

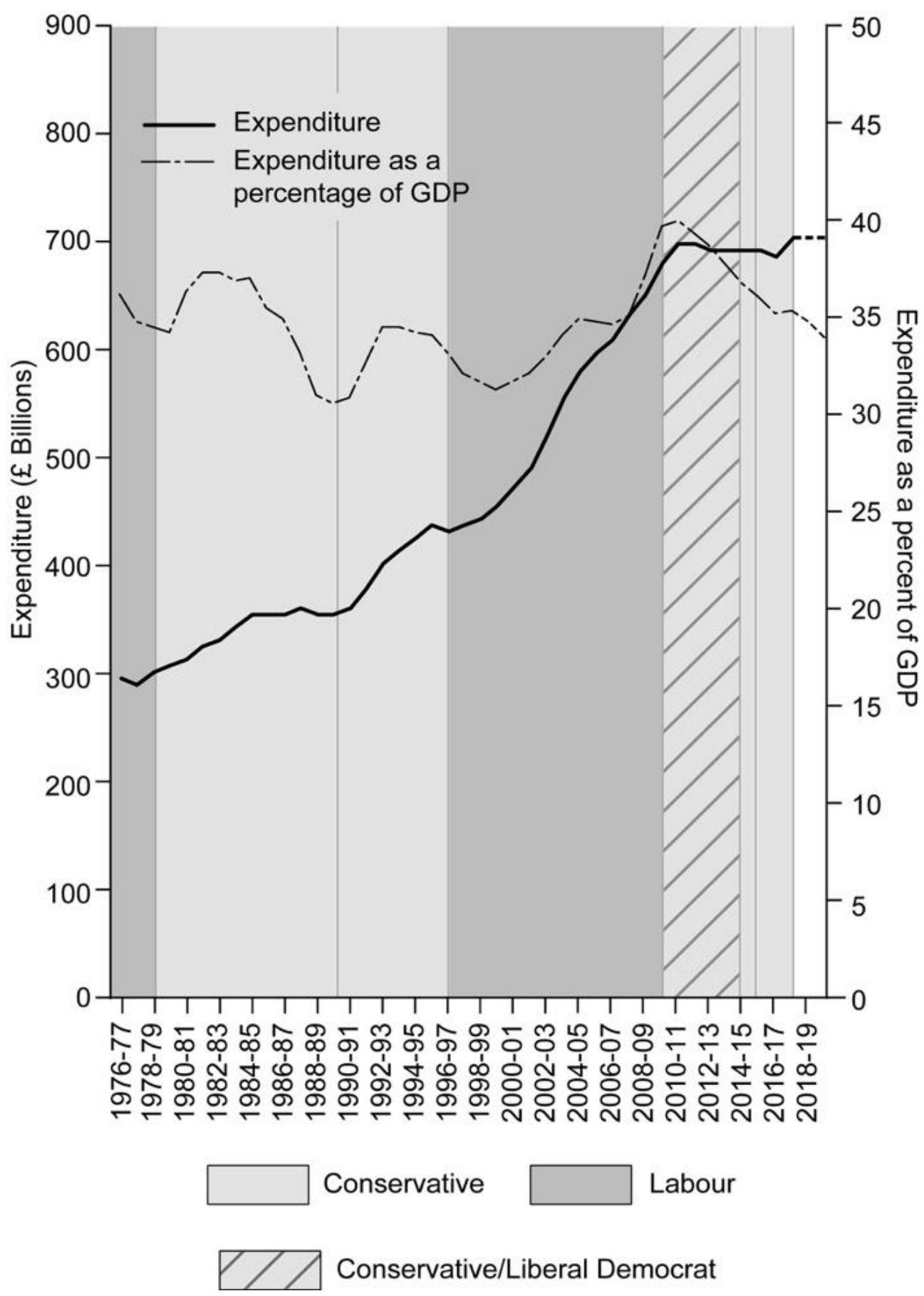
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# The Depths of the Cuts: the Uneven Geography of Local Government Austerity

“Public finances are one of the best starting points for an investigation of society, especially though not exclusively of its *political* life. The full fruitfulness of this approach is seen particularly at those turning points, or better, epochs, during which existing forms begin to die off and to change into something new.”  
(Schumpeter, 1918)

