

Fairness Commission: Fair Budgets - Tough Choices

Emergency Budget

July 2010

- Government Emergency Budget cuts package in July to local government of over £1bn
- Islington and Camden amongst the hardest hit in London
- Impact in Islington: in year cuts of £7m, mainly in education support and voluntary sector
- Using money from earlier savings to keep voluntary sector programmes running until March 2011
- £1 for a swim scheme to replace cancelled government scheme

Comprehensive Spending Review October 2010

- Government department spending will be cut to reduce in-year borrowing from £149bn in 2010-11 to £20bn in 2015-16
- 75% higher than reduction proposed by Alistair Darling
- Over £100bn to come from spending cuts
- Government Department spending cut by up to 30% over four years
- Local government receives almost the highest levels of cuts

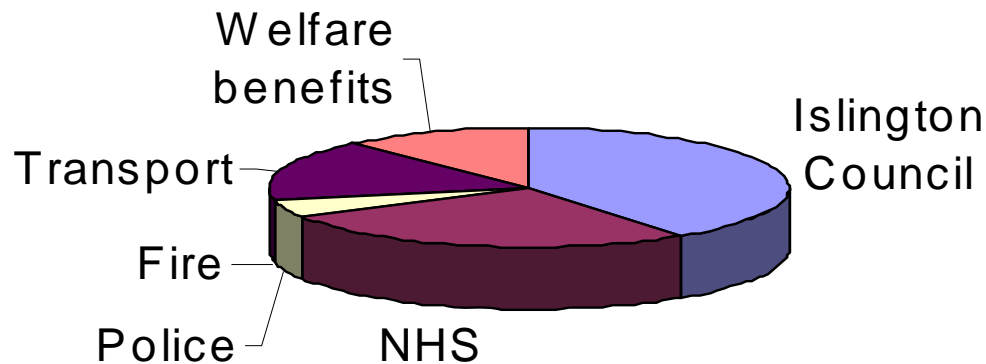
Estimated Impact of cuts in Islington

- Loss to Islington public services of **£335million per annum** by 2014-15
- Equates to **£4,000 per household per annum**

Service	£m
Islington Council	134
NHS	90
Police	15
Fire	1
Transport	55
Welfare benefits	40
Total	335

