

Analysis of Rural Services Network call for evidence

BUDGET REDUCTIONS AND PUBLIC SERVICE DELIVERY IN RURAL AREAS

Main findings

A survey of RSN members in February-March 2011 has sought information about their revenue budgets over the next two years and the implications for service provision in rural areas.

The rural local authorities who took part will, on average, see their net revenue budgets (for all services) fall by 11% during the year to 2011/12 and by 17% during the two years to 2012/13. Over the same periods their central Government grant will reduce by 18% and 29% respectively. (Note that a part of this represents a change of responsibility.)

The rural local authorities who took part will, on average, see their staffing levels (full-time equivalent) fall by 5% during the year to 2011/12 and by 10% during the two years to 2012/13.

Services which these local authorities (mainly district councils) said would be most affected by cuts are cultural services, parks and leisure, economic development, environmental maintenance, and waste collection and recycling.

These authorities also named certain county council services as particularly affected by cuts in their area, including public transport and libraries.

Services which appear to be least affected include education, Sure Start, advice services, and housing and homelessness services.

Quite a number note that they have focussed cuts on management costs and back office functions. It is clear that some have largely managed to protect frontline staff and services, but the picture is very variable.

Half of these local authorities say they are as likely to give grants to community and voluntary organisations next year as they were this year. However, most of the others say they will be less likely to do so.

March 2011

This note reports the findings from a call for evidence (or survey) among Rural Services Network (RSN) members, to explore the likely impacts of budget reductions from April 2011 on public service delivery in rural England. It follows on from a similar survey which was conducted in summer 2010.

The survey was designed and analysed for the RSN by Brian Wilson Associates. The RSN distributed the survey to relevant groups within its membership.

The context

When the RSN last ran a survey on this topic the direction of travel was clear, but the scale of budget reductions was not. That has now been clarified, making it timely to re-visit the issues.

In autumn 2010 Government announced the results of its comprehensive spending review, with plans to reduce significantly the public sector deficit over the following four years. This included a real terms cut of 27% in central Government grant to local authorities (equivalent to a 14% cut in their budgets after Council Tax receipts are taken into account). By next financial year (2011/12) their spending power is reducing by 4.4%, on average.

Analysis by the Rural Services Network¹ shows that councils classified as predominantly rural will receive £315 per head of population in Government (formula) funding in 2011/12 and those classified as significantly rural will receive £275 per head. This compares with £477 per head received by urban councils. The RSN notes that budget cuts in rural areas are being made from a lower starting point.

Local authorities have also been given a powerful incentive not to make good these cuts by raising Council Tax. Those which keep Council Tax at the same level in 2011/12 will receive a Government grant equivalent to 2.5% of their Council Tax income. However, Council Tax per head of population remains higher in rural areas (£452) than in urban areas (£386).

Other groups of statutory organisations face their own financial situations, some of which are better than the local authorities and some of which are not.

The survey

This survey was distributed to two groups among the RSN membership. The largest of these were the principal local authorities. A second group comprised some other public service

¹ Formula consultation response: case for SPARSE authorities, Dan Bates (RSN), March 2011.

providers. Online survey forms were completed by them between late February and mid March 2011, a few weeks before the start of the 2011/12 financial year.

Twenty-two local authorities responded with evidence, 20 of them being district councils and 2 being county councils. There was a good geographical spread, with only one region (north east) not represented and with a strong response from the south west. Most of the responses came from heads of finance or chief executive officers. One other statutory organisation provided evidence – a Fire and Rescue Authority. Thanks are due to all of them for their input.

The survey has generated some useful information, which is likely to be indicative of the wider picture across rural England. It is not, though, and was not intended to be a robust statistical sample.

It should be noted that the survey focussed primarily on revenue budgets used to run services. It did not cover capital spending.

The findings - resources

Twenty-one of the 23 respondents said that they had already set their final service level budgets for 2011/12, with the remaining 2 having provisional budgets at that stage. The survey should therefore offer an accurate picture of service plans for next financial year.

