasury in advance of the 2013 Budget.
2. The purpose of the submission is to set out the issues the LGA would like to discuss with the Treasury (and also with Department for Communities and Local Government, the Cabinet Office, the Department of Health, Department for Environment, Food and Rural Affairs and the Department for Education) during this year's Spending Review.
3. It will be followed by a more detailed submission in the late spring, subject to the learning more about the Spending Review timetable.

Background

4. Both the Autumn Statement and the Coalition's mid-term review made statements about this year's Spending Review:
 - 4.1. The review will report before the summer recess setting the spending plans for one year, 2015-16. More detail on the process is expected in the Budget.
 - 4.2. Total Managed Expenditure in 2017-18 (government's measure of total public spending) will continue to fall at the same rate as the SR10 period.
 - 4.3. The government will operate on the principle that departmental resource budgets continue on the same trajectory in 2015-16 as over the period of the 2010 Spending Review (SR10).
 - 4.4. Spending on health, schools and overseas development and aid will be protected from further reductions.
5. The plans for 2015-16 will set the baseline for the Spending Review in 2015 following the General Election. We can lay the groundwork for the 2015 review in this year too.
6. In our meetings with senior Treasury officials, they have reinforced the point that the government's firm intention is that spending plans will continue on their current trajectory in 2015-16.

The LGA submission

7. The submission, circulated to the Finance Panel and Group offices for comment in draft, sets out how local government has managed to reduce spending in line with SR10; the cost pressures to which local services are subject; and the steps that government need to take to make it easier for local councils to manage within their financial settlement.

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8. The Chairman decided to send an early submission because the Cabinet discussions on the spending round are currently taking place. In going early, we seize the opportunity to push our lobbying objectives for growth and housing, community budgets, discretion on local taxes, sustainable funding for social care and managing the risks of welfare reform. The centrepiece of the submission is a series of asks.
9. We will be seeking a series of follow up meetings at the highest level of government to press our points and to identify ways in which the funding pressure can be eased.
10. Once Treasury outline the process, we will identify the key decision points - the departmental submissions, bi-laterals between the Chief Secretary and Spending Departments and meetings of the group within Cabinet that taken the final decisions - and time our interventions to influence them too.
11. The submission is intended to be consistent with the developing thinking on a new model for local government and covers the same themes of growth, social care, sustainable funding, local financial flexibility and welfare reform.

Conclusion and next steps

12. We are now inviting the Executive to consider the follow-up to the submission, in particular the key messages to be made in meetings with Ministers and any points to be developed in the more detailed submission that will follow later in the Spring.