

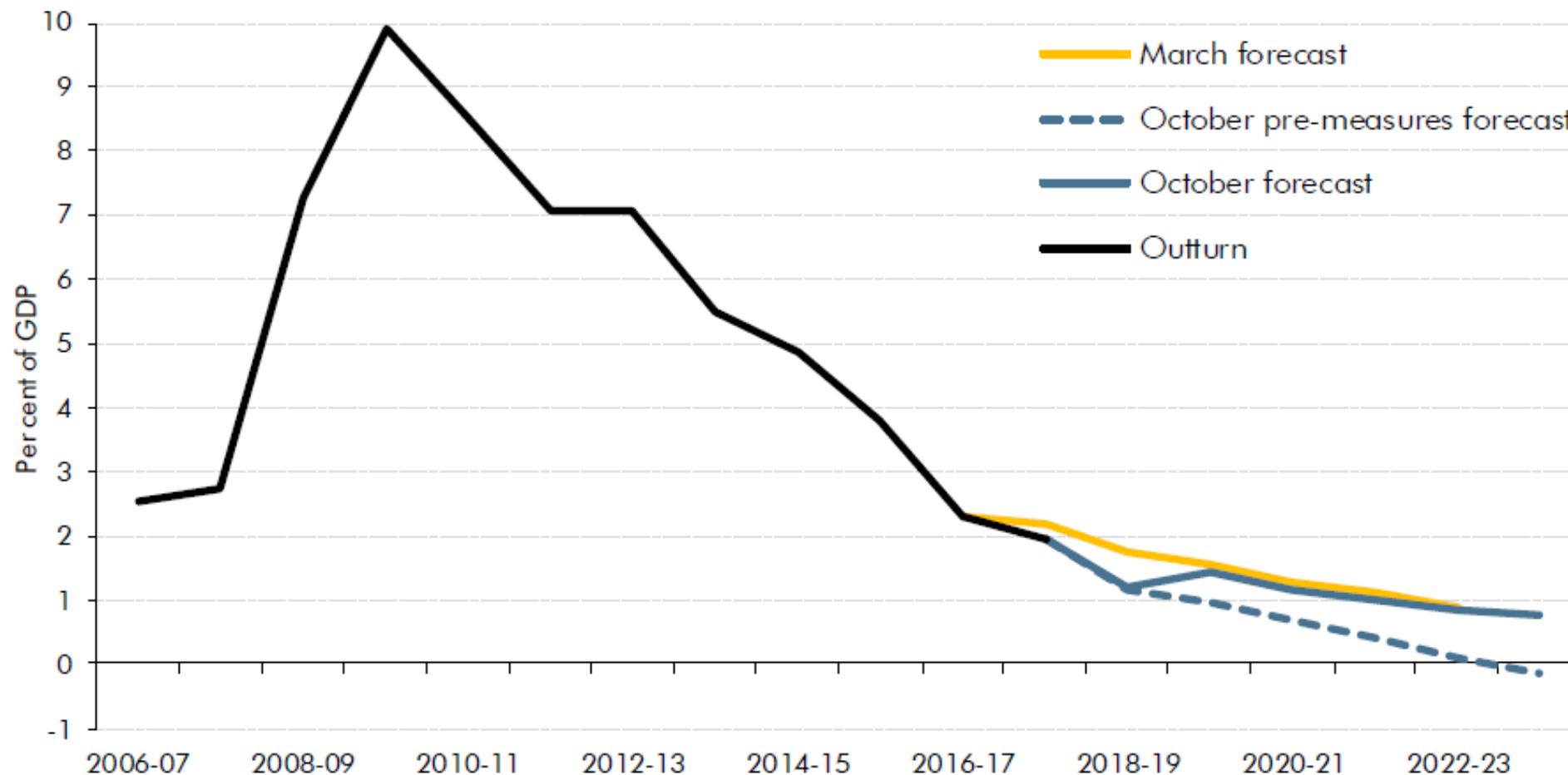
'The end of austerity'?

the impact of a nine year austerity programme on our city

- In October 2018, the Prime Minister told Conservative Party conference that austerity was over.
- Since 2010, the Government has driven an unprecedented retrenchment of public expenditure across significant parts of the public sector – commonly referred to as the austerity programme
- This has had a range of implications for our city, our communities and our economy.
- This presentation considers:
 - The impact on public services, local government and SCC in particular
 - The impact on the people and communities of Sheffield
 - The impact on jobs and the economy
 - Conclusions on the overall implications of the austerity programme since 2010.

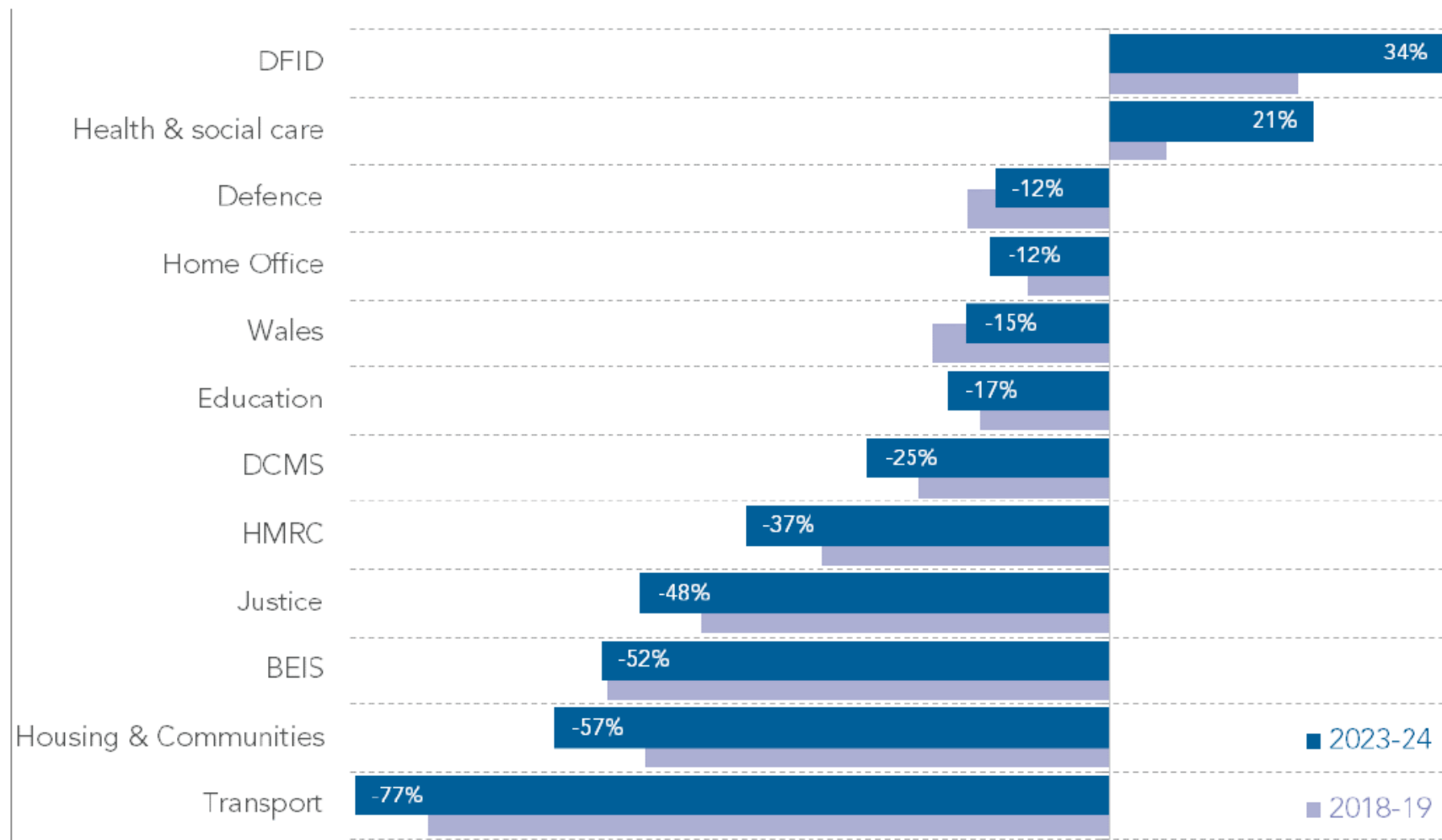
The Government's austerity programme has reduced the deficit but new spending commitments in Budget 2018 have increased spending leaving a projected £19.8bn deficit in 2023-24

