

# The public sector and local government - a lull between storms?

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# Local government in England/UK has faced major spending pressures in the past 13 years

- After the 2008-09 financial crisis the UK government set out to restore the country's public finances
  - Lower borrowing, reducing debt
- It did this by cutting public expenditure ('austerity') but simultaneously protecting several large parts of public expenditure
  - NHS, State pensions, schools and, later, defence
- Local government , Home Office (police and fire), Justice Department all cut sharply
- Councils then had to protect social care (children, adults) which meant spending on all other services fell sharply

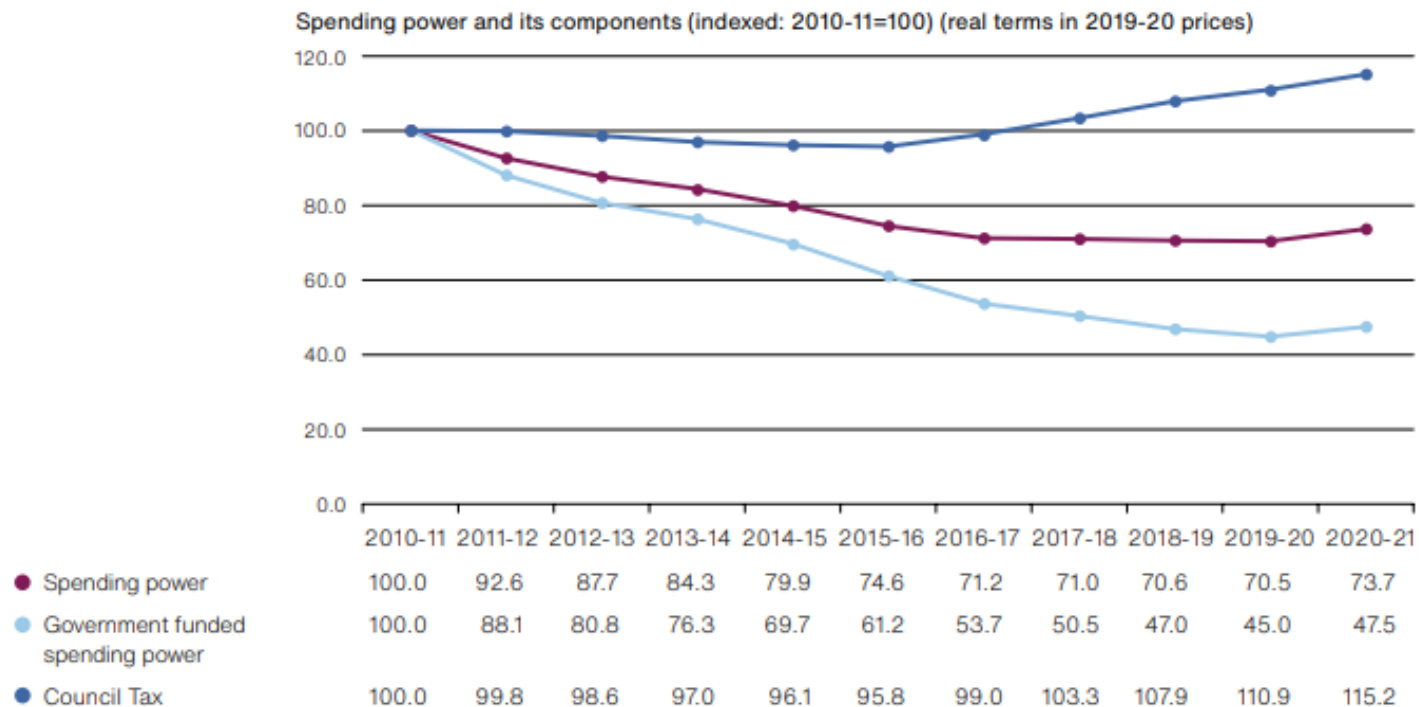
# Local government spending and income

2010-11 to 2020-21

**Figure 1**

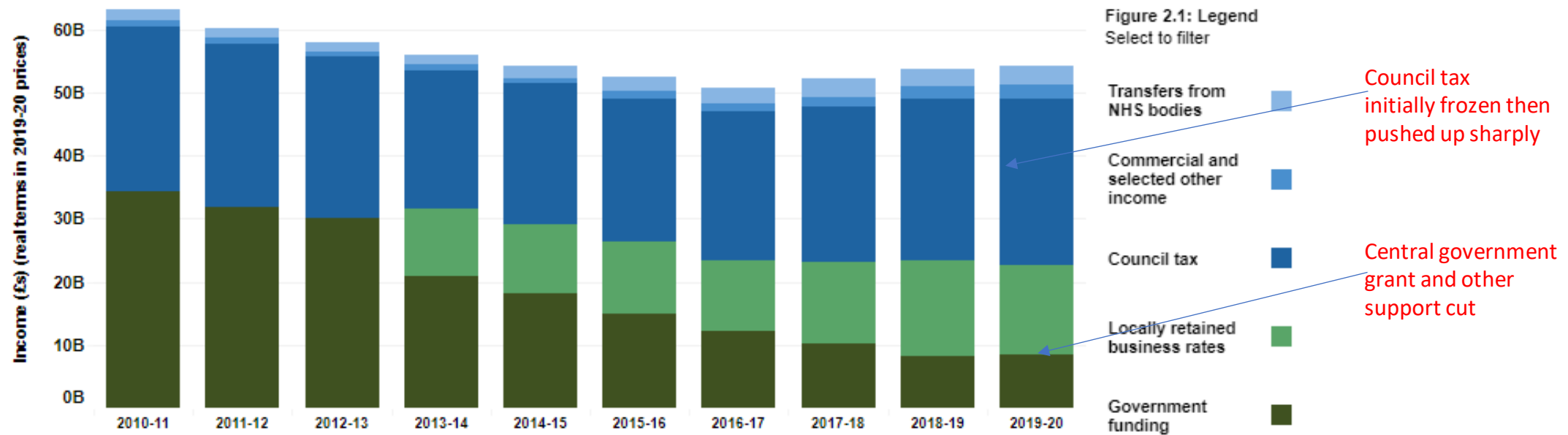
Change in spending power in English local authorities 2010-11 to 2020-21

Spending power fell rapidly from 2010-11 to 2016-17 at the sector level but has been relatively stable since then, with growth in 2020-21



# Income sources underpinning income

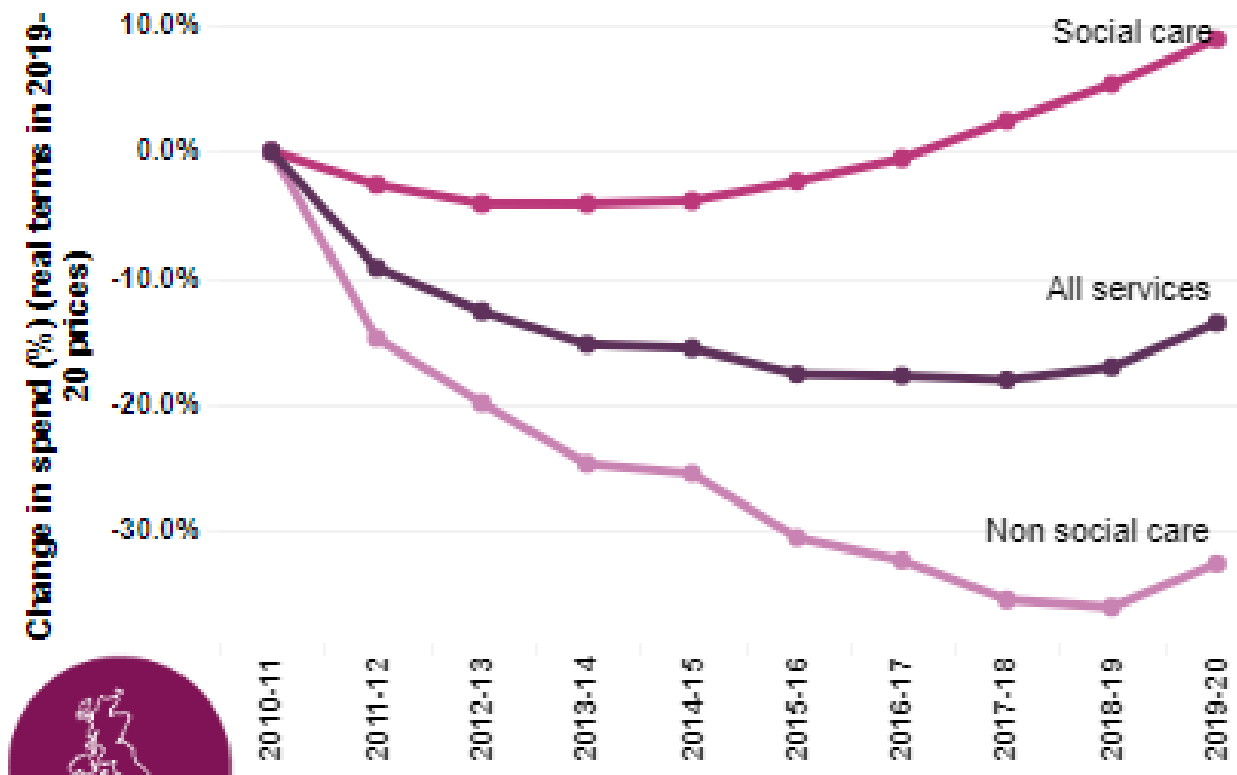
- funding 'spending power' in previous slide



