

Neighbourhood services under strain

How a decade of cuts and rising demand
for social care affected local services

About this report

This report analyses how local authority spending and the quality and accessibility of local services changed during the 2010s. It finds that the most deprived areas received the biggest grant cuts, resulting in bigger reductions in bus mileage, more library closures and smaller increases in recycling rates. It argues that the government lacks a good picture of what is happening in two thirds of neighbourhood services and should collect better data to understand how and why local authority performance varies.

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Summary

Local government in England has been hollowed out since 2010, when the first cuts associated with the then chancellor George Osborne's 'austerity' programme were implemented. A mix of cuts and social care swallowing an increasing share of budgets have led all councils to cut spending on neighbourhood services – those most citizens use and notice such as libraries, parks, children's centres, bin collections and road maintenance. Local authorities managed pressures in the first half of the 2010s by delivering services more efficiently, but this became harder as the decade ran on. This report sets out how local authority spending has changed; how spending and pressures varied across England; how local authorities responded; and what effects this had on the quality and accessibility of neighbourhood services. It finds that:

- **The scope of the state has shrunk locally, across England.** Within smaller budgets, councils* have had to concentrate spending on statutory and demand-led services such as homelessness, waste collection and concessionary bus passes. This came at the expense of preventative and universal services such as children's centres, subsidised bus routes and housing programmes to help vulnerable people to live independently. The overall picture is of smaller local authorities, doing less than they did in 2010, but these dynamics played out differently across England.
- **Grant cuts were largest in the most deprived areas.** Central government grants were cut deepest in the most deprived areas because the way cuts to grant funding were distributed took little account of how dependent on grants local authorities were in 2009/10. This, in turn, meant that the most deprived areas cut spending the most – even though the government acknowledges that deprived areas have higher needs for some council services.
- **Growth in demand for social care added a separate pressure.** At the same time, increases in demand for adults' and children's social care added a separate pressure. As far as is measurable, these demands – notably increases in the older population and the number of children in the care of local authorities – bore no relation to deprivation. By the end of the decade these areas made up three quarters of all local authority spending.
- **The least deprived areas increased spending on social care the most.** The least deprived areas were more likely to protect, and in some cases increase, spending on social care. Spending on social care reflects both demand and the size of a local authority's overall budget, so this may reflect the least deprived areas' larger budgets as well as increases in demand.
- **The combination of grant cuts and social care demand meant a range of local authorities cut neighbourhood services spending deeply.** The combined effects of grant cuts and increases in demand for social care squeezed the rest of local

* Throughout this paper, we only analyse local authorities responsible for social care in England. All references to 'councils' refer only to London boroughs, metropolitan districts, unitary authorities and county councils. See "Local authorities" section of Methodology.

authority spending, including neighbourhood services. As the biggest pressures were effectively distributed randomly, there are no clear patterns between overall pressure from grant cuts and social care demand, and region, rurality, political control or deprivation. All local authorities reduced spending on neighbourhood services, but scale varied hugely – from 5% in East Sussex to 69% in Barking and Dagenham.

- **Some local services became harder to access.** As a result, there are now fewer libraries, less frequent waste collection and, in local authorities outside London, fewer accessible bus routes. But in the case of some other services, local authorities appear to have made spending cuts without obvious reductions in quality or accessibility. Almost half of local authorities improved the quality of roads they maintained during the 2010s and over 90% of councils reduced the time they took to process applications from housing benefit recipients for changes in circumstance.
- **Cuts to neighbourhood services spending affected performance, but were only weakly related to performance.** There were only weak relationships between change in service-specific spending, and in overall spending, and the quality or accessibility of neighbourhood services. The most deprived areas reduced bus miles, libraries and recycling more, but in most cases changes in spending did not determine changes in performance. In interviews with local authority chief executives and chief finance officers, we heard that the extent to which councils were able to make efficiencies and local politics were at least as important in determining performance and spending, respectively, as the level of cuts themselves.

All interviewees reported finding efficiencies over the decade, from contract renegotiation to service redesign and rationalisation, but these were not uniform in type or extent. Some local authorities started the decade with more ‘fat’ in their budgets than others, while differing management styles and ideas also had an effect. Councillors often influenced how budgets were allocated – including to services for which performance cannot be measured – and differences in local politics help explain why there is a messy relationship between change in overall spending and change in observable performance.

- **Government lacks good performance data on most neighbourhood services.** Central government already collects a lot of local authority spending and performance data, albeit held in different places and often with little consistency between datasets. But in many cases analysing performance is simply not possible. There are performance indicators for only around a third (31%) of neighbourhood services spending, making it difficult to draw conclusions about what truly happened to these services over the 2010s. For the other two thirds – £10 billion a year in 2019/20 – there are no local authority-level performance indicators. This figure includes services ranging from street cleaning, economic development, museums and galleries to multiple housing programmes. This makes it impossible to judge how well local authorities are performing in comparison to each other, and what they might learn from each other. The Johnson government’s stated ambition in its levelling up white paper, published in February 2022 – to make more subnational data available¹ – is laudable, but if it wants to better understand how these services are performing it must make sure data on them exists in the first place.

1. How has local authority spending in England changed?

The financial position, legal responsibilities and services that local authorities in England provide have changed substantially over the last decade. Local authorities spent £93bn – 12% of total government day-to-day spending¹ – in 2019/20 but have meaningful discretion over only the £45bn they spend on social care, public health and neighbourhood services.*

Of this £45bn, local authorities spent £27bn on social care for adults and children, most of which is spending to meet statutory responsibilities (where they have a legal duty to provide services).** The remaining £18bn encompasses £3bn spending on public health, a local responsibility since 2013/14, leaving £14bn on neighbourhood services.***

Successive governments cut local authority grants in the 2010s

The coalition, Cameron and May governments all cut central government grants to local authorities. Assessing the extent of the cuts is complicated by the devolution of business rates in 2013/14. The introduction of business rates retention converted a central grant to a partly locally retained one and allowed local authorities to keep half of the subsequent growth or reduction in business rates revenues after the schemes' introduction.² Counting retained business rates as a grant, the UK government reduced grants to local authorities by £18.6bn (in 2019/20 prices) between 2009/10 and 2019/20, a 63% reduction in real terms.

Local authorities are now more reliant on locally raised revenues

To partially offset these cuts local authorities increased revenues from other sources, notably by raising council taxes and charging more for services (or introducing charging for previously free ones). The share of neighbourhood services spending funded from sales, fees and charges rose from 15% in 2009/10 to 23% in 2019/20, meaning a greater proportion of the cost of services now falls on users. More councils are now charging for garden waste collection, and local planning departments have increased the revenue they generate from developers by increasing planning fees and offering developers services such as pre-application advice, where developers pay councils to process their applications faster.³

Several local authority interviewees told us that increasing charges was part of a wider strategy to maximise income and think more commercially in response to budget cuts. Most told us they had considered how to maximise revenues from parking charges. One explained that their local authority had established some of its service directorates as community interest or limited companies to encourage

* See "Local authority spending" in Methodology.

** As discussed later, not all areas of social care spending are statutory – and local authorities have cut spending on non-statutory children's social care spending.

*** Figures are rounded to nearest £bn and do not sum exactly.

council officers to act more 'commercially', and allow limited companies to sell services to other councils and the private sector to generate profits that could be reinvested into services.*

While the increase in sales, fees and charges was steady across the decade, most local authorities began to increase council tax only in the second half of the 2010s. This is because between 2010 and 2015 the coalition government encouraged local authorities to freeze council tax rates. In 2011/12 and 2012/13, the coalition government provided each local authority that did not increase council tax with a grant equivalent to a 2.5% increase in council tax (the grant was equivalent to a 1% increase in council tax between 2013/14 and 2015/16), effectively ensuring that any that froze council tax did not lose revenues.⁴

Rising demand for adult social care catalysed a change. After 2015 successive governments ceased to incentivise council tax freezes and allowed local authorities to increase local tax rates more rapidly – above the two percentage points threshold above which they would normally have to hold a referendum – to raise additional money for adult social care, through a new 'social care precept'. After the removal of council tax freezes, most local authorities used this social care precept and their maximum allowable council tax increase to raise council tax revenues.** After the precept was introduced, 70% of upper-tier local authorities increased their Band D council tax rates by at least 17% between 2015/16 and 2019/20 – at or close to the maximum allowable increase.***

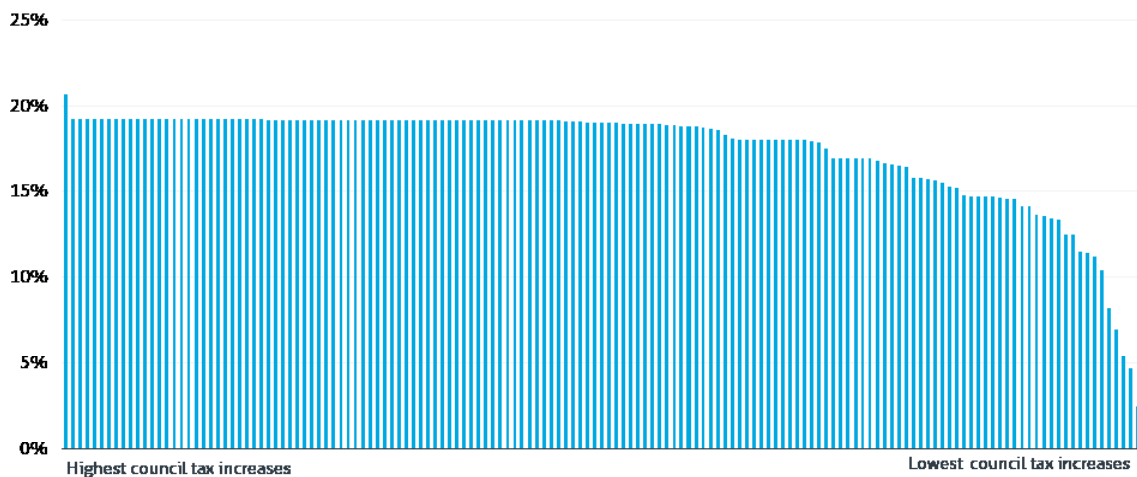
The local authorities who chose not to increase council tax by the maximum allowable amounts did not face notably lower referrals for social care, smaller growth in the 65-plus and 85-plus population, or smaller grant cuts, suggesting that decisions not to maximise council tax revenues owed more to local preferences. For example, Hillingdon chose not to levy the social care precept and set its council tax increases to be lower than its neighbouring boroughs each year.⁵ Wigan chose to use the social care precept but did not increase its core council tax as part of its 'deal' with residents.⁶ Stoke-on-Trent did not increase either in 2016/17 because it thought it could make better use of existing resources,⁷ then increased both in 2017/18.⁸

* For more detail on how local authorities can trade and charge for services see: www.local.gov.uk/sites/default/files/documents/11%2054%20LGA_Enterprising_Councils_09_Web.pdf

** Of the 151 local authorities responsible for social care in England, 147 used the precept in 2017/18, 148 in 2018/19, 87 in 2019/20, 151 in 2020/21, and 148 in 2021/22. A smaller number used the precept in 2019/20 because precept increases were capped at a maximum of 6 percentage points over the three years from 2017/18 to 2019/20 and some local authorities hit the 6 percentage point limit by increasing council tax by three percentage points in 2017/18 and 2018/19. See Ministry of Housing, Communities and Local Government, 'Council Tax levels set by local authorities in England 2021 to 2022', GOV.UK, Table 4, www.gov.uk/government/statistics/council-tax-levels-set-by-local-authorities-in-england-2021-to-2022

*** There is not a single maximum allowable amount because local authorities had choices about which years to increase the social care precept. The social care precept was capped at a maximum six percentage point rise over the three years from 2017/18 to 2019/20, so the cumulative increase depended on which year local authorities chose to increase the precept, and how much they increased the rest of their council tax

Figure 1 **Increase in average Band D council tax rate 2015/16–2019/20, by local authority**

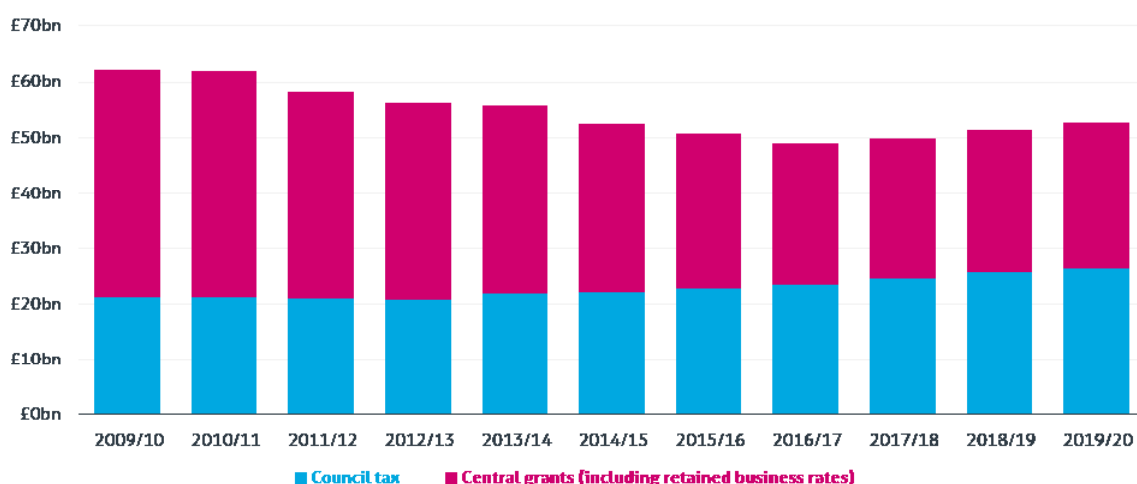


Source: Institute for Government analysis of DLUHC, Live tables on council tax, 'Band D Council Tax figures 1993 onwards'. Excludes parish precepts.

Overall, though, the amount of council tax that most people pay has increased. The average Band D council tax rate – the standard measure of council tax, relative to which other bands are defined – increased in each year after 2014/15. In 2019/20, the average Band D council tax was 4% higher in real-terms than it was in 2009/10.

But while these changes only partially offset the effects of central government cuts, councils' spending on locally controllable services fell in real terms each year between 2009/10 and 2016/17. It has since slightly increased, but only to 2015/16 levels in the last year before the pandemic. Local authorities are now much more reliant on council tax, which funded half of local authority spending in 2019/20, compared to one third in 2009/10.