Chart 1.5: Public sector net borrowing



The impact of cuts across Government has been, and will remain, uneven

Real change in departmental resource budgets (RDEL per person, GDP deflator) relative to 2009-2010



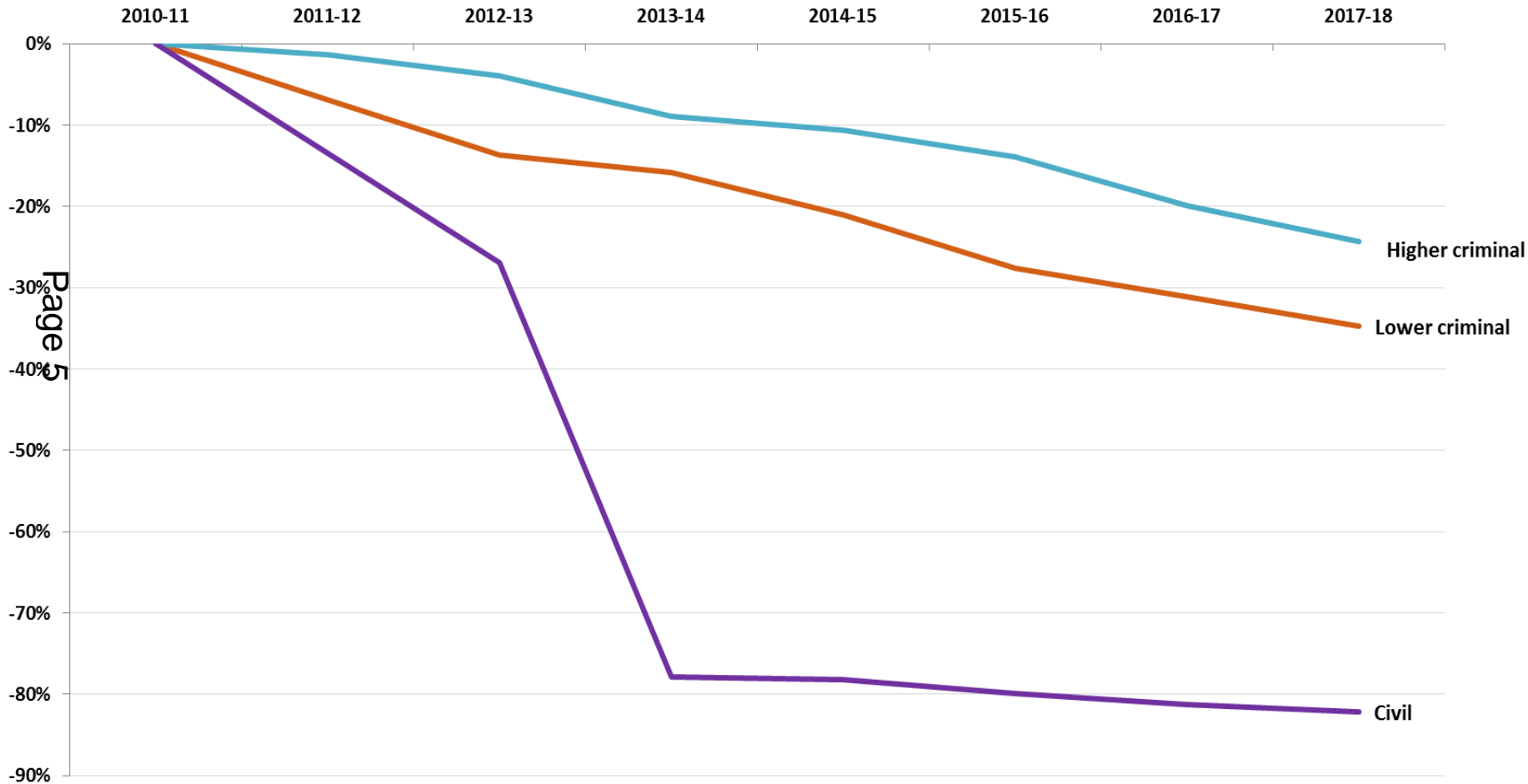
Source: HMT, PESA 2018; Fiscal statements; and RF analysis

Source: Resolution Foundation (2018) [How to Spend It](#)

Funding for legal aid has reduced by almost 40% since 2010

The number of civil legal aid caseload has fallen 645,000 in the same period

Legal Aid Caseload, by type of court, change since 2010-11



Source: Legal Aid Statistics, April-June 2018, Ministry of Justice,
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/748562/legal-aid-statistics-tables-apr-jun-2018.ods

BBC Shared Data Unit Analysis

Since 2011-12:

- Around a million fewer claims for legal aid each year
- More than 1,000 fewer legal aid providers were paid for civil legal aid work than in 2011-12.
- Almost half of all community care legal aid providers are based in London

<https://www.bbc.co.uk/news/uk-46357169>

Cuts have been uneven by type of authority...

Page 6

Figure 2: Single tier and county councils | Change 2010-11 to 2017-18 | Revenue Spending Power

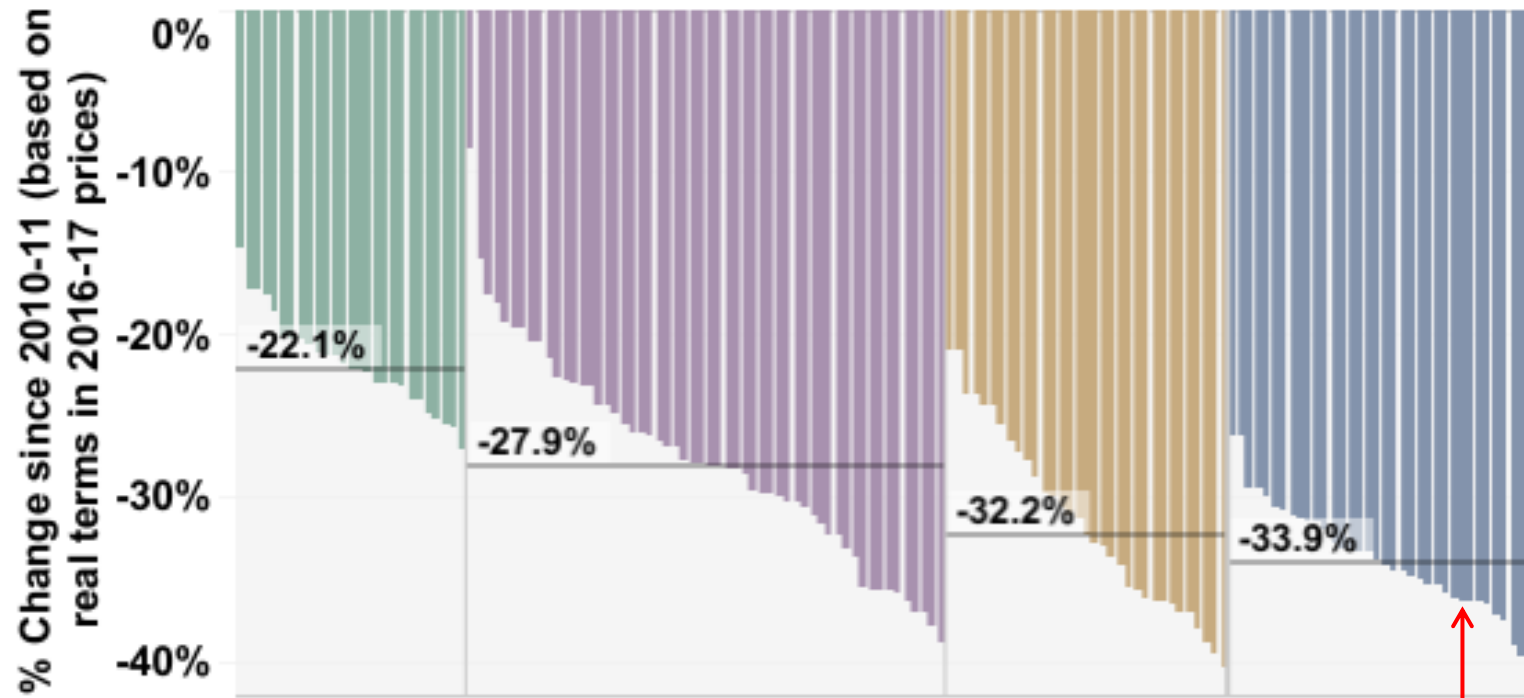


Fig 2: Group local authorities by type:

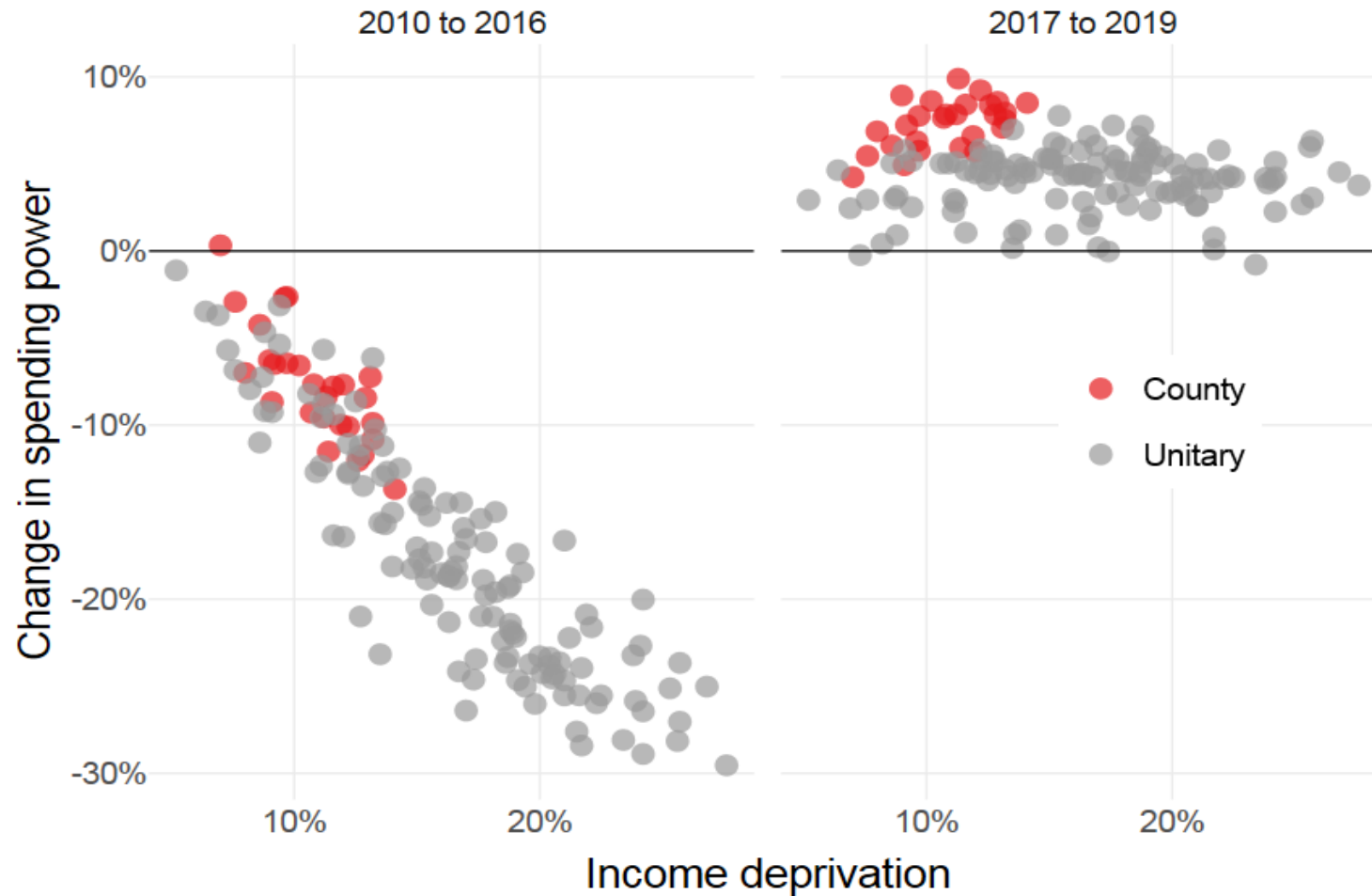
- Yes
- No

- Metropolitan districts
- County councils
- Unitary authorities
- London boroughs

Sheffield

Spending power cuts have impacted most on councils in more deprived areas whereas increases (eg. social care funding) has been distributed more evenly

Fig 2: Change in spending power for periods 2010-2016 and 2017-2019



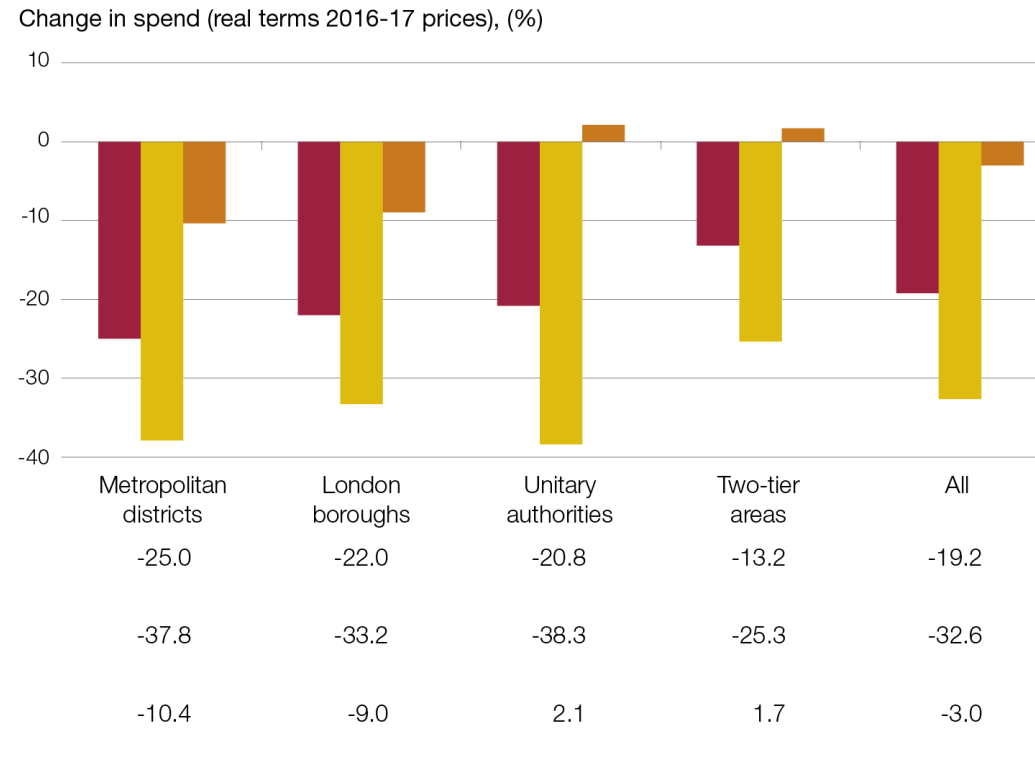
Non-social care services have seen significant funding reductions and councils have sought to protect the most vulnerable in their areas

Social care now accounts for over 56% of total spend in Metropolitan councils.