Source: National Audit Office

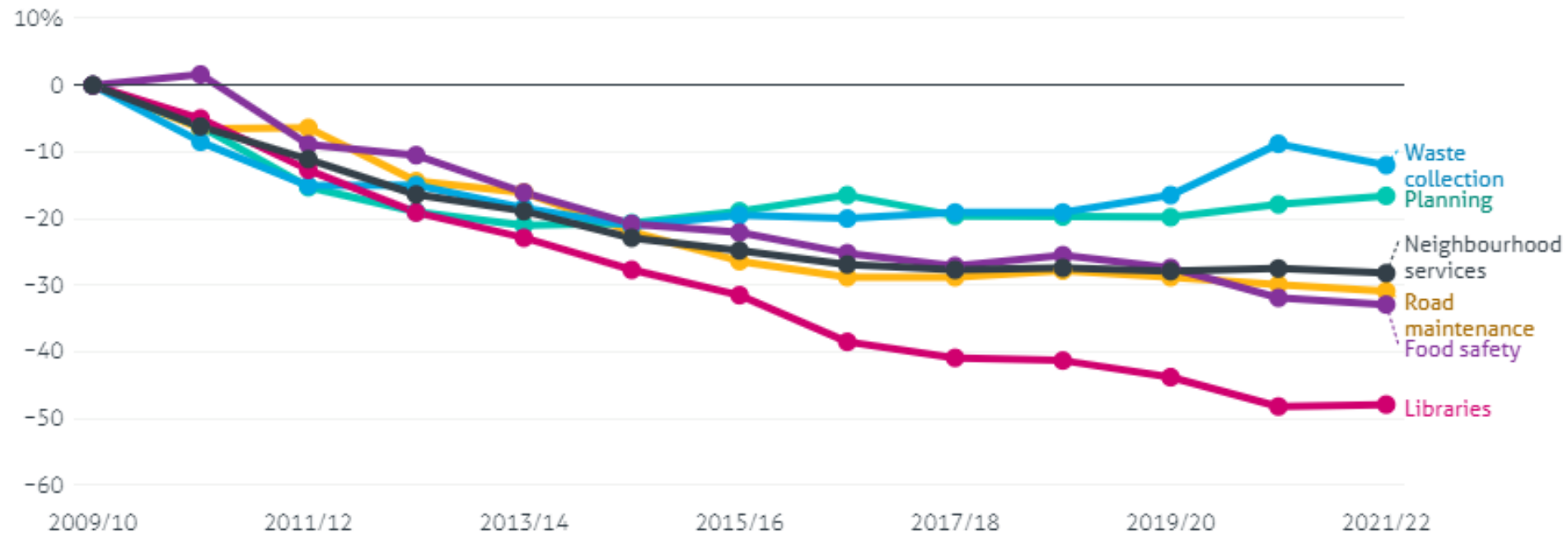
# Impact on social care and all other services