Net revenue budgets: figures provided by 21 of the responding local authorities² show that their net revenue budgets for all services will be £39 million less in 2011/12 than at the start of 2010/11. On average (the median) this represents an 11% year-on-year cut, though the range is from 6% to 16%.

	<i>Percentage reduction in net revenue budgets</i>	
	<i>Change 2010/11 to 2011/12</i>	<i>Change 2010/11 to 2012/13</i>
<i>Median for responding local authorities</i>	11%	17%
<i>Smallest change among them</i>	6%	13%
<i>Largest change among them</i>	16%	23%

By the following financial year, 2012/13, net revenue budgets for all services will be on average (the median) 17% less than they had been at the start of 2010/11. The range reported is from 13% less to 23% less. In all cases, except one, these local authorities are

² The missing data for this question is for a county council, which would probably have added at least £10 million to the overall reduction figure.

making a larger annual reduction in year one (2011/12) than they are in year two (2012/13). In other words, the cuts could be described as front-loaded.

It should be noted, though, that there is a complicating factor, namely the transfer of the concessionary fares scheme as a function from district to county councils in 2011/12. As these survey responses came mainly from district councils, a part of the reduction must be due to that and the cuts are less front-loaded than they appear.

The Fire & Rescue Authority which responded to the survey will see its revenue budget reduce by less than 1% in each of these years. However, it notes that it may be atypical of such authorities because of local circumstances³.

Total Government grant: figures provided by all 22 responding local authorities show that their total grant from central Government (Revenue Support Grant plus other grants) will be £59 million less in 2011/12 than at the start of 2010/11. On average (the median) this represents an 18% year-on-year cut, though the range is from 7% to 33%.

By the following financial year, 2012/13, total Government grant will be on average (the median) 29% less than it had been at the start of 2010/11. The range reported is from 17% less to 42% less. Again, in all cases, except one, grants from Government are reducing more in year one (2011/12) than they are in year two (2012/13).

	<i>Percentage reduction in total Government grant</i>	
	<i>Change 2010/11 to 2011/12</i>	<i>Change 2010/11 to 2012/13</i>
<i>Median for responding local authorities</i>	18%	29%
<i>Smallest change among them</i>	7%	17%
<i>Largest change among them</i>	33%	42%

Again, the complicating factor of the concessionary fares scheme should be born in mind⁴.

Staffing levels: figure available from 19 of the local authorities show that by 2011/12 they plan to reduce their staffing levels by 5% on average (the median), compared with 2010/11. In practice there is a wide range, from one county planning a 25% reduction through to one district which is planning for a (temporary) 6% increase in staff numbers. Translated into numbers of staff, these 19 local authorities expect to have 2,271 fewer employees (in full-

³ This Fire & Rescue Authority is integrated with its County Council and it helps deliver a broad range of community safety services.

⁴ Though it is somewhat less of an issue for the total Government grant figures, because both counties responded to this survey question.

time equivalents) by 2011/12. Some 1,975 of these are from the two responding county councils.

Thirteen of the responding local authorities have figures for 2012/13. By then they plan on average (median) to reduce staffing levels by 10%. The range is from a 5% reduction to a 29% reduction.

	<i>Percentage change in staffing levels (FTE basis)</i>	
	<i>Change 2010/11 to 2011/12</i>	<i>Change 2010/11 to 2012/13</i>
<i>Median for responding local authorities</i>	-5%	-10%
<i>Smallest change among them</i>	+6%	-5%
<i>Largest change among them</i>	-25%	-29%

Fourteen of the local authorities were able to estimate what proportion of these job losses would be amongst “frontline staff”. The proportions vary a lot. Three respondents do not expect to see any reductions in frontline staff. At the other end of the spectrum is a local authority where they are estimated to form three-quarters of the job losses.