Figure 2 **Local authority spending, by source (2019/20 prices)**



Source: Institute for Government analysis of DLUHC, Local authority revenue expenditure and financing in England: individual local authority data – revenue outturn. Excludes grants for education services, police and public health. 2019/20 data includes one month of emergency Covid-related funding (March 2020), which increased the proportion of funding from government grants.

At the same time, demand for social care has risen

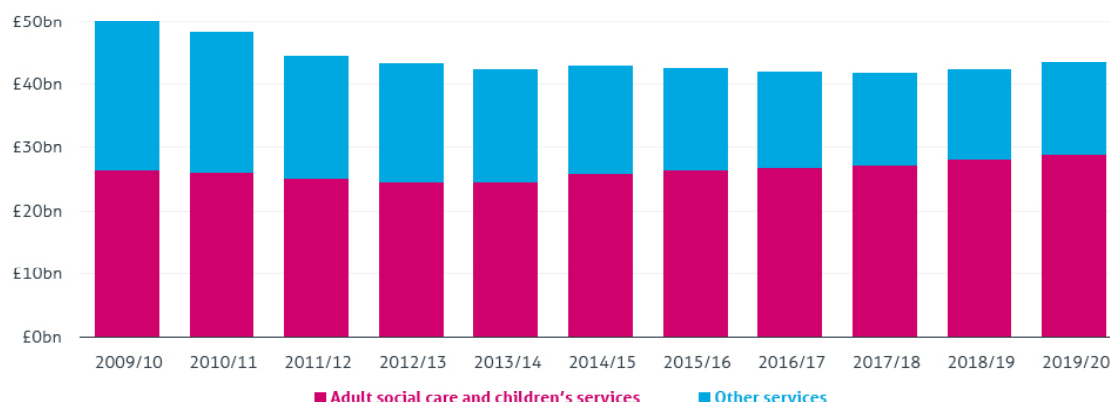
While local authority spending fell, social care spending pressures increased. Demands for publicly provided adult social care rose during the 2010s. England's ageing population and rising life expectancy – the latter meaning severely disabled adults now live, and so draw on state-funded support, longer – resulted in more older and working-age people requesting support.⁹ Between 2010 and 2020, the number of people aged 65 and over increased by 22%, and the number of people aged 85 and over (the most likely to require care) increased by 21%.

Demand for children's social care is hard to distinguish from social workers' activity, but it appears to have increased. The number of initial contacts children's social care departments received rose 35%, from 1.8 million to 2.6 million, between 2009/10 and 2019/20.¹⁰ Consequently, local authorities have had to undertake more investigations and provide more support. In the same period the number of Section 47 enquiries – where a team of social workers, police officers and teachers undertake a child assessment – more than doubled, from 89,000 to 201,000. The number of children subject to a child protection plan also rose 32% and the number of looked-after children – where a local authority becomes legally responsible for a child – rose 24%.

At the same time, the costs of providing social care have risen. Most adult social care workers are paid the national living (minimum) wage, which rose faster than economy-wide inflation each year after 2016. Social care providers have passed on higher costs to local authorities, and the amount councils pay for an hour of home care, week of nursing care, and week of residential care all increased in each year after 2015/16.¹¹ The cost of providing children's social care varies, but some areas of spending have risen. The prices local authorities paid for foster and residential placements for children likewise rose faster than economy-wide inflation between 2011/12 and 2017/18, possibly because placement shortages allowed providers to raise prices.¹²

The rising demand for social care has reduced money available to spend on other services and added an additional pressure to council budgets. Combined with the cuts to grants, this demand has radically changed local authorities' spending profile. Whereas local authority spending was almost evenly split between social care and neighbourhood services in 2009/10, almost three quarters of local authority controllable spending went on social care in 2019/20.

Figure 3 **Local authority spending, by service area (2019/20 prices)**



Institute for Government analysis of DLUHC, Local authority revenue expenditure and financing in England: individual local authority data – revenue outturn. Notes: Excludes grants for education services, police and public health.

2. How did pressures vary across England?

This mix of declining spending and rising demand has not played out the same way across England. Some local authorities experienced bigger pressures than others, owing to differences in initial reliance on grants, council tax decisions and social care pressures.

The most deprived areas received the largest grant cuts

The coalition and subsequent Conservative governments cut local government grants in a way that did not fully account for how much different local authorities relied on grants in 2010.

In 2010, grants to local authorities were allocated on an assessment of 'need' including population, deprivation and revenue-raising ability,¹ and designed to equalise councils' spending power based on these. But in the first three years of the 2010s cuts to grant funding were only weakly correlated to these. In fact, between 2010/11 and 2013/14, grant cuts were larger as a share of total spending in local authorities that were more grant dependent in 2009/10.²

The coalition government changed the way grants were allocated in 2014/15 so that the grant going to each local authority was cut by the same percentage.³ This meant that in 2014/15 and 2015/16, local authorities that were more reliant on the central government grant experienced larger reductions in their spending power.

The May government then changed tack again to take local authorities' differing reliance on grants into account. In the years 2016/17 to 2019/20, it allocated grant funding to ensure local authorities responsible for the same services⁴ saw the same percentage change in their 'core spending power' (council tax, retained business rates income and revenue support grant) as each other.⁵ This ensured that budget cuts were more evenly distributed in the second half of the 2010s⁶ – although this still baked in the earlier larger cuts to more grant-dependent local authorities.

The overall consequence of this has been that the more grant-reliant a local authority was in 2010, the more it was likely to cut spending on locally controllable services over the next decade, as Figure 4 shows.

Figure 4 **Real-terms change in locally controllable net current expenditure 2009/10–2019/20 compared to grant dependence* in 2009/10, by local authority**

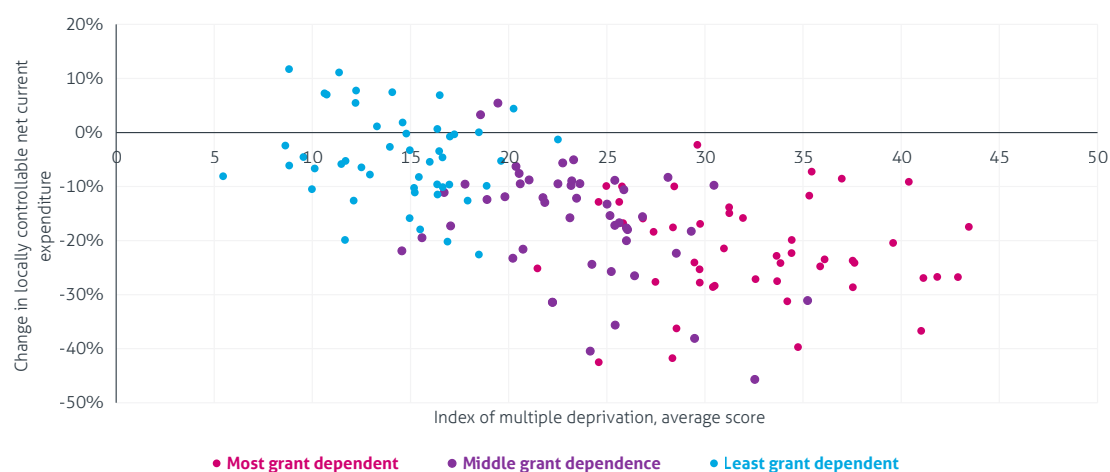


Source: Institute for Government analysis of DLUHC, Revenue budget 2009/10 & DLUHC, Revenue outturn summary 2009/10 and 2019-20. Net current expenditure excludes precepts and levies; housing benefit is the total of service lines 711–714, and neighbourhood services is the total of service lines 290, 490, 509, 590, 599, 690 and 698.

* Grant dependence is grant funding / total revenue spending. See Methodology for full details.

This, in turn, meant that local authority spending cuts were clearly related to deprivation. The way grants were cut resulted in the most deprived areas cutting spending the most – even though the government acknowledges that deprived areas have higher needs for some council services⁷ – because they were more likely to have been highly dependent on central government grants in 2009/10, as Figure 5 shows.

Figure 5 **Real-terms change in locally controllable net current expenditure 2009/10–2019/20 compared to average index of multiple deprivation score in 2010, by local authority**



Source: Institute for Government analysis of MHCLG, English indices of deprivation 2010 & DLUHC, Revenue budget 2009/10, & revenue outturn summary 2009/10 and 2019/20. Net current expenditure excludes precepts and levies; housing benefit is the total of service lines 711–714, and neighbourhood services is the total of service lines 290, 490, 509, 590, 599, 690 and 698. Grant dependence is grant funding / total revenue spending. See Methodology for full details.

Adult social care spending increased fastest in the least deprived areas

While the most deprived areas lost out the most from grant cuts, the least deprived areas increased spending on adult social care the most. This increase in spending was probably partly driven by increased demand, but we do not have good measures for assessing this.

Local authorities provide social care to working-age adults and adults aged 65 and over in roughly equal measure. In 2019/20, just under half (48%) of identifiable local authority adult social care spending* was spent on care for working-age adults and just over half (52%) on care for adults aged 65 and over.

Local authorities have reported the number of requests for support they receive from new users – of all ages – in each year since 2015/16, but that number is volatile, only captures new users (not people already receiving care) and does not capture any increases in the cost of providing care – a substantial cost pressure. The size of older (65-plus and 85-plus) populations in local authorities provides another measure of demand, which varies a lot between councils. For example, the number of people aged 65 or older increased by 45% between 2010 and 2019 in Milton Keynes, compared to just a 7% increase in Manchester. However, this is also an imperfect proxy, as not all older people meet the means and needs tests for adult social care, and growth in the older population ignores cost pressures and working-age adults. One local authority interviewee told us that the biggest pressure they faced in the second half of the decade was from working adults with disabilities living longer and drawing on more publicly funded social care. This means there is little relationship between growth in the 65-plus and 85-plus populations and adult social care spending.

As there are not good local measures of demand for local authority social care, we instead analyse spending on adult social care. Providing social care is a statutory responsibility, so spending should reflect the care local authorities provide for working-age and older adults, and how much they have to pay to provide that.

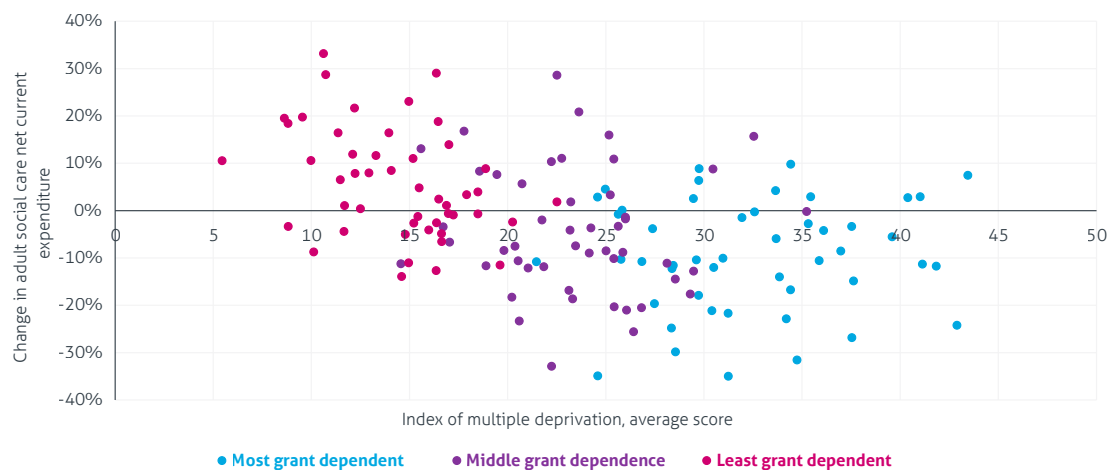
Spending is not a perfect reflection of demand. Local authorities can and have made efficiencies by driving down the cost of contracts they held with external providers, and by investing in assistive technology to help older adults remain independent. Some local authorities 'rationed' care more strictly than others. Adult social care is a statutory responsibility but local authorities have discretion over how to provide care, so some have responded to requests for support with smaller packages of services. The share of requests for support that resulted in local authorities referring people to information and support not arranged by the council increased over the 2010s.⁸

* Local authorities provide a breakdown of spending on long-term and short-term care packages, but not "other" spending such as support to carers and assistive equipment and technology. Short- and long-term care packages constituted 78% of local authority spending in 2019/20. See: <https://digital.nhs.uk/data-and-information/publications/statistical/adult-social-care-activity-and-finance-report/2019-20/1.-activity-and-finance-overview>

Unfortunately, it is impossible to assess how far local authorities squeezed spending by finding efficiencies or cutting services, and whether this varied between authorities, because there is not local authority-level data on 'unmet need' for social care. This is a vital data gap for the government to fill, which the Institute for Government has highlighted before.⁹

Given efficiencies and rationing, spending on adult social care is at least in part a function of the size of a local authority's overall budget. Nonetheless, it is the best overall measure of demand, given the shortcomings of data on referrals and the size of the older population. In contrast to grant cuts, the least deprived areas were more likely to protect, and in some cases increase, spending on adult social care in the 2010s.

Figure 6 Real-terms change in adult social care net current expenditure compared to deprivation score in 2010



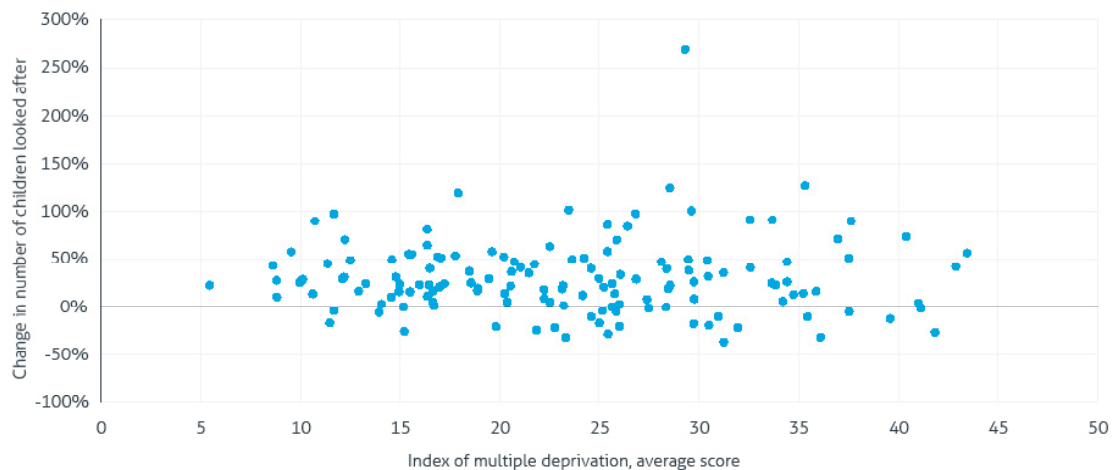
Source: Institute for Government analysis of MHCLG, English indices of deprivation 2010 & DLUHC, Revenue outturn summary 2009/10 and 2019/20. Grant dependence is grant funding / total revenue spending. See Methodology for full details.