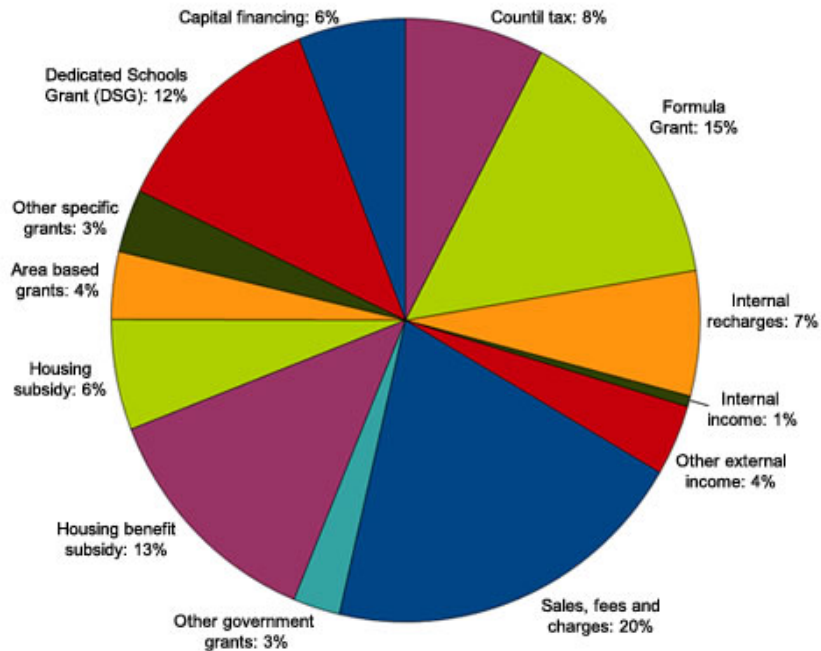
Impact of cuts in Islington

**£335 million Government cuts
to Islington by 2014-15**

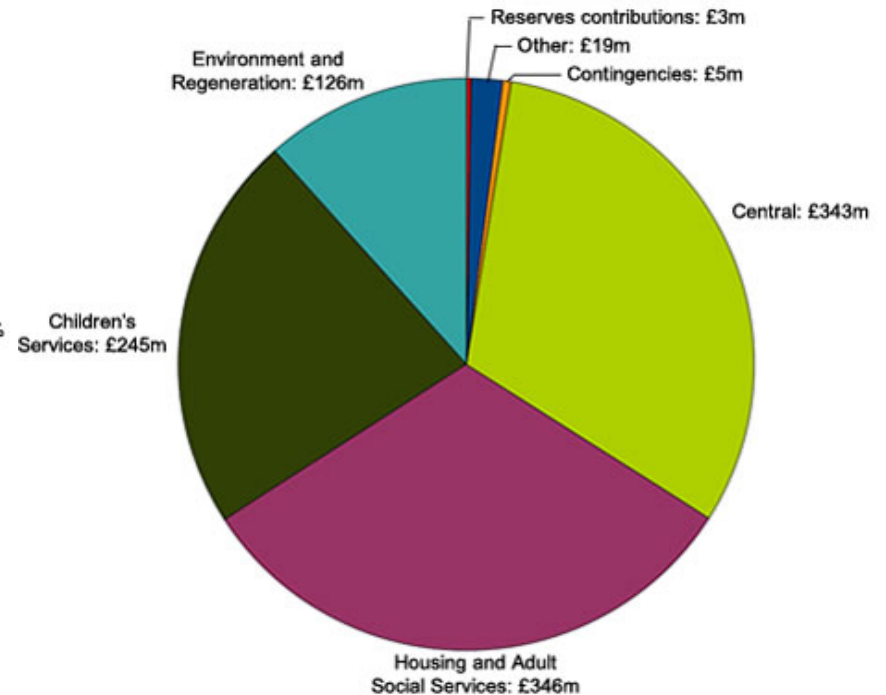


Islington Council: Where do we get our money from and how is it spent?

Council revenue 2010/11



Council spending 2009/10



What do the cuts mean for Islington Council?

- We are still waiting for the actual grant figures from Government – now expected on Monday 13th December
- For next year (2011-12) we estimate
 - 14% cut in formula grant = £22million
 - One third cut in other grants related to poverty/need = £23million
- Council still has to fund levy increases, inflation and demographic growth (e.g. looking after increased numbers of adults with learning disabilities) leading to increased costs of over £10million next year

Can we increase council tax?

- Council Tax accounts for only 25% of income
 - **£80million per annum raised from Council Tax**
 - **£240million per annum provided through government grants**
- Next year we expect to lose £45million government grant
- 55% increase in council tax needed to make up the shortfall in funding. Government would cap such a large increase
- Council tax is regressive – lowest band pay one third of the amount paid by the highest band

An approach to Budget setting for Islington Council

Total funding

Islington Controlled

specialist

targeted

universal

Operating Principles for Fair Budgets

- **Quality of Universal Services**
- **Early Intervention and Prevention**
- **Reducing Inequalities**
- **Integrated Working**
- **Learning from what works**
- **Mitigating the impact of cuts in welfare spending**

A different way: Community Budgets

- Islington has been selected as pilot area for community budgets, focusing on child poverty and related issues
- A ‘whole area’ approach to public services
- Council and partners to bring together different central government and other funding into a single budget pot
- Single budget at a local level enables joining the dots locally
- Public services can work with communities to develop “whole system” solutions to the root causes of problems – not each agency tackling the symptoms for which it is responsible
- Services can be thematically planned, jointly delivered and/or commissioned
- Overlap and duplication between organisations will be reduced
- Better services at less cost

Key dilemmas in setting budgets: tough choices

- When should we provide universal services and when should we provide targeted services?
- Which services are essential and have a role in fairness? Which services are non-essential? Are “hanging baskets” part of fairness?
- What is the appropriate role for the statutory sector or voluntary sector in service provision? Are there things that residents should do for themselves?
- What is the right balance between services aimed at prevention and services to remedy issues?