

Sunak warned public spending freeze would return services to 2010s austerity

Many public services would be stripped back to levels seen in the 2010s era of austerity if [Rishi Sunak](#) freezes public service spending, a think tank has warned.

Ahead of their autumn budget, the [Prime Minister](#) and Chancellor [Jeremy Hunt](#) are considering up to £50 billion of spending cuts and tax hikes to fill a gaping black hole in the nation's finances.

While a real-terms freeze in day-to-day public service spending would save around £20 billion a year by 2026-27, the impact would be huge, according to research by the [Resolution Foundation](#), which focuses on living standards.

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It would mean the per-person spending of departments such as transport, justice and local government – assuming health, education, overseas aid and defence are protected – would be slashed by around 9%, the think tank said.

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It would come as their budgets remain below pre-austerity levels and are under significant pressure as inflation soars past 10%.

Prices rising far higher than expected when three-year budgets were set in October 2021 has meant an effective £22 billion real-terms reduction in their public service spending power, according to the Foundation.

Some have seen planned spending rises turned into cuts, with real-terms education spending going from an increase of £1.5 billion in 2024-25 from this year to a cut of £1 billion.

James Smith, Resolution Foundation research director, said: “Significant reductions in day-to-day public service spending are on the cards, while protecting areas such as health and defence. This would repeat a key option chosen by Conservative-led governments since 2010.

“Freezing such spending in real terms would save £20 billion a year but mean a further 9% budget cut to public services such as transport, policing and housing, and take Britain into a new era of austerity.

“Given the political ramifications of such a move, the new PM and Chancellor may choose instead for tax rises to fill in far more of the current fiscal hole than their Conservative predecessors in Downing Street did.”

Mr Sunak has pledged to put “fairness at the heart” of the November 17 budget.

“The Chancellor has already said of course difficult decisions are going to have to be made and I’m going to sit down and

work through those with him,” he said on Friday.

The pair delayed the financial statement by more than two weeks from Halloween as public finances appeared in a worse shape after Liz Truss’s leadership.

Mr Hunt has sought the advice of [George Osborne](#), the architect of austerity in the wake of the 2008 financial crisis, as he sounds out Conservative predecessors over his upcoming autumn budget.