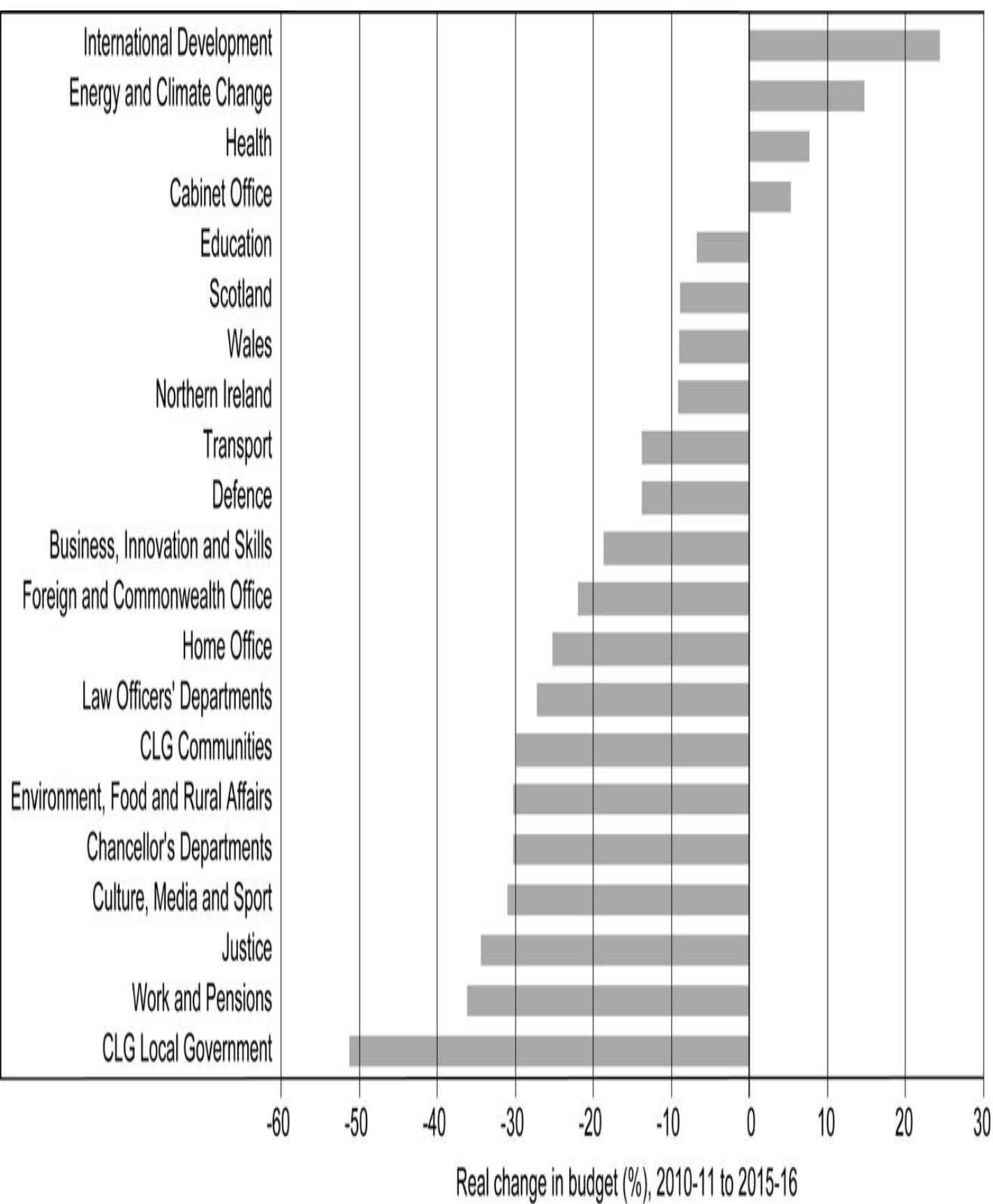
*Long-term changes to government spending in real terms and as a percentage of GDP, 1976-77 to 2019-20*



Real terms data are adjusted to 2016-17 price levels . Data source: PESA 2017, chapter 4.