- central services, libraries, food safety down most of all



Source: National Audit Office

# Impacts on 'non social care' services

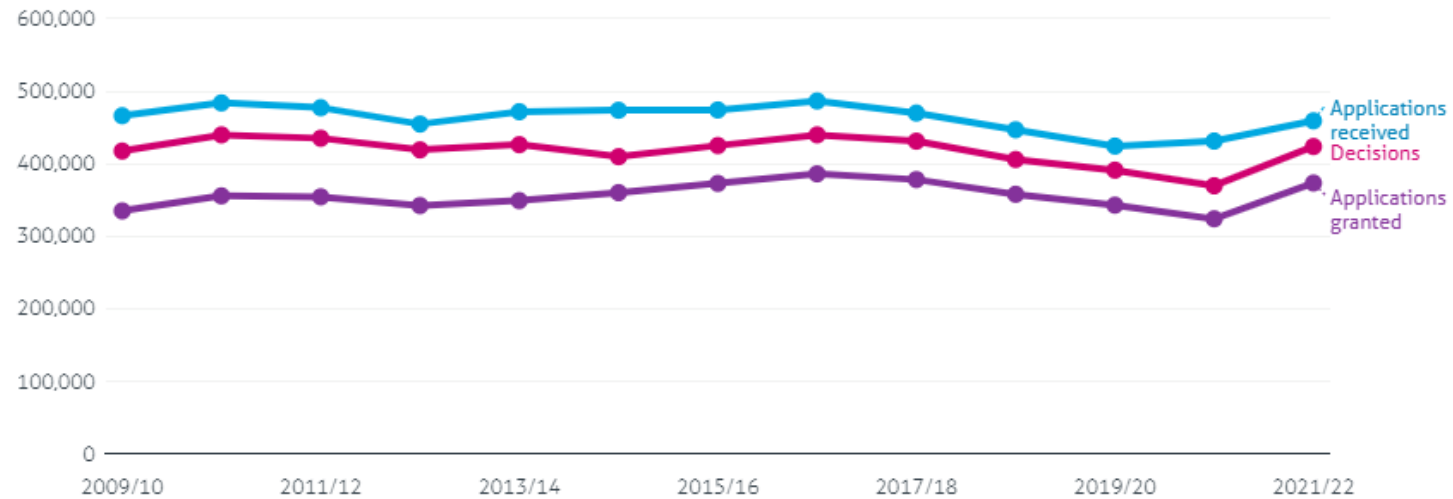


Source: Institute for Government analysis of DLUHC, 'Revenue outturn highways and transport services' and 'Revenue outturn cultural, environmental, regulatory and planning services', 2021/22, supported by CIPFA. • [Get the data](#) • [Embed](#) • [Download image](#)



Source: Institute for Government

# Productivity improvements: spending down 15%, yet planning decisions unaffected



Source: Source: Institute for Government analysis of DLUHC, 'District planning authorities – planning applications received, decided, granted, performance agreements and speed of decisions, England' ('Table P120'), 2021/22, supported by CIPFA. • [Get the data](#) • [Embed](#) • [Download image](#)