Changes in children's social care spending were not related to deprivation

Children's social care adds a further complication. Local authorities spent £9.9bn on children's social care in 2019/20, just over half as much as on adult social care (£16.9bn) – but changes in children's social care spending were largely unrelated to deprivation.

Children's social care interventions are higher in more deprived areas. Deprivation partially explains why referrals to children's social care and child protection plans¹⁰ are higher in some local authorities than others, but the strongest relationships are at neighbourhood (below local authority) geographies, where rates of referrals and subsequent interventions (placement on a child protection plan or in care) are highest in the neighbourhoods with the largest proportions of families on low incomes.¹¹ However, higher rates of activity in the most deprived areas did not result in larger increases in the number of interventions in more deprived areas. Between 2009/10 and 2019/20, the change in the number of children each local authority looks after – which in 2019/20 accounted for 51% of local authority spending on children's social care – bore no relation to deprivation, as Figure 7 shows.

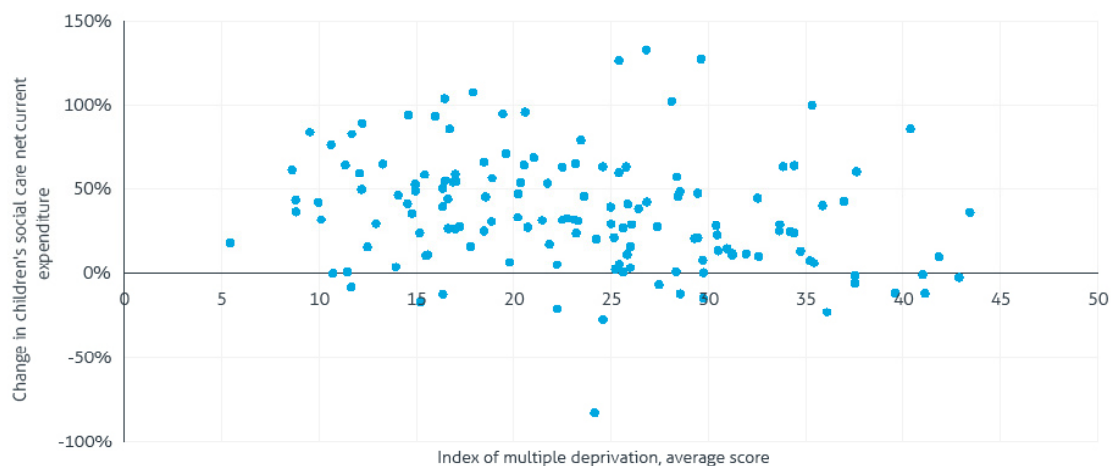
Figure 7 **Change in number of looked after children 2009/10–2019/20 compared to deprivation, by local authority**



Source: Institute for Government analysis of Department for Education, Children looked after in England, 2009/10 and 2019/20 & MHCLG, English indices of deprivation 2010

Changes in the number of children each local authority looks after were well correlated with changes in spending on children’s social care, suggesting that spending is a reasonable proxy for demand. Unlike adult social care, almost all local authorities increased spending on children’s social care during the 2010s and there was no clear relationship with deprivation.

Figure 8 **Real-terms change in children’s social care net current expenditure compared to average index of multiple deprivation score in 2010 , by local authority**

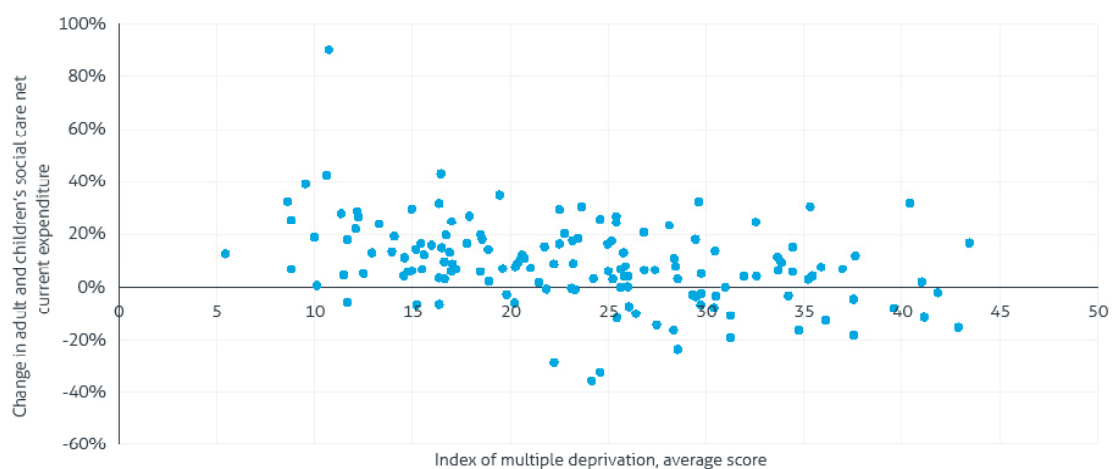


Source: Institute for Government analysis of MHCLG, English indices of deprivation 2010 & DLUHC, Revenue outturn summary 2009/10 and 2019/20.

The lack of relationship reflects the local factors that influence children’s social care spending. Interviewees told us that changes in children’s social care spending were often influenced by Ofsted inspections (see Chapter 4). One reported that a new family judge working locally was more likely to refer children to care than allow them to stay with families, meaning the authority had to place more children in foster or residential care, at a large cost to the local authority.

Looking at adult and children’s social care spending together, the least deprived areas increased spending more than more deprived areas, though the relationship is fairly weak.

Figure 9 **Real-terms change in adults’ and children’s social care net current expenditure compared to average index of multiple deprivation score in 2010, by local authority**



Source: Institute for Government analysis of MHCLG, English indices of deprivation 2010 & DLUHC, Revenue outturn summary 2009/10 and 2019/20.

Grant cuts and social care demand pressures meant some local authorities cut neighbourhood services severely

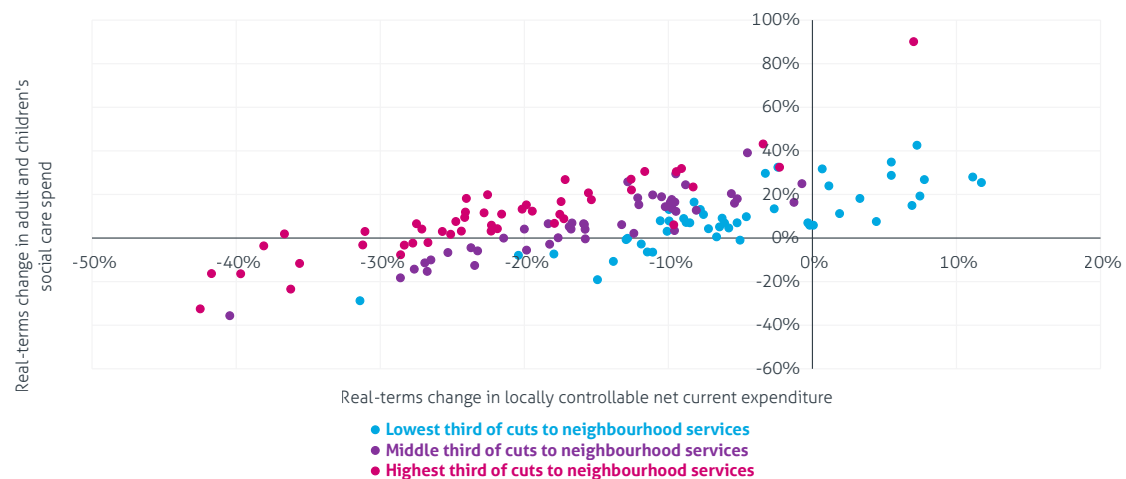
The two biggest pressures on local authority budgets over the last decade have been reductions in spending power and rising demand for social care, which have distributed pressures across lots of local authorities. Councils that experienced the biggest grant cuts – often London boroughs and predominantly urban local authorities in the North West and North East such as Salford and Gateshead – were not the same as the authorities that increased spending on adult’s and children’s social care the most, which were instead a mix of rural and urban authorities, such as Swindon and Bedfordshire.

Combining social care demand pressures and reductions in spending power into a single ranking* illustrates how widely pressures were dispersed among local authorities from different regions, with different levels of rurality, and different political control. Local authorities in the top decile of cuts and care pressures included a mix of urban and rural areas including Bexley, Cornwall and Liverpool.

Local authorities in the bottom decile of grant cuts and social care pressures included a similarly broad mix including Essex, Kingston upon Thames and County Durham.

Rising demand for social care and reductions in spending power resulted in all local authorities cutting spending on neighbourhood services, where they had most flexibility and fewest statutory responsibilities. Local authorities under the biggest combined pressure from grant cuts and social care demand were the most likely to cut neighbourhood services the deepest, as Figure 10 shows.

Figure 10 **Real-terms change in locally controllable net current expenditure compared to real-terms change in social care expenditure, 2009/10–2019/20**

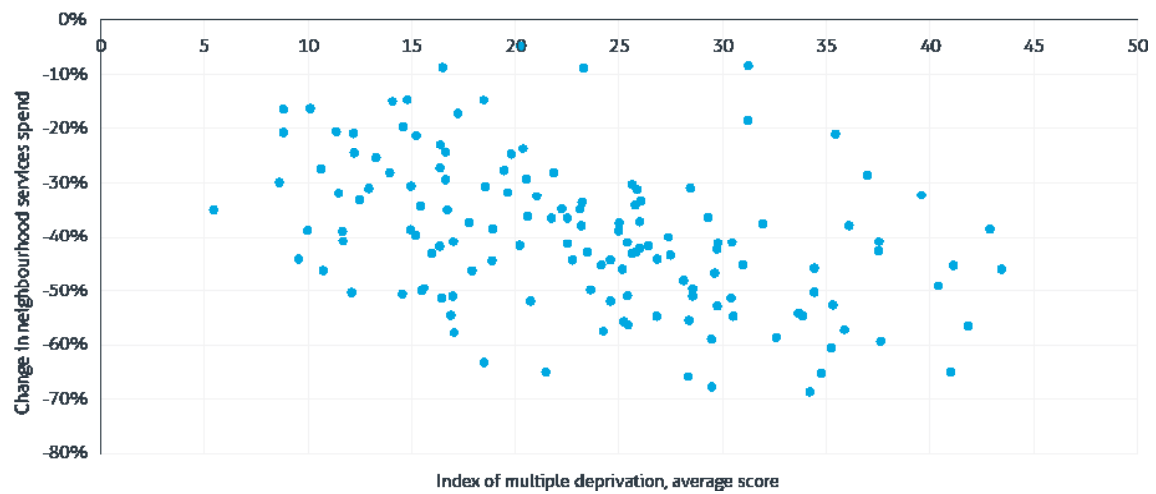


Source: Institute for Government analysis of DLUHC, Revenue budget 2009/10, & Revenue outturn summary 2009/10 and 2019/20. Net current expenditure excludes precepts and levies; housing benefit is the total of service lines 711-714, and neighbourhood services is the total of service lines 290, 490, 509, 590, 599, 690 and 698.

There is also a moderate correlation between how much a local authority cut spending on neighbourhood services and how deprived they were in 2010 – because grant cuts were biggest in the most deprived areas.

* This is, ranking upper-tier local authorities on a scale of 1–145 on their change in grants and change in social care spending. We cannot rank all local authorities because five local authorities' boundaries changed during the decade (North Northamptonshire, Buckinghamshire, Bournemouth, Christchurch and Poole, Dorset, and West Northamptonshire).

Figure 11 **Real-terms change in neighbourhood services net current expenditure compared to deprivation score in 2010**



Source: Institute for Government analysis of MHCLG, English indices of deprivation 2010 and DLUHC, Revenue outturn summary 2009/10 and 2019/20.

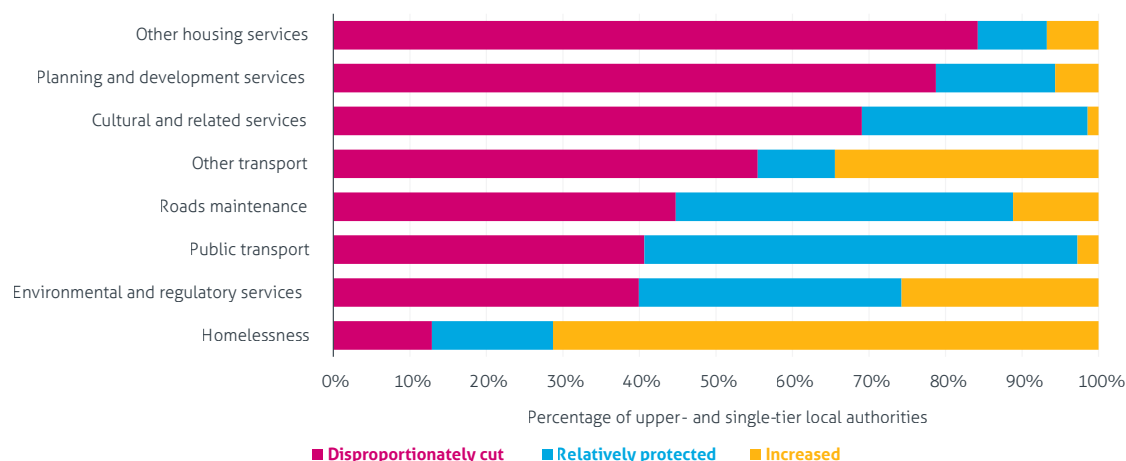
Every local authority in England squeezed spending on neighbourhood services over the last decade but these cuts were not distributed in relation to pressures on these services. The differential rises in demand for social care across England coupled with the way that the coalition and subsequent Conservative governments allocated grants, created a natural experiment. Local authority spending changed without clear reference to changing needs or demands – so, all else being equal, we would expect the performance, both quality and accessibility, of neighbourhood services to have declined more in the local authorities that cut neighbourhood services spending more. We explore how neighbourhood services spending cuts affected performance in Chapter 4.

