

Andrew Burns – Director of Finance

We Can't Afford the Future Unless We Change What We Do!

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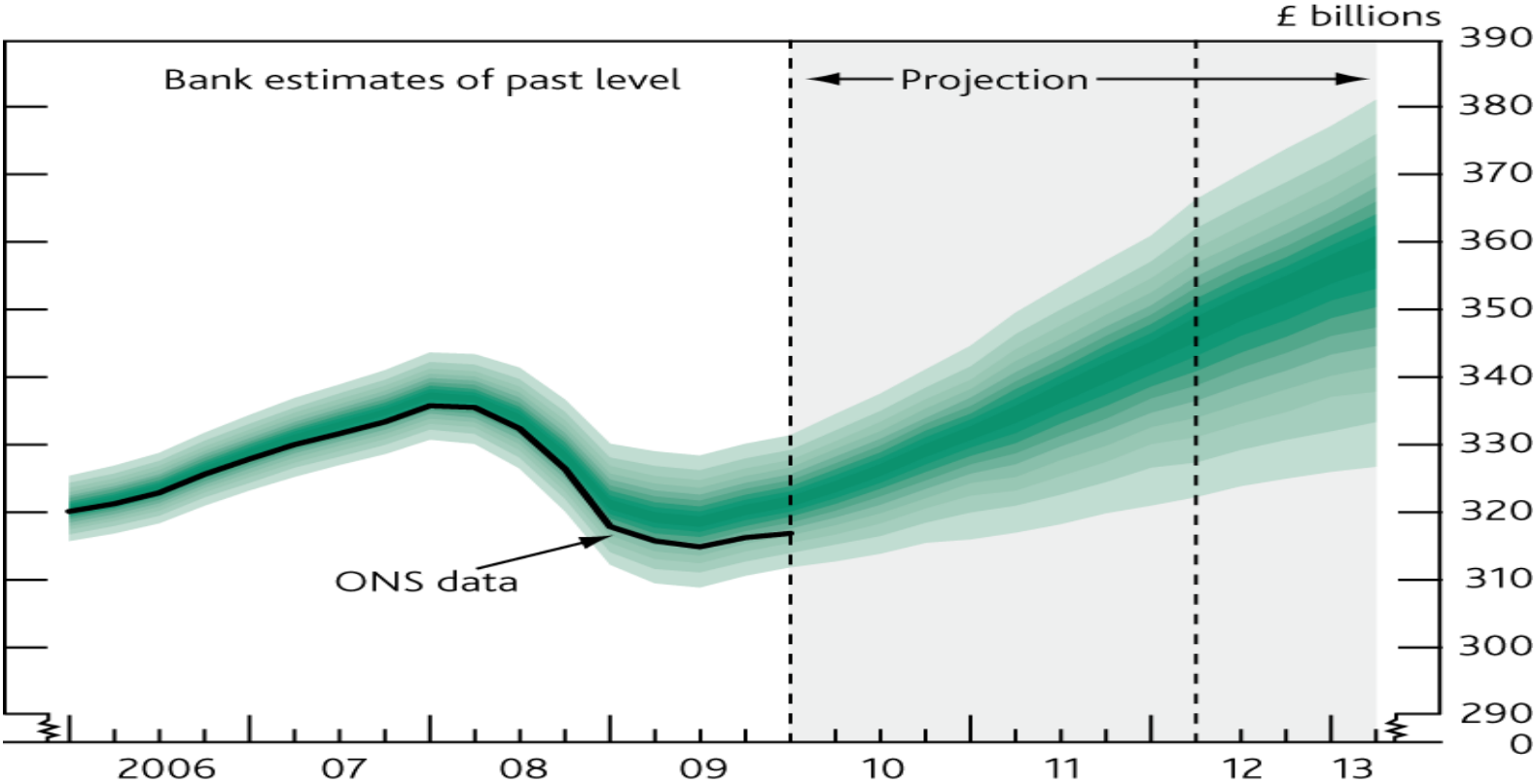
# Outline

- National economic picture and reducing the deficit
- Emergency Budget 22<sup>nd</sup> June and Spending Review 20<sup>th</sup> October
- A major challenge for 'Staffordshire PLC'... and a real opportunity to shine!

