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Developmental Paper for BAM 2019

Proposed Project Title: Healing the Cuts to the Bone: How English authorities manage and prioritise core services during the austerity era?

Comments from Chairs of the Public Policy and Governance Track at BAM 2019

First Reviewer: “This is a very topical issue. The authors have provided a background that suggest that indeed austerity continues to be a challenge to local authorities. However, there are some issues that requires consideration.

1. The are existing studies that have considered the implications of austerity on public service management in the UK. The authors have not clearly explained how this work differs from already existing studies. Hence, is weak on originality.

2. Methodology. I am not convinced that the choice data for the proposed empirical study are adequate to provide answers to the research question. The authors may consider using existing austerity scales to collect data. The methodology is also not clear as to location as a UK wide study may seem unattainable.”

Second Reviewer: “The paper is well written and structured, and I consider that it should be accepted for presentation and discussion at the conference.

The research project is presented as being 'to evaluate austerity impacts on public service management among UK local authorities', but it is said that the general research question is 'how have UK local authorities managed statutory services delivery during the austerity era?'. I would suggest to clarify this point to avoid the ambiguity between 'what are the austerity impacts?' and 'how have statutory services been managed?'

The proposed combined quanti-quali methodological approach seems to be highly adequate to provide answers in light of the research sub-questions.

In general, the research project seems to have great potential to produce relevant and convincing accounts on austerity impacts over public service management in the UK context.”

Table of Comments and Adjustments made in Developmental Paper

S/N	Comments	Adjustments
a.	Clearly explain how this study differs from existing literature.	The study seeks to evaluate how English local authorities have (re)prioritised through budget overspends on statutory (i.e. social care and educational) services over discretionary services – (see page 1-2 for more information).
b.	Needs clarity on study area since a UK study may seem unattainable.	The study has been reviewed to focus on local authorities in England only. The study selects a sample size of 12 English local authorities by types and location to represent an English case study.
c.	Consider using existing austerity scales to collect data.	The study will consider the use of austerity scales for data collection.
d.	Disparity in project title and general research question.	The study seeks to understand how statutory services have been managed. Hence, the research title has been reviewed to agree with the general research question. However, the study will draw critical synthesis from literature on austerity impacts.

1.0 Introduction

1.1 Background

Austerity impacts seem to have trended recently and are currently making headlines as a subject of interest to public sector servants. After the financial crisis, public services across local governments in developed economies (including England) were challenged by austerity. Hence, the continuous central government cuts seem to be affecting public service delivery, especially with increased demand for public services across English local authorities. This challenge may have compelled English local authorities to engage in various approaches to provide public service in their communities. English Local Authorities (LAs) have engaged in discretionary service underspends, asset sales, staff redundancy to provide statutory services to their populace (Bailey et al., 2015). According to Bounds and Tighe (2017), Northamptonshire County Council engaged in budget overspends of £97.4m on adult social care and education services between the 2013 and 2017 budgetary years. Among other assets, Liverpool City Council sold a former administrative headquarters for £10.2m to deliver a savings of £90m over three years due to Revenue Service Grant (RSG) cuts (Lusher, 2018). Again, in January 2019 the City of Edinburgh Council could make staff cuts on 300 employees to save £41m. On this note, it becomes clear that austerity has challenged most English local authorities in their pursuit to ensure public service delivery. Hence, this challenge is eminent and continuous due to increased demand for public services.

1.2 Research Problem

The demand for improved public service delivery has increased marginally among English local authorities during times of austerity (Lusher, 2018). Austerity measures were implemented by state governments to reduce budget deficits at local and/or central government level (Murphy et al., 2019). Bracci et al. (2015) argued that austerity looks beyond delivering balanced budgets, as it also seeks to ensure financial stability to provide improved public services at the local government level. A survey conducted by the Centre for Cities (2019) reported that individuals had an increased demand for health and social (adult and children) services (97%), housing (37%), and education (25%) services. Further, the Local Government Association (LGA) predicted that the sector could face a funding gap of about £3.6bn and £3.1bn in adult & social care and children services respectively by the 2024-25 budgetary year (Brady, 2019). These outcomes/forecasts have led council leaders into making tough decisions in the management of public services. The paper focuses on understanding how core (social and education) services have been managed through (re)prioritisation when English LAs suffer severe cuts in Revenue Support Grants.

1.3 Research Objectives

There is limited literature on austerity impacts and public service management at the local government level. To address this gap, the paper seeks to understand how English authorities have engaged in (re)prioritisation of social services and education by engaging in budget overspends on statutory services than discretionary services. Thus, this paper aims to evaluate the impact on the provision/prioritisation of social services and education across local

authorities in England. The paper draws on literature relative to the impacts of austerity (Stuckler et al., 2014; Fitzgerald and Lupton 2015) and New Public Management theory (Hood 1991; Osborne and Gaebler 1992; Pollitt and Bouckaert 2004) to explain actions, reactions and inactions of English LAs in providing these services during the austerity era. Insights from the findings will help achieve the research objective as relevant ideas will be drawn to explore challenges that English LAs faced in providing social and education service during the austerity era.