Figure 9

Change in overall service spending by type of local authority in England, 2010-11 to 2016-17

The reduction in overall service spend in different authority types is the net outcome of limited falls or even growth in social care spend offset by large falls in other service spending

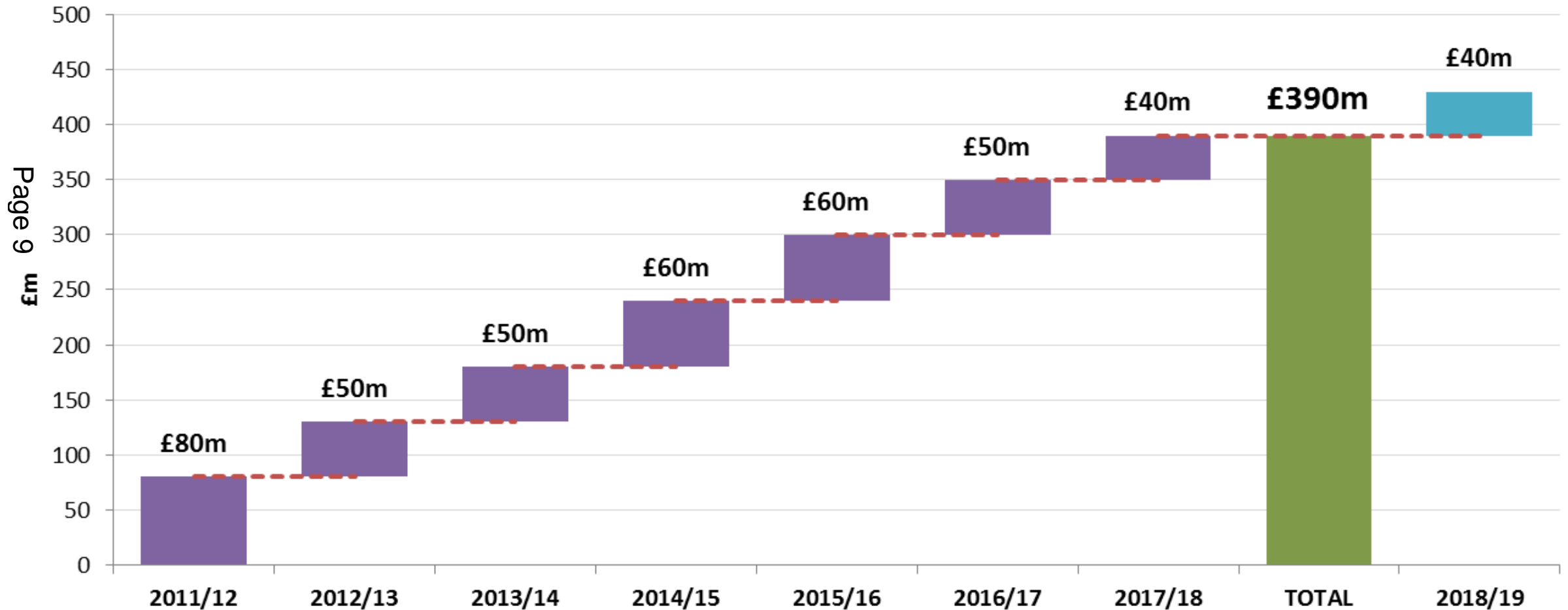


Notes

- 1 'Non-social-care services' includes non-schools education services.
- 2 The 'Two-tier areas' data series combines the data from the shire districts and county councils.

Sheffield City Council has seen a £430m reduction in its budget since 2011-12...

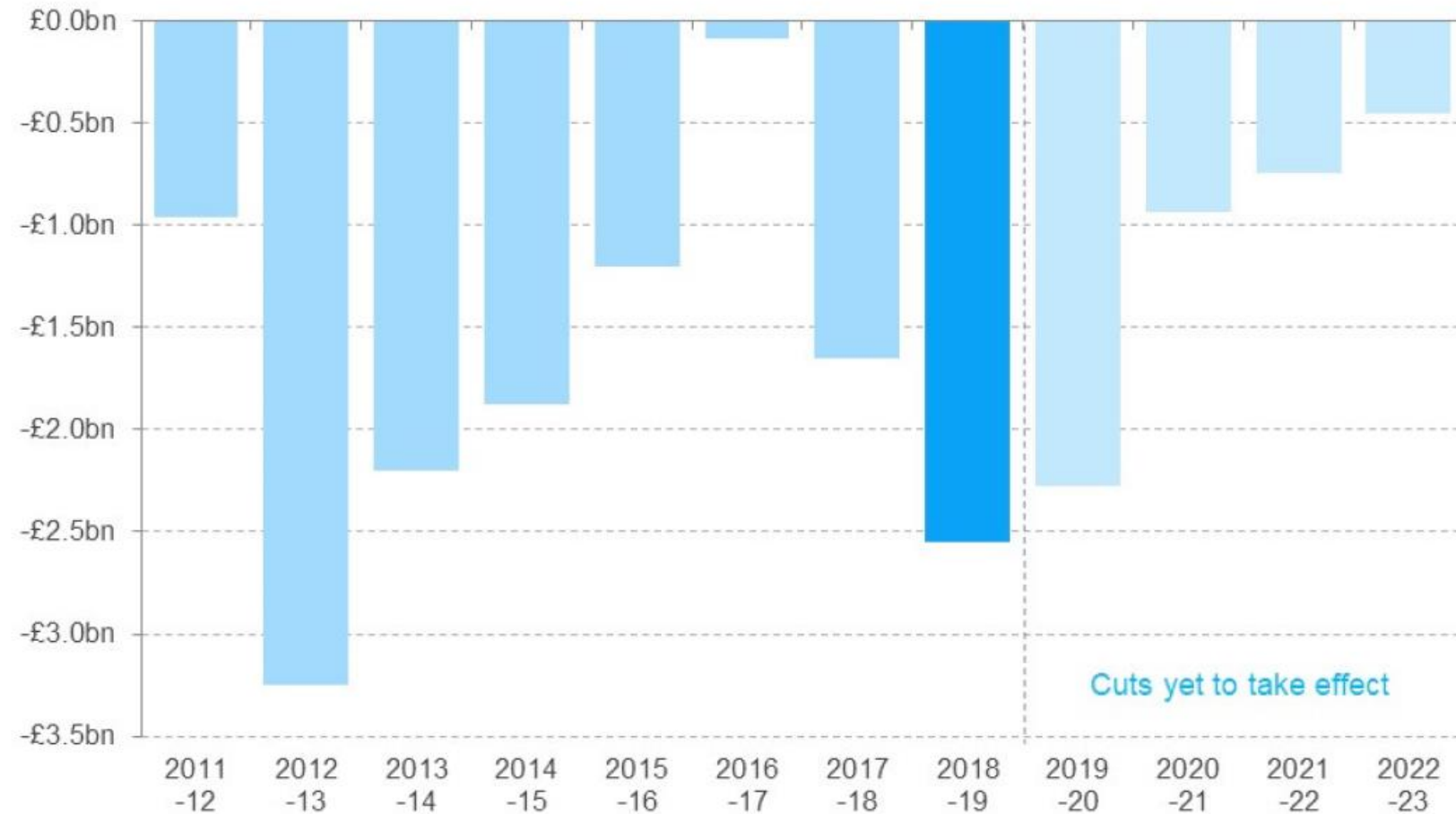
How Sheffield City Council's Budget has changed



Welfare cuts have been ongoing since 2011/12 and are expected to continue into the 2020s

Over £4bn of welfare cuts are due over the next five years

Reduction in government spend due to working-age benefit cuts taking effect in each

