



The impact of austerity programme on local governments' social policy in England

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Local Governments (LGs) and Social Policy



LGs in England have two different types of duties: Statutory & Discretionary duties

Currently, LGs have to deliver and/or comply with 1338 statutory duties in collaboration with CG Departments and independent authorities.

LGs' statutory social policy duties

Education, Innovation & Skills

- schools & further education needs, employment of teachers,
- standards for school premises, regulation of service providers,
- special-needs, underachievement, free lunch,

Justice: education and skills of youth in custody, youth offending teams

Health: Adult social care, children social care, child abuse, child care homes, support disabled children carers, child fostering, work with PCTs for public health campaigns, control disease, food safety & hygiene,

LGs' Statutory Social Policy Duties

- **Housing & Communities:** Housing stock, sales, social housing needs, homelessness, parks, open spaces, playgrounds
- **Work & Pensions:** provide housing benefits, council tax benefits,
- **Culture Media & Sport:** community activities, libraries, sports facilities, museums and monuments
- **Home Office:** crime, disorder, support for asylum seekers, migrants

Main Sources of Funding LGs services

1) Central government grants (CGGs) (some ring-fenced)

Based on population & investment needs. In 2010, CGGs made up of

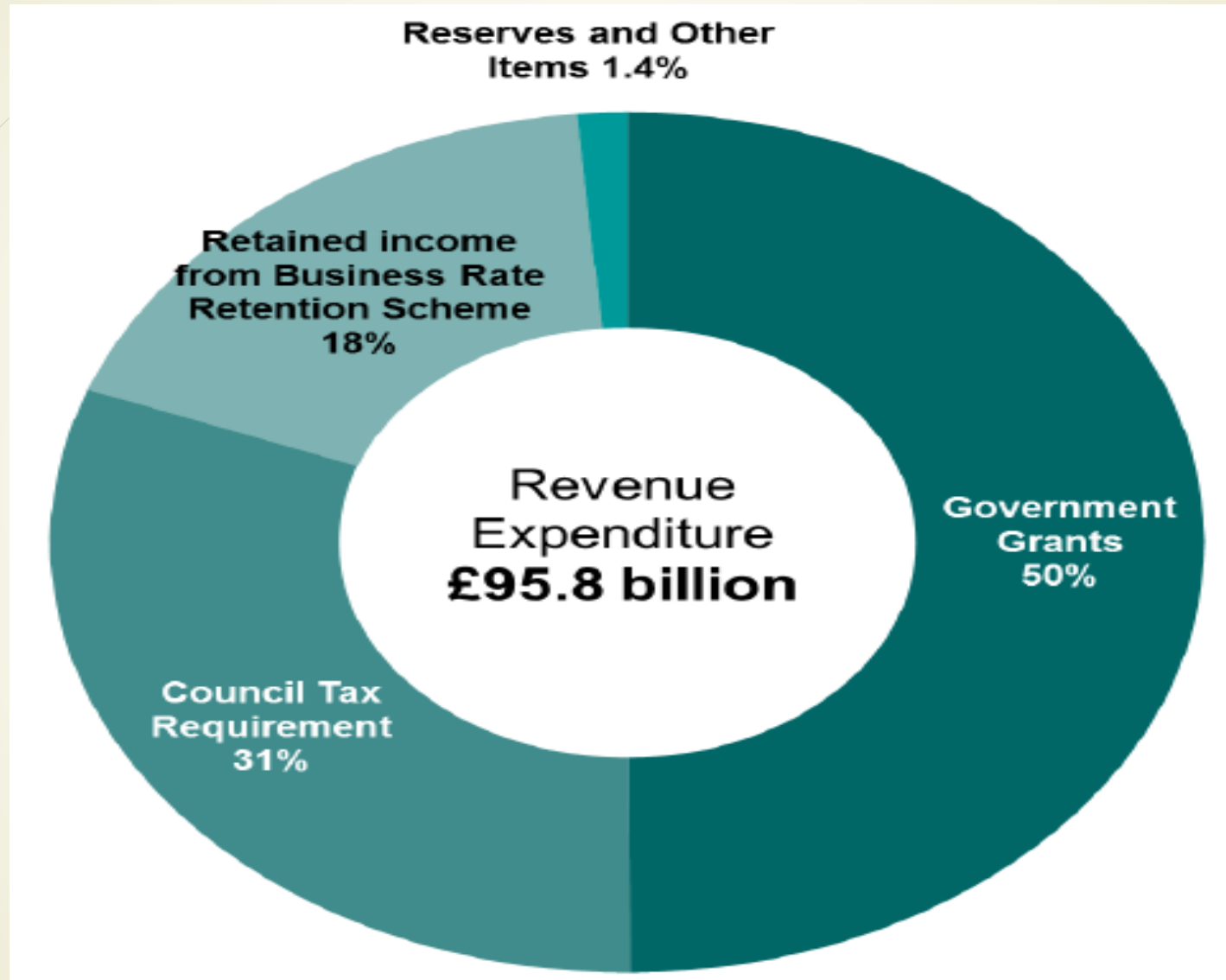
- 1/3 of revenue for the richest 10% LAs
- 4/5 of revenue for the poorest 10% LAs