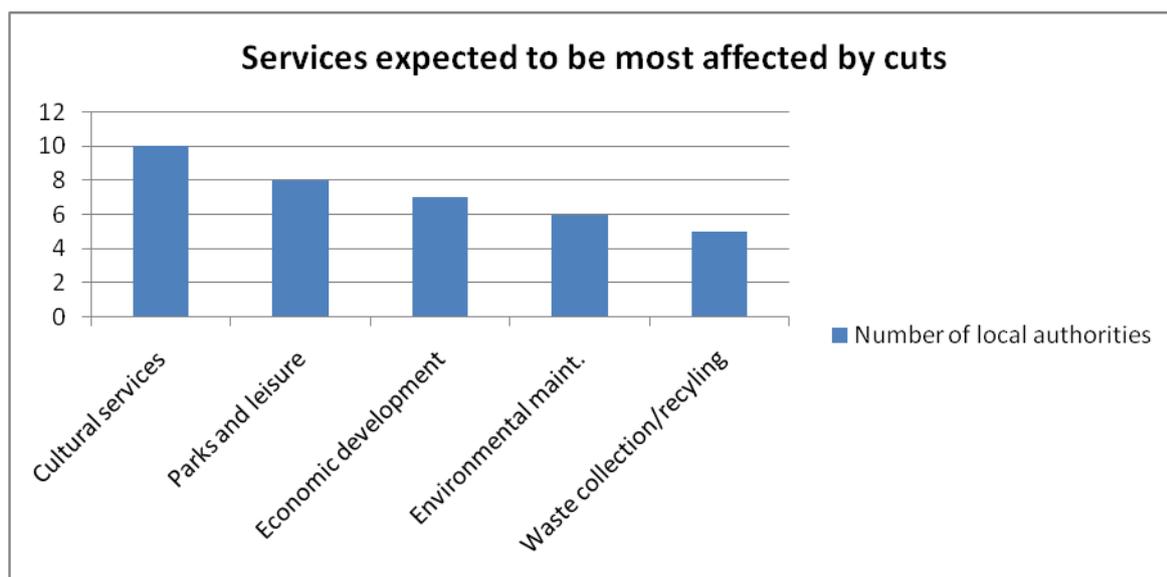
The Fire & Rescue Authority will lose 3 full-time equivalents by 2011/12 and 1 more the year after. Around half of this represents frontline staffing.

Staff pay bill: seventeen local authorities (16 of them districts) were able to provide information about what this meant for their employee pay bill. They were asked to provide the figure for gross salaries i.e. before tax, but net of the local authority’s pension and National Insurance contributions. In 2011/12 they expect to be paying £26.3 million less than in 2010/11. Some £18 million of this relates to one county council. A typical rural district pay bill is reducing but just over half a million pounds.

Only thirteen local authorities (12 of them districts) had information for 2012/13. By that year their employee pay bills will have reduced by £43.4 million since 2010/11. Some £32 million of this relates to one county council. A typical rural district pay bill is reducing by just under one million pounds.

The findings – services

Services most affected: respondents were asked which of their services they expected to be most affected by cuts. Those most often cited were cultural services (arts, museums, etc), parks and leisure, economic development, environmental maintenance, and waste collection and recycling.



At the other end of the scale none of these local authorities expected their education, sure start, advice services or housing and homelessness services to be particularly affected.

It should be remembered that most of those taking part in this survey were district councils. County council services get more of a mention below, where a question about cuts being made by partner organisations is reported.

Although the local authorities were not actually asked about them, 3 added a comment to say public toilets would be particularly affected by the cuts.

The Fire & Rescue Authority does not expect to see significant cuts in its frontline service provision; it will lose 1 from its fleet of 35 fire appliances. Indeed, it plans investment in its retained duty fire service which should improve cover in rural areas. As noted above, this may be atypical of such authorities.

Quite a number commented that they were focussing the brunt of the cuts on their management costs and back office functions. Better procurement, shared services, more income generation and use of reserves were all mentioned. A few local authorities said that, as a result, the affect on frontline services would be minimal next year.