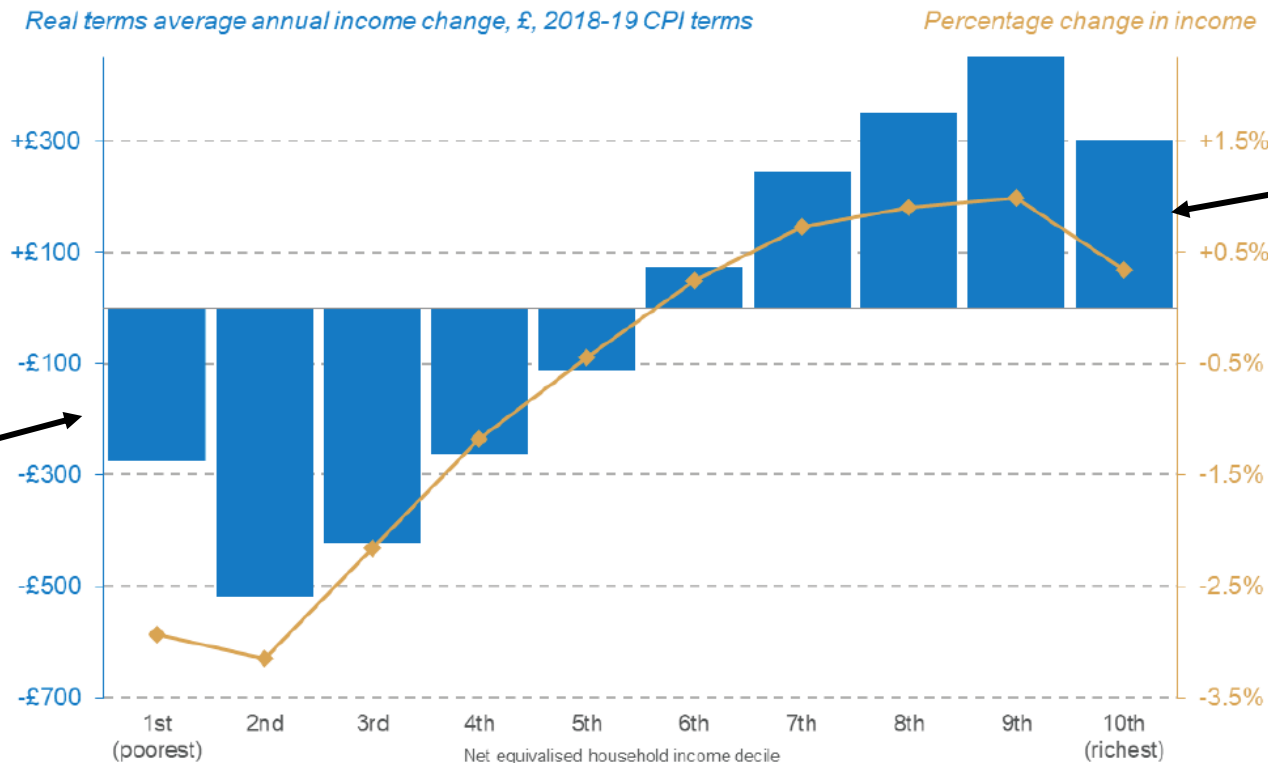


Notes: Savings relate to the first year in which working-age benefit cuts are implemented and exclude reductions in social rents that do not impact directly on household income.
Source: Resolution Foundation analysis using OBR, Policy costing database and OBR, Economic and Fiscal Outlook, various

Tax and welfare changes have been unequal and are inversely correlated with deprivation

Figure 16: Distributional impact of tax and benefit policies announced since March 2015: 2023-24

Real terms average annual income change, £, 2018-19 CPI terms



Page 11

Poorest fifth of households are expected to be £400 a year worse off by 2023-24

Richest fifth of households are expected to be around £390 a year better off by 2023-24

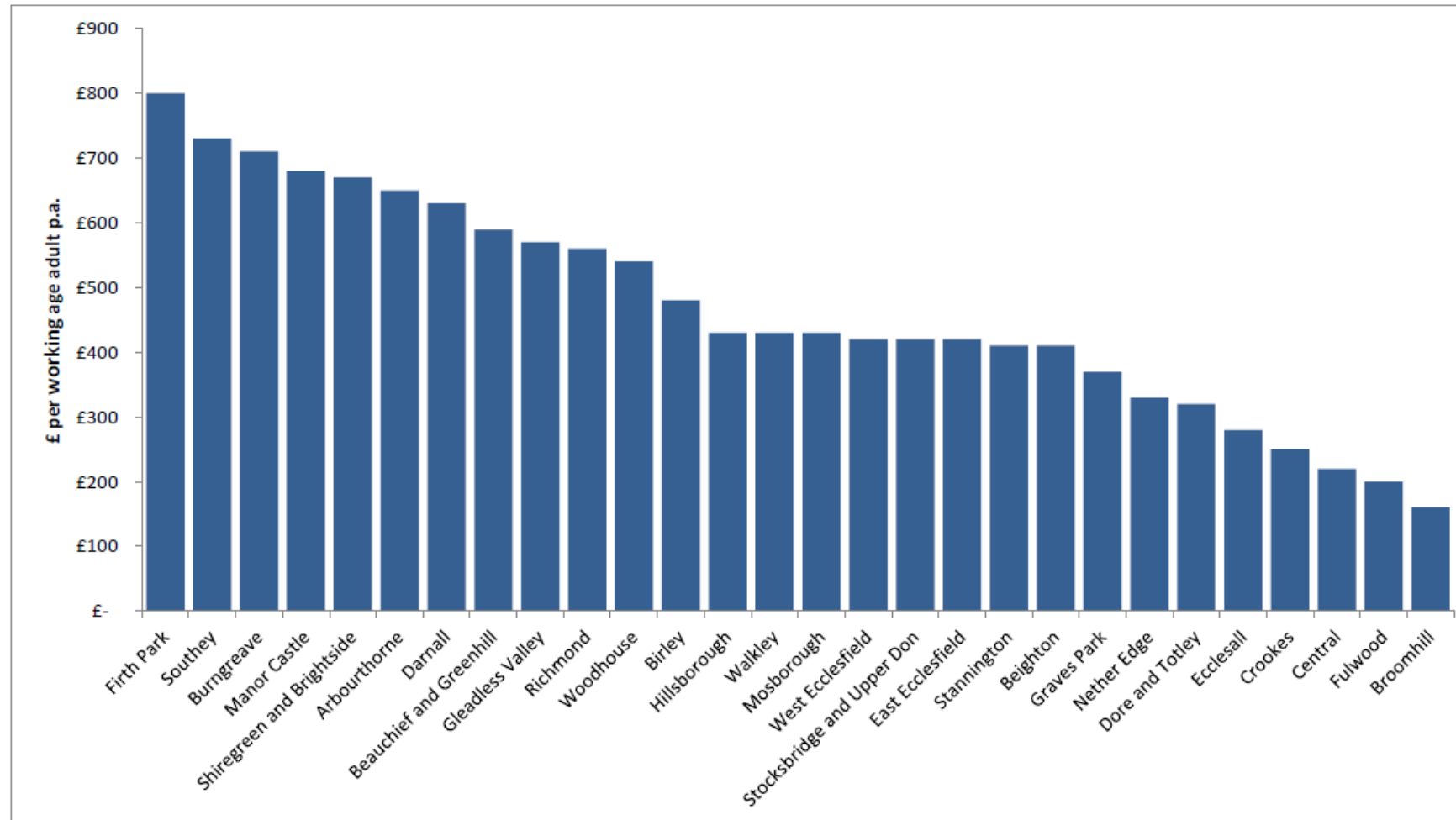
Notes: Includes announced income tax cuts, additional hours of free childcare, removal of family element, alcohol & fuel duty freeze, limiting support to two children, work allowance cuts, pension tax relief cut, Class 2 NICs abolition & re-instatement, benefit freeze, reducing UC taper to 63%, abolition of six-week wait, HB run-on, further UC transitional measures & £1,000 work allowance boost. Assumes full entitlement, full UC roll-out & measures affecting new claims/births 85% in place. Estimates take into account take-up.

Source: OBR, Economic and Fiscal Outlook, various. RF analysis using IPPR tax-benefit model.

