

For the attention of



Press release – Embargoed until 00.01 Friday 10th December 2010

Half of councils say that the Comprehensive Spending Review was worse than they expected,ⁱ and of these, 80% feel that the funding cuts in the first year are too steep.ⁱⁱ

This is among the key findings of a survey conducted by Localis, the local government and localist think-tank. It was completed by over a quarter of all council Finance Directors across England, the results of which form the basis of a new short report released today by Localis.

Click here to read the full embargoed publication

- The survey also showed that councils are thinking innovatively about how to protect front-line services, with nearly three-quarters of Finance Directors saying they are thinking of merging services with other councils,ⁱⁱⁱ or considering outsourcing service delivery to the private sector (71%), voluntary sector (69%) or community organisations (63%).^{iv}
- While there was support for the Government's commitment to the removal of ring-fencing, especially from upper tier authorities,^v there was disappointment that the community budget pilots did not go far enough.^{vi}
- Following the CSR, councils are less optimistic that they can achieve the necessary staff cuts through natural wastage, with more than three in four respondents believing that forced redundancies will be necessary,^{vii} and one in three of upper tier councils projecting staff cuts in excess of 20% by 2015/16.^{viii}
- Finance Directors at upper tier authorities think that adult social care is the service most likely to be severely affected by funding cuts,^{ix} despite the announcement of additional funding streams worth £2bn by central government.

The report proposes a number of key recommendations. These include:

- Central government should note the appetite for further devolution of power to local government and work to devolve more financial powers and pooled budgets to local authorities to allow them to pursue new delivery models.
- It is essential that councils make use of innovative funding options, such as local bonds, and new models of service delivery to provide better and cheaper services for local residents.
- Councils must follow up on their enthusiasm towards the ideas of increased outsourcing and sharing services by accurately assessing the needs of the local population and designing strategic partnerships to serve these needs.

Alex Thomson, Chief Executive of Localis said:

"Councils have to deliver better services for less money, and a salami-slicing, business as usual approach will not suffice. Councils must think radically about how they support and empower their residents and introduce new service delivery models, with further support from Government over initiatives such as community budgets"

Notes to Press:

For more information on this report or to arrange an interview, please contact

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About Localis

Localis is an independent think-tank dedicated to local government and localism

Notes to editors

ⁱ 49% of respondents agreed that “In terms of the impact on [their] council, the Comprehensive Spending Review was worse than expected”. The remaining 51% agreed that “In terms of the impact on [their] council, the Comprehensive Spending Review was as expected”.

ⁱⁱ Of those respondents that agreed that “In terms of the impact on [their] council, the Comprehensive Spending Review was worse than expected”, 81% ‘strongly agreed’ or ‘agreed’ with the statement: “Cuts to grant funding from CLG are too steep in the first year”.

ⁱⁱⁱ 71% of respondents ‘strongly agreed’ or ‘agreed’ with the statement: “Shared services, whether on a service-by-service basis, or via the creation of so-called ‘super councils’, could act as a tool to cut costs while protecting front line services”.

^{iv} Of those respondents who agreed that “the council is planning to commission more of its services to external organisations”, 71% said private sector organisations “will be involved in commissioned service provision”, 69% said the voluntary/charity sector “will be involved in commissioned service provision”, and 63% said community organisations “will be involved in commissioned service provision”.

^v 67% of respondents at upper tier authorities ‘strongly agreed’ or ‘agreed’ with the statement: “The reduction of ‘ring-fencing’ of grant funding from CLG, as announced in the CSR, will help your council meet the challenge of budget cuts”.

^{vi} 9% of respondents ‘strongly agreed’ or ‘agreed’ with the statement: “The ‘Community Budgets’ announced in the CSR go far enough in giving councils greater freedoms to tackle social issues in radically new ways”.

^{vii} 77% of respondents ‘disagreed’ or ‘strongly disagreed’ with the statement: “Reduction in the size of the workforce can be met through natural wastage and voluntary reductions, without reverting to forced redundancies”.

^{viii} 27% of respondents from upper tier authorities, in response to the question “What percentage reduction do you estimate will occur in the workforce of your council over the Spending Review period (to 2015)?”, selected the ‘20-30%’ option; 9% of respondents from upper tier authorities, in response to the same question, selected the ‘30-40%’ option.

^{ix} In response to an open-ended question, “What, if any, front-line services do you imagine will be affected most severely by the reduction in funding to your council?” 50% of respondents from upper tier authorities said that all services would be affected or specifically listed adult social services.