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Where the Axe falls  
Austerity and Cutback  
Management in Social Services  
and Education

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# Introduction & Background and Context

**“Funding for Local Government has been cut significantly since 2010. At the same time as cutting funding, the government restricted local authorities ability to raise council tax to fill the gap” (DCLG Select Committee 21<sup>st</sup> August 2019, p. 3).**

**LA Funding has seen funding falling by an estimated as 49.1% in real terms between 2010/11 and 2017/18 (NAO 2019), this reduction is without parallel in modern times (Prof. Tony Travers 2019, p. 7).**

**This Trend is set to increase to 60% - (Prof. Tony Travers 2019, p. 17) and there are overspends of £665m and £536m on children and adult social care respectively (IFS 2019, p. 17)**

# Survey by Local Government Information Unit 2018

97% of LAs have planned to increase Council Tax in 2019/20  
(Three quarters by more 2.5%).

Over 50% of LAs are planning to use some of their reserves this year; 40% have been using their reserves for two years running.

Almost 33% of LAs could risk depleting their reserves in 10 years  
(Almost 20% of LAs are set to be at risk by 2021).

(LGIU, 2018)

New funding formula with 75% Business rate retention is due in April 2020.

(HMT 2019)

# Research Problems

LAs are faced with Financial and Service Demand pressures cutbacks and lost services. There has been no council tax revaluation since early 1990s so distribution of resources has become increasingly inefficient.

Unlike the NHS, LA services and social services in particular, have not been protected – Central Government policy has been inconsistent. (Select Committee 2019, p. 3).

The policy adopted has been austerity-localism and cutback management intended to improve service delivery and ensure VFM

Has this policy delivered improved service delivery VFM?

# Research Question

To what extent has the implementation of the policy of austerity-localism affected social and education services in English LAs between 2010 and 2018?

2003-----Crisis-----Austerity-----2018  
2007/08      2010

“The paper uses a 15-year dataset, with sufficient financial data/information to enable us to evaluate the impacts of austerity on social and education services and identify three distinct time periods (i.e. pre-recession, economic recession, and post-recession era).

# Literature Review

A gap exist in the literature on 'the impacts of austerity' in English LAs and in individual services in particular.

This paper draws on this literature to explain to explain:

Actions, reactions, and inactions of English LAs in providing social services and education (Bordogna and Neri 2014; Stuckler *et al.* 2014; Fitzgerald and Lupton 2015; Lowndes and Gardner 2016; Jones *et al.* 2017).

It will be applied to the three (3) periods of pre-recession; recession; and post-recession.

# Literature till Date

Lowndes and McCaughie 2013; Cepiku et al. 2018 have differentiated impacts on service delivery, which can be summarised into four service groups

**Cutback in Services (Lowndes and McCaughie 2013; Cepiku et al. 2018)**

**Changes in unemployment (Kickert 2012; Hastings et al. 2013; Bordogna and Neri 2014)**

**Changes in Levels of Inequality (Wilkinson and Pickett 2010; Bracci *et al.* 2015)**

**Adverse Impact on Households (Lowndes and McCaughie 2013; Kennett *et al.* 2014)**



# Methodology and Methods

A case study of English Local Authorities (Unitary Authorities and county councils)

Stratified sampling technique to select sample size of LAs

Quantitative study approach

Using a timely dataset of LAs' income/expenditure between 2003 to 2018

- pre-recession (2003 – 2008),
- economic recession (2008 – 2009), and
- post-recession era (2010 – 2018)

# Emerging Findings

An increase in income from both central and local taxation for English LAs during the pre-recession period (2003 to 2008)

A continues decrease in RSGs to English LAs during recession and post-recession periods

English LAs were experiencing service pressures before 2008, but this increased during the recession and increased further in the post-recession period

# Questions

How have LAs got more responsibilities from central government on social services and education during the post-recession period?

Why has increased demand for social services affected the reduced spending on other core and discretionary services?

Have most English LAs become more dependent on reserves during recession and post-recession periods?; and Has there been significant exploitation of reserves?

Any  
Questions?

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