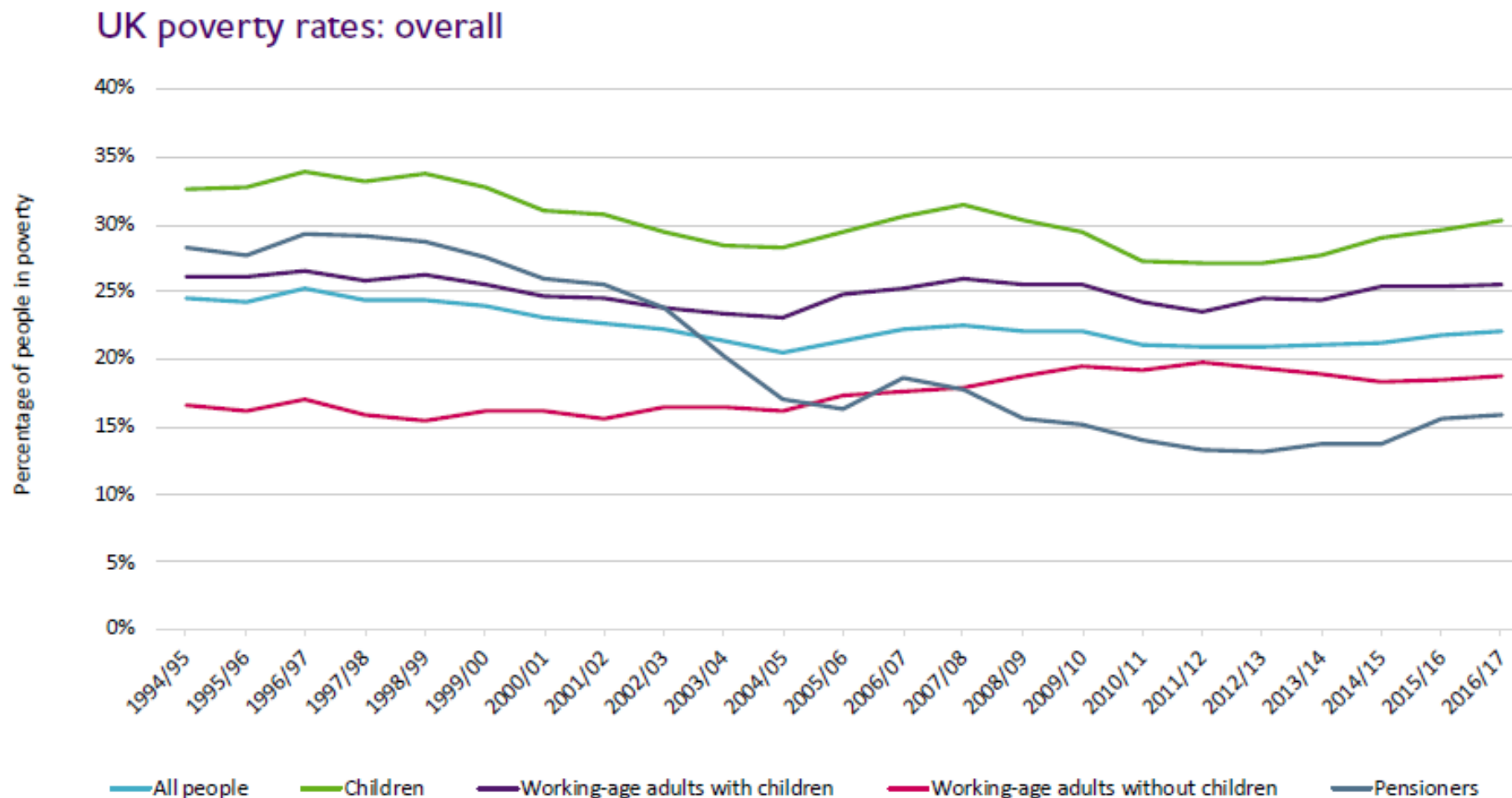
Source: Resolution Foundation (2018) [How to Spend It](#)

The impact of welfare reform has been felt across Sheffield but is significantly higher in our more deprived wards

Figure 1: Overall financial loss arising from welfare reform, Sheffield by ward



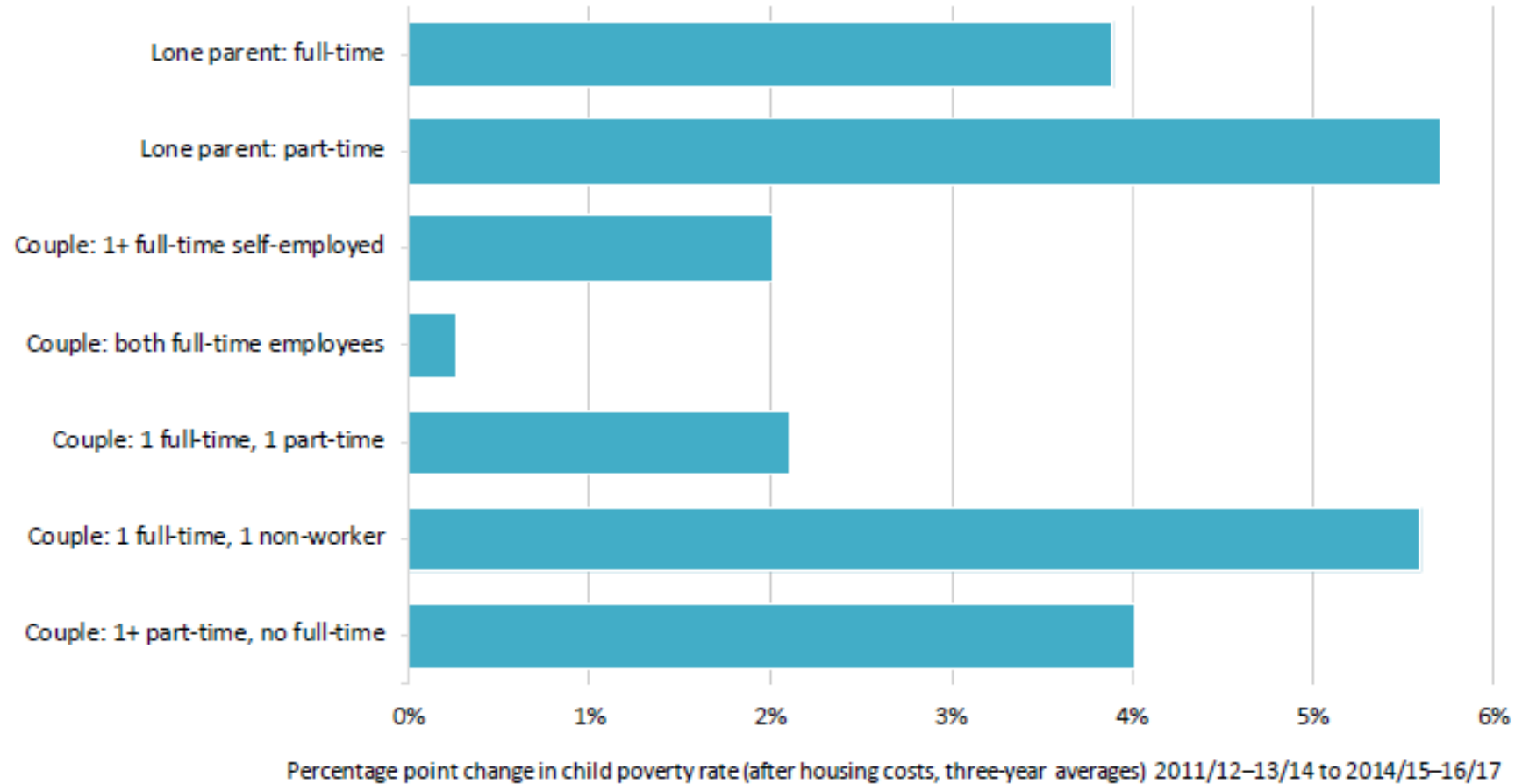
Poverty – particularly amongst children – has increased significantly since 2010



Source: Households Below Average Income

The number of children living in poverty has increased more quickly for some family types

