

South Yorkshire Policy Briefing

22nd September 2023

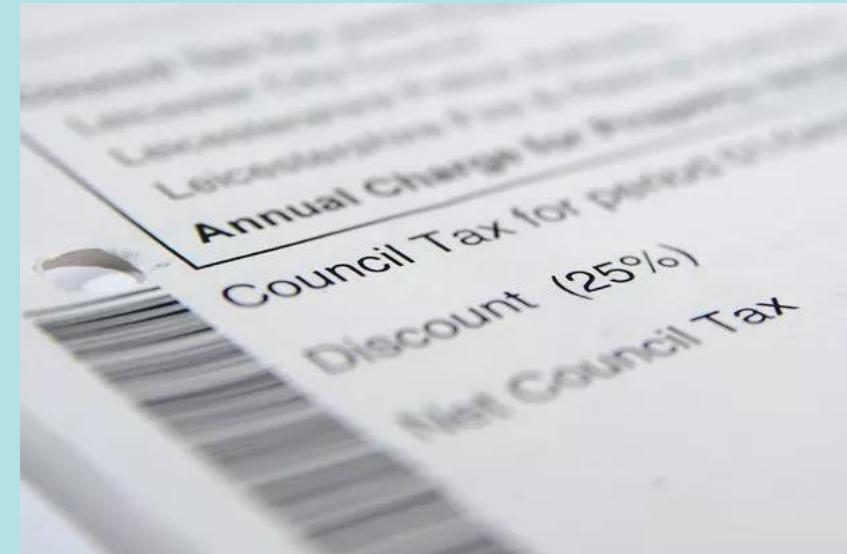
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This Week's Policy Highlights:

- Growing deficits in council budgets present financial challenges to local governments across the country. The possible implications of better central government support are discussed, including a long-term funding plan and greater business rate retention.
- Data from the ONS shows that the UK finally returned to real wage growth in June 2023, despite monthly wages in South Yorkshire remaining at over £500 below the national average.
- We examine the implications of the Election Act 2022 which introduced the requirement of identification at polling stations, finding differences in voting habits across age, ethnicity and regional lines.

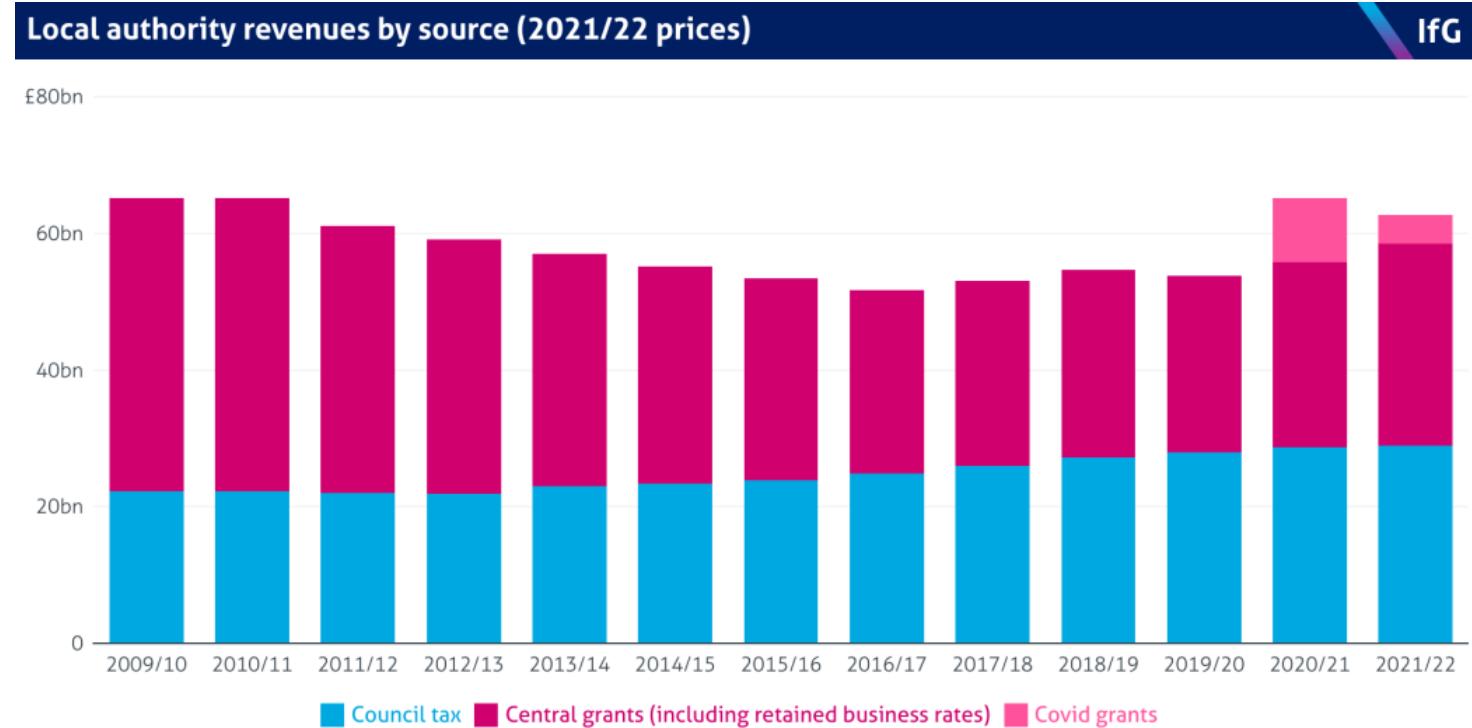
Growing Council Budget Deficits



Potential Causes

Rising inflation and increasing demand following the COVID-19 pandemic, the introduction of the national living wage, and energy costs have all heavily contributed to the difficulty in making budgetary decisions in the last few years.