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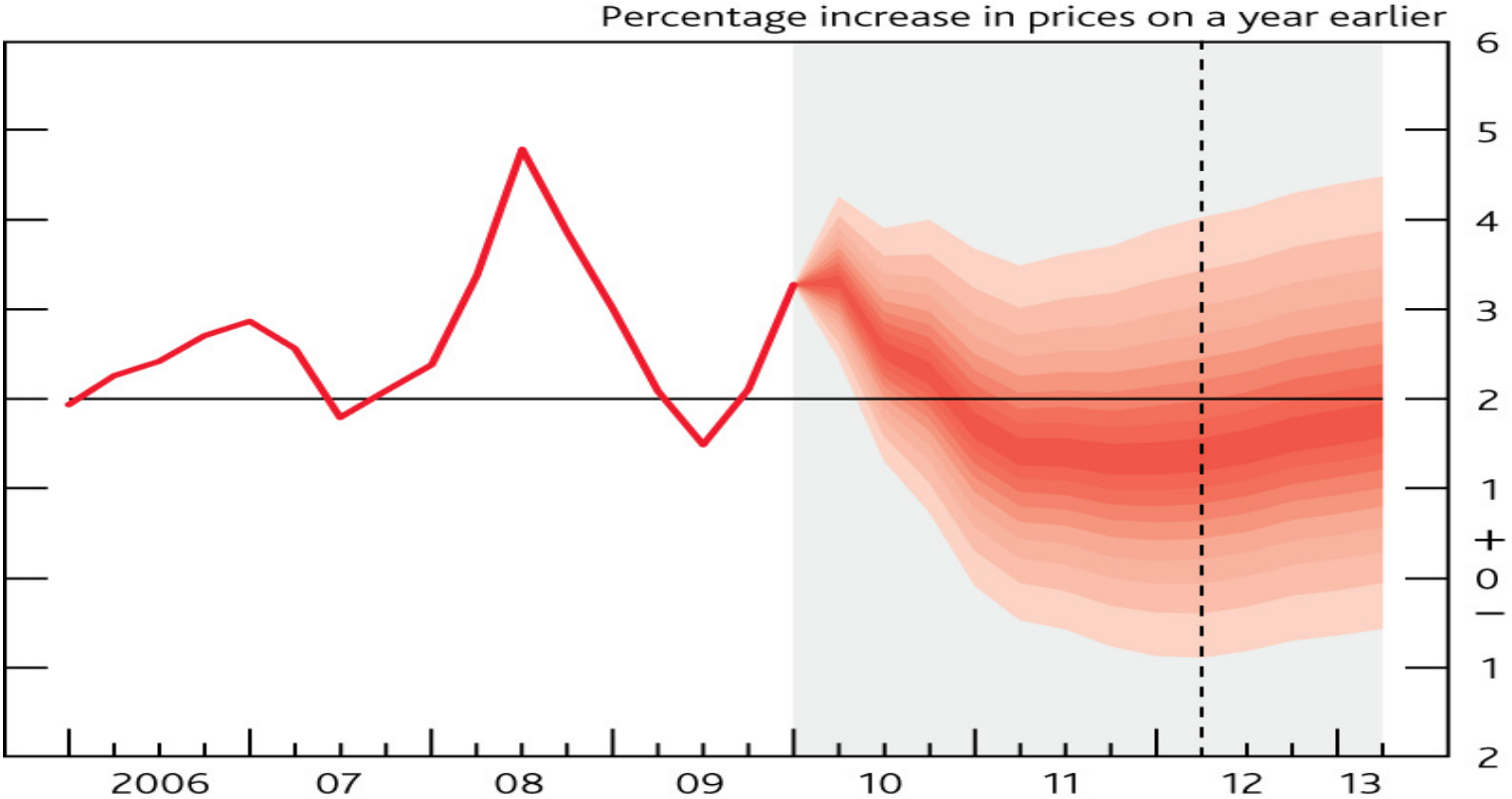
# Bank of England GDP Projection



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# Bank of England CPI Projection