3. How did local authorities respond to pressures?

Most local authorities protected and prioritised statutory and demand-led services

While councils across England faced different pressures, most chose to protect similar services. Almost all 'relatively protected' environment and regulatory services, homelessness and public transport – cutting spending on these services by less than neighbourhood service spending overall. In contrast, most disproportionately cut spending on housing, cultural, and planning services – cutting them more than neighbourhood services overall.

Figure 12 **Local authorities that disproportionately cut, relatively protected, or increased neighbourhood services spending between 2009/10 and 2019/20, by category**



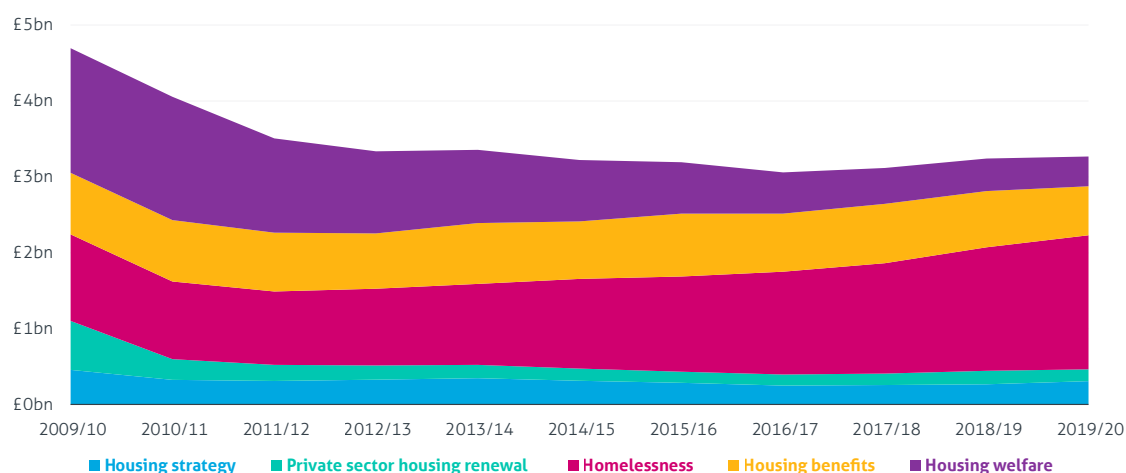
Source: Institute for Government analysis of DLUHC, Local authority revenue expenditure and financing in England: individual local authority data – revenue outturn 2009/10 and 2019/20.

Most local authorities prioritised statutory services – those they have to provide – and demand-driven services – those that tend to change in line with the number of people who require them. As a result, whereas services in 2009/10 were broad-based and sometimes universal, by 2019/20 local authority spending had predominantly shifted to statutory and demand-led service provision – notably in housing, public transport and children's social care.

Housing services are increasingly focused on homelessness

Local authority spending on housing services has changed starkly. As the decade progressed, the proportion of spending allocated to homelessness services increased and by 2019/20, spending on homelessness – including local authority provision of information and advice and support to prevent homelessness including securing short-term accommodation¹ – accounted for 43% of controllable housing spending, up from 11% 10 years earlier.

Figure 13 **Total local authority spending on housing services (2019/20 prices)**

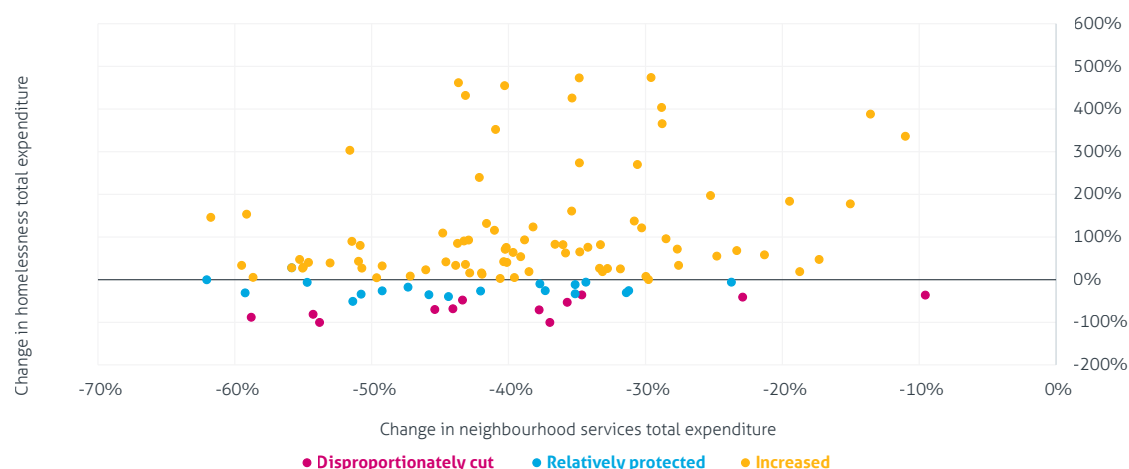


Source: Institute for Government analysis of DLUHC, Local authority revenue expenditure and financing in England: individual local authority data – RO4 2009/10–2019/20.

The implementation of the Homelessness Reduction Act (HRA) 2017, from April 2018, accounts for the sharp increase – 26% in real terms – in the last two years of the decade as local authorities faced more statutory responsibilities and higher demand. In November 2018, six months after the Act came into force, 83% of local authorities reported that they had experienced an increased number of homelessness presentations since the introduction of the HRA.²

Homelessness services is one of the few areas where most local authorities not only protected but actually increased spending. In all, 89% of local authorities protected spending on homelessness services and 74% of local authorities increased it, as Figure 14 shows.

Figure 14 **Real-terms change in spending on homelessness services compared to cuts to neighbourhood services spending, 2009/10–2019/20**



Source: Institute for government analysis of DLUHC Local authority revenue expenditure and financing in England: individual local authority data – revenue outturn 2009/10 and 2019/20.

The large share of this increased spending suggests local authorities did not have much discretion over homelessness spending. This is not surprising – councils have a statutory duty to “take reasonable steps to help prevent any eligible person [...] who is threatened with homelessness from becoming homeless”³ and must intervene if people are at risk of becoming homeless. Interviewees confirmed this, and one told us that their authority had “no substantive budgeting process for homelessness spending” because spending was “almost entirely demand-led”. Other local authorities had taken steps to reduce the cost of responding to homelessness – by investing in their own (cheaper) facilities to provide temporary accommodation to reduce the number of homeless people placed in B&Bs, for example – but still faced growing spending pressures.

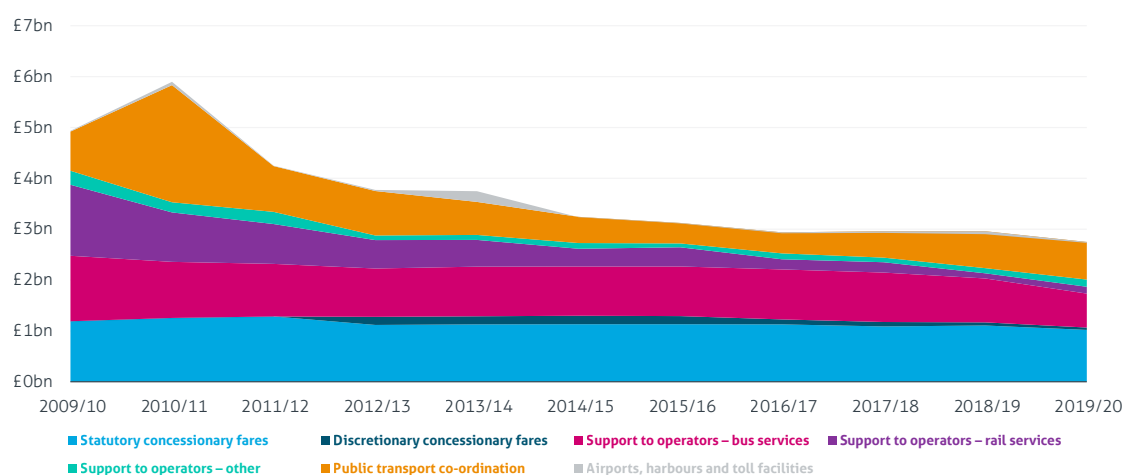
An increased number of people eligible for homelessness services is, at least in part, a result of a lack of affordable housing⁴ – a problem that other parts of housing policy are designed to mitigate but have been increasingly unable to as homelessness spending has squeezed these services out. For example, local authority spending on the Supporting People Programme (SPP) – designed to help vulnerable people to live independently – fell 79% in real terms between 2009/10 and 2019/20. One local authority interviewee explained that their authority removed all the SPP funding because council members saw it as “an easy cut”, and one that they could explain entirely as the consequence of a central government grant cut.

The SPP, which accounts for 95% of housing welfare spending, was one of the primary sources of funding for the homelessness voluntary sector working in England⁵ and included local authority funding for people on the edge of homelessness such as those in women’s refuges, housing with warden support or ‘half-way houses’ for ex-convicts. Through these programmes, local authorities typically provided services for people who were not eligible for statutory local authority homelessness support.⁶ Homeless Link – a national membership charity for organisations that work with homeless people – found that the number of bed spaces provided by accommodation projects in England fell from 43,655 in 2010 to 35,727 in 2016 – an 18% fall.⁷ In the same time period, the number of people eligible for homelessness prevention or relief services in England increased from 165,200 to 212,600, a 29% increase.⁸

Spending on public transport increasingly focused on statutory concessionary fares

Local authority spending on public transport has shifted from benefiting many people to being increasingly targeted at older and disabled people.⁹ Spending on subsidies for bus and rail routes – where they are required to support ‘socially necessary’ routes, a definition open to interpretation¹⁰ – fell by 48% in real terms between 2009/10 and 2019/20 while spending on concessionary bus fares – a statutory duty that local authorities cannot ration – fell by only 14%. As a result, local authorities outside London spent 37.4% of their public transport budgets on statutory concessionary fares in 2019/20, up from 24.1% in 2009/10. The consequence of these subsidy cuts is that there are now fewer bus services, which is discussed further in Chapter 4.

Figure 15 **Local authority net spending on public transport (2019/20 prices)**

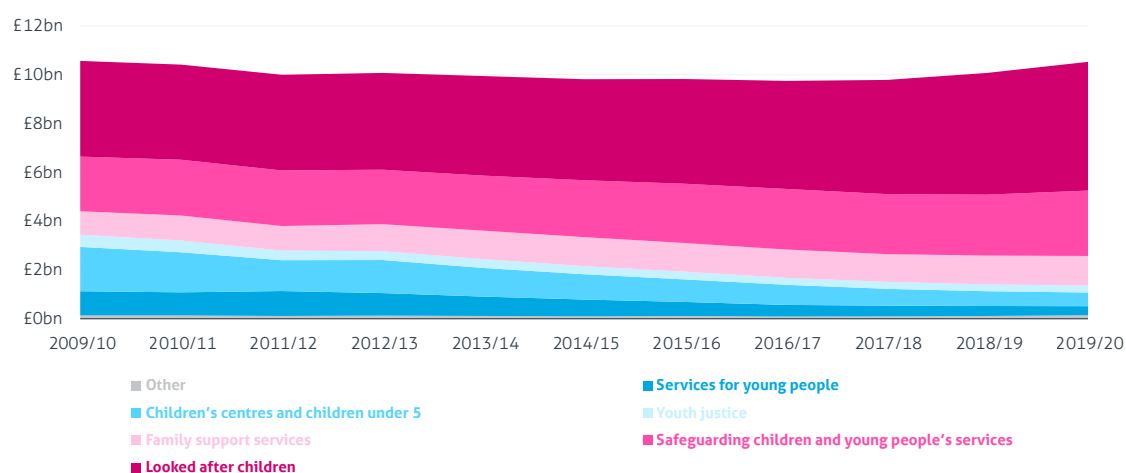


Source: Institute for government analysis of DLUHC Local Authority Revenue expenditure and financing in England: individual local authority data – RO2 2009/10 – 2019/20.

Spending on children’s social care is now concentrated on children in care and safeguarding

Within children’s social care spending, local authorities have prioritised acute services at the expense of discretionary services, which are typically universal and sometimes designed to reduce the need for more extensive interventions later on. Total spending on children’s social care was roughly the same at the end of the decade as at the start, but became increasingly focused on safeguarding and providing care to looked after children.

Figure 16 **Local authority net spending on children’s social care (2019/20 prices)**



Source: Institute for Government analysis of DfE, Local authority and school finance, 2009/10–2019/20.

More than half of upper-tier local authorities (52%) cut the number of children's centres – a discretionary service – between 2009/10 and 2019/20. Only four local authorities increased the number of children's centres in that decade and the number of children's centres in England fell from 3,615 to 3,022.¹¹

Many local authorities also reduced the services available within children's centres without necessarily closing them. A 2015 evaluation of children's centres concluded that "while the *number* of services provided by centres remained constant between 2011 and 2012, the *nature* of the services changed: the frequency of the service was often 'thinning' and open-access services were being reduced, while targeted services remained".¹²

This almost certainly made children's centres less effective at supporting families. The children's centres that most improved parents skills, child development and school readiness¹³ were the ones that experienced few or no spending cuts and expanded services to their local communities. Families registered at those centres "reported greater improvements in various measures of family functioning than those registered at centres that were experiencing cuts".¹⁴

Moreover, there is evidence that children's centres and early help services may reduce the number of children becoming children-in-need,¹⁵ prevent them from entering care later¹⁶ and reduce the amount of medical intervention required before the age of 15.¹⁷ Cutting spending on non-statutory children's services may therefore be a false economy: the money that local authorities save by closing or paring back children's centres could be outweighed by higher spending to support children who enter more expensive statutory acute care later on. One interviewee thought that their council's increase in early help spending had helped stem the increase in the number of looked after children.

4. How did the quality and accessibility of neighbourhood services change?

Local authorities protected and prioritised similar services – but the quality and accessibility of the services they provided, where measurable, changed in markedly different ways.

Despite the Johnson government’s ambition in the levelling up white paper to make more subnational data available,¹ there is little comparable local data* on the quality and accessibility of most neighbourhood services. This makes monitoring and evaluating whether the government is achieving its levelling up goals harder than it needs to be.² We can only track changing quality and accessibility of road maintenance, bus services, housing benefit administration, library services, waste disposal and waste collection (which together accounted for 31% of neighbourhood services net current expenditure in 2009/10).