Local government funding has declined by a third since 2010 being £8.6bn lower in real terms than the previous decade, compensated for by higher council tax. The increasing costs of delivering services has led to budgets continually being squeezed over the past few years.



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

Financial Challenges

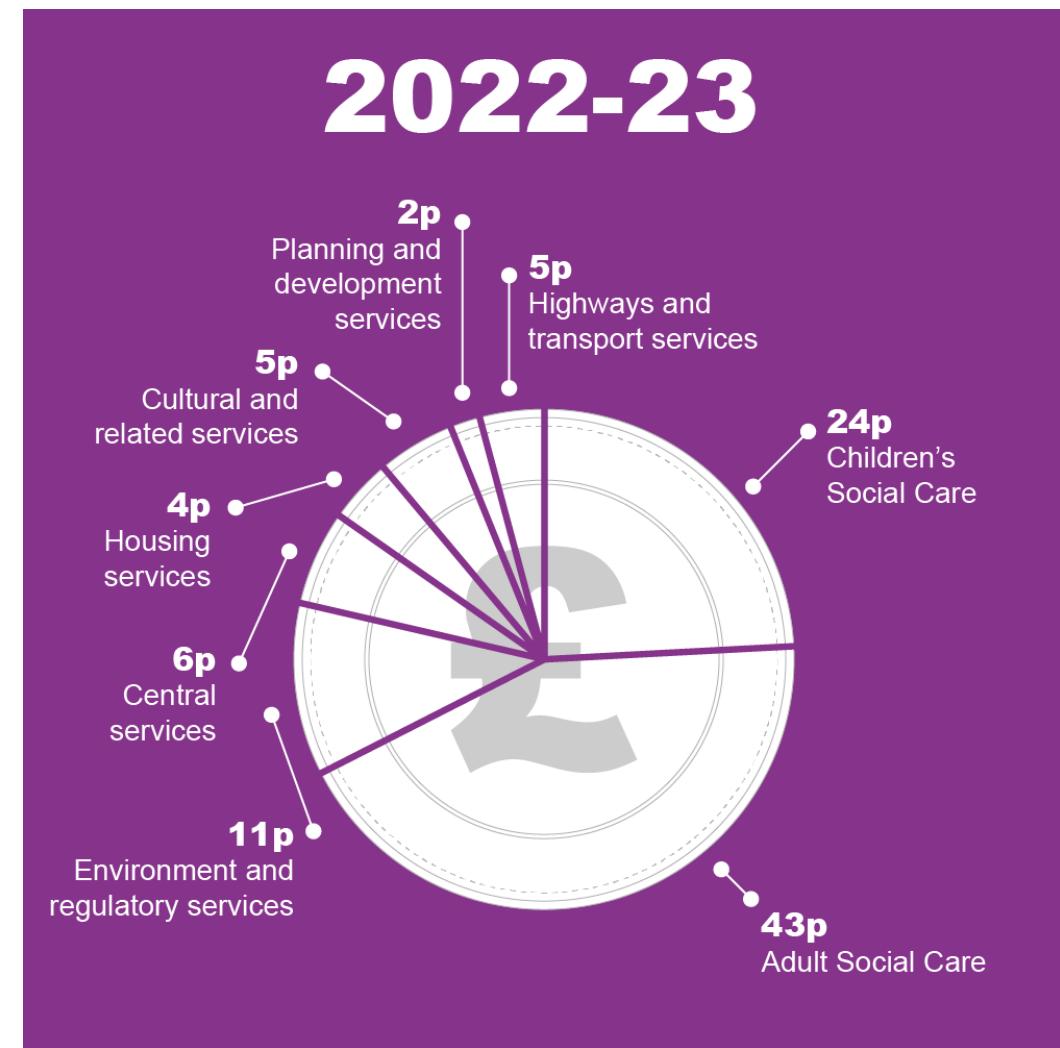
With the news of struggling council finances this week, [BBC analysis](#) shows the average council faces an estimated £33m deficit by 2025-26, a 60% rise from £20m two years ago.

Furthermore, councils are expected to be £5.2bn short of balancing their books by 2026 after making £2.5bn in planned cuts.

At least £467m of the cuts are coming from Adult Social Services with several councils announcing overspends this year due to financial pressures coming from adult and children's social care.

Given the position of many local governments, several councils are concerned about being able to provide statutory services let alone investments towards innovation and business growth.

How is £1 of council funding spent?



South Yorkshire's Position

For South Yorkshire's local authorities, all are below the average deficit of £33m that councils across the country face, though this is while retaining less net revenue than certain larger comparator local councils.

However, savings as a percentage of net budget remain slightly below the median for council budgets nationally. Savings per person remains relatively low for all South Yorkshire local authorities except Sheffield.

