

# MANAGING THE SOCIAL RISKS OF PUBLIC SPENDING CUTS IN SCOTLAND

This study explores five Scottish local authorities' decision-making about budget cuts due to austerity measures, and identifies current practice in protecting the most vulnerable and disadvantaged.

## Key points

- Local authorities are well placed to moderate the adverse effects of austerity on vulnerable and disadvantaged groups in their local communities.
- In deciding budget cuts, all five councils used Equality Impact Assessments (EIAs) for managing social risk. Considering and mitigating adverse social impacts do not yet form a core part of decision-making processes.
- When seeking to reduce risk, the councils emphasised the protection of statutory (not discretionary) services, to meet their legal obligations.
- Councils need to develop more innovative priority-setting processes, frameworks and criteria to help their decision-making protect disadvantaged and vulnerable groups. Incorporating these processes in a locally tailored tool for risk mitigation – a Social Risk Impact Assessment (SRIA) – would move from a 'service-based' to a 'needs-based' approach.
- Local authorities could develop the SRIA decision-making framework to cover all disadvantaged and vulnerable groups, not just those protected under EIAs (groups defined by equality legislation).
- Although the Scottish Government prioritises early preventative measures, the challenge for decision-makers is meeting short-term 'reactive' objectives (e.g. crisis intervention) alongside longer-term 'proactive' safeguarding of services for the most disadvantaged and vulnerable.
- To measure the impact of spending cuts on communities, local authorities need more sophisticated data evaluation and analysis systems to inform decision-making.
- While the five councils carried out consultations with local communities, it is not clear how far these subsequently influence the decision-making process.

## The research

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# BACKGROUND

The Government's ongoing spending cuts are passed on directly to English local authorities through cuts in government grants, and indirectly to councils in Northern Ireland, Scotland and Wales through cuts in the block grants to their devolved governments. Councils' dependence on these grants makes them very vulnerable to central government's austerity measures.

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This research examined the decision-making processes for budget cuts in five Scottish local authorities, and how they are protecting the most vulnerable and disadvantaged groups.

## Use of Equality Impact Assessments

Central government's rapid, large-scale cuts pose considerable challenges for local authorities, who are legally obliged to balance their books within much diminished budgets.

**“The difficulty is making decisions and making them quickly, because the pressure and speed of everything is not conducive to the decision-making process.”**

Youth Services Team Leader, local authority C

Nevertheless, in redesigning their services, authorities need to consider the possible impact of the increased risks of social problems faced by vulnerable and disadvantaged groups.

No case study local authority had completely withdrawn any core services but, as budgets are reduced further in 2013/14 and beyond, they may have to do so. The case studies suggest that in restructuring their services, the councils considered joined-up working with other organisations, reducing services and transferring services. They had all undertaken Equality Impact Assessments (EIAs) to inform this 'reconfiguration'.

An EIA systematically assesses how policy changes (in terms of activities, functions, strategies, programmes, services or processes) may impact positively or negatively on equalities groups as defined by the Equality Act 2010. As EIAs were developed prior to the financial crisis as a tool to help meet equality legislation, they were not specifically intended to deal with social issues arising from spending cuts. EIAs are unsuitable as a tool to mitigate risk on three counts:

- 1 They do not use risk mitigation models, so are a poor guide for managing budget cuts.
- 2 While poverty magnifies a range of risks, EIA-protected characteristics in the Equality Act 2010 (age, race, pregnancy and maternity, disability, religion and belief, marriage and civil partnerships, gender reassignment, sex and sexual orientation) do not explicitly cover vulnerable people in low income.
- 3 The process is driven by compliance with statutory requirements arising from equalities legislation, rather than being based on needs.

The apparent security for disadvantaged and vulnerable groups provided by EIAs is thus illusory, as it does not heed wider socio-economic risks. The five authorities showed no evidence of developing 'bespoke' decision-making models or criteria for mitigating risk.

## Assessing and addressing the impact of service cuts

Given the above approach to considering and mitigating social risks, the local authorities' actions to reconfigure services may exacerbate social problems faced by disadvantaged and vulnerable groups. The challenge for decision-makers in dealing with austerity measures is meeting short-term 'reactive' objectives (e.g. crisis intervention and intensive support) alongside investing in longer-term 'proactive' safeguarding of services for the most disadvantaged and vulnerable.

“The social work department has made it clear to the elected members that if they retrench into delivering statutory service requirements this will drive up demand in statutory responsibilities in the longer term.”