To analyse the effects of spending cuts, we compared the change in these indicators during the 2010s with the change in the closest comparable spending category over that period, between local authorities. There is a risk that this understates relationships between spend and demand because individual local authorities may have been more likely to have cut spending on services where they thought they could reduce spending without affecting performance.** To account for this, we also compared change in indicators to change in overall neighbourhood services spending as an ‘instrumental variable’ – a variable that reflects the overall pressure facing local authorities (see Chapter 3), and only affects service-specific performance by constraining the amount local authorities can spend on services.

Some services showed a positive relationship between spending cuts and changes in quality and accessibility – i.e. the more a local authority cut service-specific spending, the more the quality and accessibility of that service declined – though none of the relationships were strong. Other services showed no relationship at all. The section below examines each service in turn, beginning with the clearest relationships and ending with the least.

Local authorities that cut spending the least were better able to maintain bin collections and increase recycling

Local authorities are perhaps best known for waste collection – principally collecting waste from residents’ households, a service known as kerbside collections. The frequency of collections is one of the most visible signs of service provision and almost no other service generates headlines like missed or reduced bin collections.

* See Indicators section of Methodology.

** By making efficiencies or because demand for a service was falling, for example.

Over the last decade, many local authorities stripped back collections to make savings. Between 2009/10 and 2019/20, local authority spending on waste collection fell by 17% in real terms. Of the 121 upper-tier local authorities responsible for waste collection, the number who made weekly collections fell from 81 in 2010/11 to 40 in 2018/19.

Figure 17 **Change in frequency of kerbside collections in single- and upper-tier local authorities, by decile of spending cuts between 2009/10 and 2019/20**



Source: Institute for Government analysis of Waste & Resources Action Programme, LA Portal & DLUHC, Local authority revenue expenditure and financing in England: individual local authority data – revenue outturn. Excludes grants for education services, police, fire and public health.

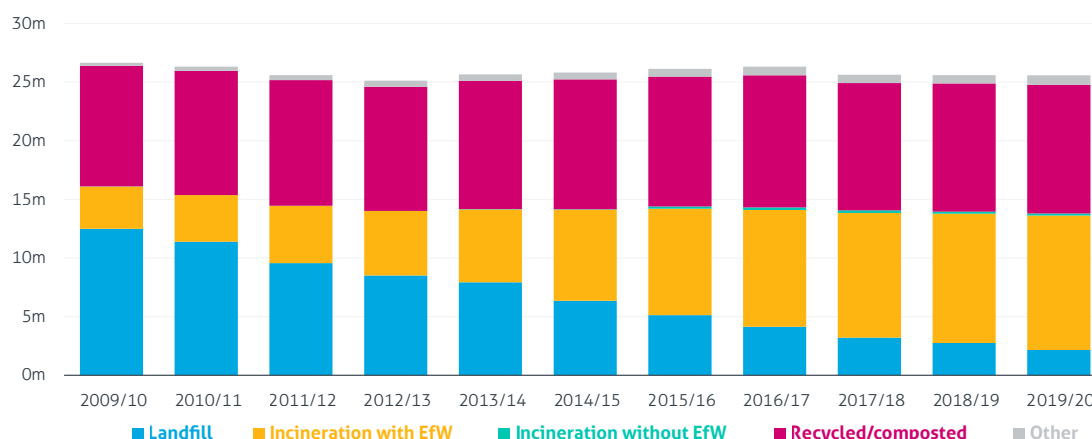
The decile of local authorities that cut their spending the most were most likely to reduce the frequency of kerbside collections. In the other deciles, the relationship is less clear, most likely because some local authorities were able to make efficiencies – redesigning routes and consolidating contracts – and so able to cut spending without reducing frequency.

Less visible, but equally important, is waste disposal. Until 2008/09 most council-collected waste was sent to landfill, though the proportion of this began to decline in 2000/01* following the introduction of the landfill tax in the UK in 1996, and the 1999 EU Landfill Directive, which set targets to reduce waste sent to landfill.

After 2009/10 the proportion of waste disposed of in landfill dropped quickly, as local authorities sought cheaper disposal. Local authorities primarily replaced landfill with incineration, investing in incineration plants by entering into multi-decade contracts with providers to build and operate such facilities.³ By the end of the decade, incineration with energy from waste (EfW) accounted for 45% of waste disposal, outstripping the 43% of waste that was recycled.

* 2000/01 was the first year that the government collected local authority waste disposal data, www.gov.uk/government/statistical-data-sets/env18-local-authority-collected-waste-annual-results-tables

Figure 18 **Local authority waste disposal in England**

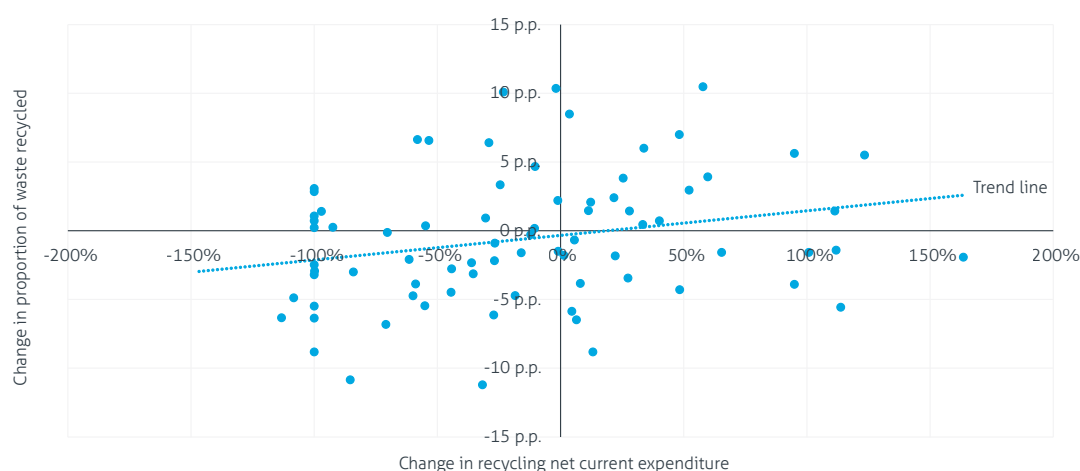


Source: Institute for Government analysis of Defra, ENV18 – Local authority collected waste: annual results table, Table_2a.

While an improvement over sending waste to landfill, incineration is inferior to recycling in terms of its environmental impact⁴ as it emits carbon dioxide, destroys materials that might otherwise be recycled, and encourages the extraction of more resources to produce new products.⁵ For these reasons, we analyse the proportion of waste recycled as a proxy of the quality of local authority waste disposal.

While the proportion of waste sent to landfill declined between 2009/10 and 2019/20, the proportion recycled only marginally increased, from 39% at the beginning of the decade to 43% at the end. Local authorities that cut recycling and waste disposal spending the most were less likely to increase recycling. Eighteen of the 46 (39%) local authorities that cut spending increased the proportion of waste they recycled, compared to 16 of 31 (52%) local authorities that increased spending.

Figure 19 **Change in proportion of waste recycled by local authorities 2014/15–2019/20, compared to real-terms changes in recycling and waste disposal spending 2009/10–2019/20**



Source: Institute for government analysis of DLUHC, Local authority revenue expenditure and financing in England: individual local authority data – revenue outturn 2009/10 and 2019/20. Excludes grants for education services, police, fire and rescue, and public health. Defra, ENV18 – Local authority collected waste: annual results table.

Spending alone did not determine recycling rates. Eighteen local authorities that cut spending were able to improve recycling rates, and 15 increased spending while recycling rates fell. There is a large range in the proportion of waste that local authorities recycle and most hold multi-year waste disposal contracts⁶ with providers, so recycling rates can relate to decisions taken years before, rather than immediate spending changes. Even where local authorities were locked into contracts, some were able to make efficiencies. One local authority interviewee told us that their authority had made savings by scrutinising “every dot and comma” of a long-term private finance initiative contract and agreeing more favourable terms than they had signed in the mid-2000s.

Recycling rates were not related to region, rurality, political control, or accounts qualification*, but were related to deprivation. The less deprived a local authority, the more likely it was to increase recycling rates. This isn’t because the least deprived areas increased spending on recycling more (the relationship between local authority deprivation and change in recycling spending was weak), but could be because there is less space to store waste in smaller properties, of which there are more in deprived areas. Previous research has found that living in terraced housing and flats is associated with lower recycling rates.^{7,8}

Cuts to bus subsidies resulted in a reduction in bus routes

Buses are another politically salient service⁹ delivered by local authorities (outside of London)** , and one that the Johnson government made a priority of improving in its 2021 Bus Back Better strategy.¹⁰ In 2019/20, people made 4.5 billion local bus passenger journeys, accounting for 57% of all public transport journeys.¹¹ Some routes are commercially viable and are run by private providers. When not, local authorities step in to offer support to those deemed ‘socially necessary’, though this is loosely defined.¹²

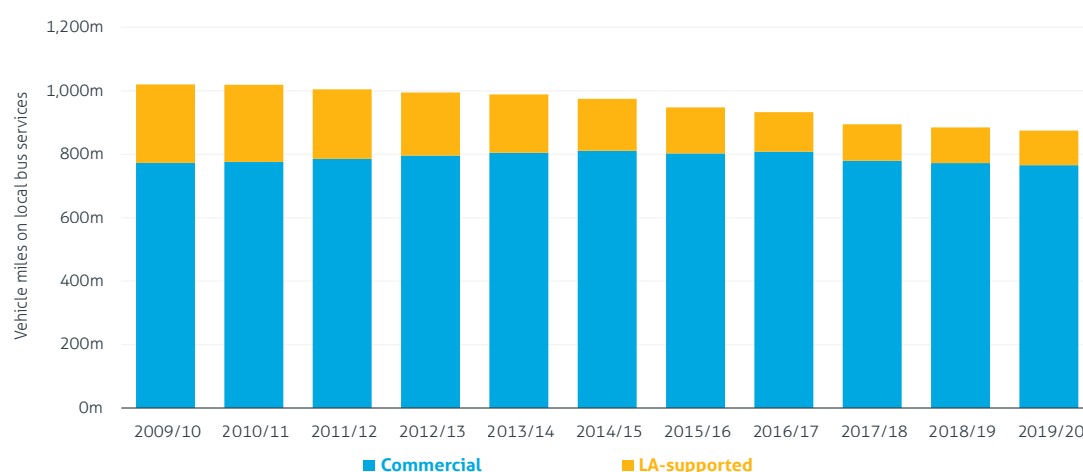
Between 2009/10 and 2019/20, local authority-subsidised ‘bus mileage’ – the total amount of miles vehicles travelled on local authority-subsidised bus routes*** – fell by 56% from 247 million in 2009/10 to 109 million in 2019/20 as local authorities cut support to bus operators by 48%.

* An accounts qualification indicates a “significant weakness in the body’s arrangements to secure value-for-money”. We use whether an authority’s most recent accounts are qualified (or not) as a proxy for whether local governance is effective. See: www.nao.org.uk/other/find-a-local-public-bodys-audit-report

** Transport for London provides public transport in London, and is directly accountable to the Greater London Authority. The GLA’s funding is allocated separately to the London boroughs and it does not face a trade-off between spending on public transport and spending on demand-led services such as social care. We therefore do not include London boroughs in our analysis of bus quality and accessibility.

*** ‘Bus mileage’ measures the miles buses travel on routes and is an indicator of accessibility.

Figure 20 **Bus mileage by type and local authority support to bus operators**



Source: Institute for government analysis of DLUHC, Local authority revenue expenditure and financing in England: individual local authority data – RO2 2009/10–2019/20. DfT BUS0207: Vehicle distance travelled on local bus routes by urban-rural status and service type.

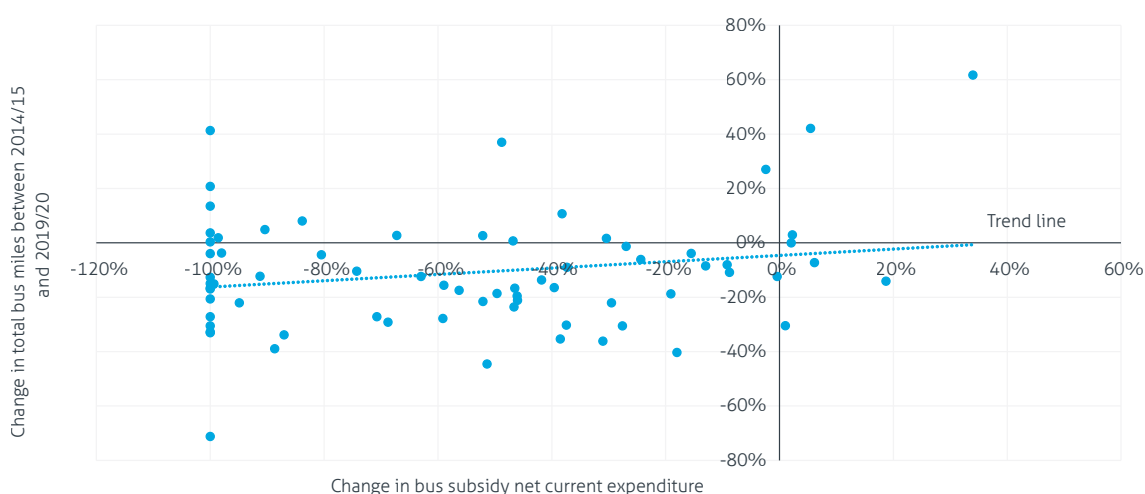
Between 2009/10 and 2016/17, local authorities cut support to bus operators by 24% but the number of miles travelled on local authority-subsidised routes fell much more, by 50%. However, this was partially offset by a 5% increase in commercial routes, which in some cases replaced subsidised ones. As a result, total bus mileage fell by only 9%. This did not shunt costs on to consumers: bus operators do not appear to have increased fares any faster than they had been before when subsidies were removed. There is no local authority level fare prices, but bus fares England did not increase at a notably quicker rate in the 2010s compared to the 2000s.¹³

Local authority interviewees told us that they found efficiencies by reducing the money they paid commercial bus operators to run services by renegotiating or re-tendering contracts and redesigning routes. One interviewee stated that their council had “relentlessly reviewed” every bus route in their area before considering any route terminations. Department for Transport (DfT) statistics show that local authorities outside of London reduced the price they paid for like-for-like bus contracts each year between 2009 and 2015.¹⁴

This strategy was less successful after 2016/17. Councils cut support to bus operators particularly starkly after 2017/18, and both commercial and subsidised bus mileage fell after 2016/17. Even as the ‘efficiency’ of public spending on bus subsidies increased (there were more bus miles for each public pound spent), overall bus mileage declined faster. Between 2016/17 and 2019/20, total bus mileage fell by 6%, as local authorities cut spending by 32%.