3) Business Rates (charge non-domestic property): part retained and remainder redistributed via CG.

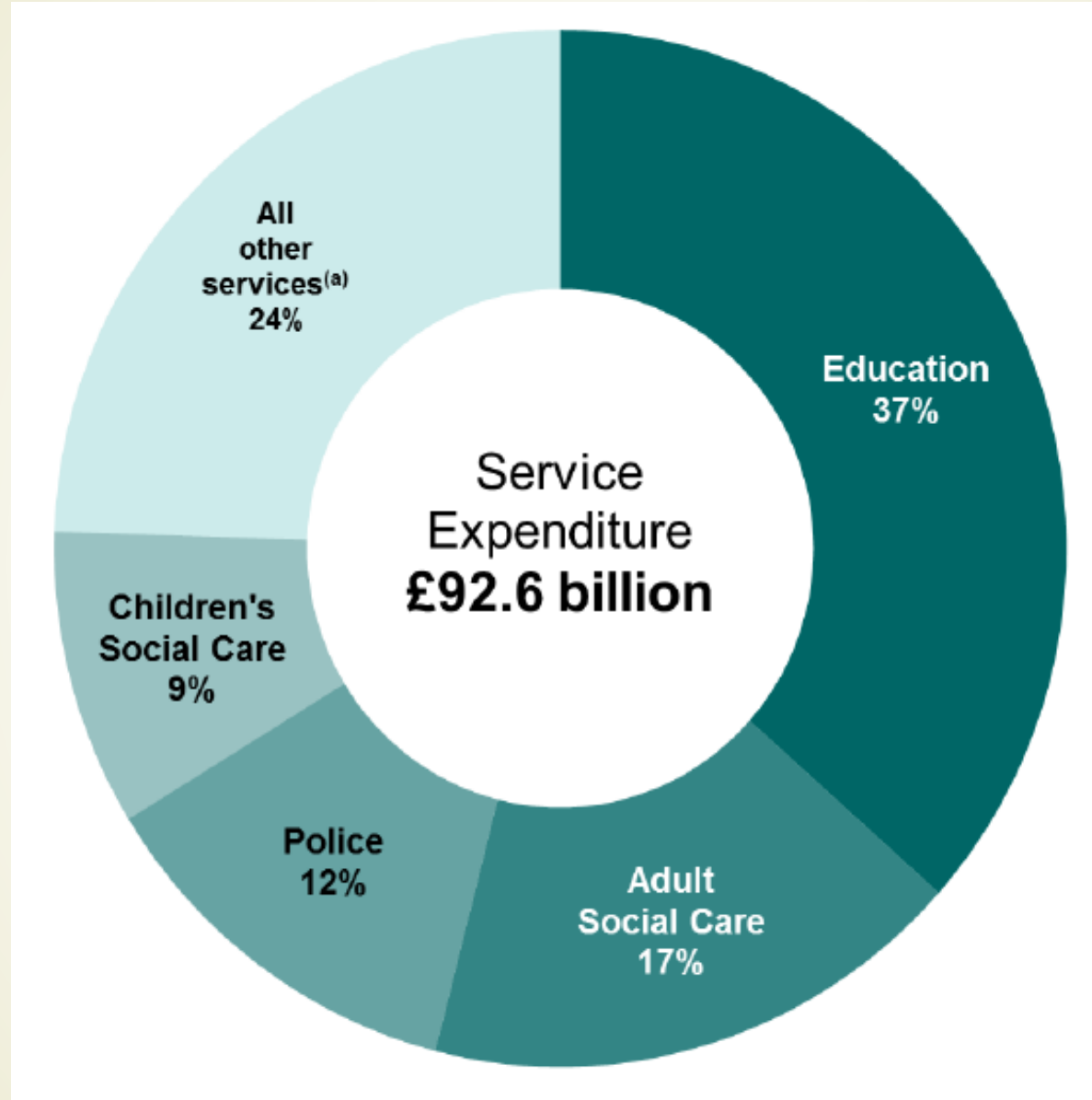
2) Council Tax (charge on domestic property): used by LGs only, not redistributed