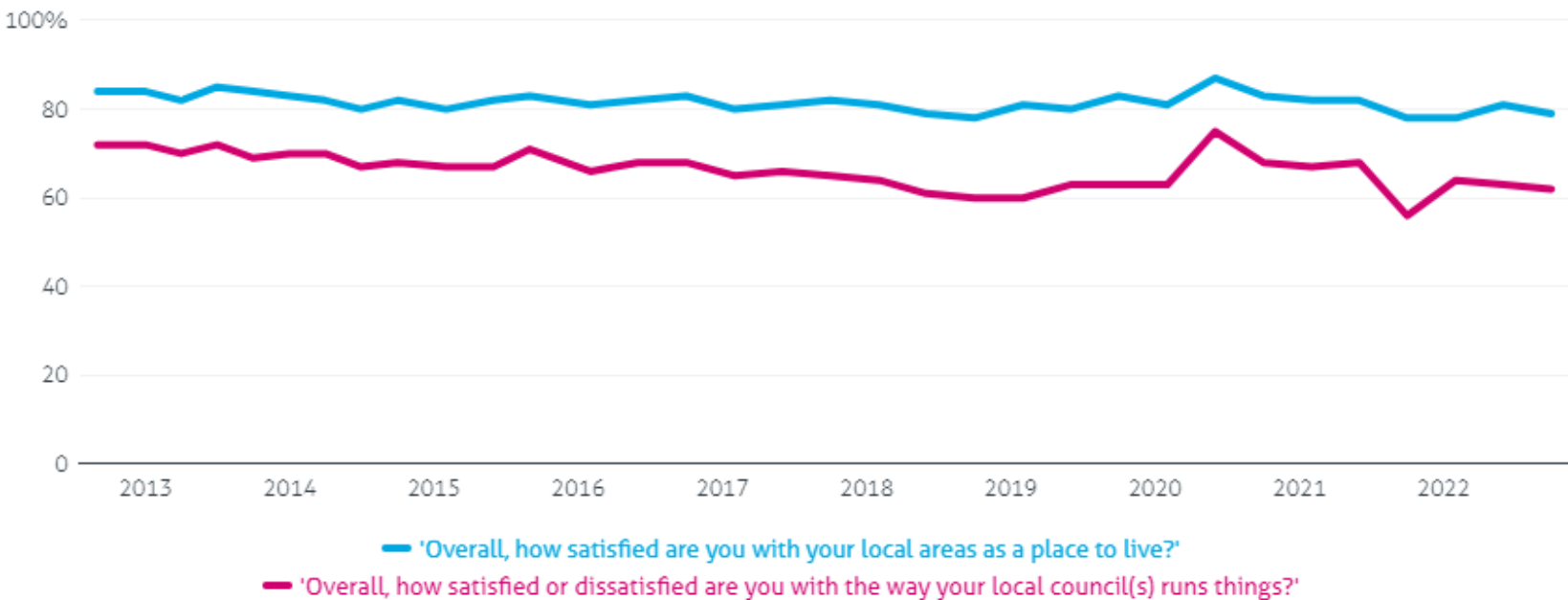







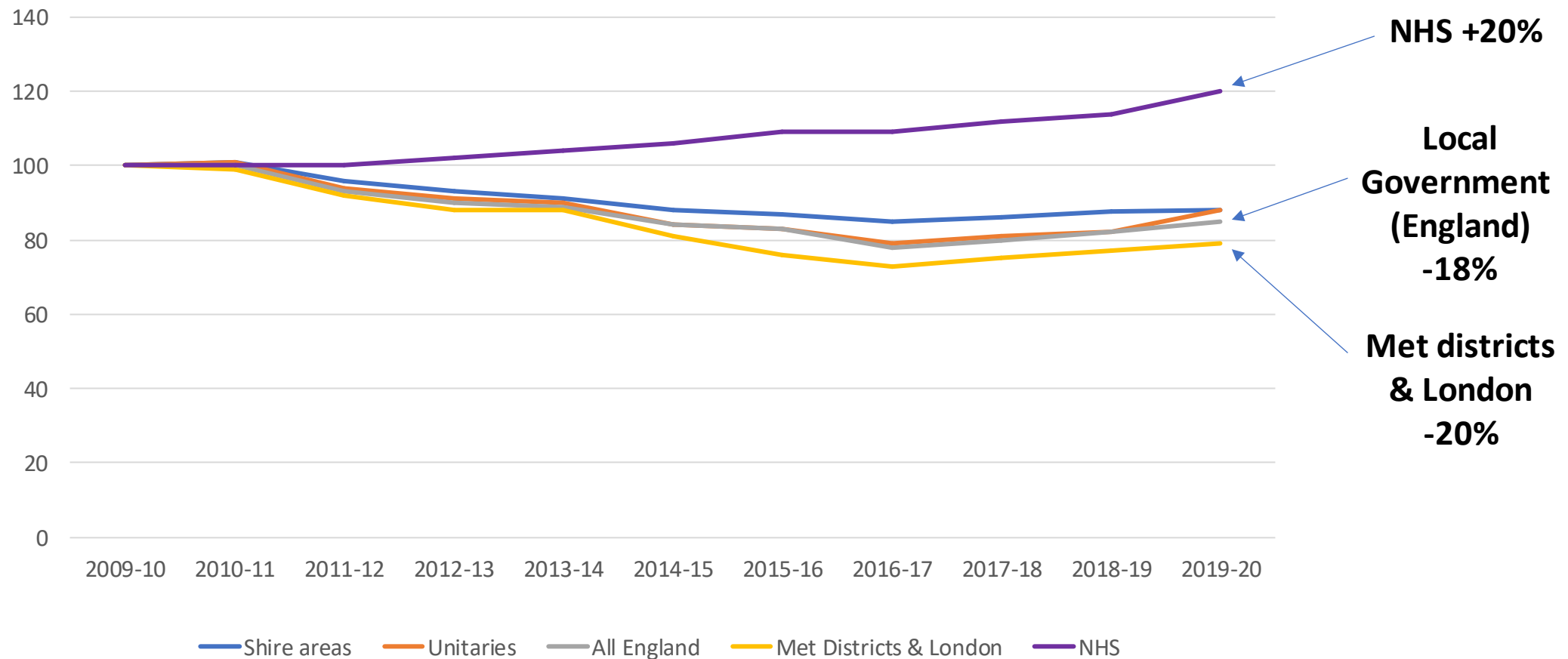
# Public satisfaction with local council/area

- amazing achievement!



