Round table attendees

- **Trevor Holden** Chief executive, *Luton LBC*
- **Kevin Lavery** Chief executive, *Cornwall Council*
- **Mary Orton** Chief executive, *Waverley BC*
- **Martin Swales** Chief executive, *South Tyneside Council*
- **Stephen Baker** Chief executive, *Waveney DC and Suffolk Coastal DC*
- **Andrew Kerr** Chief executive, *Wiltshire Council*
- **Simon Warren** Chief executive, *Wolverhampton City Council*
- **Derek Myers** Chief executive, *Kensington & Chelsea RBC*
- **Martin Smith** Chief executive, *Ealing LBC*
- **Michael Coughlin** Chief executive, *Reading BC*
- **Gareth Daniel** Chief executive, *Brent LBC*
- **Richard Giblin** UK corporate sales manager, *PBBI*
- **Michael Burton** Editorial director, *The MJ*

What next for council budgets?

Leading chief executives yesterday participated in a discussion organised by *The MJ* and Pitney Bowes Business Insight (PBBI) at the SOLACE Summit in Edinburgh on the pattern of council budgets for the next two years. **Laura Sharman** reports on the highlights.

Council chief executives attending the SOLACE Summit gathered yesterday to discuss the impact of the Spending Review and how local authorities are handling the budget cuts in a debate organised by *The MJ* and Pitney Bowes Business Insight.

The debate explored how the current financial year has developed and what forecasts are being made for next year, with some early predictions for 2013/14. All agreed the cuts are the toughest they have ever faced, compounded by extra pressure on demand due to the fall-out from recession, rising unemployment, rising birth rates and increased need for elderly care.

The delegates agreed that many of the cuts were front-loaded this year. The majority of these have been made through back office efficiencies to avoid cuts to public services. The tightening of services, rethinking the ways departments work and more strategic planning have all contributed successfully to this agenda.

As one delegate noted, this has actually been beneficial to the council and has made 'them much stronger for it'. The council now operates in a more transparent manner and has enabled it to build and deliver services around what is needed by the local community, rather than 'just doing things the way they have always been done'.

Most chief executives at the discussion have already achieved savings of between 10-15% and are on track to deliver predicted targets. When asked if they had been able to make the necessary cuts already, one delegate said: 'I am confident we can deliver as that's what we do as a local authority.'

Procurement was one area that has had a significant impact on savings, and many chief executives said they had streamlined the way they procure goods and services. They have re-negotiated with suppliers to drive down costs and have considered new suppliers who can deliver best value.

One delegate said 'it isn't just about getting your own house in order – you need to fundamentally change your relationship with suppliers'. This means exploring how to develop a more 'mature, long-term partnership going forward.'

One delegate did explain his council has reached an agreement with one supplier even though it was more expensive because it was based locally. The council may not save as much money directly, but it will have a positive indirect impact on local jobs and the local economy.

The idea of working more collaboratively was also raised, as local government according to one participant, 'isn't always the best at changing on a broader scale'. The wider public sector should work together to bring about change in the marketplace and drive costs down even further.

One chief executive already has the policy of 'never procuring alone', which means working with partners such as the NHS and the private sector to combine buying power.

The discussion then looked at the role the private sector can play in this agenda and how it can help local government through this time of change. It should show councils how to realistically make savings through procurement but showing what can be achieved at set volumes.

The issue of staff was also raised and despite a tough working environment, several delegates praised the commitment of staff in delivering savings. 'In the face of pay freezes and changes to terms and conditions, staff have showed a tremendous degree of professionalism in dealing with the cuts' said one.

However, it was noted that there were still tough decisions to be made and staff may be tested in the future. As one delegate said: 'You can't assume this level of commitment will remain as jobs are cut – this generates a worried work force. Also with high inflation there is a limit to how long you can freeze staff salaries.'

This quandary of reducing staff numbers within local government, while also trying to promote local economic growth and keep more people employed, was not lost on the chief executives. They also noted that the pressures on services will be stretched even further as jobs are cut, which would undoubtedly put further stress on council budgets.

As one said, keeping people in employment is one of the most valuable things a council can do as they contribute to the local economy through tax and need less financial assistance from the local authority.

Looking ahead, many of the delegates felt confident about achieving savings in the next financial year as they have already made radical cuts and savings. One chief executive said he had 'no qualms' about meeting future cuts as 'we have developed a robust and long-term strategy for the council'. He added: 'A lot of effort has gone into preparing ourselves for the time ahead - it's not about weathering the storm but about changing the shape of local government altogether.'

However, some voiced concerns that the public are yet to really witness the full impact of cuts as most savings have been done to the internal working of councils rather than to directly to services. In addition, changes to government policy and the current financial climate will mean services are needed most at a time when they are facing reduction in funding.

One chief executive raised the point that it is getting harder for councils to fulfil their statutory obligations already – in his local council, 400 children were left without a school place. From 2013, councils will also have responsibility for housing benefit, which too is being cut, meaning those on lower incomes will be affected. There was also shared concern that the freeze on council tax will have a negative impact in the future.

Other challenges facing councils over the next few years include the persistent rise in inflation and the fact that pay freezes aren't sustainable. One delegate said the Government is assuming it can be optimistic before the next General Election but councils should not rely on this. Instead they should become more 'self sufficient and independent.'

Councils were also warned that they must be 'less dependent on grant funding' and look at how they can self-fund services. Evaluating the property stock, the localisation of business rates and measures such as abolishing the council tax discount for second homes were all raised as ideas to take forward.

The 40-minute discussion can be viewed on Policy Review TV and will be available on www.themj.co.uk ■

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