4) Fees and charges (e.g. parking)

Financing of LGs in England



Distribution of budgetary spending on services 2018-2019



(a) 'Other': incl. Highways, Transport, Public Health, Fire & Rescue, Cultural, Environmental, Planning services

Source: DCLG (2018) Local Authority Revenue: Expenditure and Financing: 2018-19 Budget, England

The 2008 Crisis and the change in politics

Crises are times of intensified class/power struggle as they generate a need for change. In the UK:

b) There is resurgence of radical left, incl. an unexpected change in Labour Party leadership.

a) There is also struggle to protect neo-liberal governance, downsizing the welfare state, assaults on labour and welfare rights

The 2008 Crisis and affects on approaches to LGs

So far, the Conservative Governments have fought for protecting and deepening neo-liberal policies. For local governments, this meant re-packaging old policies:

Big Society and Localism “It’s about the biggest, most dramatic redistribution of power from elites in Whitehall to the man and woman on the street ... we can give people the power ... to take action themselves. ... It’s about pushing power down” (David Cameron, 2010)

Allows private / community to bid for public assets and contribute to service delivery. Abolished the Standards Board Regime.

The 2008 Crisis and the Cuts in the Budgets of LGs

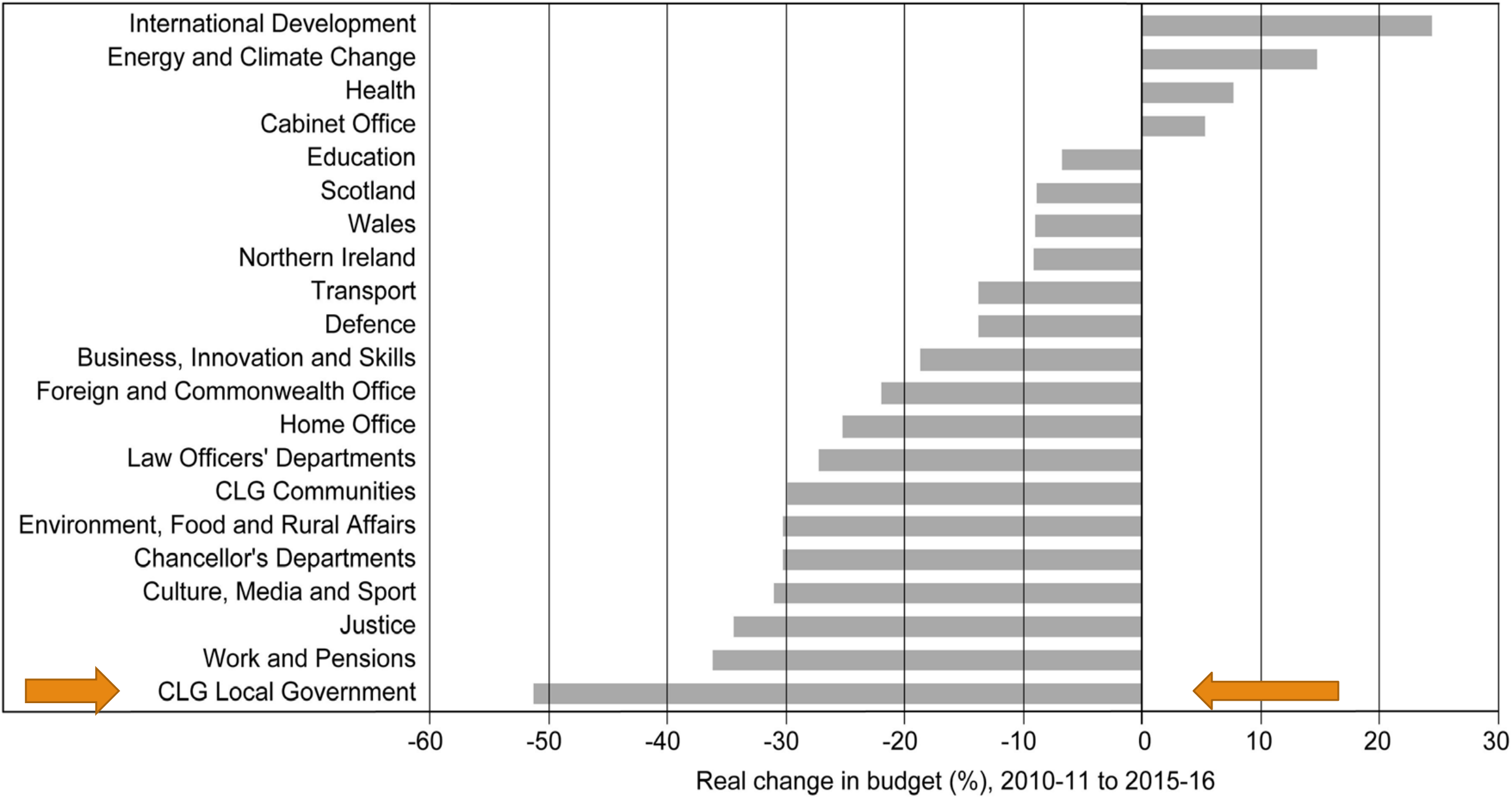


Before the crisis, social policy was largely determined by the CG because

- limited scope of independent funding
- the central decision making on welfare policy

When the 2008 crisis hit and the government started on what became a prolonged austerity programme, which is still continuing