# UK Departmental Expenditure

## *2010–11 to 2015–16*



The CLG Local Government budgets for Wales and Scotland are adjusted for council tax benefit localisation and business rates retention. Source: Institute for Fiscal Studies (2015), 'Recent cuts to Public Spending', Based on Treasury Data

# **Austerity in UK:**

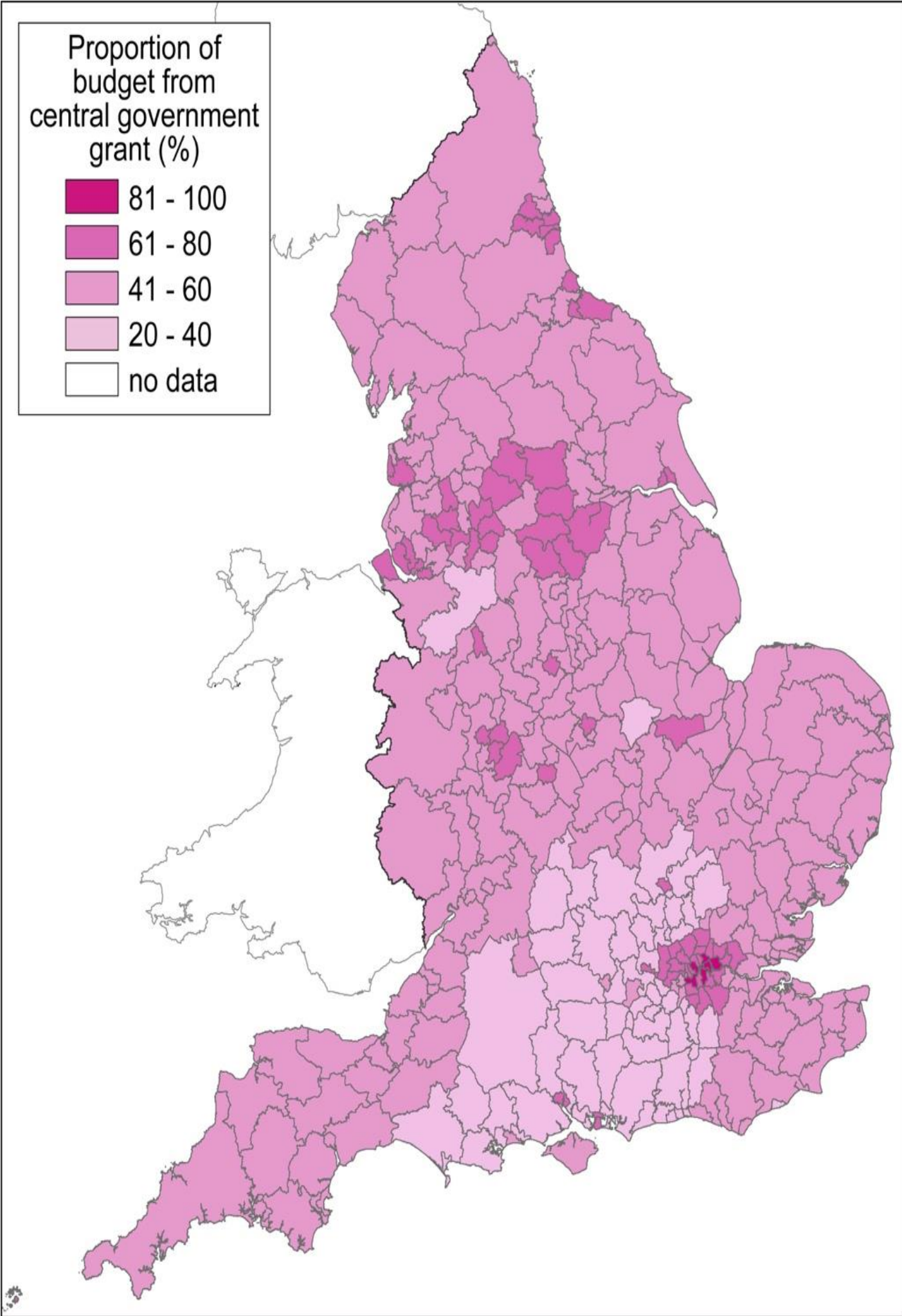
- **State rescaling**
- **Urban austerity “dumping”**  
**responsibilities w/no corresponding**  
**revenue**
- **Questioned - capacity of the local**  
**state to provide services?**
- **inequality between local govt?**
- **territorial justice?**

# Central-local state relationships in the UK

- High level of centralisation – tight control
- By 2010, top decile of local govt received 82% of funding from central govt grant
- Redistributive grants
- Dampened territorial competition
- Devolution – greater autonomy over spending
- Increase local revenue-raising powers