This planned study explores the following research question:

How have English local authorities managed statutory services delivery during the austerity era?

Supplementary questions include;

1. What challenges have English local authorities faced in managing and providing key statutory services in social services and education?
2. What decisions have English local authorities made to ensure continuous service delivery in social services and education?
3. How have English local authorities managed statutory (i.e. social and education) services during austerity and uncertain times?
4. What opportunities/helpful resources are available to support English local authorities for enhanced statutory (i.e. social and education) services during times of austerity?

2.0 Literature Review

Austerity measures are policies implemented by a state to reduce budget deficits at local and/or central government level. Bracci et al. (2015) argued that austerity looks beyond delivering balanced budgets, as it also seeks to recover and grow other economic indicators including the GDP. The New Public Management (Henceforth; NPM) is a term that is frequently used and fairly defined in literature, although there are differences among these definitions. NPM has become a core strategy implemented by public sector organizations in modernizing financial practices to transform organizational results and performances (Hood 1991; Osborne and Gaebler 1992; Pollitt and Bouckaert 2004). Van Helden and Pieter-Jansen (2003) defined NPM as a process of introduction and application of efficient processes, structures and styles in private -public sector management. Notable authors have also defined NPM based on interesting themes. A political definition is where NPM represents a series of thoughts that demonstrates actions taken based on the anticipation of massive impacts arising from an event (Dawson and Dargie, 1999).

According to Pollitt and Bouckaert (2011; Chapter 4), NPM evolves around dimensions including decentralisation, privatization, output-orientation, quality systems, marketisation, and intensity of implementation. These dimensions are fused with the differences between Traditional Public Administration (TPA) and NPM (See Table 2.1) as presented by Hood (1991; 1995).

Table 2.1 Differences between Traditional Public Administration (TPA) and New Public Management (NPM)

Feature	Traditional Public Administration	New Public Management
The structure of the organisation	centralised, including uniform control	Divisionalised with units organised by product
Relationships between and within units	Unspecified and open-end agreements	Contract-based
Styles and practices	Governmental Ethics and styles	Private ethics and styles
Budgeting focus	Stable, focused on budgets	Efficiency-oriented, aimed at cutting of resources
Management profile	inactive; policy skills and knowledge of rules are important	Visible, hands-on management
Performance-Orientation	Qualitative, implicit standards	explicit, related to clearly defined targets
Focus of control	Focused on rules and procedures	Focused on output and results

Source (Hood, 1991: 4-5, 1995: 96)

To this end, NPM proponents proved vital over TPA (Alonso et al., 2015); since NPM provides a better performance matrix to ensure better evaluation of service delivery in public sector organizations. An effective NPM seeks to promote managerial activities to achieve value for money from the operational to strategic levels of organizations. The paper will link literature on NPM at the Local Government Level and how it has evolved during the austerity era. This will allow more insights on key statutory services delivery across English local authorities.

2.1 Impacts of Austerity Policies/Measures

Austerity implementation has impacted local and central governments worldwide (Saliterer et al., 2017). Hence, struggling LAs face challenges in unemployment of resources and budget deficits, and there is pressure to mobilize revenue. As a result, managers are faced to make difficult decisions in regards with mobilizing funds from other internal sources and reducing costs, whilst pressures increase for public services. This phenomenon is unending as Reserve Service Grants (henceforth, RSGs) cuts are imminent and continuous. Keynes (1930) reported that governments' focus on public service delivery in the medium and long-term is more effective than engaging in short-term cuts to minimized budget deficits. In the short term, there is a possibility for changes in economic growth. However, there is a long-term propensity to grow revenue as a local government authority to enhance budget surpluses or maintain

balanced-budgets. This was the case in England, where local government authorities engaged in coping and adapting strategies to ‘ride-out the storm’ of financial distress (Jones, 2017). This is proved to be successful until Northamptonshire County Council issued two Section 151s in quick succession for the first time after over two decades, which seem to have intensified perceived vulnerability among English LAs.

2.2 Perceived Vulnerability

Vulnerability refers to the extent to which LAs are exposed to financial shocks (Barbera et al, 2017; Steccolini et al., 2017). They found that LAs’ perception of vulnerability influenced their actions and decisions to implement resilience (coping or anticipatory) capacities in recovery and survival of challenges from the crisis. Barbera et al. (2017) argued that perceived vulnerability may result from internal factors including mobilization of taxes and revenues, debt levels, incurring more statutory services, financial reserves, and doubtful liabilities. Conversely, external factors of vulnerability may include risk events arising from uncertainty in the environment, local economic poverty, evolution of national grants, default or bankruptcy regulations, as well as immigration (du Boys, 2017).