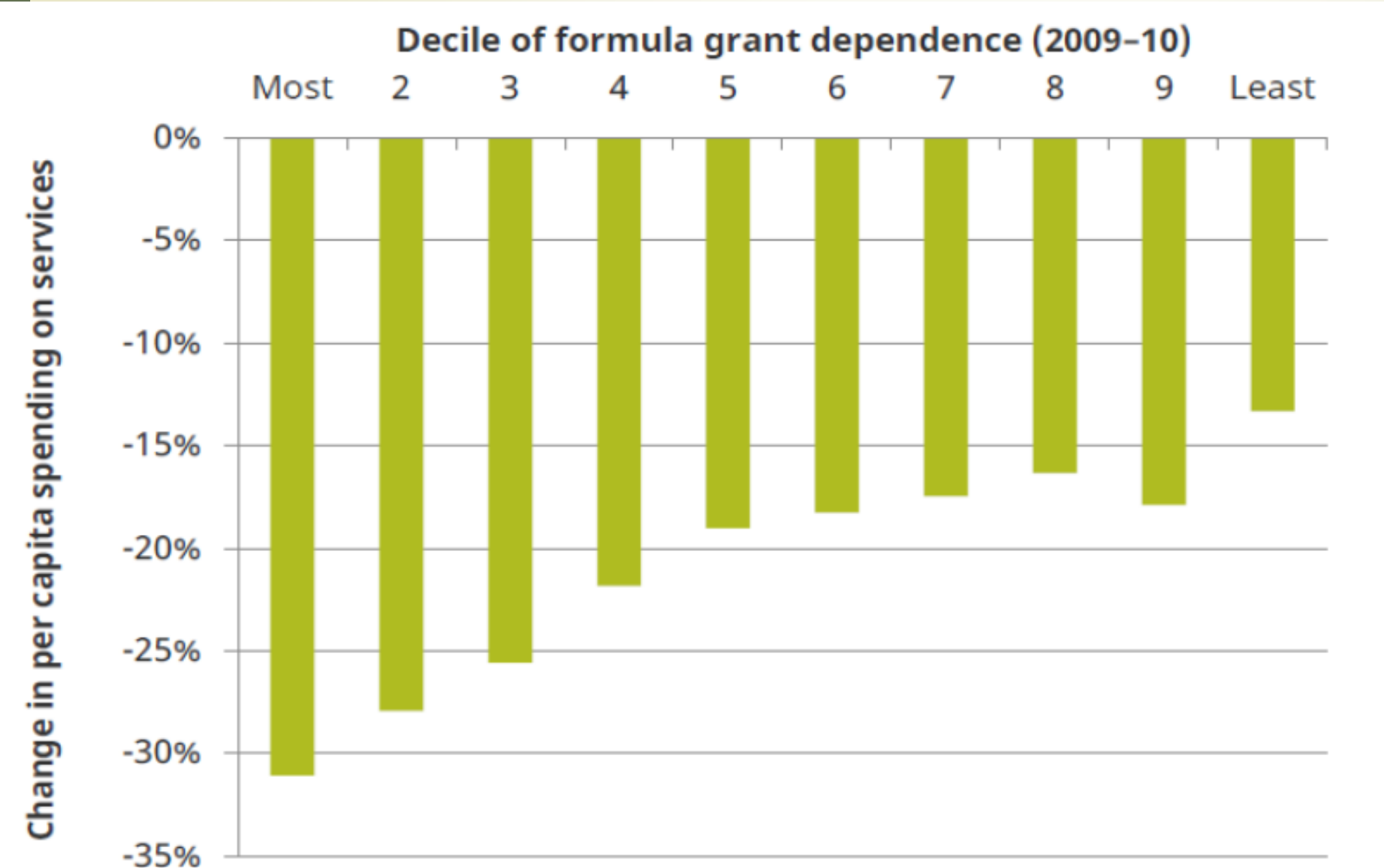
- a significant proportion of the cuts associated with the austerity programme cascaded down to the LGs which had to deal (or unable to deal) with the fallouts and rising vulnerabilities



LG grants declined by £16bn during 2010-2017

(Gray and Barford 2018)

HOW CUTS ARE AFFECTING LGs' SPENDING



‘Grant-dependent’ councils: with high needs and/or low capacity to generate their own revenues that tend to have higher levels of deprivation

Source: IFS (2018)

Change in LG spending by Service Area (2010-2017)

(£, billion)