Councils that cut spending the most were more likely to have fewer bus miles at the end of the decade than the beginning – but subsidies and mileage were not perfectly correlated because local authorities had different abilities to find efficiencies. Local authority data is also not completely reliable; bus mileage in each local authority is determined through a survey of bus operators, which often struggles to separate local and non-local miles within a local authority.¹⁵

Figure 21 **Change in number of bus miles by local authority 2014/15-2019/20, compared to real-terms changes in bus subsidies spending, 2009/10–2019/20**



Source: Institute for Government analysis of DLUHC, Local authority revenue expenditure and financing in England: individual local authority data – revenue outturn 2009/10 and 2019/20. Excludes grants for education services, police, fire and rescue, and public health. DfT BUS0208: Vehicle distance travelled on local bus routes by service type and local authority: England, latest available year.

There are no clear patterns between changes in bus mileage and political control, accounts qualification and, surprisingly, rurality. The National Audit Office found that cuts to bus subsidies were deepest in non-metropolitan areas such as rural shire counties,¹⁶ but bigger subsidy cuts in rural areas did not translate into larger falls in bus mileage. We did not find a notable difference between changes in overall bus miles between predominantly rural, mixed urban and rural, and predominantly urban areas. The median reduction in bus miles between 2014/15 and 2019/20 was 12% in predominantly rural and 16% in predominantly urban authorities, although only one predominantly rural local authority – Wiltshire – increased bus mileage between 2014/15 and 2019/20.

There was also a relationship between deprivation: more deprived areas were more likely to see a reduction in bus miles. This is partly explained by spending (the most deprived areas cut spending on bus subsidies more than the least deprived authorities) and may reflect that bus users in more deprived areas were less able or willing to pay higher fares. Previous research on changes in bus usage in the 2010s found that authorities where bus usage increased were in the south of England,¹⁷ wealthier, and had greater population density than authorities where bus usage declined¹⁸.

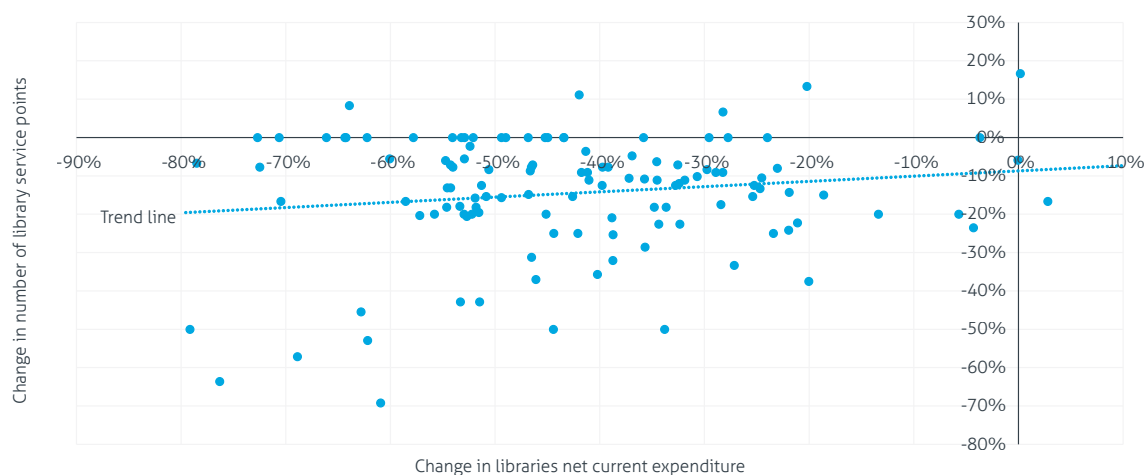
The sheer amount of variation between categories suggests that factors other than spending, region and rurality matter. Previous research found that local area histories and policies were the most important factors in explaining bus usage.¹⁹ Local authorities that had a long-standing culture of bus use, such as Newcastle and Nottingham, and local authorities that put in place supportive policies such as Brighton's investments in bus stops and Reading's high car parking charges typically saw increases in bus usage.

Library closures were weakly related to spending cuts

Local authorities have a statutory duty “to provide a comprehensive and efficient library service for all users”²⁰ but the ambiguous meaning of “comprehensive and efficient” means that councils have scope to reduce library provision. Local authorities squeezed spending on libraries in the 2010s and made savings by reducing staff, closing libraries and reducing book stocks. This often proved controversial, with communities and prominent local figures campaigning to protect libraries.

Between 2009/10 and 2019/20, local authority spending on libraries fell by 44% in real terms and 33% of sites closed, although closures were not strongly related to spending; there was little relationship between change in local authority spending and closures.

Figure 22 **Change in number of library service points 2009/10–2019/20, compared to real-terms change in library spending 2009/10–2019/20**



Source: Institute for Government analysis of DLUHC, Local authority revenue expenditure and financing in England: individual local authority data – revenue outturn 2009/10 and 2019/20. Excludes grants for education services, police, fire and rescue, and public health. CIPFA, Public library statistics, 2009/10 and 2019/20 actuals.

One reason for the limited relationship between closures, change in spending and other variables is that library closures do not capture what has been happening to libraries. Closures were not the only way that local authorities made savings and interviewees told us that they had, variously, reduced the breadth of services offered in libraries, cut the budget for new library books, reduced employees and increased volunteers, and reduced opening hours, all of which are not captured in the number of library service points open for 10-plus hours per week.

Individual library closures didn’t have to reduce accessibility – users might have gone to different libraries – but this didn’t happen. As libraries closed, fewer people visited libraries: the number of library visits per person declined by 52% between 2009/10 and 2019/20. Decreases in visits per person were more common in authorities that closed the most libraries.

Figure 23 **Change in number of library visits per person compared to the number of library service points per person, 2009/10–2019/20**



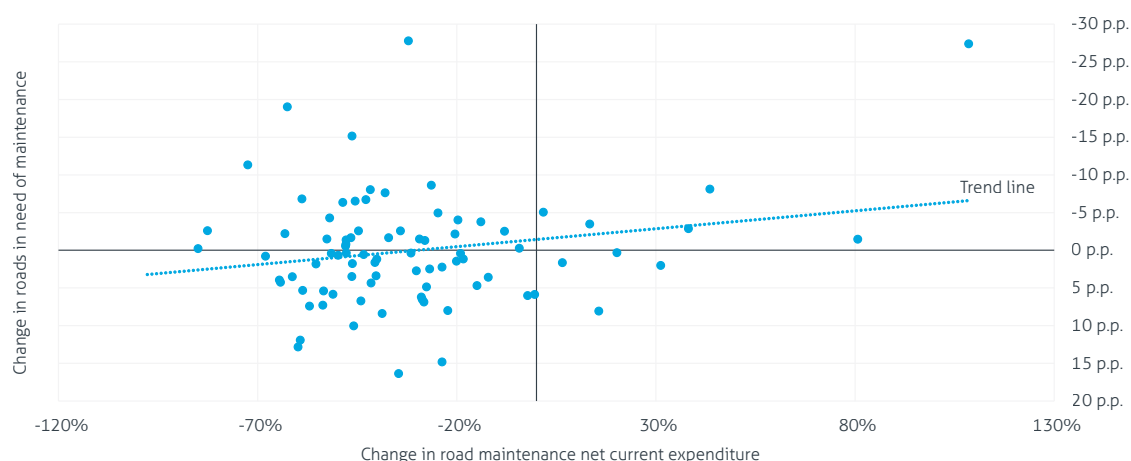
Source: Institute for Government analysis of CIPFA, Public library statistics, 2009/10, 2018/19 and 2019/20 actuals.

Changes in library visits were not notably different between regions, rurality, political control and accounts qualification, although no predominantly rural authorities increased library visits per person over the decade. The particular difficulties facing rural libraries is consistent with previous Department for Digital, Culture, Media and Sport analysis, which found that ‘trendbucker libraries’ (councils that increased library visits per person between 2006/07 and 2016/17 – Brent, Ealing, Greenwich, Hammersmith and Fulham, Havering, Lewisham, North Tyneside, Rochdale, Sandwell and York) were typically densely populated, urban and wealthy authorities,²¹ although it also found that support from political leaders, ability to budget over the long term, and council officers’ openness to innovation were key factors in increasing visits – none of which is exclusive to particular types of authority.

Local authorities that cut road maintenance spending were more likely to see decreases in the quality of roads

Councils own and maintain local roads (99% of all roads in England). As a discretionary service, local authorities squeezed spending on road maintenance over the last decade: spending was cut 27% in real terms. Over the same period – and contrary to the impression created by the media attention afforded to potholes²² – the quality of roads in England slightly improved. The percentage of classified and unclassified roads in need of maintenance fell from 11.5% in 2009/10 to 11.2% in 2019/20, although this hides considerable variation between local authorities. Of the 84 local authorities that submitted road quality data in both years, 37 saw an improvement (a reduction in the percentage of roads in need of maintenance), while the remaining 47 experienced a worsening (an increase in the percentage of roads in need of maintenance). The local authorities that saw an improvement did so by an average of 4.1 percentage points while those that worsened saw a smaller average decline in road quality – 3.7 percentage points.

Figure 24 **Change in roads in need of maintenance compared to real-terms change in road maintenance spending 2009/10–2019/20**



Source: Institute for Government analysis of DLUHC, Local authority revenue expenditure and financing in England: individual local authority data – revenue outturn 2009/10 and 2019/20. Excludes grants for education services, police, fire and rescue, and public health; DfT RDC0120: Percentage of principal and non-principal classified roads where maintenance should be considered, by local authority in England, 2007/08 to 2020/21; DfT RDC0130: Percentage of unclassified roads where maintenance should be considered, by local authority in England, 2007/08 to 2020/21.

There is a relationship between change in road maintenance spending and change in the proportion of roads in need of maintenance, although there were still 31 local authorities that cut spending and reduced the proportion of roads in need of maintenance. As with waste collection, this is likely to be due to differential ability to make efficiencies. Some council interviewees said that they had made efficiencies by outsourcing contracts and tightly specifying terms to get better value for money, which one interviewee claimed had reduced costs by around 10%.

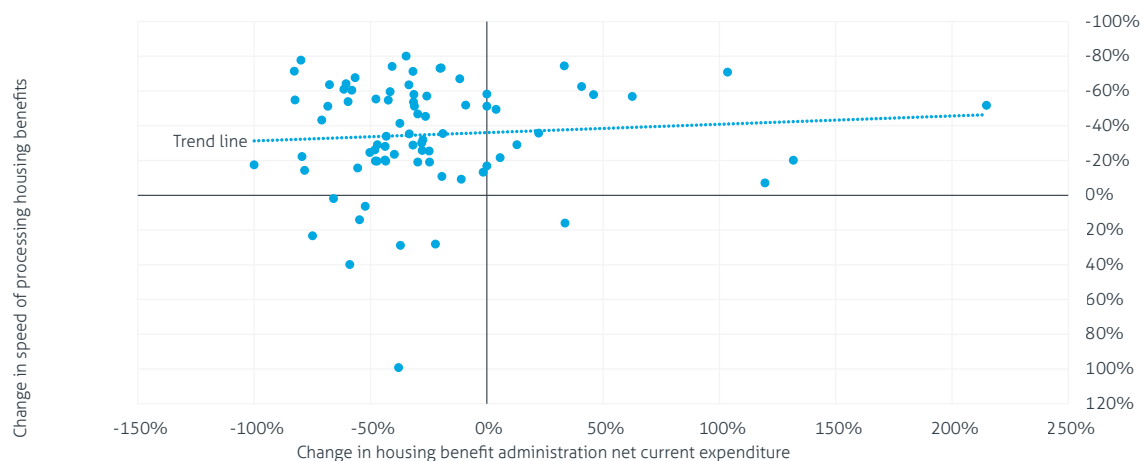
Most local authorities reduced the time taken to process housing benefits

Housing benefits are funded centrally and given to local authorities to distribute. Councils do not have discretion over how generous to make these benefits but they are responsible for administering – processing and approving or rejecting – them. They process both new claimants and changes of circumstances for existing claimants. How quickly they do this affects claimants' ability to pay their rent, so we measure time taken to process applications as a reasonable proxy for the efficiency – if not quality – of housing benefit administration.

The combined speed of processing new and change of circumstances claims fell substantially over the 2010s – from 11.0 days in 2011/12 to 5.3 days in 2019/20 – aided by the big reduction in local authority caseloads as new applicants for housing benefit were gradually moved on to universal credit, handled directly by the Department for Work and Pensions, from 2016, when the government began to roll out the new scheme. In 2019/20, local authorities processed 320,000 new claims in comparison to 1,300,000 in 2011/12 – a fall of 75%.

In contrast, some people who were already claiming housing benefit were not moved on to universal credit but instead continued to receive housing benefit in much the same way they had before 2016 and continued to send change of circumstances applications to their local authorities. There were 15% more change of circumstance applications between 2011/12 and 2019/20 – a rise from 7.8 million to 9.0 million. To account for the different caseload after the introduction of universal credit, we analyse the speed of processing change of circumstance claims as our indicator of the quality of housing benefit administration.

Figure 25 **Change in speed of processing a change of circumstance housing benefit application 2011/12, compared to real-terms cuts in housing benefit**



Source: Institute for Government analysis of DLUHC, Local authority revenue expenditure and financing in England: individual local authority data – revenue outturn 2009/10 and 2019/20. Excludes grants for education services, police, fire and rescue, and public health. DWP, Housing benefit and council tax benefit: statistics on speed of processing 2011–12, 2012–13 and 2019–20

There is no relationship between changes in the speed of processing applications and in spending. The vast majority (90.7%) of councils reduced the time taken to respond to change in circumstance applications because shifting new claimants on to universal credit effectively freed up resources within local authorities that were previously processing new housing benefit claims. Unlike the other services we cover, there are no relationships between changes in the speed of processing change of circumstance applications and any of our independent variables (region, deprivation, rurality, political control, or accounts qualification), suggesting that differential ability to make efficiencies explains the differences in performance. Most local authority interviewees said that they had made efficiencies by automating procedures, replacing call centres with online response systems, and consolidating council revenues and benefits teams to rationalise services.