The financial crisis affected developed economies, leaving local government authorities vulnerable to financial shocks and failure. Recent studies have presented massive impacts of the crisis in economies including Austria (Korac, 2017), Brazil (de Aquino and Cardoso, 2017), England (Jones, 2017), Greece (Cohen and Hlepas, 2017), Italy (Barbera, 2017), Netherlands (Overmans, 2017), and the United States (Korac et al., 2017); whilst countries such as France (du Boys, 2017), Germany (Papenfuß et al., 2017) and Sweden (Wällstedt and Almqvist, 2017) were able to withstand similar vulnerability and financial shocks through fiscal and monetary policies. Australia was applauded for escaping the recession (Drew, 2017). Boin et al. (2008) explicated that a common resilience capacity was for central governments adopting control approaches over policy implementation. Hence, public sector institutions (including LGs) have either implemented resilience capacities including, austerity measures, cut back management, among others, or engaged in institutional reforms to curb the impact of the crisis (Lodge and Hood, 2012; Cepiku et al, 2016).

3.0 Methodology

3.1 Research Design

The paper proposes a realist research philosophy for achieving research aims of the project. Hence, the paper will use a mixed-method approach to achieve research objectives (Creswell and Creswell, 2017). The paper adopts a mixed-method approach that combines quantitative and qualitative methods. This is because a mixed-method approach is more likely to introduce new perspectives on research questions and also promotes understandings on the occurrence of trends, events, or patterns in the study (Easterby-Smith et al., 2018). For quantitative, the researcher will extract financial datasets including English LAs’ publicly available revenue and capital financial data (i.e. RS forms and COR tables) from government websites to address the research objectives. Hence, a secondary dataset was chosen because it offers a rich data source

that will allow the researcher to identify and analyse the impact of austerity measures on public service delivery after its inception in 2010 among English local authorities.

The paper will draw statistical inferences from the quantitative dataset to identify certain trends and patterns to identify decisions taken by English local authorities in providing statutory (social care and educational) services during the austerity era. The paper will draw inferences from dataset classifications such as expenditure made on statutory services such as adult & social care and educational services. The information from analysis will achieve the research objective of evaluating decisions taken by English local authorities to ensure financial stability in public service delivery.

The paper proposes to use statistical techniques including correlation and regression to investigate how English local authorities manage statutory services (i.e. social care and education) during austerity and uncertain times. This will achieve the research question of how English local authorities react to sustain pressures arising from austerity implementation. Thus, to address the research objective of investigating how English local authorities have managed key statutory services during the austerity era. The financial data will also help the researcher to draw statistical inferences and comparative analysis using additional dataset classifications such as population size, and financial size.

The paper proposes a qualitative approach to further understand trends and patterns in the research findings. For qualitative, the researcher will engage in a focus group and interviews to understand motives for (re)prioritising by engaging in budget overspends in statutory services than discretionary services. Participants at the focus group will comprise senior member/officers of English LAs who will contribute to understanding how authorities have (re)prioritised and/or managed statutory services during the austerity era. Interviews will be conducted to further understand salient insights that may have emerged from the focus group to clarify findings to achieve the research objective. An in-depth understanding of these findings will enable the study to recommend untapped opportunities available to enhance effective management of statutory (i.e. social care and educational) services across English local authorities. This analysis will be necessary to assure the researcher with clearer reasons why most English local authorities engage in budget overspends and prioritising social care and educational services over other discretionary services during the austerity era.

3.2 Data Analysis

The study proposes to analyze primary (qualitative) data using Qualtrics and NVivo data analysis software sequentially. Primary data collected will be transcribed for analysis to extract as much information as possible. The researcher will input and code secondary (quantitative) data into the SPSS data analysis software package to analyze the correlation and regression of interested variables. Further, the STATA analysis software will prove crucial for Probit analysis purposes which aims at evaluating the probability of certain events occurring at specified times among selected English LAs. Furthermore, this will facilitate an in-depth understanding to the behavior of English local authorities during times of austerity.

3.3 Possible Research Project

Aside contributing relevant knowledge to limited literature in the research area, the paper proves significant to revolutionise the field by providing research findings of austerity impacts to the UK government (the Local Government Association), professional institutions (CIPFA), and English local authorities.

In considering salient issues, expected findings may also provide,

- An in-depth insight of austerity impacts on key statutory services across English local authorities.
- Thorough understandings on motives behind the tough decisions made by English local authorities to survive and recover from increased demand for public services.
- A comparative analysis of how English local authorities have survived the pressure of providing key statutory services during austerity and uncertain times.
- Untapped opportunities available to English local authorities in enhancing statutory service delivery during austerity and uncertain times.

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