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Financial Resilience in English Local Authorities: Delivering Cultural & Related Services (CRS) during the Era of Austerity

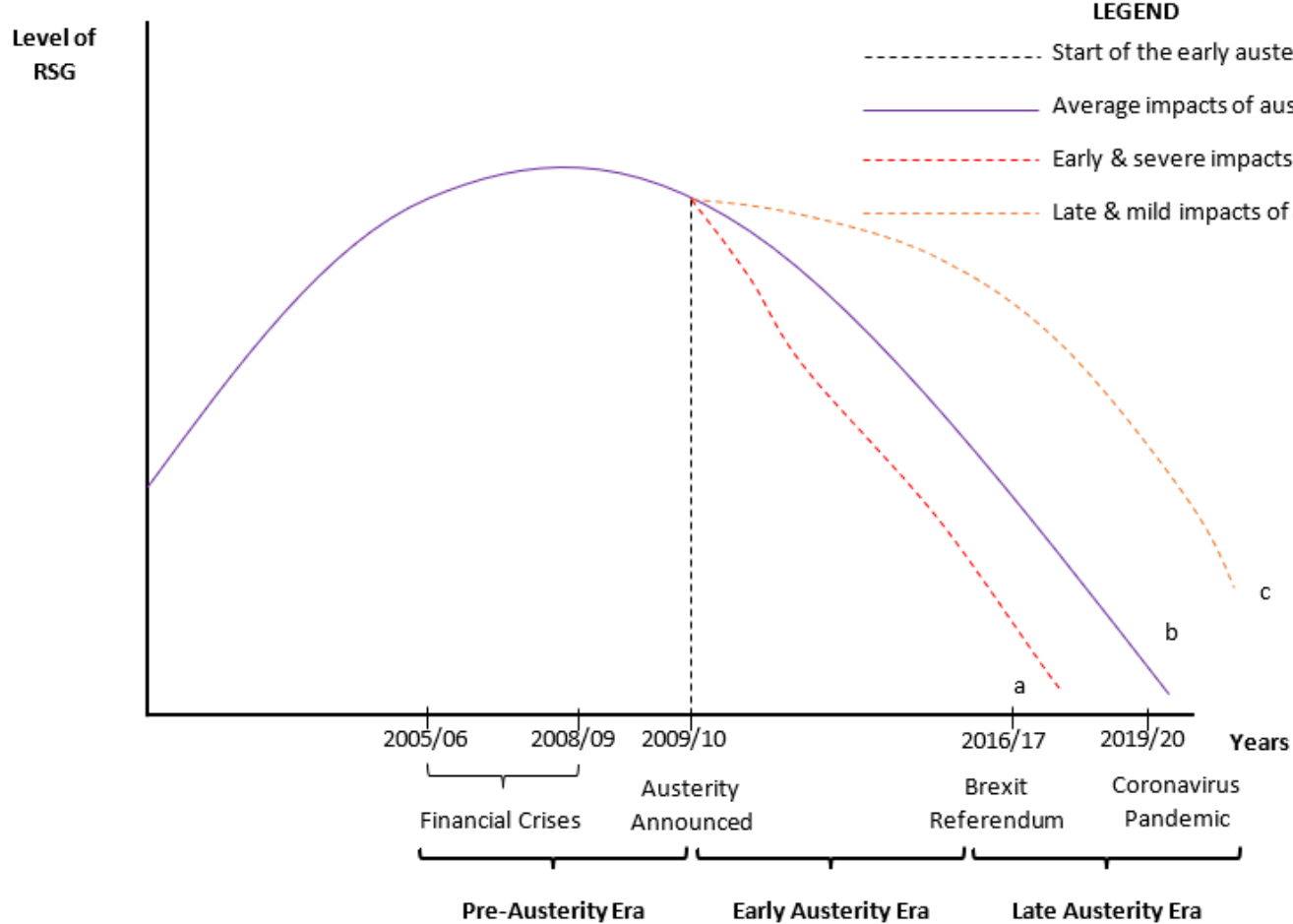
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Paper in Summary

- The Global Financial Crisis (GFC) had a significant impact on central and local gov't, particularly English Local Authorities (LAs). e.g. continuous significant reductions throughout the long-term study period.
- Cultural and Related Services (CRS) arguably may be considered 'a relatively easy' target for reduction by LAs.
- Even without the GFC, LAs are under pressure because of other **statutory** services in high demand (e.g. social care).
- The study investigates how English LAs have treated CRS in relation to other expenditure areas.
- From an assembled data set of English LA funding, we used data visualisation and a 'financial resilience framework' to assess the treatment of CRS before and in the early and late eras of austerity.