5. What do these variations tell us about the effects of spending cuts?

The six indicators above provide a mixed picture of changes in service quality and accessibility. Local authorities have managed to maintain, or even improve, the quality and accessibility of some services – and, surprisingly, the steepest declines have not always been in the areas with the largest spending cuts.

Focusing on the spending and performance of individual indicators does not provide an overall picture of neighbourhood services because local authorities are free to allocate money between discretionary services as they see fit, as long as they meet their legal duties. One local authority might decide to prioritise waste collection over libraries. Another might prioritise bus routes over waste collection and libraries. One local authority interviewee explained that his authority protected spending on public spaces because councillors and officers thought that the park in the centre of their town was an important attraction and that tourism might decline if the quality of the park declined. In contrast, no other interviewee said that their local authority had protected spending on open spaces.

If local authorities have different priorities, there is good reason to expect that there may not be a clear relationship between any individual service indicator and the overall cuts to neighbourhood services spending – as different local authorities protected different services that they thought most important. To address this, we analyse a composite index that combines the changes in each of the six indicators available in every local authority to show how the quality and accessibility of all neighbourhood services changed between 2009/10 and 2019/20.

Figure 26 **Change in quality and accessibility index compared to real-terms change in spending that is covered by those indicators, 2009/10–2019/20**



Source: Institute for Government analysis of DLUHC, Local authority revenue expenditure and financing in England: individual local authority data – revenue outturn 2009/10 and 2019/20. Excludes grants for education services, police, fire and rescue, and public health. For full details of quality & accessibility index, see Methodology.

There is a weak relationship between change in spending and change in performance overall

There is a slight positive relationship between our index of quality and accessibility and cuts to neighbourhood services spending: the local authorities that cut spending most were more likely to see a decline in the quality and accessibility of their neighbourhood services. However, there is significant variation in the extent of the change of quality and accessibility. Overall, 86 of the 145 upper-tier local authorities for which we have results (59%) saw a decline in the quality and accessibility of their neighbourhood services, while 55 saw an improvement, even as spending on services covered by the index was cut. There are no clear patterns between change in quality and accessibility, and region, rurality, political control, or deprivation.

The weak overall relationship between changes in service quality and accessibility, spending cuts, and any of our independent variables is surprising and suggests that spending is not the only factor in performance. In interviews, current and former local authority chief finance officers and chief executive officers agreed and suggested that the following factors were at least as important as spending:

Local authorities had different abilities to make efficiencies

All interviewees reported finding efficiencies in neighbourhood services of some kind between 2009/10 and 2019/20 – including all the services for which we have indicators. These efficiencies took several forms. For partially or wholly outsourced services, interviewees reported renegotiating or re-tendering contracts to drive down costs, particularly for bus subsidies, waste disposal, waste collection and road maintenance contracts. Local authorities also reorganised central services. For example, one upper-tier local authority centralised the administrative functions of the shire districts in their county into one office to reduce work duplicated across the county.

Local authorities also made use of new technologies both in service provision – using assistive technology to better deliver adult social care – and in the administration and operation of back office functions, such as introducing enterprise resource platforms (software combining various administrative processes). Some also found efficiencies by changing the delivery model for neighbourhood services. One officer stated that their authority had “spun services out” into commercial entities to benefit from different tax arrangements, such as VAT exemptions.

Most local authorities found it harder to make efficiencies as the decade progressed. One described neighbourhood services as having “fat” in the budget at the beginning of the decade, which was removed in the first five years of cuts. However, in the second half of the decade the same interviewee said that pressures were harder to manage because they had already taken the “easy” efficiency savings and were beginning to see rising demand for acute services. One officer described budget rounds in the second half of the 2010s as “like hand to hand fighting” between directorates over which pressures were most urgent to address.

These insights about efficiencies are crucial in explaining the weak relationship between change in spending and performance. All local authorities said they had made savings through efficiencies but that does not mean these efficiencies were uniform in type or extent. Some local authorities started the decade with more 'fat' in their budgets than others, while differing management styles and ideas resulted in different outcomes. The extent of pressure a local authority faced was not the only determinant of the quality and accessibility of services because efficiencies played an important role in mediating effects.

Local politics affected spending choices

Interviewees told us that local politics and councillors' preferences affected which neighbourhood services were prioritised, and that these were often highly local decisions. As preferences varied between local authorities, so did the allocation of budgets.

One interviewee thought that ideology and political control played a role, as their Conservative-run council saw implementing cuts as "their part to play" in reducing public debt at the start of austerity. The same council was averse to increasing sales, fees and charges to generate revenue, describing them as undesirable "stealth taxes".

Most interviewees, however, did not think ideology and political control played a big role. Several told us that councillors prioritised protecting the budgets of services where they received the most complaints from their constituents, notably road maintenance. One reported that councillors were keen to increase the amount of potholes filled – even though roads were well maintained in comparison to other similar authorities – because road maintenance was one of the most visible and widely discussed services.

Several interviewees pointed out that the marginality of a council – the size of the party majority – also played a role. In a local authority where one party had a safe majority, they told us that the controlling party was more willing to include opposition parties in budgeting because it was unlikely that they would be able to claim credit for spending decisions at the next election and overturn the incumbent's majority. In contrast, an officer from a local authority with a marginal council described all decisions as "politically led", with councillors intervening in almost every spending decision to ensure that the most popular services were relatively protected.

Councillors often influence how neighbourhood services budgets are allocated, but local preferences are hard to measure and varied between local authorities. Local politics helps explain why there is a messy relationship between change in neighbourhood services spending and change in the observable indicators of quality and accessibility that we gather.

High-profile inspection reports affected spending choices

We considered two other possibilities for our weak results – that the performance data available was not a good proxy of quality or accessibility, and that local authorities prioritised attention on services where they had to report performance to central government. However, our interviewees thought that this was unlikely to be the case.

Most interviewees thought that the indicators that we used were good proxies for quality and accessibility of neighbourhood services, though noted that they capture only a third of total spending on them. Interviewees also said that measuring the performance of a service rarely led to local authorities prioritising it for protection or extra spending. What mattered more, in their view, was regulation. One local authority explained that “it’s what [central government] regulates that matters... rather than it being what you measure that matters”. Several interviewees stated that some of the biggest influences on their spending decisions had been either Care Quality Commission or Ofsted inspection reports. Negative reports – which generated a lot of local media interest – often resulted in councillors focusing more attention and resources on improving that service quickly. This corroborates research commissioned by the Local Government Association, which found that a “Requires Improvement” inspection rating for children’s services often generated a large additional cost to a local authority.¹

6. Conclusion

A decade of cuts have transformed the size, shape and function of local government in England. The scope of the state has shrunk locally over the last decade, and with smaller budgets, councils have prioritised spending on statutory and demand-led services such as homelessness, waste collection and concessionary bus passes at the expense of preventative and universal services such as children's centres, subsidised bus routes and housing programmes to help vulnerable people to live independently. As a result, some neighbourhood services have become harder to access. Local authorities were able to make efficiencies but this became harder in the second half of the decade. There are now fewer libraries, less frequent waste collection and, in local authorities outside London, fewer accessible bus routes.

This played out differently across the country, with notable effects in the most deprived areas. Surprisingly, the most deprived areas received the biggest grant cuts because the way the government distributed cuts to grant funding took little account of how dependent on grants local authorities were in 2009/10. Demands for social care for adults and children increased in both the least and most deprived areas, but the most deprived areas were still more likely to make deeper neighbourhood services cuts. In some cases, this resulted in bigger performance declines. There were bigger reductions in bus mileage, more library closures and smaller increases in recycling rates in the most deprived areas.

But changes in spending do not explain all variation in performance. Councils that cut spending on bus subsidies, libraries and roads did see bigger reductions in bus mileage, more library closures, and bigger declines in the quality of roads than councils that did not cut spending, but changes in spending did not determine changes in performance. There were only weak relationships between change in service-specific spending, and in overall spending, and the quality or accessibility of neighbourhood services. Interviewees told us that the extent to which councils were able to make efficiencies and local politics were at least as important as spending.

The government needs better information on neighbourhood services

Local authorities responded in myriad ways to pressures, and changes in spending did not determine changes in performance. This suggests there could be scope for greater efficiency and for local authorities to learn from each other, although this would be easier if the government collected and published more comparable local authority data on the quality and accessibility of services. There are performance indicators for only around a third of neighbourhood services spending, meaning the government does not have a good picture of what is happening in the other two thirds – which accounted for £10bn of local authority spending in 2019/20.

The Johnson government's stated ambition in its *Levelling Up the United Kingdom* white paper, published in February 2022, to make more subnational data available¹ is laudable, but if the current government wants to understand how local authority performance varies, and why, it will have to decide which areas of local authority spending it thinks most important and bring together, or possibly collect new, comparable local data on the quality and accessibility of services.

Methodology

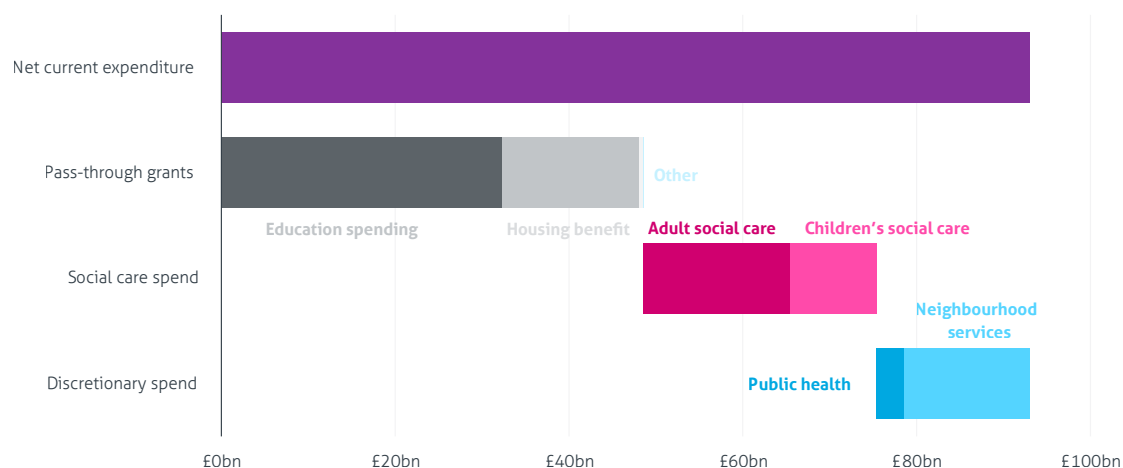
Local authorities

Throughout this paper, we only analyse general purpose upper- and single-tier local authorities in England. These authorities encompass London boroughs, metropolitan districts, unitary authorities and county councils.² All references to “councils” refer only to these local authorities. We exclude all other classes of local authority: fire and rescue authorities, waste authorities, combined authorities, national park authorities, police and crime commissioners, and the Greater London Authority.

Local authority spending

The money that local authorities spend is partly raised locally and partly raised and allocated through central government grants. Excluding pass-through grants – that is, money that local authorities pass straight on either to other public sector bodies or directly to citizens – local authorities in England received half of their funding from central government grants (including retained business rates)* and raised half from council tax in 2019/20. In 2019/20, general purpose upper- and single-tier local authorities spent £93bn – 12% of total government day-to-day spending³ – but £49bn of this was ‘pass-through grants’. Local authorities effectively only administer these grants, and do not have discretion over how much to spend. When analysing spending, we include only spending that local authorities have some discretion over.

Figure 27 **Local authority net current expenditure, 2019/20**



Source: Institute for Government analysis of DLUHC, Revenue outturn summary 2019–20. Net current expenditure excludes precepts and levies; pass-through grants are the total of service lines 711–714, 719, 190, 601 and 602. Housing benefit is the total of service lines 711–714, and neighbourhood services is the total of service lines 290, 490, 509, 590, 599, 690 and 698.

* Local authorities have retained a portion of business rates since 2013/14, but the government chose to redistribute some business rates revenue through tariffs and top-ups. Local authorities that retained revenues higher than the government's estimate of their needs had to pay tariffs equal to the difference, and local authorities that retained revenues lower than estimated needs received a top-up equal to the difference. This was designed to ensure that no local authority would receive lower funding than they did in 2013/14 as a result of the new system. These tariffs and top-ups have increased in line with inflation, and local authorities have retained only half of the growth in business rates since 2013/14. As business rates are still subject to a tariff and top-up regime, we count retained business rates as central grants for simplicity. For more detail see: <https://ifs.org.uk/uploads/English-local-government-funding-trends-and-challenges-in-2019-and-beyond-IFS-Report-166.pdf>, pp. 67–68.

The two biggest areas of pass-through grants are education spending (funded primarily from the dedicated schools grant, a ring-fenced grant that local authorities pass directly to schools)* and housing benefit (where they have no discretion over the amount of money provided or eligibility criteria for the payments).**

We exclude these pass-through grants in our analysis because local authorities do not have discretion over how much to spend. We also exclude public health spending in our analysis because local authorities became responsible for public health services only in 2013/14, halfway through the period of our analysis (2009/10–2019/20). We only include adult social care, children’s social care and neighbourhood services spend when calculating local authority controllable spending.

Local authority grant dependence

In Figures 4, 5, 6, 9 and 10 we present information on various local authority spending variables compared to local authority grant dependence in 2009/10 – a measure of how much of a local authority’s total spending was funded from central government grants.

We calculate grant dependence as: Grant funding/Total revenue spending, where:

Grant funding = Total grants inside AEF (699) – Dedicated Schools Grant (102) – London Pay Addition (104) – School Standards Grant (including Personalisation) (141) – Standards Fund (excluding elements now in ABG) (145) – Diploma Specific Formula Grant (154) – Parenting Practitioner Grant (155) – Targeted Mental Health in Schools (157) – Youth Opportunity (195) + Revenue Support Grant (851) + Redistributed non-domestic rates (870)

Total revenue spending = Revenue Expenditure (795) – Dedicated Schools Grant (102) – London Pay Addition (104) – School Standards Grant (including Personalisation) (141) – Standards Fund (excluding elements now in ABG) (145) – Diploma Specific Formula Grant (154) – Parenting Practitioner Grant (155) – Targeted Mental Health in Schools (157) – Youth Opportunity (195)

For both calculations, we take figures for Revenue Expenditure, Revenue Support Grant, and Redistributed non-domestic rates from the Department for Levelling Up, Housing and Communities’ individual local authority revenue outturn summary, and figures for all specific grants from the department’s individual local authority revenue outturn specific and special revenue grants.⁴

* Local authorities’ only role is to agree with schools on how to distribute the grant between schools in a Local Schools Forum, www.local.gov.uk/sites/default/files/documents/15.65%20Education%20Must%20Know_03%20WEB.pdf, p. 5.