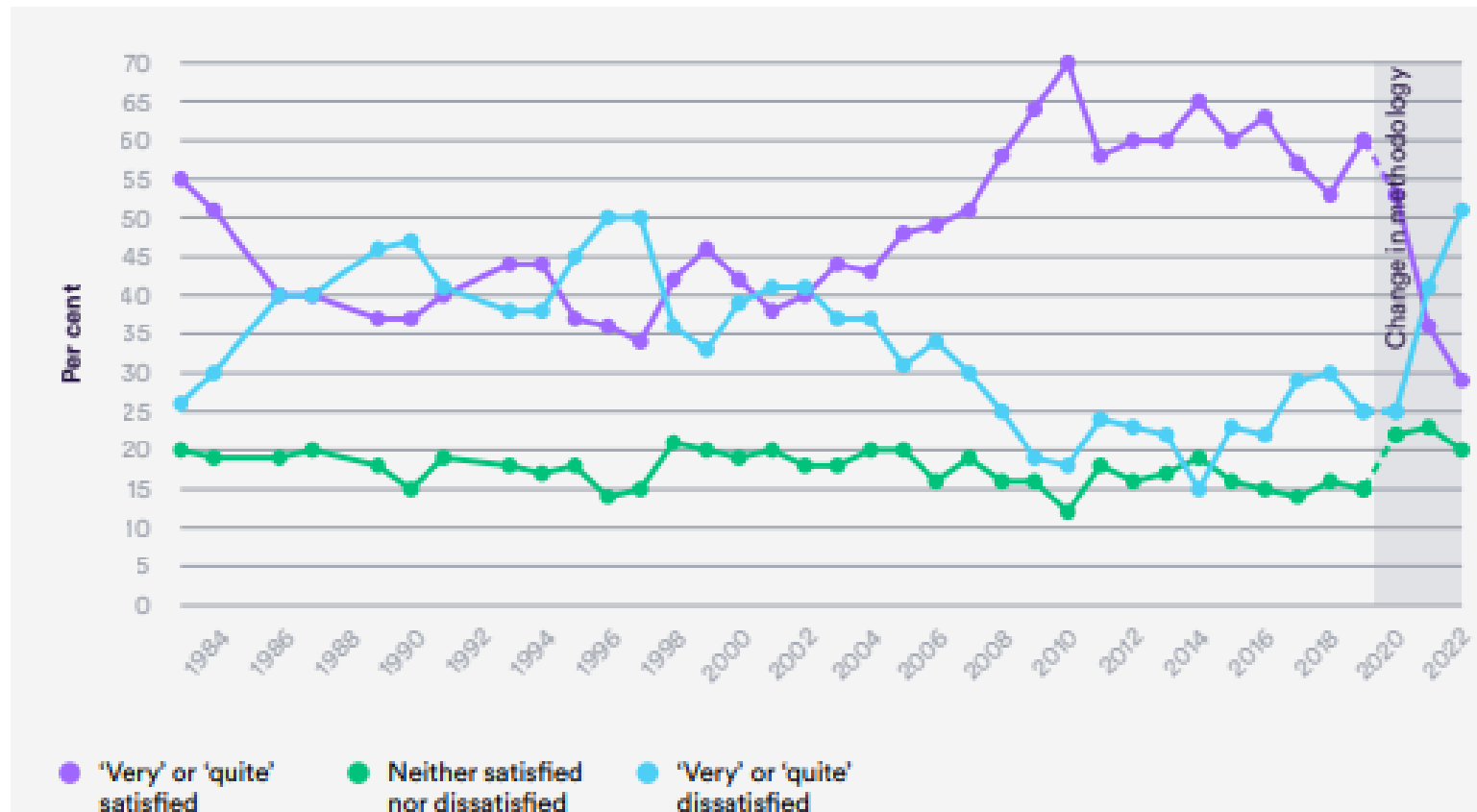
Source: Institute for Government analysis of Local Government Association, 'Polling on resident satisfaction with councils: Round 33 – October 2022' ('Figure 1' and 'Figure 2'), supported by CIPFA. • Notes: Polling was not carried out until 2012. • [Get the data](#) • [Embed](#) • [Download image](#) 