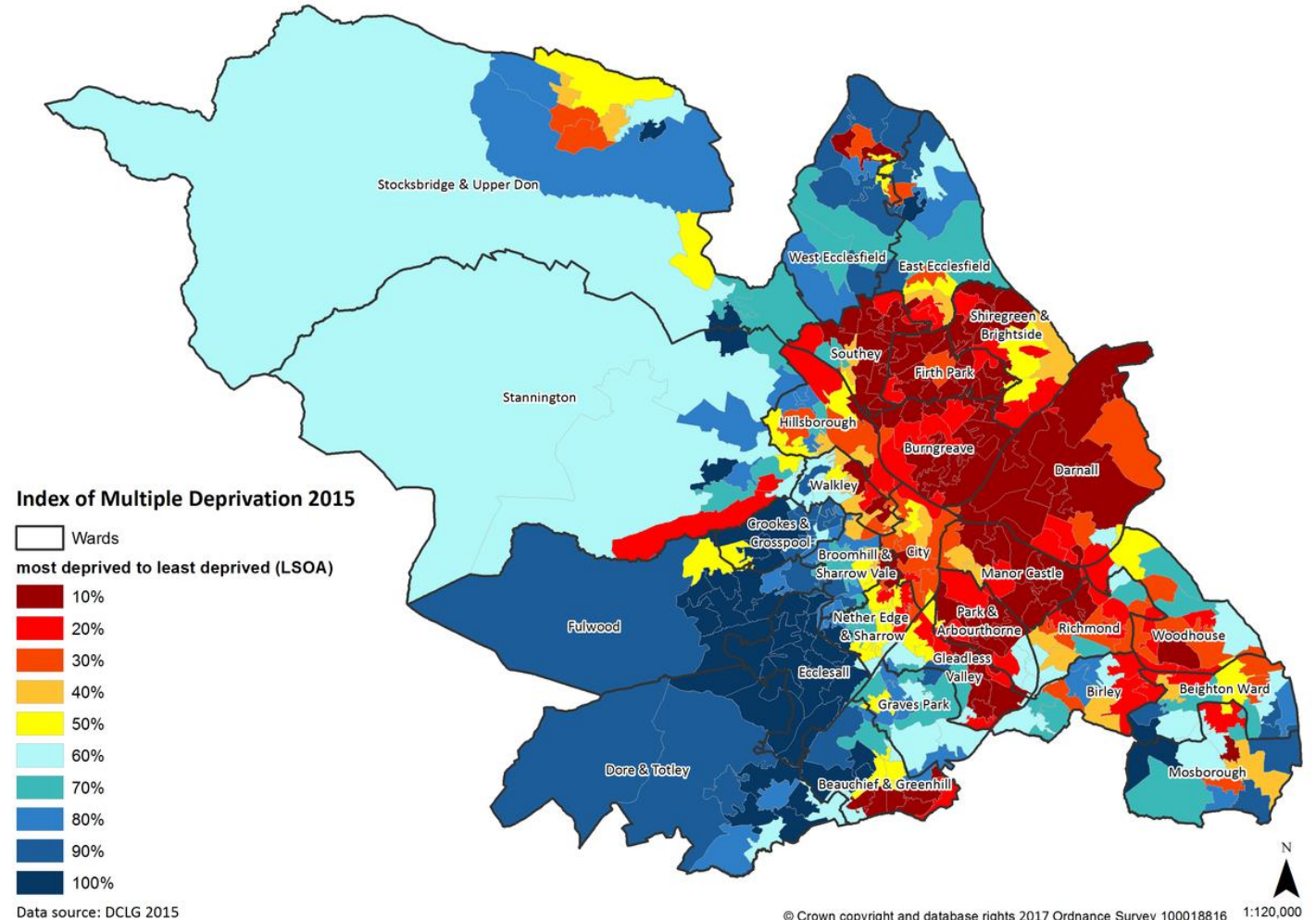
Change in child poverty rates in working families: by family type



Deprivation in Sheffield has become more polarised since 2010

- Nearly a quarter of Sheffield's small areas are in the most deprived 10% nationally
- Three small areas in Sheffield are within the 1% most deprived in England, an increase from two in 2010
- Deprivation in Sheffield has become more polarised since 2010, the number of small areas in the most and least deprived 10% has increased in 2015

Page 15

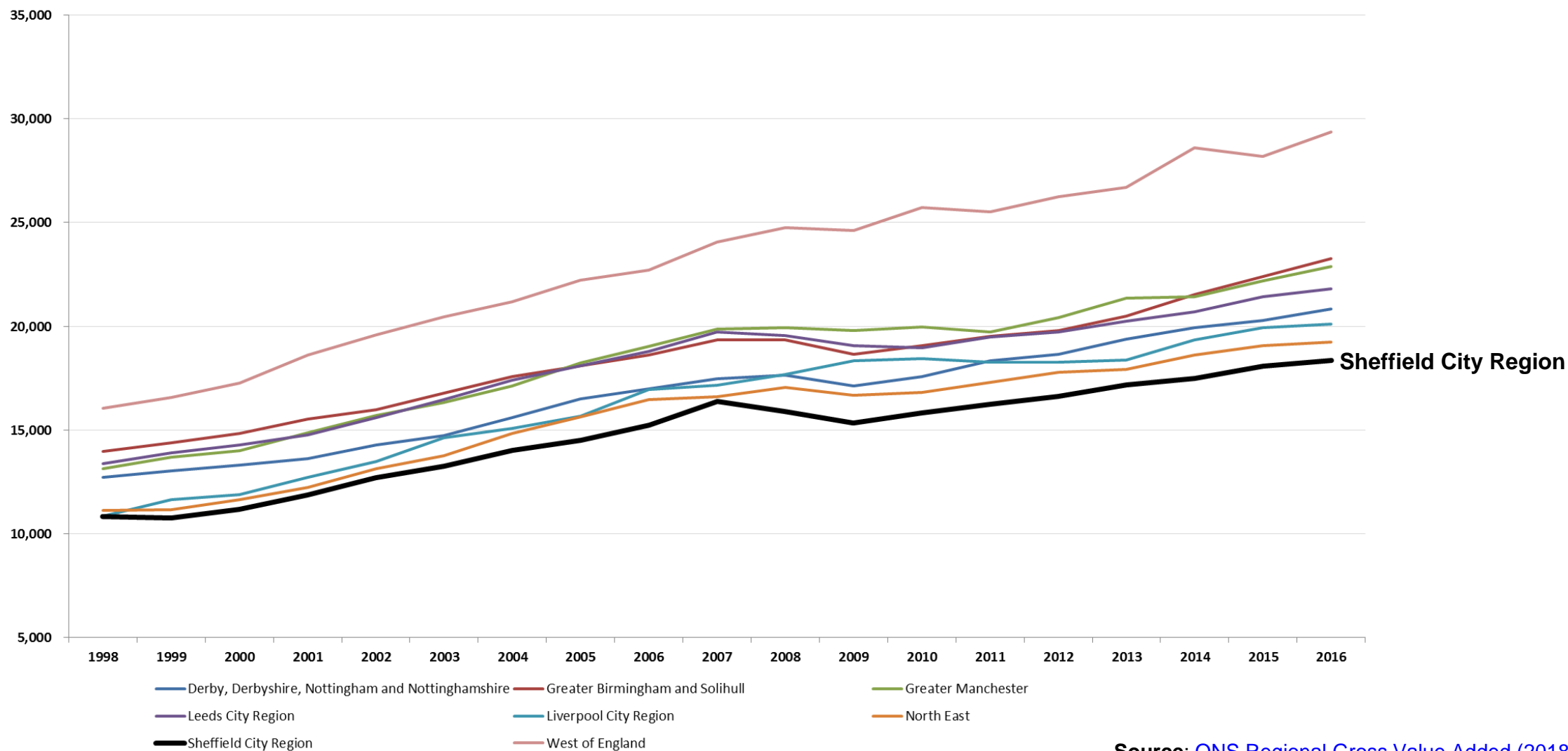


Sheffield City Region's GVA per head has recovered since the recession but remains the lowest of the 'Core City' LEP areas