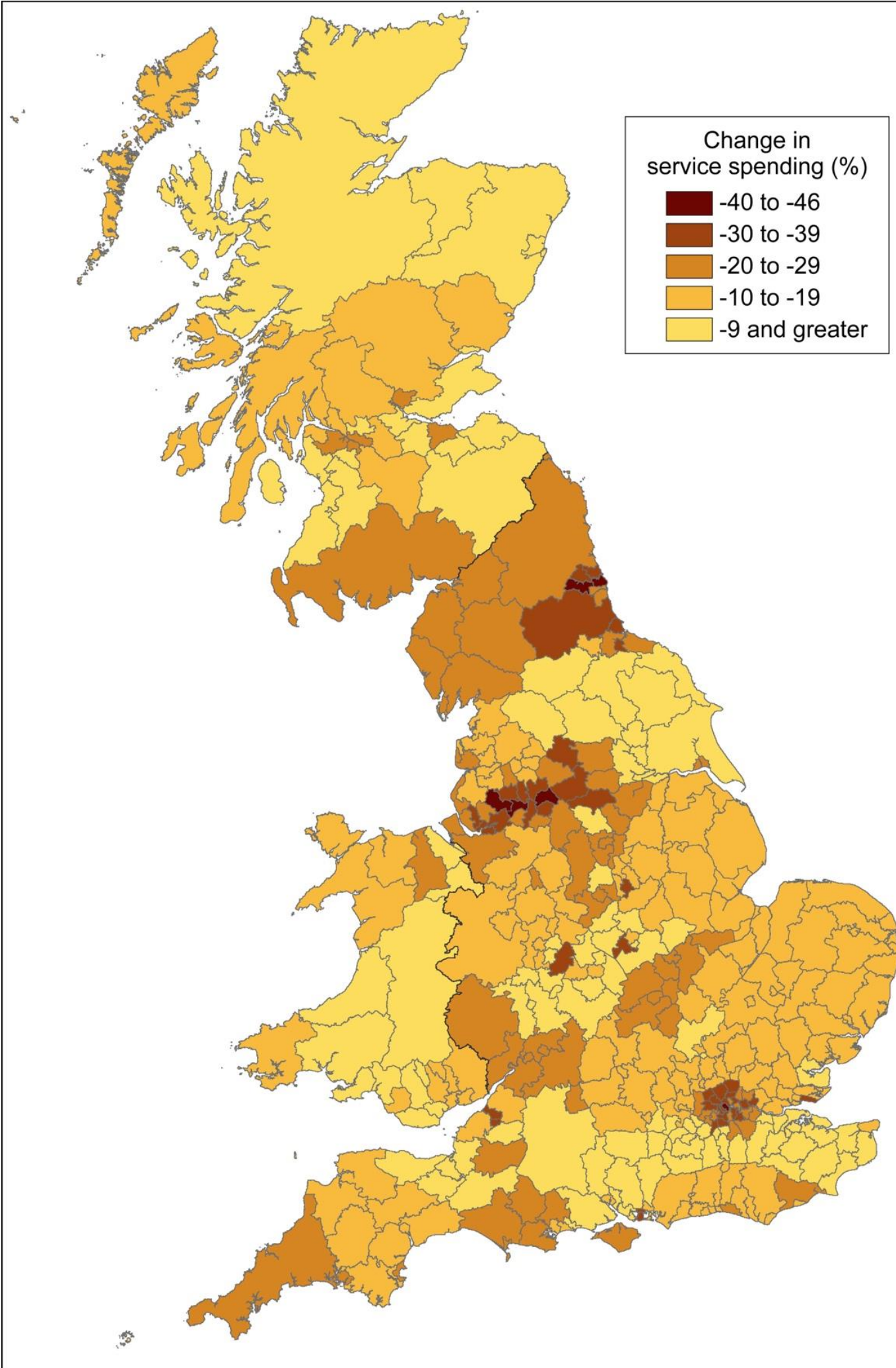
# Proportion of Budget from Central Government Grant

