



The
University
Of
Sheffield.

SPERI British Political Economy Brief No. 6

Local authority spending cuts and the 2014 English local elections.

speri.

Sheffield Political Economy
Research Institute.

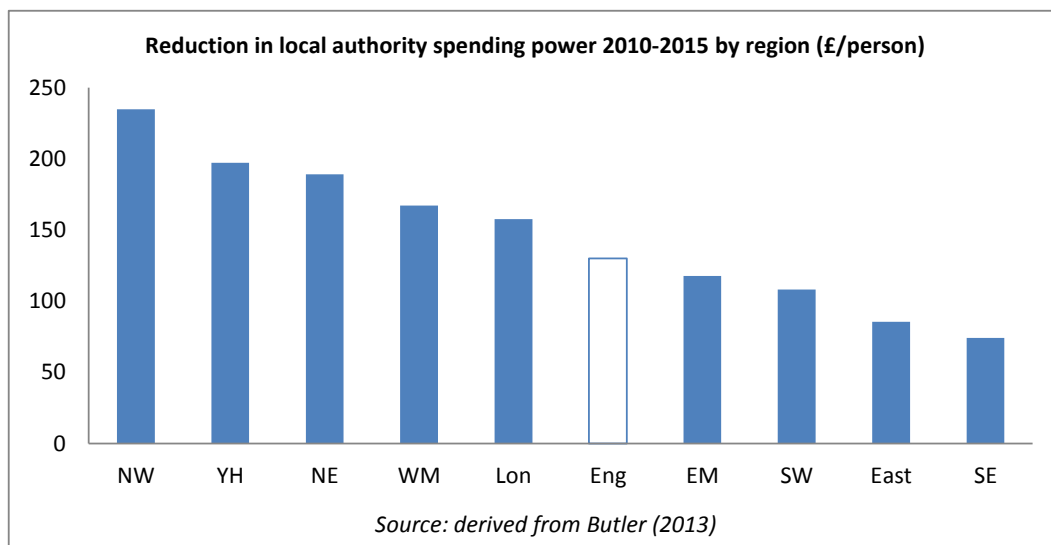
In this Brief the Sheffield Political Economy Research Institute (SPERI) considers the variable impact of local authority spending cuts across England, with reference to differences based on regional location, levels of deprivation and the political composition of councils. It also considers evidence on the cuts experienced by the specific councils affected by the 2014 English local elections, that is, those won by Labour, lost by the Conservatives, or where the UK Independence Party (UKIP) made significant gains.

Background

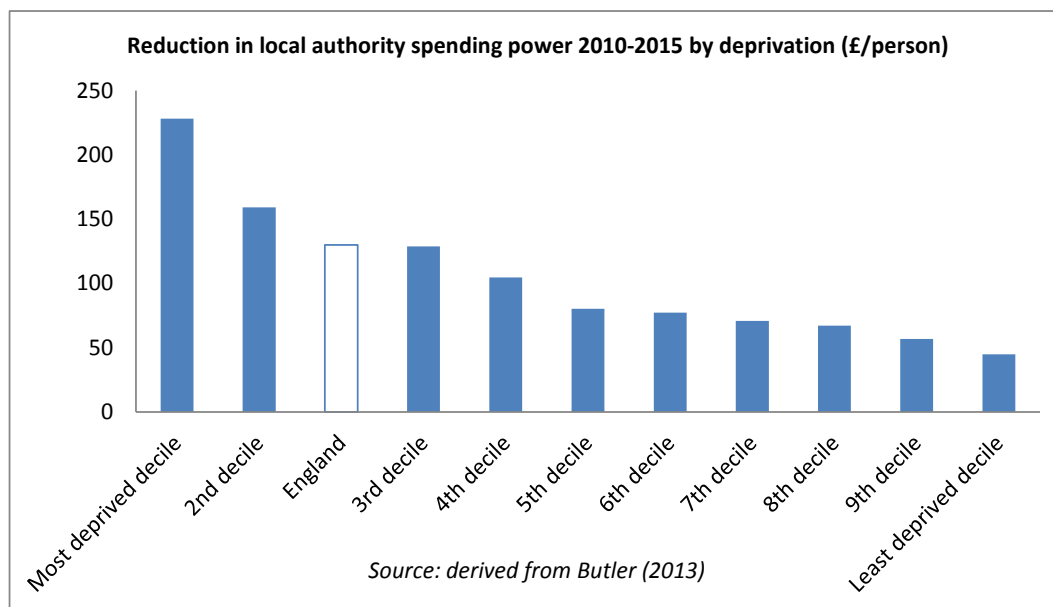
- The coalition government has implemented significant cuts to local authority budgets.
- The complex structure of local authority finance means different types of spending reductions have affected different councils in a variety of ways.
- There is a need to consider whether there are any patterns to the differential impact of cuts on local authorities, measured in terms of the reduction of the overall 'spending power' of each local authority, per resident of the local authority area, between 2010/11 and 2014/15.
- There is a further need to consider the relationship between the extent of cuts and region, deprivation and the political parties in control of each council. The cuts are part of an austerity agenda being pursued by the Conservative/Liberal Democrat coalition, but councils in the most deprived areas are typically controlled by Labour, and situated in Northern England.
- The 2014 English local elections, held on 22 May, may have altered this picture. Around half of local authorities in England held elections on this day.
- The elections, held in conjunction with European elections, saw significant gains for both UKIP and Labour, and significant losses for the Conservatives.