Page 16

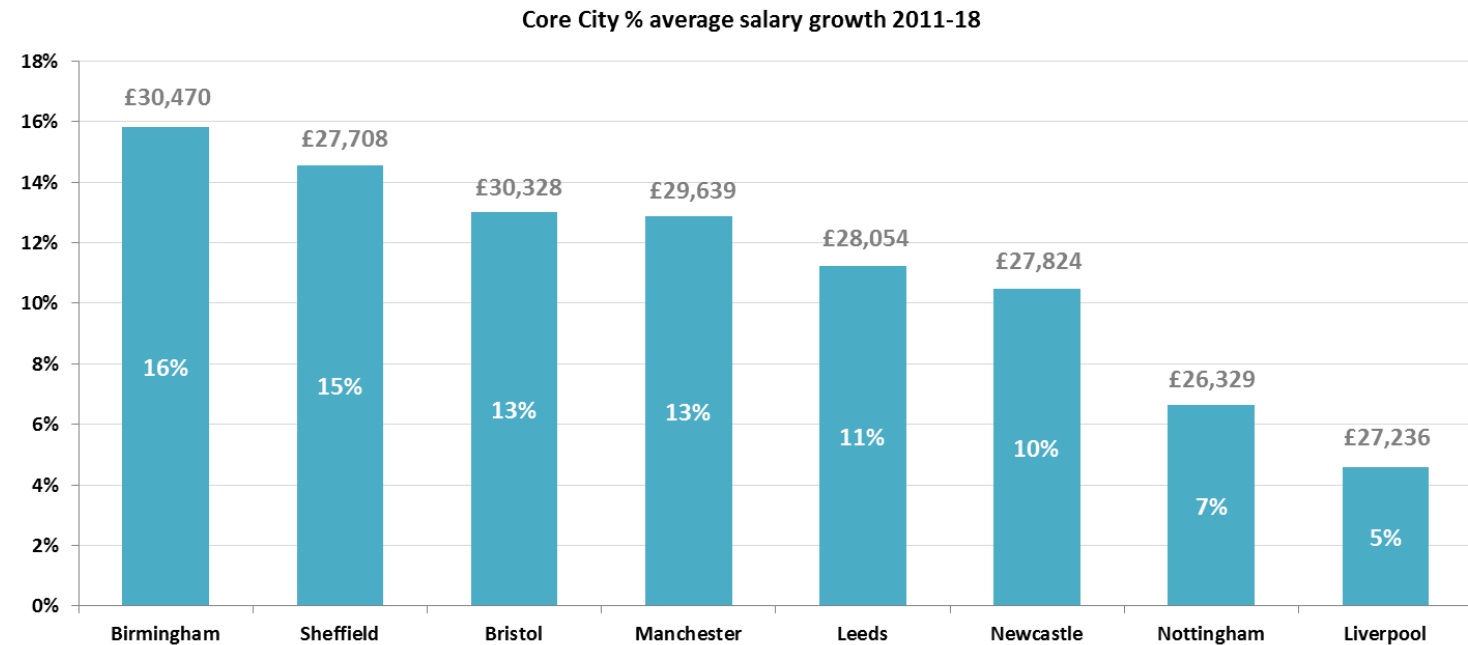
Nominal Balanced Gross Value Added per head by Local Enterprise Partnership, 1998 to 2016



Source: [ONS Regional Gross Value Added \(2018\)](#)

Average salaries in Sheffield have grown by 15% but average masks significant income disparities within the city

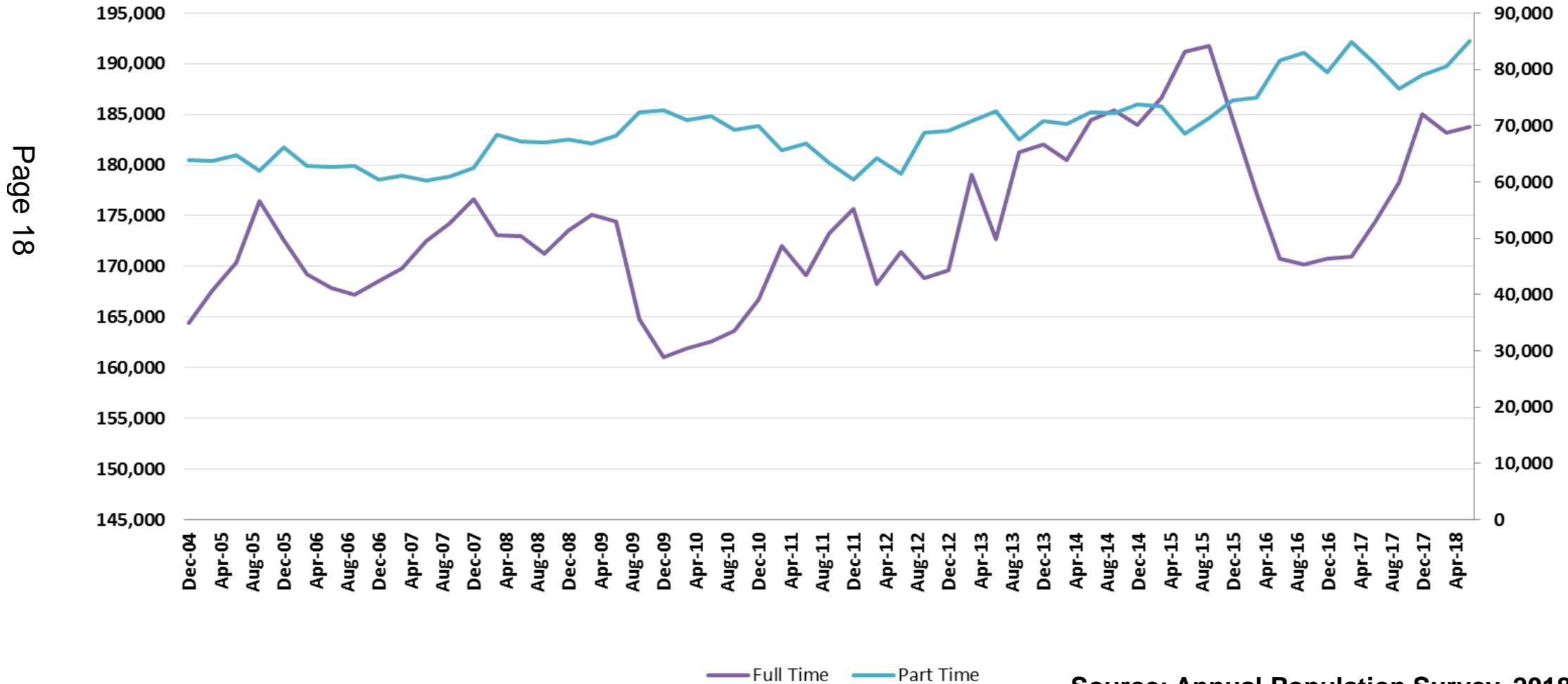
	Average Salary	Rank of average salary in 2018	% salary growth 2011-18	Rank of salary growth
Birmingham	£30,470	1	16%	1
Sheffield	£27,708	6	15%	2
Bristol	£30,328	2	13%	3
Manchester	£29,639	3	13%	4
Leeds	£28,054	4	11%	5
Newcastle	£27,824	5	10%	6
Nottingham	£26,329	8	7%	7
Liverpool	£27,236	7	5%	8



Employment in Sheffield has grown since 2010 but the nature of work is changing, with increasing numbers of people in part-time employment



Change in full time and part time employment in Sheffield



Source: Annual Population Survey, 2018 via [Nomis](#)

Conclusions

- 1. Austerity has had a significant impact on Sheffield's people, communities and public services.**
- 2. Austerity is not over, with further cuts to local government and welfare planned.**
- 3. The impact of austerity is uneven, falling more heavily on poorer places and people.**
- 4. The impact of austerity is cumulative – people feel the impact of multiple reductions in service delivery and across more than one year.**

This page is intentionally left blank