The state of English LA Funding during Austerity



Source: Author (2023)

(a) Even in the early austerity era, a few LAs were unable to meet their financial obligation to maintain a balanced budget (e.g. NCC – 2017).

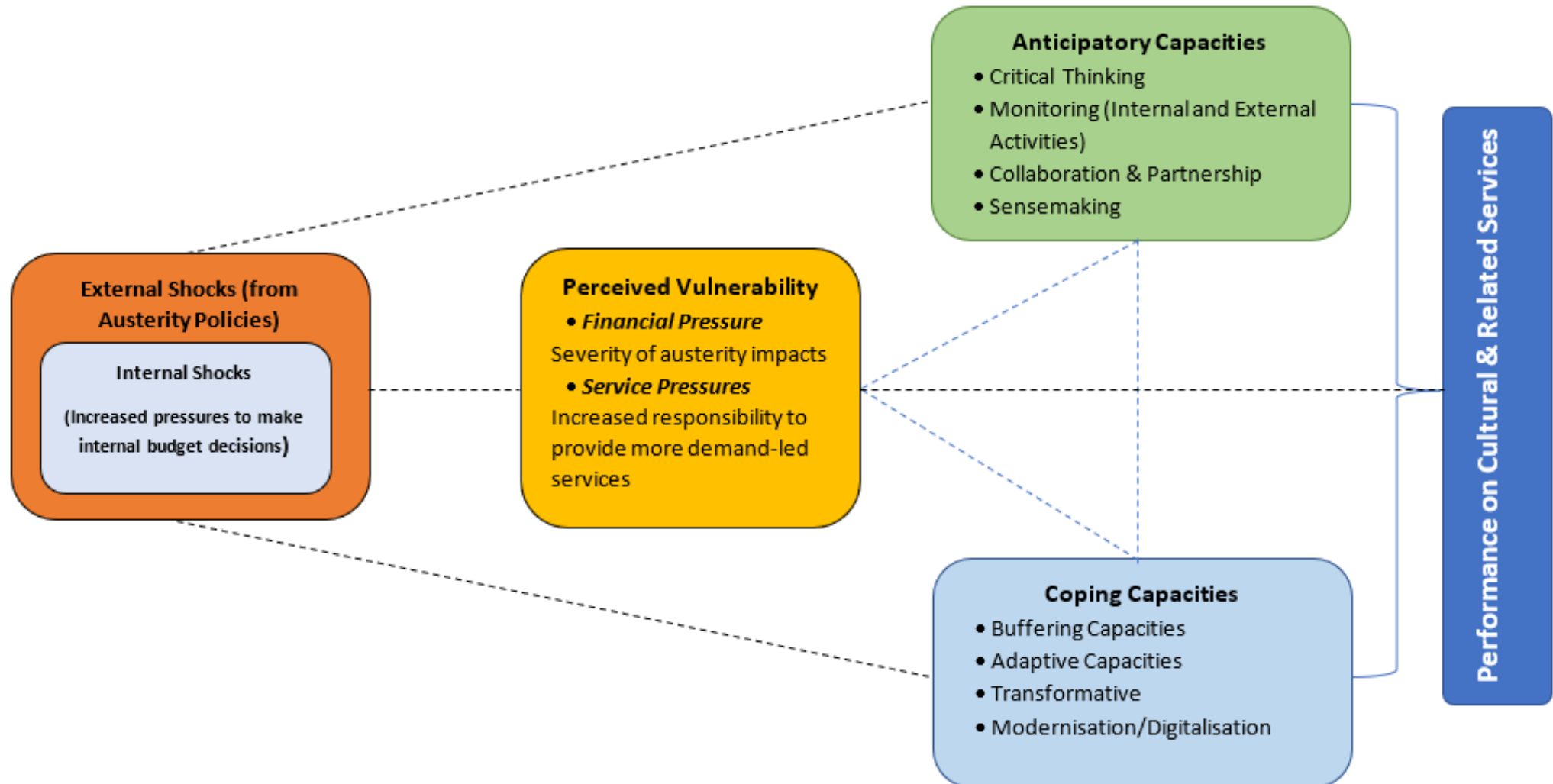
(b) Despite being increasingly vulnerable, most English LAs continued to meet their statutory responsibilities with indications they would **'bounce back'**.

(c) In the late austerity era, there were some clear signs of some authorities **'bouncing forward'**.