This set of results is similar to those given in our survey in summer 2010. There is, however, one big difference; economic development is now much higher up the list of service areas expected to be significantly affected.

Impacts on rural communities: respondents were then asked what they thought the main implications would be for their rural communities. Things that were mentioned more often include:

- Bus services being reduced and concessionary fares schemes cut to a minimum;
- Less maintenance of open spaces, play areas and the local environment;
- Libraries either being cut or handed over to communities to run on a volunteer basis;
- Services supporting young and older people becoming more targeted at those with the greatest needs.

The survey asked about any actions to minimise the impacts on rural communities. Some answers mentioned specific things such as:

- Increasing the grants pot for improvement to village halls;
- Extra support being given to self-help schemes; and
- Protecting grants which are given to voluntary sector groups.

Other answers were more general or referred to policy processes, such as:

- Developing a Rural Action Plan to set out targeted support;
- Using equalities impact assessment to consider rural impacts;
- Plans to look at Big Society options; and
- The protection of frontline services more generally.

A number simply said that they did not have actions planned to minimise the impacts and one went further saying there really was no more scope to protect rural services.

Support for the VCS sector: respondents were asked, compared with 2010/11, if their local authority is more or less likely in 2011/12 to give grants to voluntary and community sector (VCS) organisations. Half (11) of these local authorities said that the position will be broadly unchanged. However, 8 said they were less likely to be giving grants in 2011/12 and only 3 said they were more likely to be doing so.

Although this is not exactly a positive picture, it is not as bad as the situation reported in summer 2010 when the great majority of responding local authorities said they expected to see cuts to their VCS grant funding in 2011/12. This is, perhaps, to be expected; there has been considerable pressure since on local authorities to protect VCS funding.

Cuts by partner organisations: respondents were asked if they were aware of plans by partner organisations to reduce service levels in rural areas. A wide range of services were mentioned, including many county councils services (the respondents being mainly district councils). Those most frequently mentioned were:

- Public transport – including cuts in subsidies for bus routes and reducing the concessionary fares scheme nearer to its statutory minimum;

- Libraries – with known plans for closing some outlets (which may depend whether community volunteers are willing to help run them);
- Youth centres and youth services – known to be facing cuts in some rural areas; and
- Policing – a number mention expected cuts in rural policing.

Other services which get a mention include magistrates' courts, Supporting People, community health services, children's services, the ambulance service and emergency planning.

Concluding comments

The data from this call for evidence confirms that rural local authorities are now experiencing very sizeable reductions in their revenue budgets. In both percentage and actual terms the grants they get from central Government are reducing even more.

Many of the services expected to be most affected are those highlighted by the previous RSN survey – cultural services, parks and leisure, waste and recycling. This survey's responses came mainly from district councils, but they also flagged concerns about county functions such as libraries and public transport. Indeed, these may turn out to be some of the most visible service changes for rural communities.

One other service area expected to be significantly reduced in many places is economic development. This seems an interesting finding, given the current policy emphasis placed on supporting economic growth and the formation of Local Enterprise Partnerships. It may be that many district councils are leaving this function up to county councils.

Since the RSN last surveyed this subject, rural local authorities appear to have made efforts to protect grant funding for the voluntary and community sector. The numbers expecting to give out fewer grants in future has fallen, though it clearly remains an important issue. In time, it may be that more commissioning from the sector replaces grant income.

Certain of these local authorities name support for the community and voluntary sector as a deliberate response from them to help mitigate the impact of service cuts in rural areas. This mirrors a finding from earlier RSN work with its members about the Big Society.

Budget reductions will also, of course, impact on the size of the public sector workforce. To some extent these authorities are managing to protect frontline jobs, though the picture is very variable. Many rural economies rely heavily on public sector employment. Whilst it cannot be assumed that all local authority staff live close to their place of work, the above figures for reducing pay bills are an indication of less household spending power within those rural economies (at least in the short term).