

FUTURE SPENDING CHOICES

A Fabian Society Commission

Chaired by:
Lord McFall of Alcluith

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**BRIEFING
PACK**

About the commission

Whichever political party wins the 2015 election, the next government will have to make tough choices on the economy and the prospect of further cuts will loom over any administration.

The **Fabian Society Commission on Future Spending Choices** will make recommendations on how spending decisions can be made in a way that best safeguards **prosperity, sustainability** and **social justice**.

The Commission will focus on a number of key issues, including: **the purpose of public spending** and the values and criteria which should be adopted, for determining spending allocations; **pressures and priorities for public spending**, including issues of long-term sustainability; **likely scenarios for overall public spending between 2015 and 2020**; **economic reforms** which might reduce demand for public spending; **how public spending can best support growth, jobs and earnings**; and how the public sector can **manage with less money**. It will recommend priorities for new spending and the 'least bad' areas to cut.

Our panel of commissioners detailed below will be supported by a wider advisory network and will gather evidence to make their recommendations through a series of eight hearings; a wide-ranging review of existing evidence and an open call for submissions from interested parties.

The Commission will make its final recommendations in late 2013. The Commission is non-party political.

The commissioners



CHAIR - LORD MCFALL OF ALCLUITH

Lord McFall was Chairman of the House of Commons Treasury Committee, a position which he held between 2001 and 2010. He currently serves on the House of Lords Economic Affairs Committee.



DAN CORRY

Dan was Senior Adviser to the Prime Minister on the Economy from 2007 to 2010 and Head of the Number 10 Policy Unit (2007-8). He has been Chair of the Council of Economic Advisers in the Treasury.



CATHERINE FIESCHI

Catherine Fieschi is the director of Counterpoint a research and advisory group. Prior to directing Counterpoint, Catherine led the London based think tank Demos between 2005 and 2008.



ANDREW HARROP

Andrew Harrop has been General Secretary of the Fabian Society since September 2011. He has written extensively on public services including the recent Fabian publications *The Coalition and Universalism* and *For the Public Good*



CAREY OPPENHEIM

Carey Oppenheim is a freelance policy and management consultant. Her previous roles include Co-director of IPPR and Special Advisor to Tony Blair in the Number 10 Policy Unit, specialising in policy on employment, social security, childcare, poverty and equalities.



ANNA SMEE

Anna Smee is the Director of Ventures at The Young Foundation. Prior to this, Anna was Managing Director of Hundred Consulting, working with private equity and venture capital firms.



DAVID WALKER

David Walker is part-time director of getstats, the Royal Statistical Society's campaign for statistical literacy and a contributing editor at Guardian Public Leaders Network. He is chair of the Economic and Social Research Council's methods and infrastructure committee.

Research questions and call for submissions

The Commission will investigate a number of key research questions and is inviting submissions from a wide range of thinktanks, business representatives, trade unions and civil society organisations.

If you would like to make a submission to the Future Spending Choices Commission, please contact Rob Tinker at rob.tinker@fabians.org.uk or on 0207 227 4918. Please answer any or all of the questions below:

1. What is public spending for? What are the disadvantages of public spending?
2. How should the overall level of British public spending change between 2015 and 2020?
3. In what ways should the allocation of public spending change between 2015 and 2020?
4. If the UK has to make spending cuts between 2015 and 2020, what are the 'least bad' options, with respect to prosperity, sustainability and social justice?
5. What are the best alternatives to publicly-funded provision, in terms of action by government, business and civil society?
6. Are there any areas where the Government should expand its activity between 2015 and 2020, notwithstanding the financial pressures – and if so how should this be paid for?
7. Can demand for public spending be reduced between 2015 and 2020, for example by economic policies?
8. What changes to public spending would do the most to increase economic growth, employment and low/middle earnings?
9. How can the productivity of public services be best increased between 2015 and 2020? Where can efficiency be most improved?
10. Should we make other changes to the way we spend public money in Britain?

Remit of the commission

At the next election at least one third of the UK's fiscal deficit of 2009/10 will still remain. As a result any new government in 2015 will face severe fiscal constraints. The Coalition government is planning for austerity budgets until 2017/18. If returned to power in 2015 the Labour Party might well make different decisions on the speed of deficit reduction or the balance between spending cuts and tax rises. But it has said that it is committed to closing the deficit and that its starting point would be to retain tax rises and spending cuts made by the current government. So tough choices about spending are inevitable.

The Fabian Society Commission on Future Spending Choices will examine the challenges presented by real terms cuts, or at best spending standstill, in the next parliament will present. Chaired by Lord John McFall the commission will consider how a post-2015 government can close the deficit in a way that maximises prosperity, security, sustainability and social justice. The panel will not dwell on the exact profile of deficit reduction, spending restraint or tax rises – it will consider both 'best' and 'worst' case scenarios. Rather it will look at the types of choices that will need to be made within whatever overall spending envelope is available.

The commission will begin by asking what public spending is for and what principles and criteria should inform spending allocations. It will explore current spending pressures and priorities, and ask whether economic reform or preventative interventions can reduce demand for spending on welfare and public services. It will also ask what kind of public spending can best promote growth, jobs and earnings. The commission will address particular sectoral issues, including public sector pay, choices on welfare spending, health and security. Finally it will consider models for delivering public services and ask whether there are opportunities for radical reconfiguration within public spending.

Hearing schedule

The Commission will conduct eight hearings, covering key dimensions of the inquiry. The planned schedule of dates and topics, may be subject to revision.

1. What is public spending for? 20 November 2012	What is the purpose of public spending and how has it changed over time? According to which criteria and values should public spending decisions be made? How can difficult public spending choices be made in a way that retains the core functions of public spending as we understand it?
2. Scenarios and pressures for public spending 11 December 2012	What immediate choices does the fiscal context impose on public spending? What are the different medium-term scenarios in which departmental choices might occur? What implications do long-term spending pressures have for decisions between 2015 and 2020?
3. Predistribution: can economic reform reduce the demand for public spending? 8 January 2013	In which areas are government reform and intervention required for the economy to be more balanced and stable? Are there opportunities to reduce demand for public spending? How long would gains made by mitigating the need for redistributive transfers take to materialise?
4. How can public spending best promote jobs, growth and earnings? 5 February 2013	How can public spending on investment and education promote future growth and tax revenues? What sort of spending can 'pay for itself' over the long term? What sort of spending will maximise employment? What kinds of spending are most effective for boosting the economic prospects of low to middle earners?
5. Principles and tough decisions: public services 5 March 2013	Where can money be 'switched' to preventative spending? What should spending restraint mean for the balance between universalism, means-testing and co-payment? With no new money, can innovation drive continuous improvements to public services, or are one-off structural changes necessary? In a time of spending restraint should public institutions have more control of their employees' pay and conditions?
6. Principles and tough decisions: Social security 9 April 2013	Can universal, contributory principles be retained, or does the aim of welfare need to change? Is the balance of support between different client groups right, both for the short and long term? Can a shift away from cash transfers result in better services?
7. Health and social care 7 May 2013	Can integrating health and social care result in better, more affordable services? Should NHS spending continue to rise? Are there choices that can be made immediately in order to relieve pressure on NHS spending?
8. International and security commitments 4 June 2013	How does UK spending on international and security commitments compare internationally? What would be the consequences of freezing or cutting international and security spending? What is the role of the EU in UK public spending?

Key Contacts

For more information about the Commission, or information about making a submission please contact

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You can read more about the Commission and download the working papers and other documents at:

www.fabians.org.uk/spendingchoices