



How will the next Spending Review affect you?

The Treasury has confirmed that there will be a spending review in 2013. Will it be strategic and forward-looking – or just about more cuts?

Whilst there may have been little time to conduct a more strategic review of public expenditure in 2010, or so we were led to believe, the opposite should apply for the 2013 review.

In the middle of a deep economic hole, facing a series of daunting social and economic challenges, now is the time when public policy should be focusing on the big strategic questions.

Public expenditure has been cut by £81bn, with a further £30bn, promised between 2015-17 and yet, as the Institute of Fiscal Studies (IFS) has noted, only a fraction of the cuts have been implemented, which means much deeper cuts are still to come.

How ready is the Voluntary and Community sector to deal with further cuts to budgets? How will such cuts affect the services that are being offered? Is there a logical, rational approach to service provision - or have we reached a point where we are desperate to preserve some of the work that is being delivered?

Austerity will last longer and be more painful than was anticipated in 2010 and the private sector has not been able to plug the gap. There were many of us who said this would be so at the time. Indeed it is the case that many of us are still saying it now. If the private sector had been able to plug any gaps it would already have done so - or at least shown some inclination to do so by now. But we need to work with renewed purpose to build relationships with the private sector.

The potential costs of an ageing society, climate change and chronic health conditions, allied with a stagnant or declining economy and the increasing costs of social welfare programmes, have left us in a very precarious position, facing a situation which bears an uncanny resemblance to the recession of the 1970's.

The sector now faces an uncomfortable time, managing reducing resources while trying to provide the same services it previously did. It doesn't seem as if it is going to improve any time soon.

We are in the middle of profound economic change; most people are now worse off and more insecure than they were a decade ago. Meanwhile, traditional models for public provision of social goods, ranging from pensions and social care to higher education and chronic health care, look increasingly untenable.

Nick Pearce of IPPR commented “Weak growth and the Office of Budget Responsibility’s revisions to its capacity forecasts last year have forced the government to push back its timetable for eradicating the cyclically-adjusted structural deficit by two years, to 2016/17.....Absent of new tax increases, that means total managed expenditure (TME) will be cut by a further 3.2 per cent of GDP. This is even bigger than the 2.3 per cent average annual real cut than departments have been given in the current spending review period.” This is grim stuff, to put it mildly.

Some £18bn has already been cut from benefits in this spending round, generating huge rows over tax credit and welfare entitlements.

There has never been a more critical point for the Voluntary and Community Sector to influence policy and campaign for and establish the purpose and benefit of the work that we deliver. The stakes are high, as political parties establish their position heading into the General Election; it is the right time to join with others to push for equitable spending plans and challenge the government on growth strategies.

Developing the Voluntary Sector Assembly and working with Macc to amplify the voice and influence of the VCS in shaping the landscape for service delivery in the future will be an important step in the journey.

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