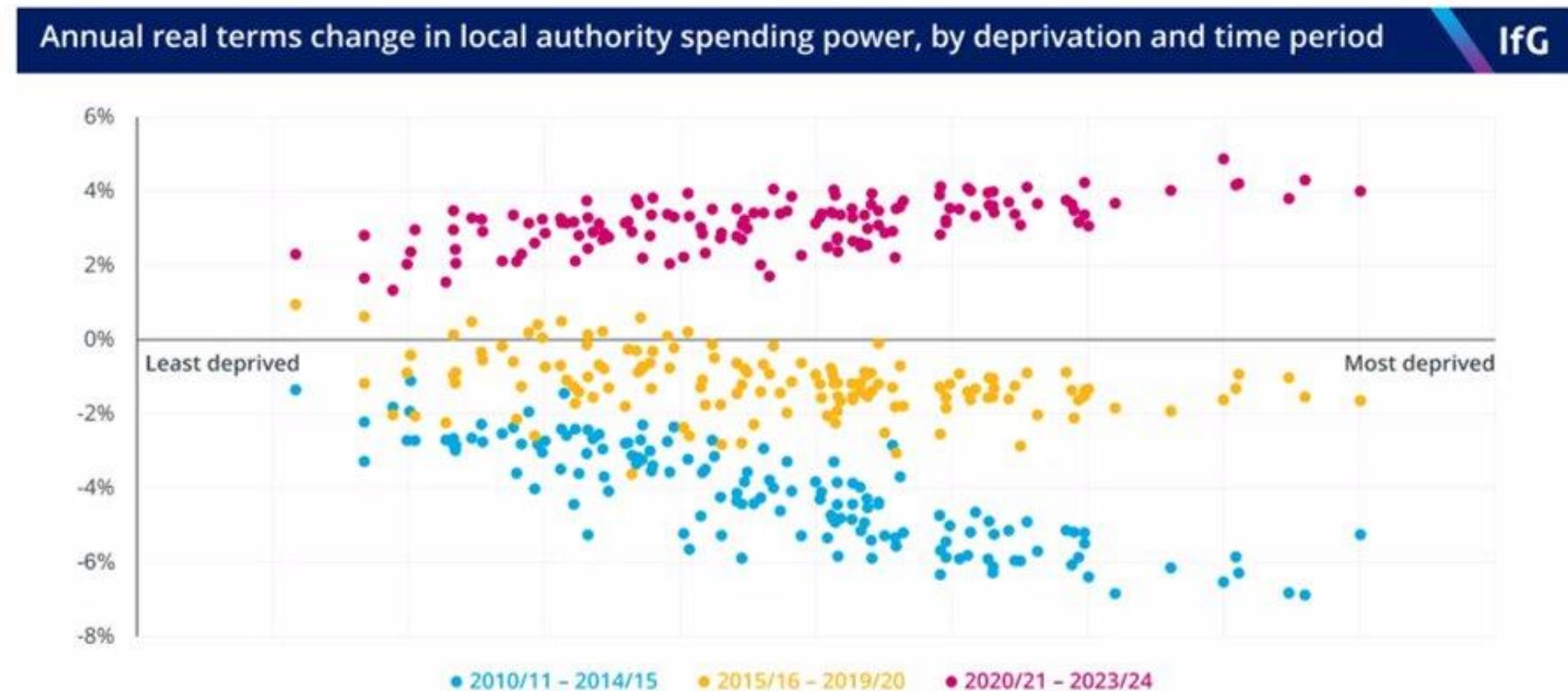
Source: Data from 185 of 218 UK upper-tier authorities (2023-24 budget)

Extract of Council Budget Data with Comparator Regions

Local Authority	Net Revenue Budget (£m)	Predicted Deficit by 2025/26 (£m)	Planned Savings (£m)	Savings as % of Net Budget	Savings per Person (£)
Barnsley	237.8	13.9	7.3	3.1	30
Doncaster	255.8	22.3	10.5	4.1	34
Rotherham	TBC	TBC	TBC	TBC	TBC
Sheffield	460	-	47.7	10.4	86
Leeds	573.4	71.7	58.6	10.2	72.4
Lincolnshire	604.3	3.7	11.4	1.9	14.8
Newcastle upon Tyne	262.2	44.3	23.1	8.8	77.5
Manchester	736.2	40	15.3	2.1	27.8
Liverpool	567.5	1.9	49	8.6	101

Local Authorities' Spending Power

Over a decade, the percentage change in real terms of spending power for all local authorities has increased, more so for the most deprived areas in the country. A rising tide lifts all boats however, because despite a national trend in spending power increase, fiscal disparities are still present between regions in the UK.