## 2009-10 (IFS data)



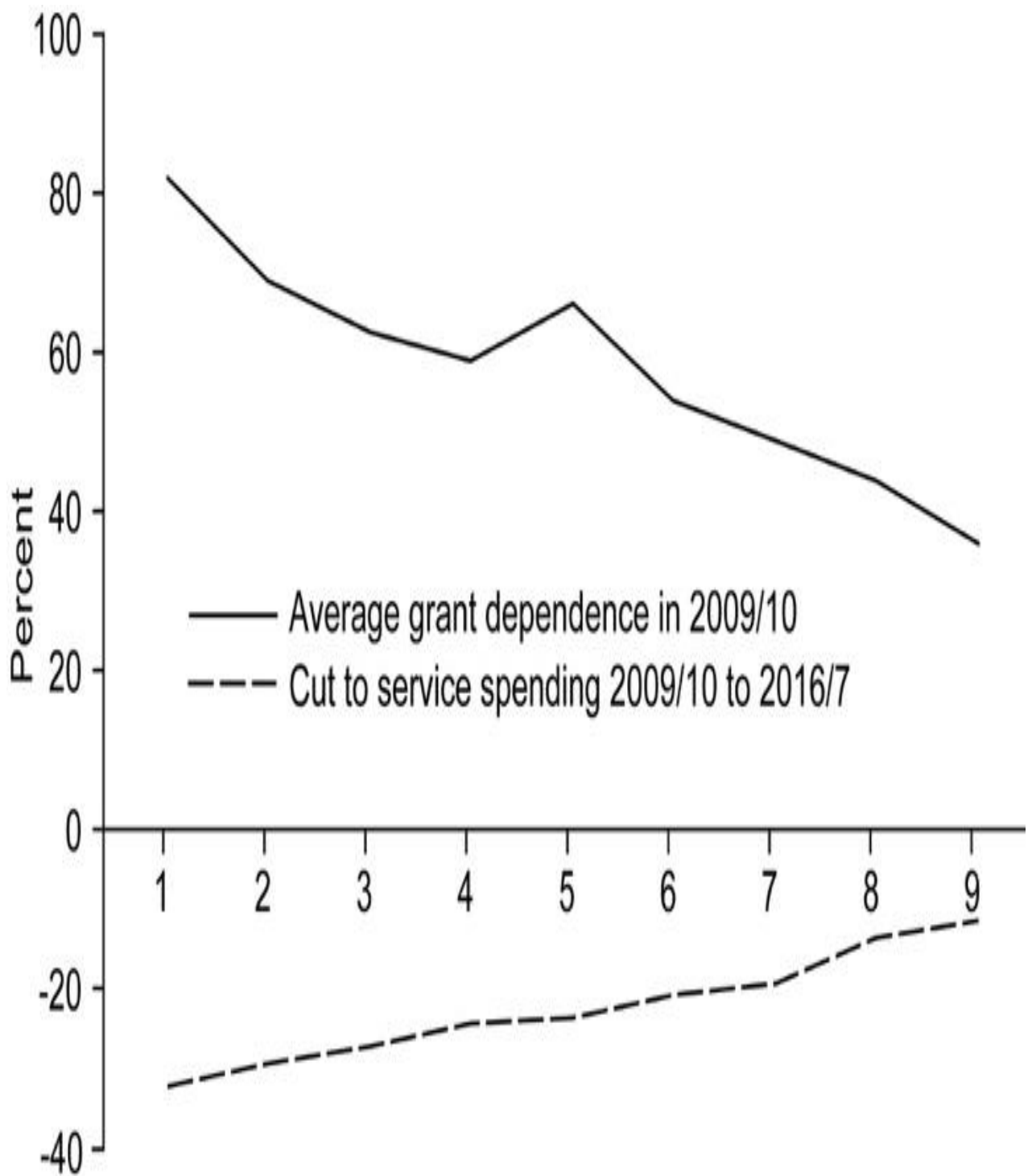


# Change in Service Spending, 2009-10 to 2016-17



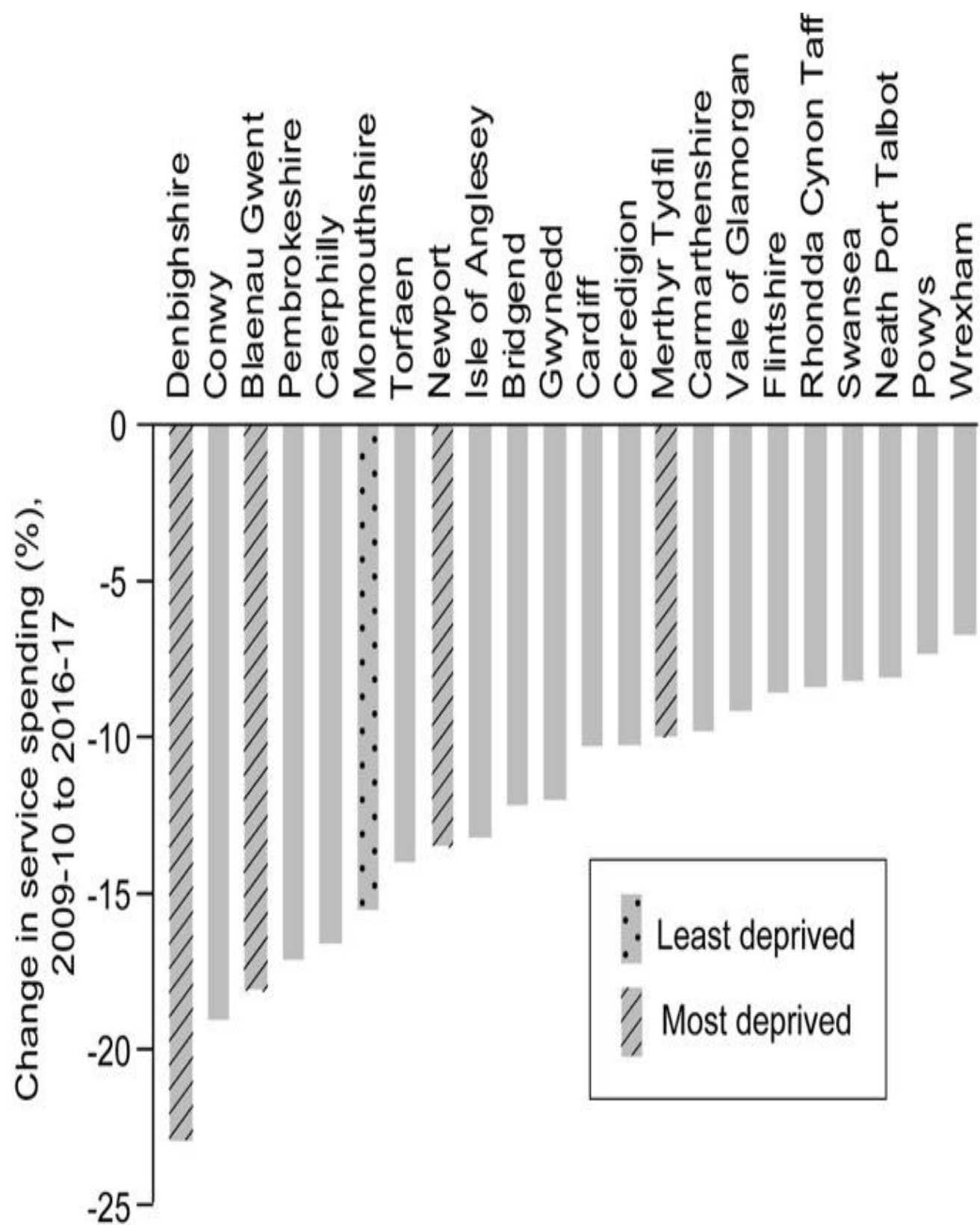


# Relationship between percentage of local authority grant dependence in 2009/10 and service spending cuts 2009/10-2016/17

