

UK Autumn Budget Statement

December 2014

There is a lot of analysis and comment on yesterday's UK Autumn Statement, but from a UNISON Scotland perspective there are two key issues.

Firstly, between 2009-10 and 2019-20, UK spending on public services is projected to fall from 21.25% to 12.6% of GDP and from £5,650 to £3,880 per head in 2014-15 prices. Around 40% of these cuts would have been delivered during this UK Parliament that ends next May, with around 60% to come during the next. This takes public spending back some 80 years.

The exact impact on the Scottish Budget depends on where a future UK government makes these cuts and the consequential impact through the Barnett formula. The Barnett consequentials of yesterday's pre-election spending commitments will be around £213m. Welcome, but only a dent in what is to come as this infographic from C4 News shows.

Secondly, cuts at these levels mean that real term pay cuts for public service workers are likely to remain the main tool to achieve budget cuts. As a consequence the OBR report tell us that real earnings will not return to pre-crisis levels over the next five years after a continuous fall since the crash. The low wage economic 'recovery' is why the deficit reduction target was not met.

This also means that household debt is forecast to rise sharply as this very scary chart from the OBR report shows.

IN 2009
the government spent

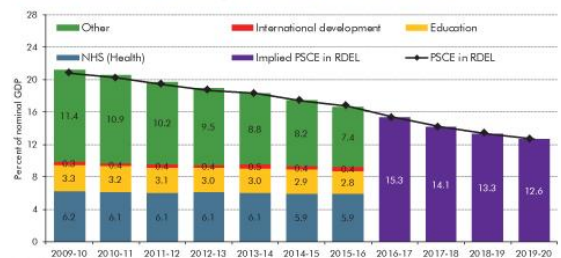
£188bn

in today's money
on everything outside health, aid and education

BY 2019
the same departments
will get

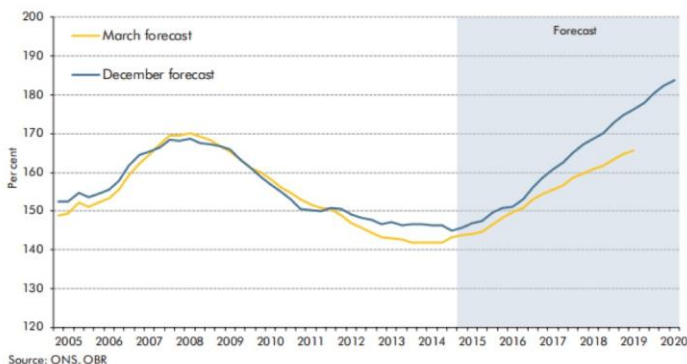
£86bn

Chart 4.4: Resource DEL and implied resource DEL relative to GDP



Plans for RDEL excluding depreciation upto 2015-16. Beyond 2015-16 based on implied PSCE in RDEL calculated from the Government assumption for TAE. Other includes unallocated amounts.
Source: HM Treasury Autumn Statement 2014, HM Treasury Public Expenditure Statistical Analyses, July 2014

Chart 3.31: Household gross debt to income



Rising household debt and a housing bubble was a feature of the 2008 crash. So, as an economic strategy, it doesn't bode well!

We have set out some further commentary on the Autumn Statement in a post at our [Public Works Blog](#). The [Autumn Statement](#) is largely Treasury spin, but a more objective analysis and the important forecasts can be found in the [OBR report](#). It's a big paper but the executive summary is worth a read.

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