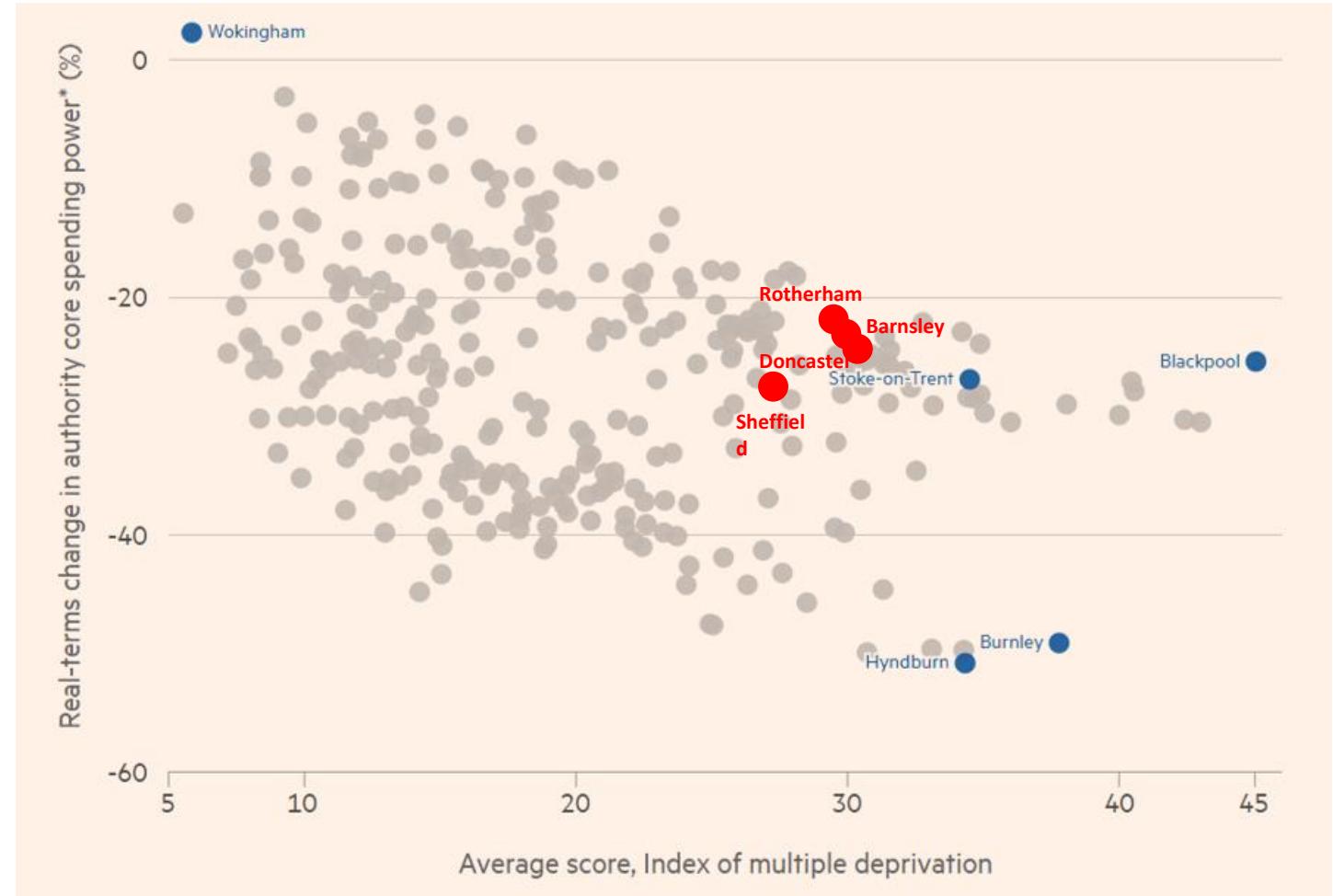


Reductions in councils' real-terms spending power

Local authorities mapped out on this chart represent their real-term percentage change in spending power in relation to their average level of deprivation.

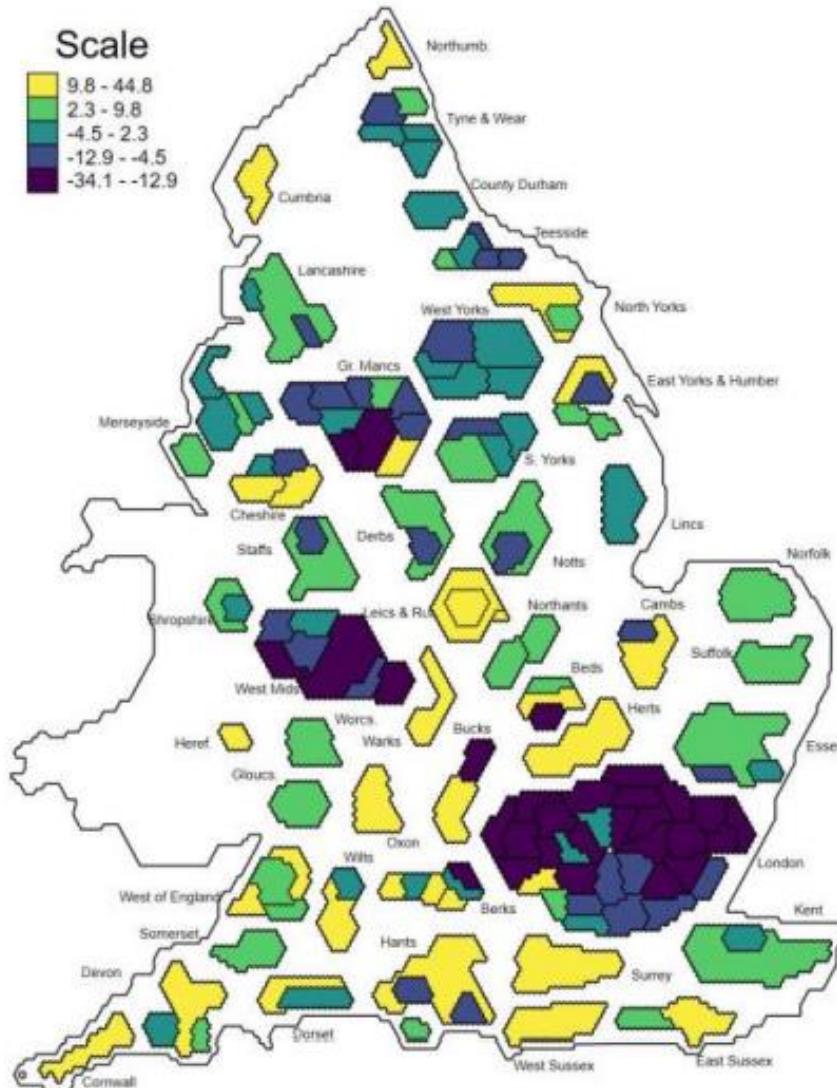
Government funding for its grant has reduced evenly across all local authorities; however, more deprived areas rely more heavily on government grants due to having weaker economies, meaning cuts to local government funding where felt more acutely in more deprived areas.

Those located at the bottom have seen their spending power reduce more significantly. The bottom right quadrant are where councils with the greatest need for government funding in order to effectively alleviate deprivation are located.