Evidence

- In terms of region, councils in the North-West have been most affected by reductions in local authority spending power, with an average cut of £234.76 per person. This region is closely followed by Yorkshire and Humberside (£197.24) and the North-East (£189.16).
- This compared to an average cut across England of £130.06 per person.
- The South-West (£108.08), the East of England (£85.40) and particularly the South-East (£74.08) have all seen local authority cuts significantly below the average for England.

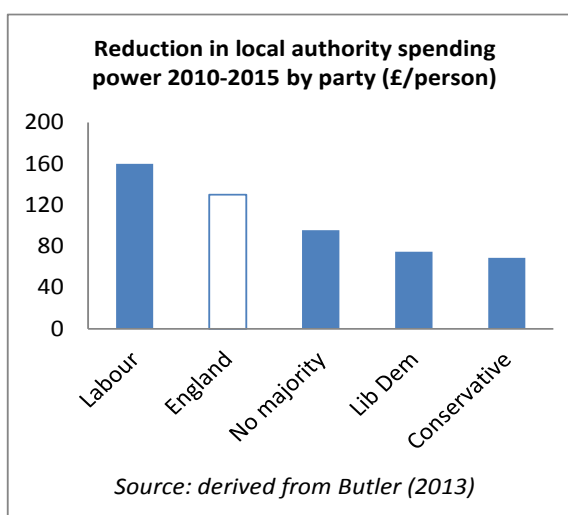


- In terms of deprivation, councils in the most deprived areas have been most affected by reductions in local authority spending power, with an average cut of £228.23 per person across the top 10 per cent most deprived local authority areas.
- The reduction in spending power falls significantly across the distribution of local authorities according to levels of deprivation. Councils in the 10 per cent least deprived local authority areas have seen cuts of only £44.91 per person, just over a third of the average cut across England.



- In terms of political control, councils controlled by the Labour Party have been most affected by reductions in local authority spending power, with an average cut of £160.08 per person.
- Councils controlled by the Conservative Party (£68.95) and the Liberal Democrats (£75.91), in contrast, have experienced much lower cuts.

- In terms of the 2014 local elections, the councils won by Labour have experienced an average cut of £115.57; this is below the pre-election average for Labour councils, but significantly above the average cut experienced by Conservative and Liberal Democrat councils.
- The councils lost by the Conservatives have experienced an average cut of £93.13; this is significantly above the pre-election average for Conservative councils. Only three of the eleven councils lost by the Conservatives have experienced a cut below this pre-election average.



- The councils where UKIP made significant gains (that is, gaining five or more seats) have experienced an average cut of £106.45; this is below the average for England in general.
- Two-thirds of UKIP's successes in this regard came in councils controlled by Labour. However, these specific councils have seen an average cut (£128.30) which is lower than the average cut experienced by Labour councils.

Analysis

- Cuts to local authority budgets have most affected councils in the North, councils in the most deprived areas, and councils controlled by the Labour Party (there is of course a significant overlap between these categories).
- In contrast, councils in the South-East, councils in the least deprived areas, and councils controlled by the Conservative Party have been protected from the most severe cuts (again, there is a significant overlap between these categories).
- Local government finance is complex; it is therefore not possible to infer a straightforward causal relationship between the concentration of the Conservative Party's electoral base in Southern England and/or the least deprived areas, and the pattern of local authority spending cuts.
- However, the evidence presented in the Brief does indicate that the austerity agenda imposed on local authorities by the coalition government has not sought to protect the most deprived areas – predominantly in the North and controlled by Labour – from the impact of spending cuts.
- Whether deficit reduction on the scale undertaken by the coalition is necessary is debatable; yet it is certainly the case the austerity agenda could have taken an alternative form – such as additional tax rises targeted on more affluent sections of society – in order to mitigate its impact on the most deprived groups.
- The local elections appear to have been influenced by the differential impact of the cuts. In particular, the Conservative Party has lost councils which have experienced significantly higher cuts than typical Conservative councils.
- It is difficult to draw firm conclusions on the impact of cuts on UKIP's success. UKIP's gains are concentrated in Labour councils, albeit not in typical Labour councils. UKIP is more likely to have been successful in Labour councils which are not among the most deprived areas, and have not experienced the most severe spending cuts.