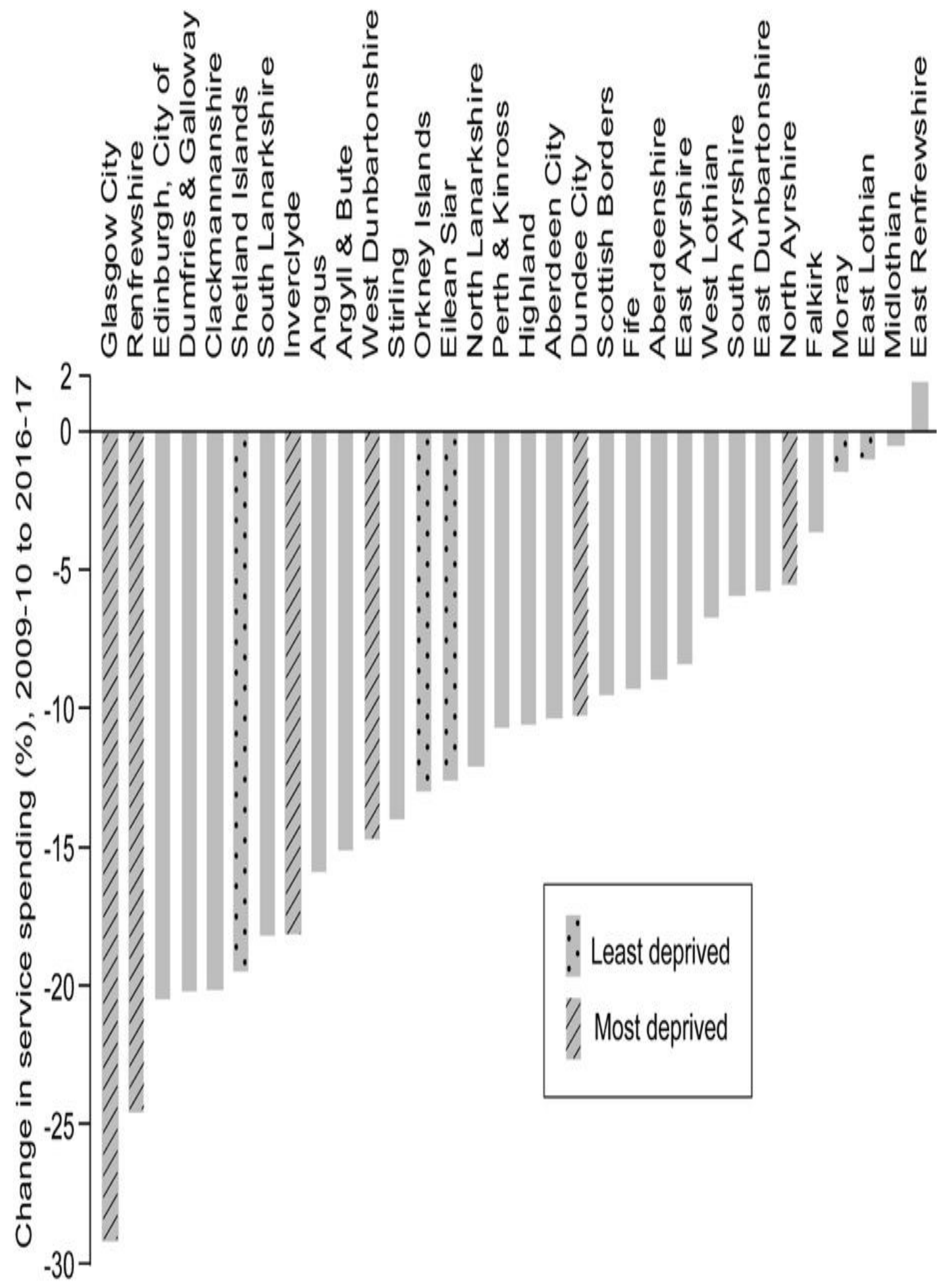


Local Authorities are sorted into decile groups according to level of grant dependence, Data from the Institute of Fiscal Studies, (2016).