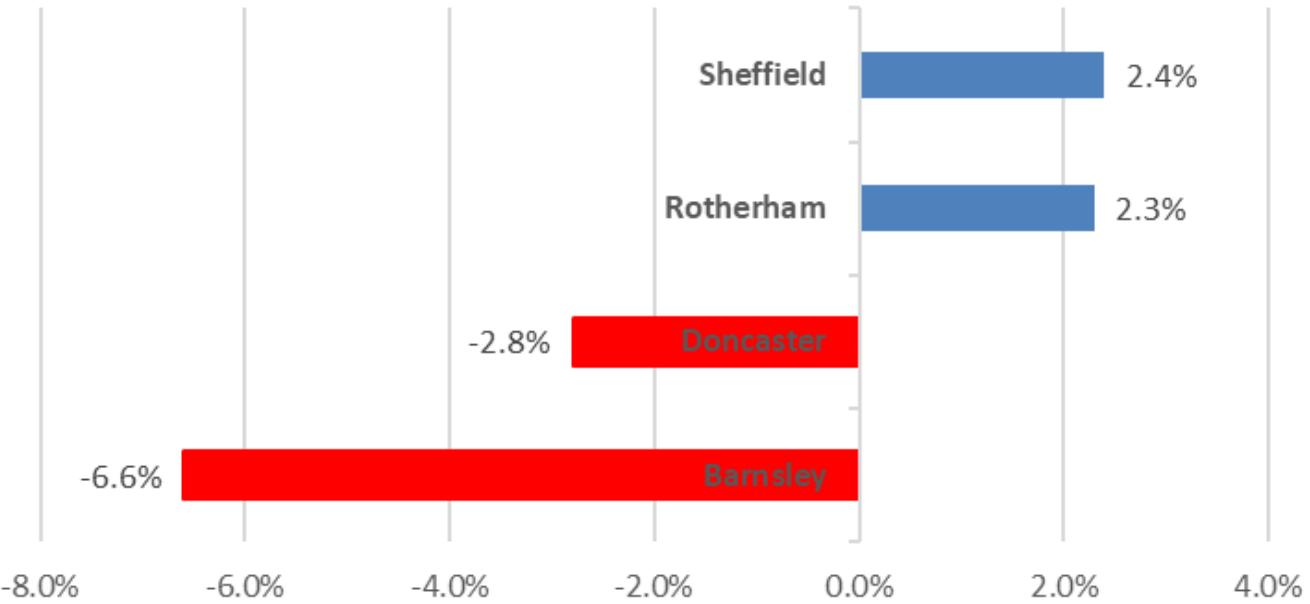


Gap between need and funding (South Yorkshire Local Authorities)

Source: [Institute for Fiscal Studies](#)



Gap between relative funding and relative need, Local Government funding



Implications of the Deficit

- Calls to rethink the way that local governments are funded to reduce the cycle of pressure on services that people rely on are gaining volume in the wake of this news. In 2021, a plan to allow councils to retain 75% of business rates collected instead of 50% was paused indefinitely only adding to the pressures faced.
- The ability for local governments to balance statutory services and providing avenues to grow local economies has become an increasingly complex challenge. A long-term plan for funding would allow councils breathing room to plan budgets accordingly and account for rising costs associated with vital services.
- Despite inflation starting to fall, the costs incurred by councils are likely to be implanted in their futures. No decision has yet been made by the Department of Levelling Up Housing and Communities and reportedly will not be made until the spending review next year.
- The government has pledged to make £4.6bn available for the adult care system in 2024/25.
- Several local council will have to tap into an expected £1.1bn of reserves in order to provide essential local services across the country.