** Local authorities will stop delivering most housing benefit when the government completes the full roll-out of universal credit, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1029073/hb-resilience-guidance.pdf, p. 3.

Our measures of grant funding and revenue spending exclude 'pass-through grants' that local authorities administer but do not have discretion over how much to spend. We remove all schools-related grants from both calculations and exclude grants outside aggregate external finance (799) because they are "payments made by local authorities on behalf of central government, under statutory schemes and the payment of rent allowances and rebates".*

For revenue spending, we use revenue expenditure rather than total service expenditure to include non-service spending and income such as interest payments and investment income.

Indicators

We used publicly available data on service outputs and outcomes to analyse the quality and accessibility of neighbourhood services. To gather a comprehensive picture of neighbourhood services, we broke down neighbourhood services into the 115 revenue outturn spending sub-categories of highways and transport services, housing services, cultural, environmental, regulatory and planning services, and central, protective and other services (excluding police services and fire and rescue services). We mapped performance indicators to each sub-category of spending, searching for relevant data using LG Inform,⁵ the Department for Levelling Up, Housing and Communities' single data list,⁶ and Google search terms.**

* https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/7266/1826743.pdf, p. 41

** For a full list of services, see: https://docs.google.com/spreadsheets/d/11w4IMBH1P4kIMkCZmpX5mUf8I_AUkNPTdfCMZlJoWA4/edit?usp=sharing

Indicator selection

When choosing the indicators for the quality and accessibility of neighbourhood services, we selected metrics based on the following criteria:

- **Local authority level:** indicators had to be available by local authority so we could compare between authorities. We excluded five indicators on this basis.
- **Five-year time series:** we sought indicators that were available in 2009/10 and 2019/20, so that we could analyse change in the indicators over the same period we analysed changes in spending (2009/10–2019/20). The full decade criteria proved to be too restrictive, so we expanded the range to include indicators that began in at least 2014/15. We still excluded four indicators on this basis, including the H-CLIC dataset of local authority homelessness duties and actions, as this data was gathered in a consistent format only from 2017/18.* Three of the six indicators we analysed in the report were not available between 2009/10 and 2019/20: bus mileage (2014/15–2019/20), proportion of waste recycled (2014/15–2019/20) and speed of processing a change of circumstance housing benefit application (2011/12–2019/20).
- **Local authority control over indicator:** local authorities had to at least partially control outcomes. For example, local authorities can decide on library provision so closures are directly attributable to their decisions. We excluded three indicators on this basis, including the number of noise complaints per person⁷ because many confounding variables outside of local authority control would affect noise complaints.
- **Preferable indicator outcome:** for all indicators, it should be clear what a preferable outcome would be. For example, we assume that more bus mileage in each local authority is a desirable outcome because it indicates a more accessible bus service. We excluded one indicator on this basis, the number of non-fatal injuries per 100,000 employees, because a rise or fall could reflect better reporting as well as a genuine shift, and could reflect a shift in the nature of working conditions (people moving out of high-risk occupations to lower-risk ones). It is not clear if a rise or fall represents an improvement or decline.

We rejected 13 indicators in total, accounting for £7bn of total spending **in 2019/20** (approximately 19% of neighbourhood services spend) that did not meet the above criteria and which we could therefore not include in our analysis.

When analysing how local authorities made choices between social care and other spending areas, we only consider upper-tier local authorities, but some services are delegated to lower-tier local authorities in two-tier local authorities. Waste and housing benefit administration are delegated to lower-tier local authorities so for these categories, we only consider data on single-tier and upper-tier local authorities.

* www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness

Libraries

As an indicator of the quality and accessibility of the “Library service” line item in Revenue Outturn 5 (the revenue outturn form where local authorities report their cultural, environmental, regulatory and planning services spending), we analysed the number of library service points open for more than 10 hours per week. Unlike the other indicators used in this paper, this data is not publicly available and comes from the Chartered Institute for Public Finance and Accountancy’s annual Public Library Statistics dataset. We compared the number of library service points for more than 10 hours per week in 2009/10 and 2019/20. Some local authorities did not report data in the 2019/20 actuals, and where this was the case, we used values they provided in the 2018/19 dataset. We excluded local authorities that did not provide values for 2018/19 and 2019/20. We used results for 122 of the 146 upper-tier local authorities that had the same boundaries in both 2009/10 and 2018/19 or 2019/20.

To calculate the number of library visits per person and service points per person, we used the mid-2020 ONS population statistics, broken down by local authority district.⁸

Waste collection

For the “waste collection” line item in Revenue Outturn 5, we analysed the frequency of kerbside collections, which is available in the Waste and Resources Action Programme (WRAP) local authority portal.⁹ We analysed changes in the frequency of kerbside collections between 2010/11 (the first year in which data was collected) and 2018/19, and coded each local authority as either increasing, decreasing or maintaining the frequency of kerbside collections, counting a reduction as a reduction in service.

Waste disposal

We analysed the percentage of waste recycled in each local authority as the indicator for the quality of “recycling” and “waste disposal” line items in Revenue Outturn 5. The Department for Environment, Food and Rural Affairs publishes this data in its annual waste statistics.¹⁰ We analysed changes between 2014/15 (the first year in which data was collected) and 2019/20. 109 local authorities provided data for both years.

We chose to use recycling as the indicator of waste disposal rather than other waste disposal methods because the percentage of waste sent to landfill mostly reflected a long-term decline in the proportion of waste disposed of in landfill that predated the 2010s, but which peaked in that decade. Additionally, incineration is lower in the waste hierarchy than recycling and is considered a less desirable means of waste disposal – it is not clear if an increase in incineration is desirable. In contrast an increase in recycling, which is highest in the waste hierarchy, was a clearly positive outcome.

Bus mileage

We analysed the number of bus kilometres on local bus services by local authority as an indicator for the “Support to operators – bus services” line item in Revenue Outturn 2 (the revenue outturn form where local authorities report their transport services spending). The Department for Transport publishes local authority level data annually in its ‘Local bus vehicle distance travelled’ datasets.¹¹ This dataset splits results into

bus routes that run with support from local authorities and routes that are entirely commercial. We looked at the combined total of both categories for our analysis to account for the fact that some local authority-subsidised routes were taken over by commercial operators in the first half of the 2010s.

We considered but rejected the number of bus miles travelled by passengers and the proportion of buses running on time because there were too many confounding variables outside of local authority control.

The Department for Transport first published local authority bus mileage data in 2014/15, so we analysed changes between 2014/15 and 2019/20. Some local authorities delegate bus provision to integrated transport authorities (ITAs) and London buses are managed by Transport for London. Local authorities in London, Greater Manchester ITA, Merseyside ITA, Tyne and Wear ITA, West Midlands ITA, South Yorkshire ITA and West Yorkshire ITA therefore do not report bus mileage data, and we only compare changes in 76 local authorities responsible for buses.

Road quality

We analysed the percentage of roads in need of maintenance as an indicator for the quality and accessibility of local authority roads spending (that is, the total of “Highways maintenance planning, policy and strategy”, “Structural maintenance – principal roads”, “Structural maintenance – other LA roads”, “Structural maintenance – bridges”, “Environmental, safety and route maintenance – principal roads” and “Environmental, safety and route maintenance – other LA roads” line items in Revenue Outturn 2).

Local authority-maintained roads are classified as either principal and non-principal (A, B and C roads) or unclassified (U roads). Our indicator of percentage of roads in need of maintenance combines two publicly available Department for Transport datasets (RDC0120: Percentage of principal and non-principal classified roads where maintenance should be considered, by local authority in England, 2007/08 to 2020/21; and RDC0130: Percentage of unclassified roads where maintenance should be considered, by local authority in England, 2007/08–2020/21).¹²

We weighted the quality of roads reported in these datasets according to the percentage of classified and unclassified roads within each local authority, available in the Department for Transport’s road lengths dataset: “RDL0102: Road length (miles) by road type and local authority in Great Britain”. We excluded any roads for which the local authority is not responsible – i.e. trunk motorways – and summed the total classified and unclassified roads for each local authority. Classified roads included all A, B and C roads while unclassified roads included only U roads. The latest breakdown of road lengths by type (A, B, C and U) was last published in 2018,¹³ so we used 2018 road lengths to weight the two ‘roads in need of maintenance’ indicators for 2019/20. The breakdown of road lengths by type was available in 2010, so we weighted the 2009/10 ‘roads in need of maintenance’ indicators for 2010 road lengths.

Combining both road quality indicators and weighting for proportion of different types of road gave us a single figure for percentage of roads in need of maintenance across the entire local authority in both 2009/10 and 2019/20. We interpret a reduction in the percentage of roads in need of maintenance as an improvement in this indicator, and we analyse the percentage point difference between the two years for each local authority.

Of the 155 local authorities in the dataset, 38 did report data in 2009/10, and where this was the case, we used values they provided in 2010/11. There were then 57 local authorities that did not have results for 2019/20, which we did not replace with values they used in 2018/19. We therefore have results for only 84 local authorities in total.

Housing benefit administration

We analysed the number of days taken to process a change of circumstance application as an indicator of the quality and accessibility of local authority housing benefit administration spending (the “Housing benefit administration” line item in Revenue Outturn 4, the form where local authorities report their housing services spending). The Department for Work and Pensions publishes this information in its housing benefit statistics.¹⁴ To create the start and end points of our dataset, we used the fourth quarter data releases for 2011/12 (the first year available) and 2019/20.

We analysed the number of days local authorities took to respond to change of circumstance applications because the introduction of universal credit – which was designed to replace housing benefit – in the middle of the decade meant that by 2019/20, the number of new housing benefit applications declined from 1.3 million in England in 2011/12 to 0.3 million.

We interpret a decline in the number of days taken to respond to a change of circumstance application as an improvement in this indicator. Where local authorities did not report data in 2011/12, we used data from 2012/13, which gave us results for 108 local authorities.

Index of quality and accessibility

To construct the index of quality and accessibility, we combined the results for five of the indicators above, excluding waste collection, to calculate an overall change in the quality and accessibility of neighbourhood services within a local authority. We excluded waste collection as we only had discrete results (whether a local authority increased, decreased, or did not change the frequency of waste collection) and therefore could not standardise the results by calculating a standard deviation.

To standardise the result of the changes in our different indicators, we calculated the standard deviation of results in the starting year of the time series. We then worked out how large the change in each indicator for each local authority was by dividing the change in each indicator by the standard deviation in the starting year.

Not all increases in indicators were preferable outcomes. For example, a decline in the percentage of roads in need of maintenance would be a preferable outcome, rather than an increase. To account for this, we multiplied the results for roads in need of maintenance and the speed of housing benefit processing by -1 to make these results comparable with the other indicators.

We then combined all standardised results for all local authorities, weighted by the size of the England-wide spend on these items in 2009/10. For example, "Support to operators – bus services" accounted for £1.1bn worth of spend in 2009/10, which accounted for 14.6% of the £7.3bn that our quality and accessibility indicators covered. We did not have results for each indicator for each local authority. Where a local authority did not have a result for a specific indicator, we excluded that spending from the weighting calculation.

When combined and weighted, the final output of the index is a number for each local authority that shows the magnitude in the decline or increase in the quality and accessibility of all services for which there is a valid result for each local authority. All 146 upper- and single-tier local authorities that had consistent boundaries over the 2010s have an index score, as all had at least one indicator that returned a result.

Threshold for statistical significance

Through the paper we describe some variables as having a relationship with others. For example, we describe a positive relationship between a change in the number of library visits per person and the change in the number of library service points per person. For others, we describe some variables as being unrelated – such as the change in local authority controllable spending and the change in number of children looked after.

Given the numerous intervening variables between spending and performance indicators, we set a low threshold to describe two variables as being related: a correlation coefficient of at least ± 0.25 . This is a low threshold, and lower than that in hard scientific research. We set a low threshold because we expect a messy relationship between spending and our performance variables, given performance is affected by more than spending. Local authorities have made efficiencies to different extents and had different local priorities, both of which complicate the simple relationship which we would otherwise expect between spending and performance. Previous academic local government research has not set explicit thresholds for statistical significance¹⁵ for simple linear regressions.

Excluded local authorities

We excluded two local authorities from our analysis on the basis of anomalous changes in neighbourhood services net current expenditure between 2009/10 and 2019/20.

We excluded Halton unitary authority because it appears to have covered all of its neighbourhood services spending with sales, fees and charges in 2019/20. Halton spent £65.3m on neighbourhood services in 2009/10, but derived income of £0.5m in 2019/20, implying a real change in net current expenditure of -101%. This was mostly driven by a large increase in sales, fees and charges collected by the council – from £9.3m in 2009/10 to £68.5m in 2019/20. This is principally attributable to the opening of the Mersey Gateway bridge in 2017,¹⁶ a toll bridge that replaced the nearby and toll-free Silver Jubilee bridge. In 2019/20, the Mersey Gateway bridge generated net income of £55.5m.¹⁷

We exclude Bury metropolitan district because it appears to have covered all of its neighbourhood services spending with sales, fees and charges in 2019/20. Bury spent £43.8m on neighbourhood services in 2009/10, but derived income of £1.8m in 2019/20, implying a real change in net current expenditure of more than 102% between 2009/10 and 2019/20. Unlike with Halton, the reason for this change is less clear. The majority of the increase in income came from “Other income” in the Central Services category of Revenue Outturn 6, which increased from £22.0m in 2009/10 to £52.8m in 2019/20. Unfortunately, we were not able to determine what drove this increase in other income.

Interviews

To better understand how budgeting decisions were made during the 2010s and what factors affected service performance in addition to spending, we undertook semi-structured qualitative interviews with five current and former upper-tier local authority chief executives and chief finance officers. Insights from these interviews are referenced as ‘local authority interviewees’ throughout the paper.

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6. Conclusion

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