0.1
-0.1
-0.3
-0.5
-0.7
-0.9
-1.1
-1.3

Planning & Dev

Housing

Highways &
Trans

Cultural
Services

Environmental

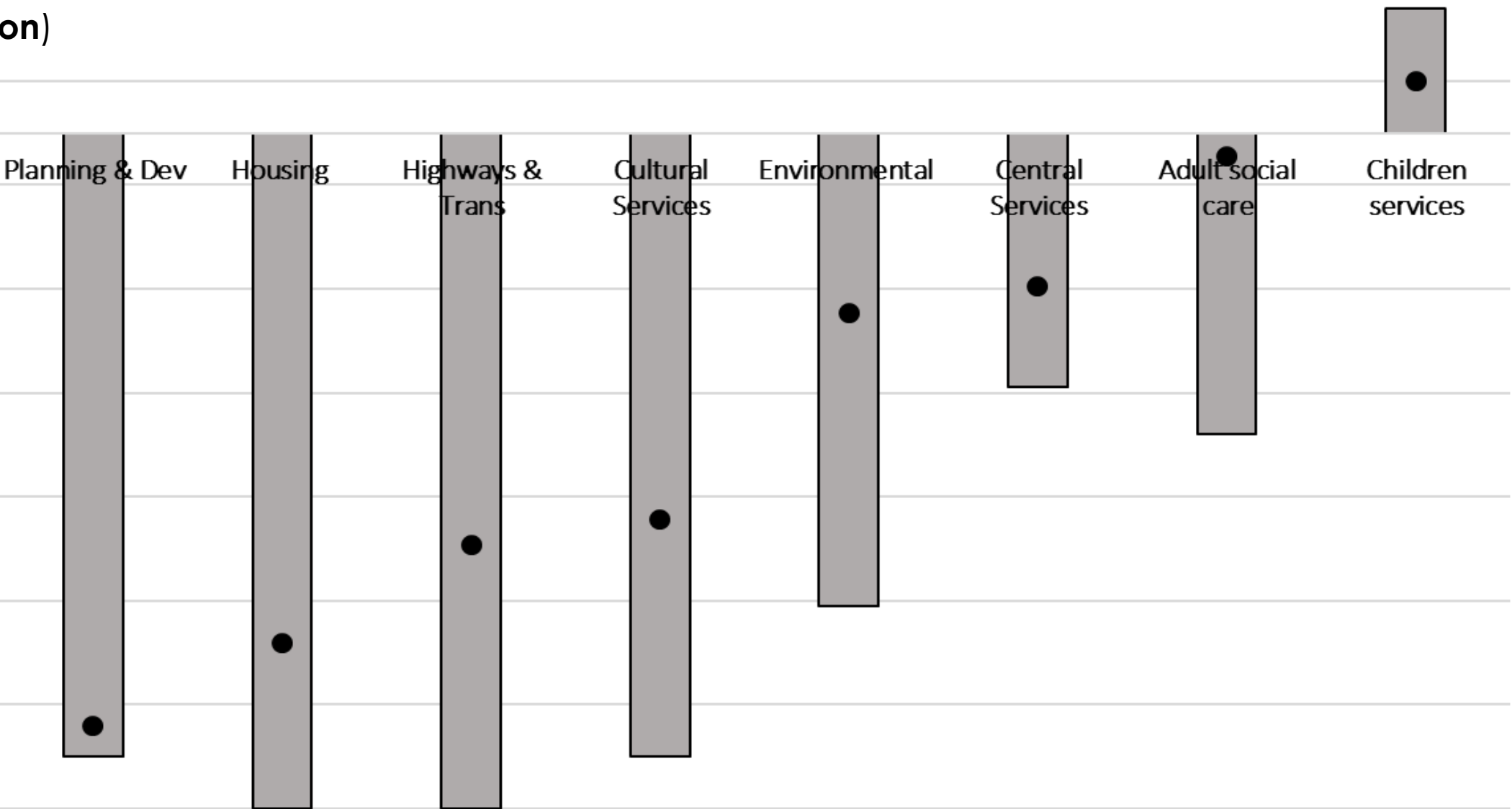
Central
Services

Adult social
care

Children
services

■ (£, billion) ● %

%
10
0
-10
-20
-30
-40
-50
-60



LGs' Coping Strategies So Far



Until 2015: Spending cuts dominated but spending for social care was protected

From 2016 onwards

- Reduced spending on social care
- Use of reserves
- Debt collection enforcement actions

LGs' coping strategies for the future

- ▶ raising Council Tax, Business Rates, other fees and charges
- ▶ Borrow from Public Works Loans Board
- ▶ There is rise in commercial LG companies