Economic Update – Inflation and Wages

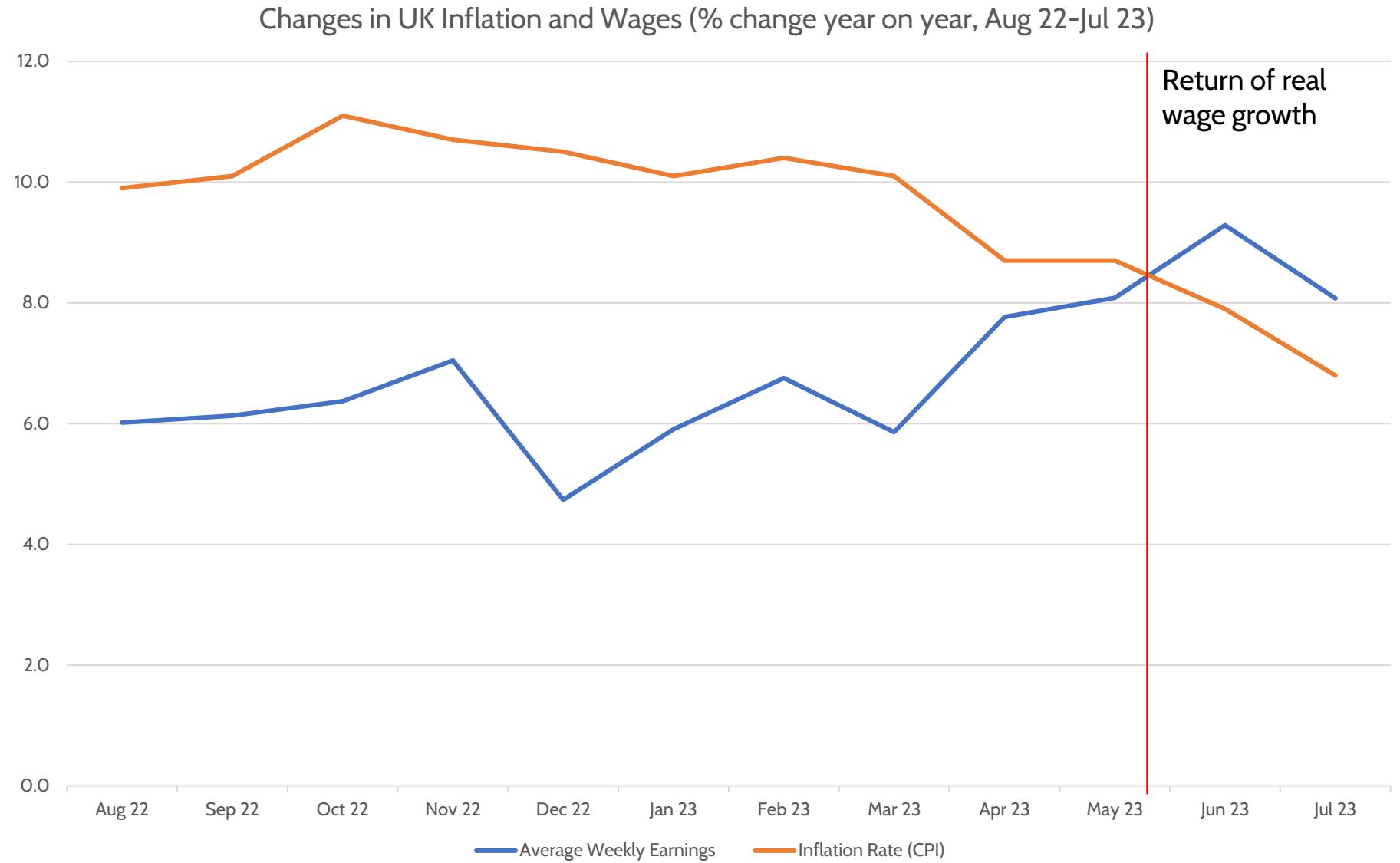


UK Inflation and Wages

Latest data from the ONS on earnings and inflation shows that the UK has finally returned to real wage growth in June 2023, as wages have risen faster than the rate of inflation.

This comes after over a year of continuous real wage falls, with pay packets worth 4% less in August 2022 than the previous year (despite a 6% rise in mean weekly total pay).

Mean weekly earnings were £664 in July 2023, up from £615 the previous year.



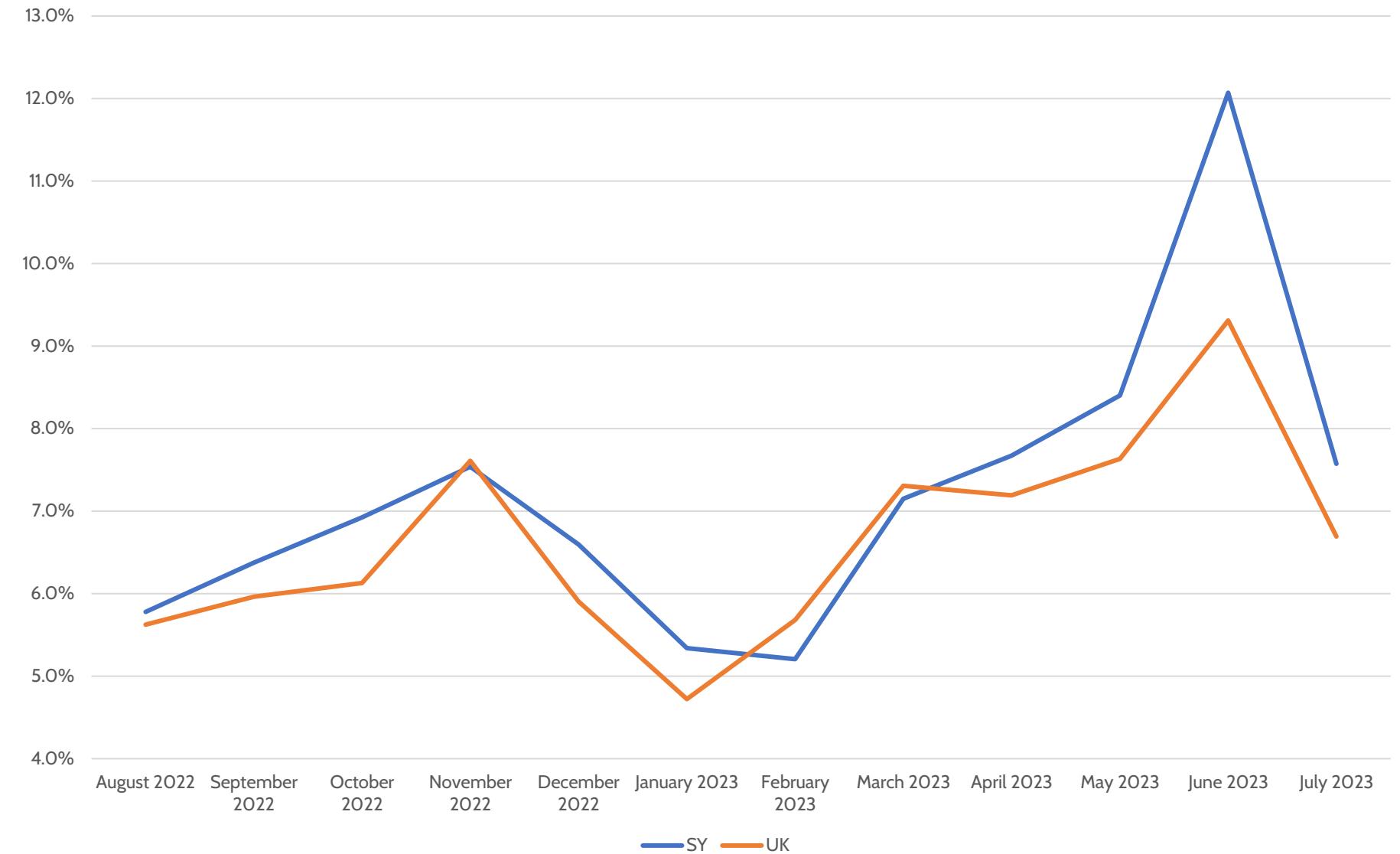
SY Wage Data

This becomes more interesting when considering the gap between national and South Yorkshire earnings.

PAYE data from the ONS shows that wages in our region have broadly grown more quickly over the past year than the UK average, averaging 7.2% to the national figure of 6.6%.

However, this is from a lower baseline, with SY mean monthly pay still £526 below the UK average of £2,997.

Mean monthly pay in South Yorkshire vs UK (% change year on year, Aug 22-Jul 23)



Source: ONS

Interim Analysis of the Voter ID Requirement



Introduction of voter ID

The Election Act 2022 introduced the requirement of identification at polling stations for general elections in Great Britain, local elections in England and Police and Crime Commissioner elections in England and Wales.

The local elections back in May were the first elections with this requirement in place. 230 local elections took place across the country where around 227 million people were eligible to vote.