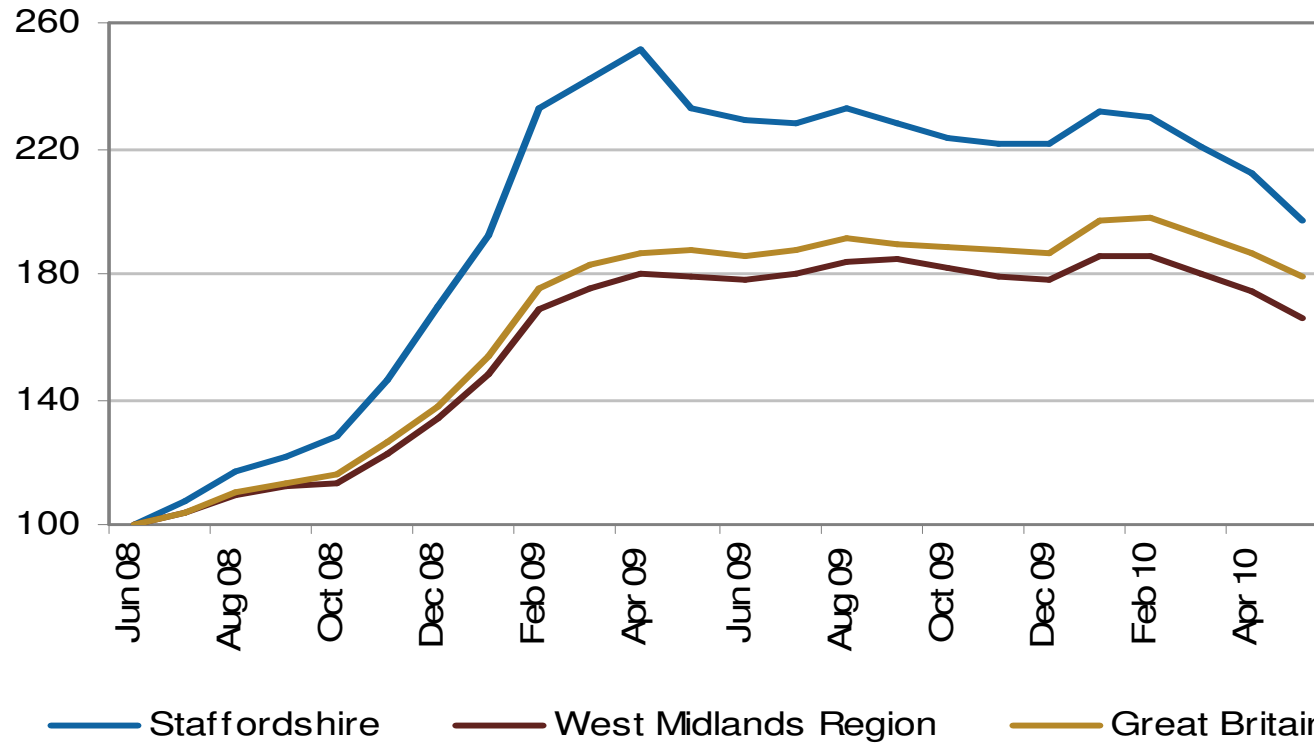


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# Job Seekers Allowance

Claimant count change over the last two years (June 2008 = 100)



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## Public services: serious cuts to come