So,

- ▶ austerity policies that are supposedly temporary are being normalised and turned into structural policies
- ▶ With LGs being forced to rely on financial markets more and privatise further

The outcomes of austerity: Housing Crisis

LGs historically played an important role in social housing provision. But most housing stock privatised since the 1980s

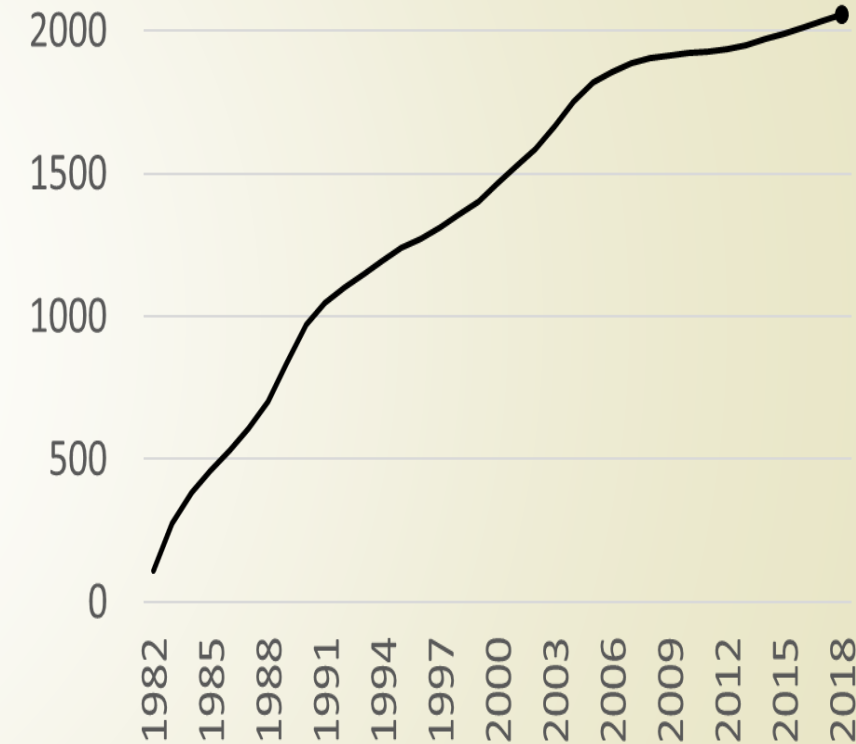
Housing conditions dictated by speculative real estate and financial market activities.

Post-crisis, housing spending saw one of the biggest decline, which intensified the housing crisis for low income working classes and the poor. Poverty is

- 15% before housing costs
- 20% after housing costs

Homelessness rose by 35% (unintentional priority HHs) from 2010 to 2017 (NAO (2018))

Cumulative no of social housing dwellings sold (England '000)



The outcomes of austerity: Punitive and Precarious Welfare Provision

- Widespread application of sanctions on welfare benefits
 - % sanctioned Job Seekers Allowance recipients of more than doubled between 2007 and 2013 (DWP 2016)
 - In 2015, ½ million sanctions were applied (NAO 2016)
 - Contributing to an explosion of foodbanks
- Evictions from social housing due to inability to pay rents rose. 100,000 more families were threatened with eviction in 2016 due to rent arrears in comparison to 2009 (NAO 2017).

The outcomes of austerity: Indebtedness for essential needs

- There is a significant rise in poor households who owe to LGs
- This is due to sanctions, leading to rent, council tax arrears as well as serious difficulties with payments for other essential needs such as food and energy
- These have led low income families to rely on borrowing, often at high cost, for basic needs

Growth of foodbanks & the failures of social policy

The number of individual food supplies distributed to from the biggest foodbank chain, Trussell Trust:

- 2008–2009: 28,000 food parcels in
- 2013–2014: 1000.000 food parcels
- 2017–2018: 1.400.000 million food parcels.

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