The [Electoral Commission](#) have released their interim analysis of the election outcomes, highlighting the impact of the new ID requirement.

Although the full data set on turnout for the Local Elections is yet to be released, their initial findings match those from the voter ID pilot schemes that were run back in 2018 and 2019.

Awareness of voter ID requirement

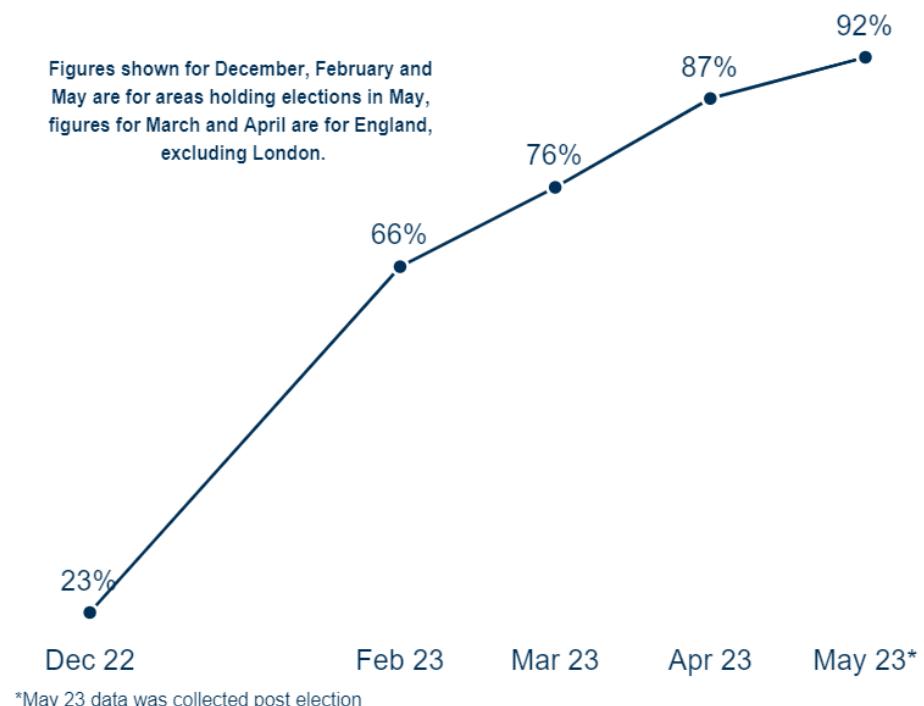
They found that awareness of the need to bring ID to vote at the polling station was high, likely helped by the Electoral Commissions public awareness campaign which started back in January.

Although rates were high, their analysis found awareness was higher among older age groups with 98% of over 65s aware compared to 82% of 18- 24 year-olds.

As well as age disparities there were also ethnic disparities. 93% of white respondents were aware compared to 82% of those from Black and minority ethnic backgrounds.

They also found overall awareness was lower amongst those people who didn't have an accepted form of ID, compared to those who did, and lower amongst people who tended not to vote at local elections, compared to those that usually do.

Awareness that ID would be needed to vote in a polling station in May 2023



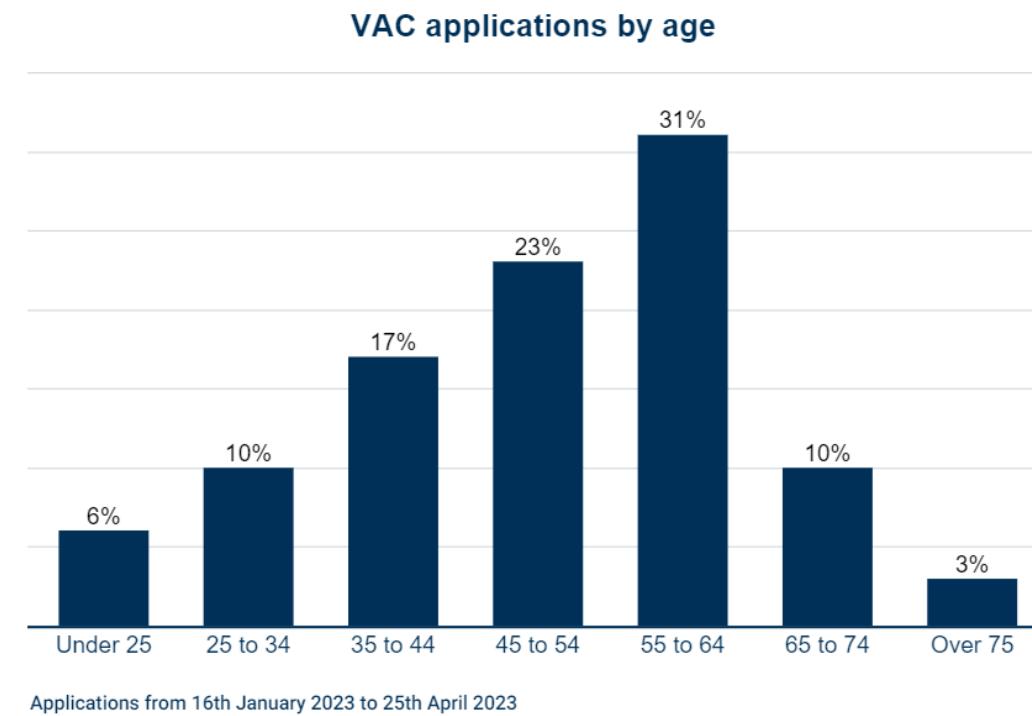
Voter Authority Certificates

If voters didn't have an accepted form of ID they could apply for a voter ID, a Voter Authority Certificate (VAC), between January and end of April.

Their research from early 2023 found 4% of the population in Great Britain either did not have any photo ID (3%) or did not have ID where they thought the photo would be recognisable (1%).

