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Wednesday 21st October, 6.15 pm
Media Briefing Room, Senedd, Cardiff

An open discussion hosted by **Nick Ramsay AM** (chair)
with contributions from:

- David Rosser, CBI Wales
- Paul O'Shea, UNISON
- Maria Battle, Consumer Focus Wales
- Will McLean, WLGA

Where should the Axe Fall?

Will McLean,

Regional Coordinator, Connecting South East Wales, WLGA

- This is a unique time of political debate – all the main parties posturing about the extent and the depth of cuts to come
- A risky approach to the general election campaign – as Helmut Kohl said **'You don't win elections by putting the instruments of torture on display'**
- Leads to a series of questions for electors – who will cut the most? What will the consequences be? What should we protect?
- The debate has been created by an analysis by key parts of the **political community that fears debt and sees a need to repay that debt as quickly as possible** – those far cleverer than me have called this response and their opposition to the Government's fiscal stimulus **as 'economically illiterate'**

- The timing of the axe swing will be crucial. The apparent green shoots are thus far only to be found in equity and property markets – they are not yet to be found in labour markets and in the productive economy. The role of government for at least the next year, probably longer, will continue to spend in an anti-cyclical manner, in particular supporting the most marginal communities and protecting opportunities for the young.
- For at least the next few years public debt as a proportion of GDP should continue to grow – but it remains and will remain within limits which are not uncommon in our own history and in the western world.
- However, there now seems to be an emergent consensus that something has to happen to public expenditure - something '**swift, clinical and big**'.
- Differing approaches from the international perspectives: **Sweden – cut 5% off everything including wages** (people would rather take the cut than lose their job altogether) and Canada where there was a review of **all government activity to robustly justify all expenditure (ZBB)** and stop that which did not add value to the citizen – **I wonder how many One Wales commitments would pass that test?**
- If this approach of **fundamental review of programmes was undertaken the current penchant for protecting the NHS expenditure would have to be abandoned – real tests of NHS expenditure has huge potential**

- Whilst the fiscal challenges we face are without doubt difficult this is also **a time of opportunity** – the government has invested hugely in public services (the state spends nearly 50% of GDP) and the time is **ripe to prune that expenditure to ensure that it has the greatest impact**
- The simplistic view that **traditional 'back office' efficiencies are the answer to the problem is flawed** – we have simply never invested enough in our back office to make it sufficiently fat to deliver – **too often our services are 'mean' today there simply isn't the opportunity for them to become 'lean'**
- Wales has a chance to take the opportunity provided by its scale to **work smarter – a call to empower local government to maximise the benefits for its citizens – protecting frontline services to those that need them and ensuring that we create a fair and equal society** –
- Greater use of our **powers to borrow, the use of innovative funding solutions, making the most of Convergence and Competitiveness funding, removing the grant regime with its associated costs and Bureaucracy will all allow quicker more focused delivery**
- If Wales cuts into the **LG settlement we will see frontline services suffer and individuals and citizens will also suffer as a consequence** – especially in the **'discretionary' service areas**

**where their title belies what are actually hugely important to
the standard and quality of life for many**

- **But the easy answer, if I was pushed, would be the NHS!**