

At the tipping point? Welsh councils' perceptions of austerity

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Abstract

Local government is considered 'one of the foremost casualties of the fiscal austerity which has characterised UK public policy since the 2010 Comprehensive Spending Review' (Hastings et al., 2015: 601). In England, the scale and pace of cuts to local government has been significant, with mean reductions in service spending for English councils nearing 24% between 2009-10 and 2016-17 which has significantly shrunk the capacity of the local state (Gray and Barford, 2018). In 2018, the impact of these cuts on councils was brought into sharp focus with Northamptonshire County Council declaring effective bankruptcy, and reports suggesting that a significant number of other councils are 'vulnerable to financial failure' (NAO, 2018). A recent survey revealed that over half (54%) of local government chief executives, Directors of Finance, and council leaders across the UK expect to see more councils experiencing 'serious financial crisis' in 2019 (PwC 2018: 1).

In the 20 years since devolution, successive administrations in Wales have taken a 'distinctively Welsh' or 'Made in Wales' (Moon, 2013) approach to local government and public services. This can be identified in Welsh Government's response to the 2010 Spending Review, with austerity being described by then Welsh Government Finance Minister Jane Hutt AM as a 'choice, not an economic necessity' (Hutt, 2016), in contrast to UK Government's framing of austerity as an opportunity for a 'radical programme of public service reform ... enabling sustainable, long-term improvements in services' (HM Treasury, 2010: 8). Welsh local government was initially relatively protected from austerity, owing to the 'time lag in English cuts feeding through the formula used to set Wales' funding in London' (Pill and Guarneros-Meza, 2018: 414), as well as the Welsh Government's decision not to protect health service spending, and more collaborative working between the Welsh Government and local government (Ferry et al., 2017).

Despite these different perspectives on austerity, the reduced block grant Welsh Government received from Westminster, which fell by 5% in real terms between 2011 and 2019-20 (Drakeford, 2017), has filtered down to Welsh councils. They have experienced an average reduction of around 12% in service spending between 2009-10 and 2016-17 (see Table 1³) or a fall of £918.5m in Welsh Government grants to local authorities since 2009-10 (Ifan and Sion 2019). These cuts in budgets, compounded by a growing and ageing population and increased demand for local services such as social care, have created a 'perfect storm' (Wallace et al., 2013; Jeffs, 2013).

A number of studies have explored the reaction of English councils to austerity (Ahrens and Ferry 2015; Hastings et al. 2013; Fitzgerald and Lupton 2015; Jones, Martin, and Whittington 2015), but there has been no in-depth qualitative analysis examining Welsh councils' response. This study provides new empirical data from the perspective of senior officers and politicians in Welsh local government to address this gap.

We examine councils' responses to austerity by analysing the strategies they have and the ways in which austerity has impacted upon services. We conclude with reflections on the effectiveness of councils' approaches, as well as issues for both local government and Welsh government to consider in the future.

Though focusing on Wales, we hope this paper will have resonance for local government experiencing the effects of austerity in countries across Europe, both for practitioners and for academics.

Points for Practitioners

Our research highlighted the following suggestions about how the Welsh Government could support local government in Wales to respond to austerity:

- Longer-term financial settlements

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³ All tables and charts can be found in the accompanying document 'Coping with the cuts? Welsh councils' perceptions of austerity: Tables and charts'.

- Changes to the grant system
- A more coherent vision for local government
- A shift in the balance of funding between the NHS and local government.

We also identified the following recommendations for local government in Wales to improve their response to austerity:

- Learn from good practice elsewhere in Wales and beyond the UK
- Support each other through difficult times
- Consider new forms of collaboration
- Increase risk-taking

Keywords

Austerity, budgets, local government, Wales