Based on these figures the electrical commission estimated that there would be between 250,000 and 350,000 applications for a VCA. The overall number of applications was a lot lower at 89,500.

Data on people applying for VCAs is limited, however they found applicants were more likely to come from older age groups with 55- 64 year olds having the greatest proportion of applications.



Impact on voters and non-voters

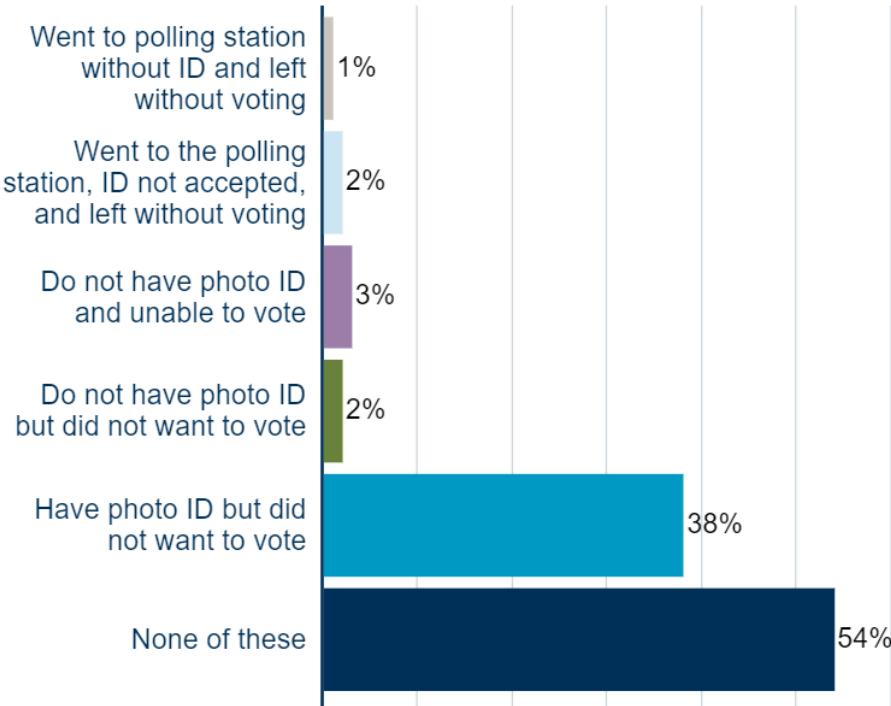
At least 0.7% of people who tried to vote at a polling station were initially not issued with a ballot paper because they did not have an accepted form of ID.

Around 63% of these people returned later in the day with an accepted form of ID. This meant 0.25% of people who tried to vote in person had not been able to. This equates to approximately 14,000 people.

The introduction of photo ID also impacted non-voters. As shown in the table, 7% of non voters indicated that the ID requirement was the reason they did not vote.

Non-voters: which of the following describes your experience

7% of non voters indicated that the ID requirement was the reason they did not vote



Voting turnout in Yorkshire and the Humber

In January the [House of Commons](#) published a report on election turnout based on data from various recent elections, including the 2019 general election.

Generally, it showed that voting turnout in Yorkshire and the Humber is lower than the national.

Given that there is already a below average voter turnout in the region, the requirement of voter ID is likely to hinder Yorkshire and the Humber more so than other areas in the country.

However, there will be disparities in the region given Sheffield, Hallam had the 4th highest turnout by constituency in the 2019 general election.

Source: House of Commons Library

General Election 2019: turnout by region



2019 General Election turnout by constituency

Top 10 highest and lowest

Rank	Constituency	Country/region	Winner/ result	Turnout
1	East Dunbartonshire	Scotland	SNP gain	80.3%
2	Richmond Park	London	LD gain	78.7%
3	Rushcliffe	East Midlands	Con hold	78.5%
4	Sheffield, Hallam	Yorks & Humb.	Lab hold	78.2%
5	St Albans	East of England	LD gain	78.1%
6	Stroud	South West	Con gain	78.0%
7	Winchester	South East	Con hold	77.9%
8	Westmorland and Lonsdale	North West	LD hold	77.8%
9	Wimbledon	London	Con hold	77.7%
10	Esher and Walton	South East	Con hold	77.7%

South Yorkshire Data & Intelligence Hub

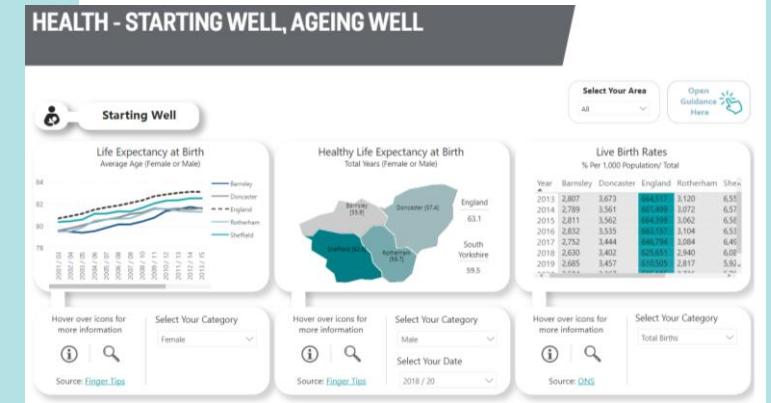
Want to access data and trends relating to South Yorkshire?

Head to the [South Yorkshire Data & Intelligence Hub](#), which provides a range of data useful for understanding the local economy, as well as social and environmental outcomes.

It also helps to understand relative performance and changes in data. See how it works on YouTube [here](#).

Whether you're a resident, employer, academic, researcher or just interested in data, this can help you understand South Yorkshire's economy and develop evidence-based solutions.

Visit the dashboard now at <https://southyorkshire-ca.gov.uk/Data-Intelligence-Hub>



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