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Rowena Crawford

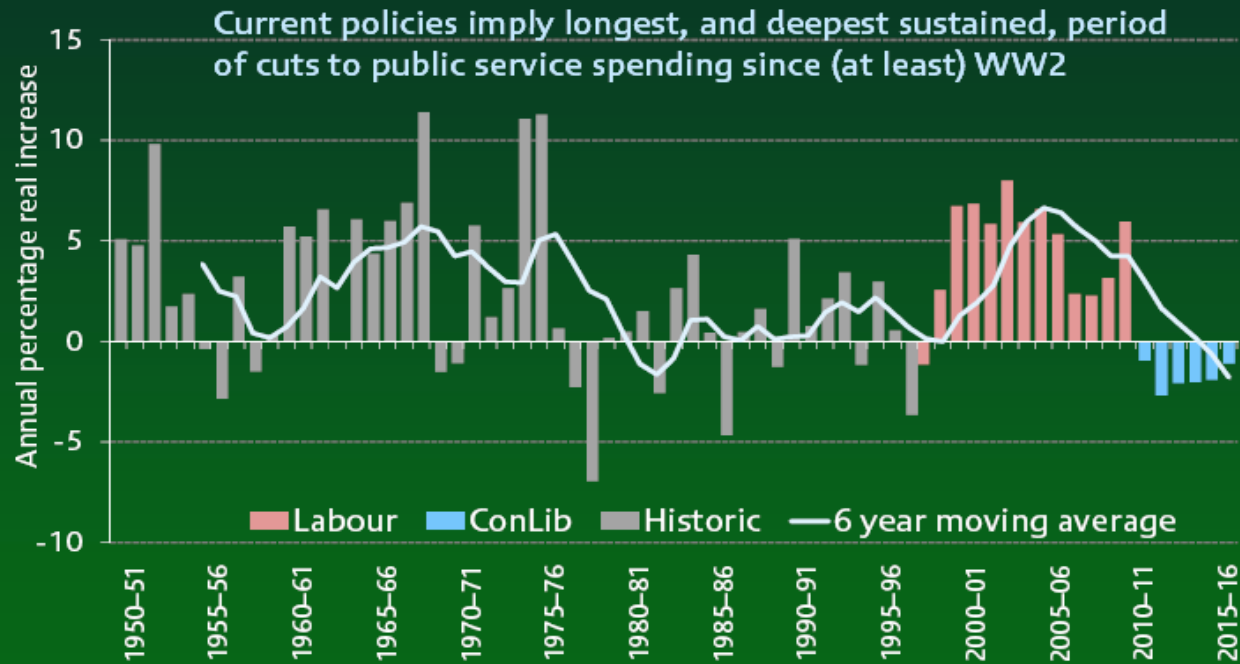
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## Public service spending set for a squeeze



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Note: Figure shows total public spending less spending on welfare benefits and debt interest

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## Emergency Budget 22<sup>nd</sup> June 2010

- A Budget for Responsibility, Freedom and Fairness
- Deficit Reduction: 77% from spending cuts and 23% from tax increases
- 25% real cut in 'non-protected' spending over 4 years
- Public sector pay freeze for 2011/12 & 2012/13 (for those earning >£21k pa)
- Help for local authorities to freeze Council Tax for 2011/12 (and maybe 2012/13)
- VAT to rise from 17.5% to 20% from 4 January 2011