Impact on CRS during the austerity era (2009/10 -19/20)

Areas of Expenditure for LAs in England	2009/10		2014/15			2019/20		
	Value £'000	% Share	Value £'000	% Share	% Change	Value £'000	% Share	% Change
Education services	49,394,001	43.00%	32,247,566	37.80%	-34.71% ▼	27,676,252	34.46%	-14.18% ▼
Highways and transport services	7,807,793	6.80%	4,243,940	4.98%	-45.64% ▼	3,189,588	3.97%	-24.84% ▼
Social care *	21,786,531	18.97%	21,126,489	24.77%	-3.03% ▼	22,771,716	28.36%	7.79% ▲
Children Care	-	-	7,568,064	8.87%	-	8,420,987	10.49%	11.27% ▲
Adult Social Care	-	-	13,558,425	15.89%	-	14,350,730	17.87%	5.84% ▲
Public Health**	-	-	2,561,975	3.00%	-	2,739,776	3.41%	6.94% ▲
Housing services (GFRA only)	2,883,271	2.51%	1,732,034	2.03%	-39.93% ▼	1,506,560	1.88%	-13.02% ▼
Cultural and Related Services	4,557,039	3.97%	2,508,747	2.94%	-44.95% ▼	1,891,614	2.36%	-24.60% ▼
Environmental and regulatory services	5,702,385	4.96%	4,624,989	5.42%	-18.89% ▼	4,368,027	5.44%	-5.56% ▼
Planning and development services	2,486,546	2.16%	1,204,364	1.41%	-51.56% ▼	1,173,604	1.46%	-2.55% ▼
Police services	12,761,888	11.11%	10,184,730	11.94%	-20.19% ▼	10,359,197	12.90%	1.71% ▲
Fire and rescue services	2,377,507	2.07%	1,912,790	2.24%	-19.55% ▼	1,832,300	2.28%	-4.21% ▼
Central Services	4,739,634	4.13%	2,868,324	3.36%	-39.48% ▼	2,759,562	3.44%	-3.79% ▼
Other services	360,942	0.31%	85,972	0.10%	-76.18% ▼	35,788	0.04%	-58.37% ▼
Total Service Expenditure	114,857,536	100.00%	85,301,921	100.00%	-25.73% ▼	80,303,984	100.00%	-5.86% ▼
* Social care disaggregated into two distinct services adult and children care from 2011/12								
** Public Health was introduced as a responsibility for English LGs in 2013/14								

The Financial Resilience (FinRes) Framework



Adapted from Barbera et al. (2018)

Quantitative Findings: Impact on CRS for English LAs

- CRS was subject to significant reductions in funding within LAs as a response to the reductions in central government funding.
- Within this continuous decline, and within CRS, most English LAs shifted priority from spending on library services (during pre/early austerity) to spend more on parks and open spaces in the late austerity era.
- **By Type:** Shire Districts (SDs) and London Boroughs (LBs) prioritised expenditure on theatres & public entertainment over heritage, and arts developments & support throughout the time series.
- **By Region:** LAs in (and around) London prioritised more funds for services in the 'culture & heritage', and 'recreation & sports' categories than those unspecified (e.g. library services, tourism, parks & open spaces). The reverse was a common pattern for the other LA types throughout the time series. (*Capital city bias?*)

Qualitative Findings: Responses using 'FinRes' Framework

- **Financial Shocks:** Despite the occurrence of disruptive events (Brexit, Covid-19), austerity appears to continually '*exist in the background*', and LAs expect this to continue in the foreseeable future.
- **Perceived Vulnerability:** Austerity policies had ripple effects on service delivery – it compounded pressures on LAs to adopt retrenchment measures e.g. by applying cutback strategies to discretionary services (such as CRS).
- **Coping Capacities:** LAs adopted one or more of the three 'coping capacities' (strategies) and expected to withstand pressures from austerity in the early austerity era, which were initially anticipated to be short-lived but actually extended into the late austerity era.
- **Anticipatory Capacities:** LAs increasingly adopted a more 'forward-looking' approach (bounce-forward) when grants continued to decline in the late austerity era.

What it means going forward (beyond 2020...)?

For CRS:

- This was before Covid, and it is much worse now!

For English LAs:

- Is there a minimum level of CRS for English LAs – Is it zero? Should there be a statutory minimum like some other expenditure areas?
- If zero, what will be the effect on the wider economy, and also in terms of LA political-economic cycle.
- Given we expect CRS to decline further post-Covid (relative to other expenditure areas), we can expect a much more fragmented distribution of cultural amenities – perhaps biased to London, SE and some other major cities? (*retrenchment?*)
- Has central and Local government actively considered wipe-out of CRS in most of England?
- Is this privatisation/full marketisation by stealth from the current UK central government?