Director of Social Work, local authority D

Some respondents recognised such exacerbation, identifying political and short-term considerations as the main causes. They also noted difficulties in sourcing official statistics to assist in compiling evidence of need for particular services.

The Scottish Government’s early intervention policy aims to ensure that preventative measures are in place to reduce longer-term impacts on services and users. However, in reality, reduced resources mean that the local authorities found it difficult to focus on prevention.

“The speed of the cuts is incredible ... in terms of the implementation of efficiency savings and service reconfiguration – the training required and the cultural shift – it’s been a nightmare. I know people are punch-drunk with it and under significant pressure trying to take on the new learning and change the way we are doing things ... I don’t think people have had the time to put their head above the water.”

Field Practice Manager, local authority A

“There are children who require significant support throughout the year, which cannot be predicted. We [the Council] can all see the need and benefit of preventative spend but it just isn’t possible ... to make that commitment in the current economic climate.”

Director of Social Work, local authority A

The councils conducted service cuts in compliance with statutory duties, but their discretionary services had been reduced disproportionately. This could lead to erosion or complete loss of preventative services, though the resulting long-term impact might be higher social and economic costs.

“We have missed an opportunity to sort things out in the past 15–20 years in relation to the separation of discretionary and statutory services. They [the local authority] have never quite [understood] – if we cut here (in one area) then that (in another area) goes out of control so youth services is a classic example of this ... What impact will that have on the police in six months’ time? I don’t think the long-term impacts of service reconfiguration have been considered sufficiently.”

Head of Finance, local authority B

## **Lack of relevant data**

Having more robust, comprehensive official data on vulnerable groups would help the local authorities to source evidence to inform decision-making. More comprehensive and relevant data needs to be gathered on longer-term social risks arising from austerity.

## **Community engagement and empowerment**

To inform their decision-making, all five local authorities practised elements of community engagement through surveys, focus groups, community meetings and/or citizens’ panels. However, there was considerable uncertainty about how far local communities’ views subsequently affected decision-making. Despite the retraction of certain proposals because of their unpopularity among voters, community groups had limited and reactive veto powers, rather than proactive and full engagement and empowerment in decision-making processes for risk mitigation. Overall, evidence for genuine community empowerment was limited.

“One of the key issues of impact assessment for us is that these savings [proposals]

need to go through a political process. So the problem is if you consult the service users before the cuts have actually been through the process you might set hares running for something that might not ever actually happen. So it's a real quandary for us as to when you actually start doing the impact assessment and when you start involving people."

Head of Social Work Resources, local authority A.

## Conclusions

Despite an emerging debate about social risk issues within the five local authorities, there was no process explicitly capturing the consideration of increased social risks. Service areas such as social work and education seemed to be more familiar with social risk issues and the impact of austerity measures on vulnerable and disadvantaged groups, whereas others such as housing and finance seemed much less aware.

Some respondents welcomed the term 'social risk' as a 'new language', noting that the social impact of budgetary measures can be lost when focusing on implications for equalities. Additionally, some described the human rights agenda as vague and difficult to understand; relating it to austerity measures was problematic. Hence, the term 'social risk' can be useful, as service heads may understand it better than equalities and human rights terminologies.

To ensure that policy-makers and practitioners consider the social implications of austerity measures for vulnerable and disadvantaged groups, social risk needs systematic, comprehensive consideration. This can be achieved by developing a tailored decision-making framework to assess the potentially adverse social impacts of reconfiguring services: the Social Risk Impact Assessment (SRIA) model. International organisations like the World Bank have already developed such methodologies when distributing aid, demonstrating the practicality of SRIAs. Furthermore, SRIAs can incorporate existing equalities and human rights impact assessments for a more comprehensive approach in deciding on austerity measures, to include groups outside the boundaries of statutory equality criteria.

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## About the project

The research team included Darinka Asenova, Stephen Bailey and Claire McCann at the Glasgow School for Business and Society, Glasgow Caledonian University. Names of participants and the five Scottish local authorities have been withheld for confidentiality reasons. This study used documentary analysis and semi-structured in-depth interviews with local authority managers, between August 2011 and November 2012.

## FOR FURTHER INFORMATION

This summary is part of JRF's research and development programme. The views are those of the authors and not necessarily those of JRF.

The main report, **Managing the social risks of public spending cuts in Scotland** by Darinka Asenova, Stephen J. Bailey and Claire McCann, is available as a free download at [www.jrf.org.uk](http://www.jrf.org.uk)

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