# Changes to Welsh Local Government service spending, 2009-10 to 2016-17



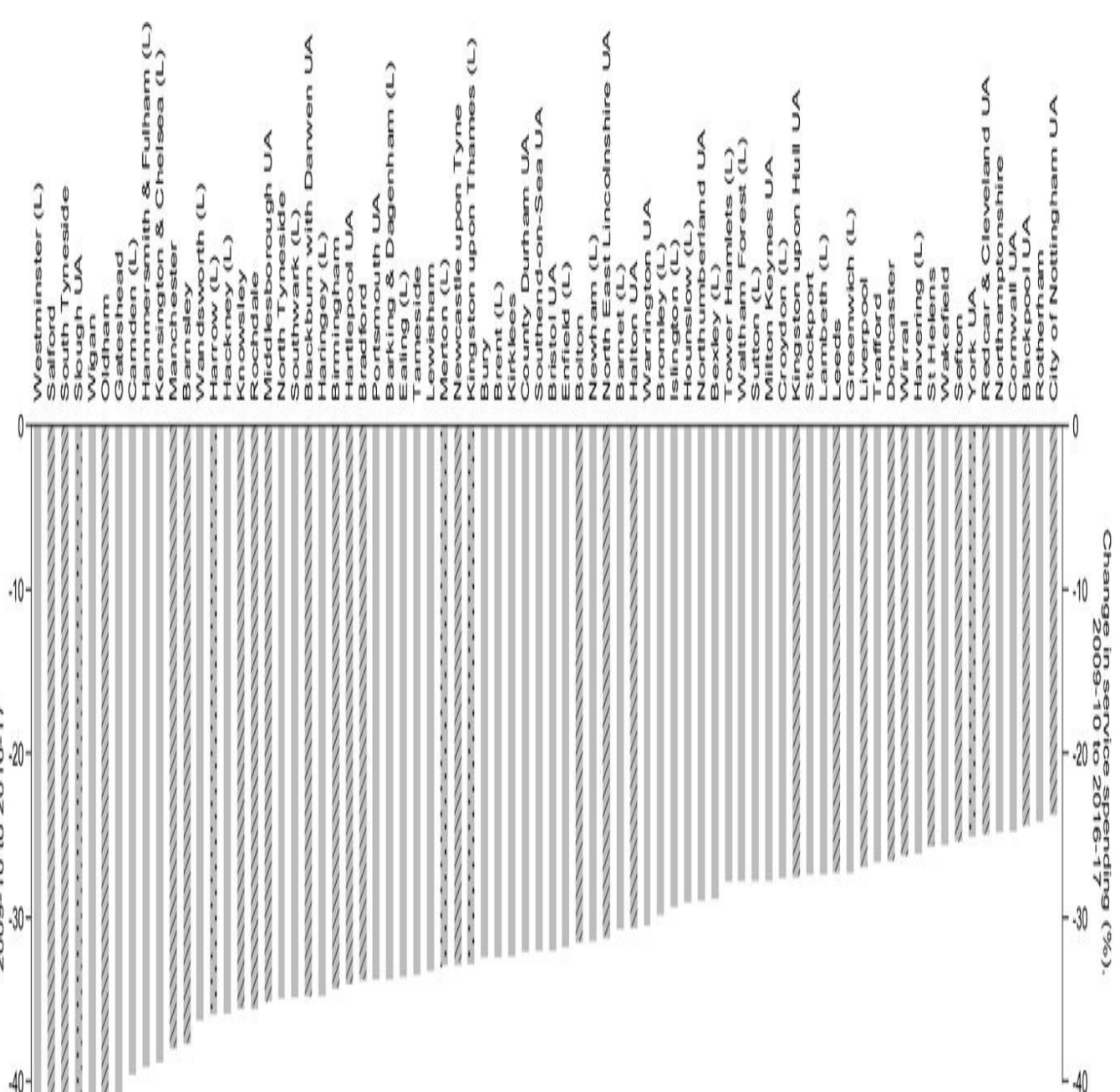
Changes to Scottish Local Government service spending, 2009-10 to 2016-17.



Change in service spending (%), 2009-10 to 2016-17.



Change in service spending (%), 2009-10 to 2016-17.



# Which services are affected?

Service area	Change in spending (%)	Change in spending (£ million)
Planning and development services	-53	-1,180
Housing services (GFRA only*)	-46	-1,245
Highways and transport services	-37	-1,270
Cultural and related services	-35	-1,204
Environmental and regulatory services	-17	-910
Central services	-15	-485
Adult social care**	-3	-582

# Which services are most affected?

- Ideological cuts against bloated local bureaucracy
- Statutory services (1,100)
  - Although quality not assured
  - Service provided by deprofessionalised staff
  - Links between mandatory and discretionary services ignored
- Discretionary spending slashed
  - Place-based universal benefits -
    - ex 343 libraries closed down in 2010 and 2015 with a loss of over 5,700 professional staff
  - Public amenities – parks
  - Prevention services
  - Support services
- Streeck's "consolidation state"?  
Discretionary funding for social and physical infrastructure slashed

# **Extreme Fiscal Disciplining of Local Government**

- One local government in the UK is now only providing public services mandated by law
- NCC -- section 114 notice -- effectively declared itself bankrupt
- Local politicians replaced by central government appointed commissioners -  
- took over all budgeting decisions.
- Halts all new expenditures except for statutory services & the safeguarding of vulnerable people.
- “The NAO’s most recent financial sustainability report points out that 10% of upper-tier authorities are similarly vulnerable to financial failure.



## **Conclusion:**

- **increasing inequality  
between local  
governments**
- **intensifying territorial  
injustice**
- **shrinking capacity of the  
local state to provide  
services**