# NHS spending compared to local government 2009-10 to 2019-20



# Public satisfaction with NHS

- a major challenge for the sector and for politicians



# Local government has managed to survive

- But, there is clear evidence of public concern about a number of services, eg, social care (older people), parks/ local environment, streets/potholes, 'anti social behaviour' etc
- Councils have adopted a range of policy approaches:
  - Cuts to services
  - Rationing entitlement to services (eg, social care)
  - Changing service delivery patterns (eg, refuse collection)
  - Increasing charges (eg, leisure services)
  - Data-based understanding of service spending drivers
  - Greater use of digital and on-line technology
  - And, increasingly, adoption of Artificial Intelligence and machine learning to interact with the public and service providers

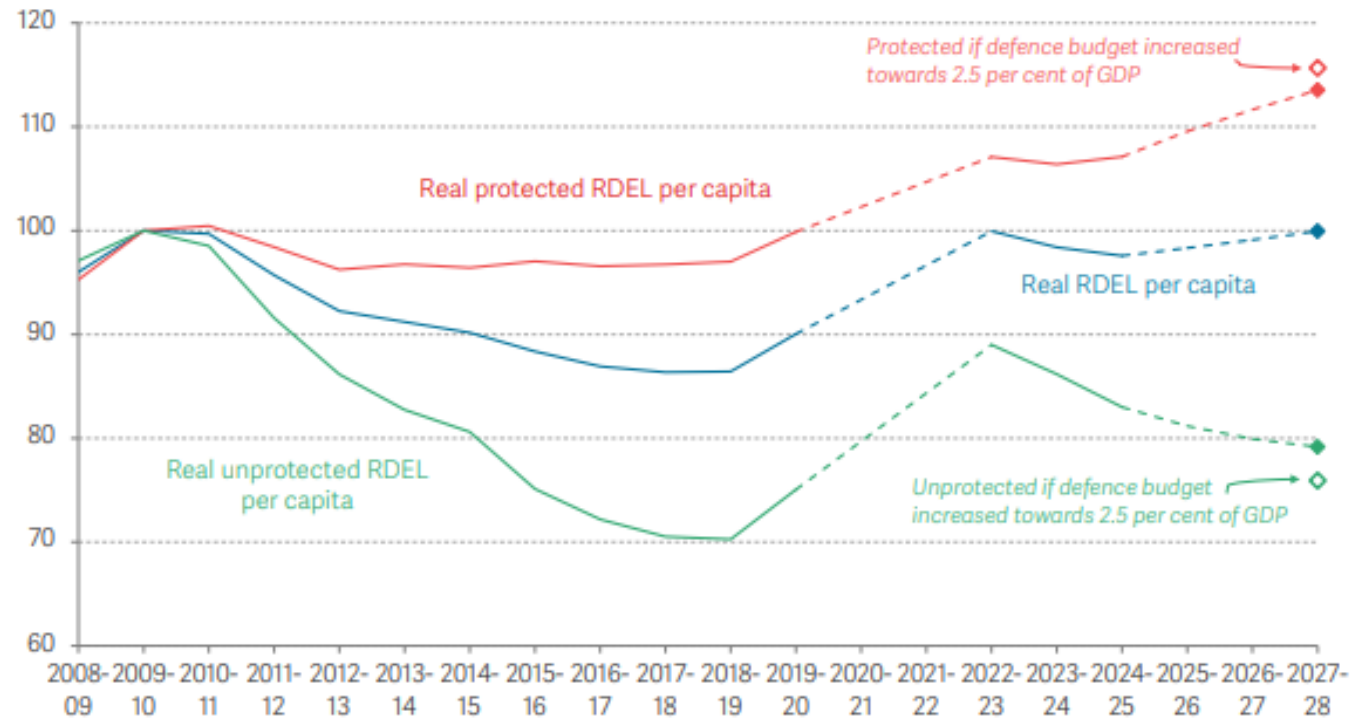
# NHS, police, fire all under continuing pressures from rising demand/expectations