Conclusion

There is a clear pattern to the cuts experienced by local authorities in England: councils in the North, in more deprived areas, and/or controlled by Labour have, generally speaking, seen more significant reductions in spending power than those in the South, in more affluent areas, and/or controlled by the Conservatives or Liberal Democrats. The extent to which the 2014 local elections were influenced by this differential impact is less clear, although it is apparent that the Conservatives' losses were concentrated in areas that have not been shielded from the cuts to the same extent as Conservative councils in general. UKIP's success was concentrated in Labour councils, albeit relatively atypical Labour councils.

References

- Butler, Patrick (2013) 'Council spending cuts: the north loses out to the south', *The Guardian*, 11 January, available at <http://www.theguardian.com/society/patrick-butler-cuts-blog/2013/jan/11/council-cuts-north-loses-out-to-the-south-newcastle>
- BBC (2014) 'Vote 2014: England council results', available at <http://www.bbc.co.uk/news/events/vote2014/england-council-election-results>

Annex A: 2014 local elections data

Reduction in local authority spending power 2010/11-2014/15 in selected councils affected by 2014 local elections (£/person)	
Labour wins	
Amber Valley	92
Bradford	200.39
Cambridge	66.92
Crawley	53.7
Croydon	113.12
Hammersmith and Fulham	217.65
Merton	98.68
Redbridge	82.11
AVERAGE	115.57
LABOUR PRE-ELECTION AVERAGE	160.08
Conservative losses	
Amber Valley	92
Basildon	69.78
Brentwood	62.22
Castle Point	70.63
Crawley	53.7
Croydon	113.12
Hammersmith and Fulham	217.65
Maidstone	51
Peterborough	103.89
Redbridge	82.11
West Lancashire	108.41
AVERAGE	93.13
CONSERVATIVE PRE-ELECTION AVERAGE	68.95
UKIP gains ≥5 seats	
Adur (Con)	54.37
Basildon (Con)	69.78
Castle Point (Con)	70.63
Dudley (Lab)	110.43
Great Yarmouth (Lab)	135.62
Newcastle-under-Lyme (Lab)	74.93
North East Lincolnshire (Lab)	209.2
Portsmouth (Lab)	126.43
Rotherham (Lab)	150.12
Thurrock (Lab)	91.36
Wyre Forest (No majority)	78.07
AVERAGE FOR CONSERVATIVE COUNCILS	64.93
AVERAGE FOR LABOUR COUNCILS	128.30
OVERALL UKIP AVERAGE	106.45
ENGLAND AVERAGE	130.06
<i>Sources: BBC (2014); Butler (2013)</i>	

Annex B: Sheffield Analysis

- Sheffield City Council, controlled by Labour, has experienced a reduction of spending power of £198.47 between 2010/11 and 2014/15. This is significantly above the average for Labour councils and England in general.
- Sheffield is in the 84th most deprived local authority area in England (326 councils in total), that is, in the third decile of the deprivation distribution. Yet its spending cut is significantly above the average for councils in the third decile.
- Sheffield therefore appears to buck the general trend of the most deprived local authority areas experiencing the most severe cuts.
- However, while Sheffield has large pockets of relative affluence, it also has significant problems associated with deprivation. For instance, it is in the second decile of local authority areas in terms of the proportion of residents in receipt of benefits, and the proportion of children in poverty.
- In effect, Sheffield is a divided city. In general, it is not among the most deprived councils. Yet it has many socio-economic problems associated with deprivation – and local authority budgets connected to these problems have been significantly cut.



The
University
Of
Sheffield.

July 2014

Research and writing by Craig Berry and Laura White

Sheffield Political Economy Research Institute
Interdisciplinary Centre of the Social Sciences
219 Portobello
Sheffield S1 4DP

T: +44 (0)114 222 8346
E: speri@sheffield.ac.uk