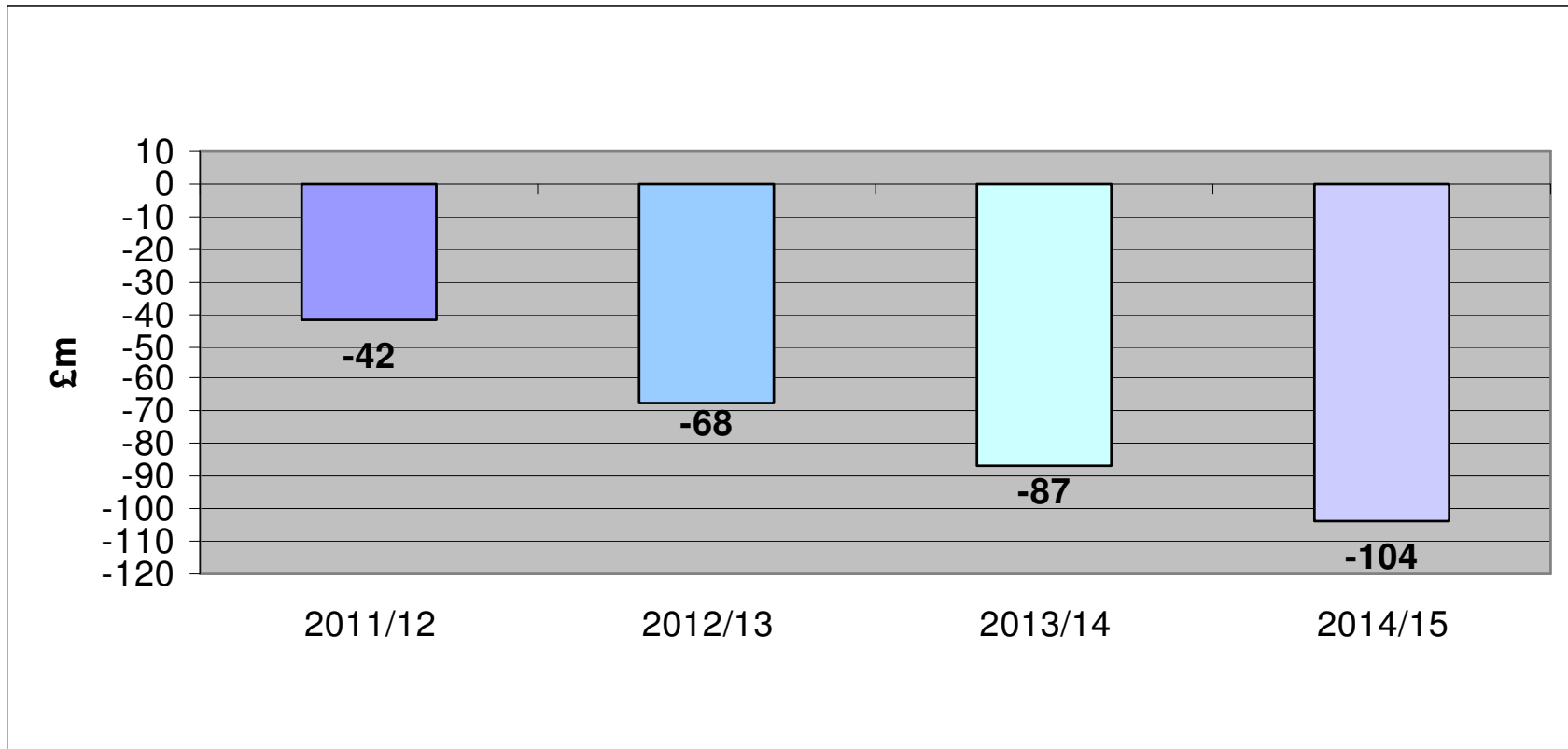
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# Spending Review 22<sup>nd</sup> October 2010

- For four year period 2011/12 to 2014/15
- Average 25% real terms cut in spending...or 15% cash cut (excluding NHS and overseas aid)
- Could be 33% real terms cut for others if schools and defence are only cut by 10%
- De-ring fencing of some Government grants
- Capital investment spending plans to be re-assessed
- Independent commission review of public sector pensions (initial view on affordability and sustainability)

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# MTFS Five Year Summary



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## Impact on SCC MTFS

- Taking current position all together there is a gap in the region of:

	2011/12	2012/13	2013/14	2014/15
	£m	£m	£m	£m
Shortfall	42	68	87	104

- Savings target of approx double this to get ahead of the game and create headroom for re-investment
- 30% cash savings in 3 years (£120m)

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# Funding the Gap: Innovation & Efficiency Themes

- Demography – primarily in adult social care
- ‘Total Staffordshire’ Pilot – Blake in Cannock
- Personal Responsibility (sub-themes: volunteering and contributions)
- Service collaboration – business support activities & “tradable” opportunities
- Transformational Working – links to Tipping Street
- A New Operating Model – Strategic Commissioning

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# Our Leadership Role

- Ambition
- Confidence
- “Don’t Waste a Good Crisis”

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# Armageddon or Opportunity?

Driving down costs, keeping value in

- ...get it right the first time
- .....reduce duplication and overlap
- .....prevention is better and cheaper
- .....effective collaboration
- .....personal responsibility
- .....build self sufficiency

Change our mindset, spending less is good!

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## We Can Afford the Future If We....

- Are Ambitious and Confident
- Collaborate across public services
- Share assets, costs and expertise
- Innovate and redesign services
- Focus on commissioning for outcomes
- Free our minds and let go of 'traditional thinking'
- Have an adult conversation with the public – get people engaged

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**‘Value for Money’ is the new ‘Green’....**

**... and Costs are the new Cholesterol!**

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## So this is Procurement's Time to Shine...

- Commissioning for outcomes....bring a 'hard-nosed' commercial edge
- Creativity in service delivery....focus on sustainability and life cycle costs
- Post contract award delivery of value....renegotiate existing contracts before term

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