- Recent studies have suggested the NHS might need 4% annual real terms increases just to hold its ground
- Police funding has risen slightly in the past two years, but only back towards 2010 levels
- Fire & emergencies funding not much different to local government
- More broadly, there are demands for increases in Defence and Justice spending
- The government (or one of a different party) also faces demands to hold down or reduce the tax burden

‘Unprotected’ services can expect further cuts from 2023-24 onwards

FIGURE 29: Unprotected departments are set to see large cuts to their budgets over the next spending review period

Indices of real per person resource departmental expenditure limited (2009-10=100), all departments, ‘protected’ and ‘unprotected’ departments: UK, 2008-09 to 2027-28



NOTES: Deflated using the OBR forecast for the GDP deflator to 2022-23 cash terms. Protected budgets include health, education defence and foreign, commonwealth and development office.

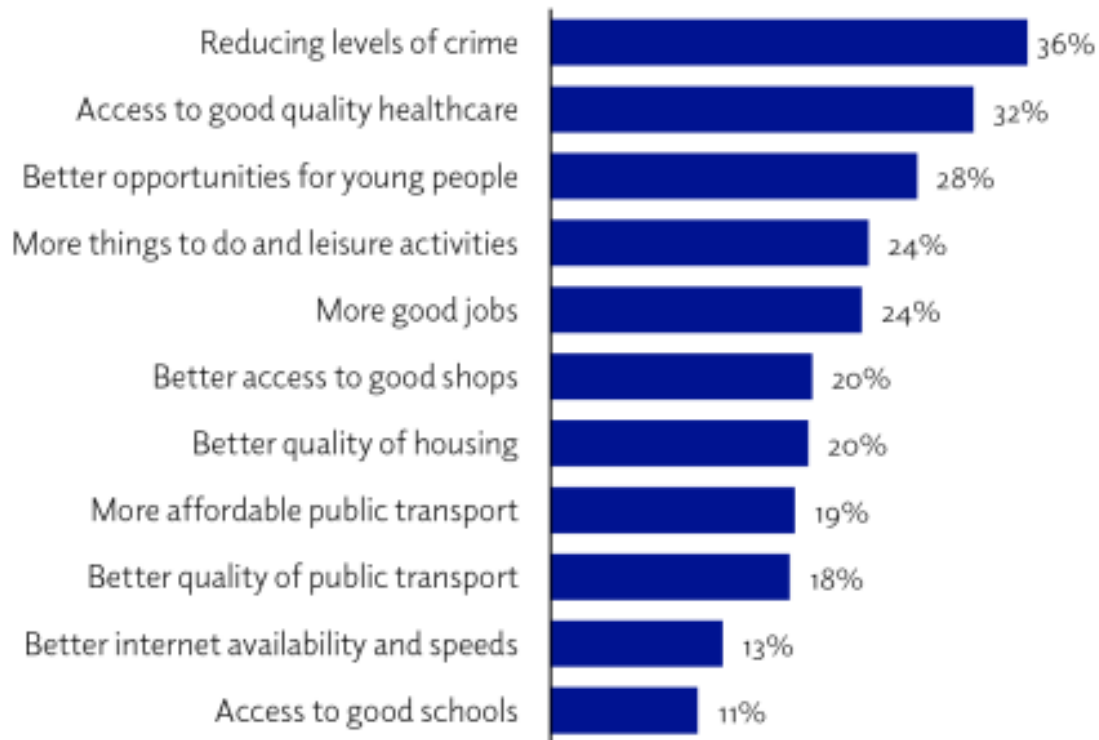
SOURCE: RF analysis of OBR, Economic and Fiscal Outlook, various; HM Treasury, Spring Budget 2023 and PESA Tables various.

## What people want

### If the public could choose one thing to improve their local area, it would be a reduction in the level of crime

Which of the following do you consider most important for improving your area? Please pick up to 3.

UK IN A  
CHANGING  
EUROPE



Source: UK in a Changing Europe/YouGov. Fieldwork: 19th April - 1st May 2022. N = 20834

# Where does this take us?

- The need for government and public services has never been greater
  - though 'trust' has fallen
- Councils' current expenditure unlikely to rise, though population will continue to increase and public expectations will not diminish
- NHS, police expenditure may rise, but only slightly above inflation
- The UK (and the world) is on the threshold of radical change because of AI and machine learning, which public providers will need to think about
- As so often, the challenges are immense and time-scales short...



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