We need a budget for public services

Simon Stevens, Chief Executive of NHS England, wasn’t pulling his punches at the Public Accounts Committee last month. “There are very clearly substantial pressures and it doesn’t help anybody to try and pretend that there aren’t” he continued, obviously irked by the Prime Minister’s constant reiteration of by now largely discredited claims of record funding announced within current Spending Review plans.

As the UK enters its seventh year of public spending cuts, the pressure on services is intensifying to a point where informed opinion is pointing to a growing crisis of provision across all parts of the public sector.

This has been most evident in key sectors such as health, social care and education. This is particularly significant in that even in relatively ‘protected’ areas, flat-lining funding is failing to keep pace with escalating costs and rising demand leading to unsustainable pressure on services.

The Chancellor will be under significant pressure to use this budget to signal a change in public spending plans, given the outrage  that met his refusal to move on NHS or social care funding in last year’s Autumn Statement.

There is no doubt that the Chancellor is facing a daunting prospect, given the unprecedented pressure facing services and the departmental plans that he has inherited from his predecessor’s Spending Review. Plans, which the Institute Fiscal Studies point out, include an escalation of spending cuts after this year, with 4% cuts to departments between 2016/17 and 2019/20.

While public finances are clearly facing pressure as a result of anticipated slowing of GDP growth, the IFS state in their Green Budget 2017 that  there may be some room for manoeuvre, “the new Chancellor has abandoned his predecessor’s fiscal framework and introduced a new set of targets that allow him more leeway”. They calculate that, on current forecasts, the Chancellor could loosen fiscal policy by more than £25bn in 2020/21 and still meet the revised targets.

In launching his review of HM Treasury, Lord Kerslake stated that austerity had proven to be “counterproductive” and a “quite extraordinary” policy failure. The damage to our public services in pursuit of this failed policy is hard to underestimate.

With this budget, the Chancellor has an opportunity to change course and start providing the investment in our social infrastructure that might go some way to supporting the Prime Minister’s vision of an economy and society that works for all.