



Centre for Local
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AUSTERITY UNCOVERED

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EXECUTIVE SUMMARY

This report is based on research by the Centre for Local Economic Strategies (CLES), commissioned by the TUC. It is designed to look at the impacts of austerity, focusing upon how changes in publically funded services affect both people and places across the country now and in the years to come.

While spending cuts have affected public services across the board, the research has focussed primarily on the impact on adult social care and children's services, looking at changes in service provision resulting from cuts in nine local case studies across England (covering Bedford, Blackpool, Bradford, Derby, Devon, Dudley, Islington, Reading, and Redcar and Cleveland).

This report asserts that a deep and prolonged period of austerity is damaging the nation's present and future, weakening service provision and undermining many aspects of the universal welfare state that plays an integral part in sustaining communities and social cohesion.

Evidence suggests that as the economy slowly emerges from its crisis, a social recession is being left in its wake. A funding crisis is growing from the NHS to local government that is unsustainable and could fundamentally change the nature of public services if unaddressed. As such, the fact that the government's public spending cuts are planned to extend well beyond 2015 is a matter of grave concern.

It is important to note that the great majority of the population are impacted to some degree by austerity. This might be as simple as pot holes not being fixed, but also, for instance, children's centre services being reduced (as highlighted in several case studies) as universal provision is cut back, increasing charging for leisure facilities, or cutting back library provision. It can impact on all families in all places.

Austerity – more public spending cuts to come

Changes to the government's deficit reduction programme since it was first announced in June 2010 mean that we are now only half way through a nine year programme of austerity, when we should have been three quarters of the way through a six year programme. The government's original proposals expected austerity to amount to 6.7 per cent of GDP. This is now expected to reach 10.3 per cent, increasing in cash terms from £120 billion to £210 billion.¹

According to the Office for Budget Responsibility (OBR), real per capita spending on public services will be cut by 23% between 2007/8 - 2018/19. This will reduce spending on public services and administration to its lowest share of GDP since at least 1948.²

Head of the OBR, Robert Chote states, "If you look over the consolidation as a whole – and particularly over that bit which has yet to be delivered – it's this squeeze on day to day public services that is the key to the remainder of the fiscal consolidation programme,"³

The OBR also estimates that between 2014/15 and 2019/20 spending on public services, administration and grants by central government is projected to fall from £5,650 to £3,880 per head in 2014/15 prices. Around 60% of cuts will be delivered in the next parliament, and the OBR note that the "implied squeeze on local authority spending is simply severe".⁴

A growing crisis in local government

Deep spending cuts have been implemented across each of the government departments between 2010/11 to 2015-16. In real terms,⁵ nine Departments are being cut by over 20% and six by a third or more. The Department for Communities and Local Government (DCLG) is being cut by over a half.

¹ Based on March 2014 Economic and Fiscal Outlook Tables: Supplementary Tables http://cdn.budgetresponsibility.org.uk/83723-March_2014_EFO_Fiscal_Supplementary_Tables.xls

² Office of Budget Responsibility (2014) Working paper No.7 Crisis and consolidation in the public finances <http://budgetresponsibility.org.uk/wordpress/docs/WorkingPaper7a.pdf>

³ Public Services Cuts in the UK Set to Bite, Financial Times, 9 September 2014, <http://www.ft.com/cms/s/0/22b63f5a-382e-11e4-a687-00144feabdc0.html?siteedition=uk#axzz3HjUjdCOa>

⁴ Ibid

⁵ Real terms figures are the cash figures adjusted to 2013-14 price levels using GDP deflators. The deflators are calculated from data released by the Office for National Statistics in 2014. Real terms figures are the actual (known as nominal) spend adjusted to exclude the effect of general inflation, as measured by the GDP deflator at market prices.

DCLG's cuts across both communities and local government represent nearly two fifths of all real terms departmental cuts, highlighting the disproportionate share that local authorities across the country have to bear.

The Government will have reduced its funding to local authorities by an estimated 37% by 2015-16⁶. A significant funding gap is emerging within local government as a result of this. Analysis by the Local Government Association (LGA) has shown that the funding gap for councils between March 2014 and the end of 2015/16 will be £5.8 billion.⁷ The gap is the disparity between the total money councils will have next year (£46.3 billion) and the amount of money they would need to maintain 2013/14 levels of service. The total funding gap is forecast to increase at an average rate of £2.1 billion per year until 2019/20 when it will reach £12.4 billion.

Many local authorities are pessimistic about their ability to deliver anything apart from the most basic of statutory services in future. Initiatives such as sharing back-office costs and other efficiency savings are increasingly unlikely to fill the funding gap.⁸

Over a quarter of single tier and county councils have had to make unplanned spending cuts in order to deliver their 2013/14 budgets and over half are reported to be "not well placed to deliver their medium-term financial plans"⁹ The vast majority of Chief Executives and Council Leaders believe that some local authorities will get into serious financial crisis within the next five years and will fail to deliver the essential services that residents require.¹⁰

Core areas of service delivery, including Adult Social Care, Children's Services and Waste Management, will increasingly soak up the majority of resource. Other local services, including leisure and cultural facilities, school support services, road maintenance, building new homes and promoting economic growth will shrink by 46% by 2020.¹¹

Disproportionate impact on the most disadvantaged areas

The reduction, removal and consolidation of specific grant funding to local authorities have led to disproportionate cuts to those authorities in the most deprived areas. For example, 11 out of 12 councils in the North East will have higher than the English average reductions in spending power for 2014/15 and 2015/16. The latest local government settlement for funding shows that government grants to local authorities were reduced by an average of 2.9% in 2014/15, but in the North East councils face, on average, a reduction of 3.9%.¹²

In addition to cuts to local authority budgets, more deprived areas are experiencing financial losses due to welfare reform with the North West, North East and Yorkshire and Humber losing an estimated £5.2 billion in total a year in benefit income.¹³

Impact on adult social care

The largest area of spending for local authorities, adult social care is a service area that is in crisis. Spending is falling within the sector, with a funding gap of £1.9 billion expected by 2015/16. Increasing demand through an ageing population and people with multiple disabilities living longer, together with falling budgets is leading to a crisis of care within our society.

Channelling in NHS resource through £3.8 billion Better Care Fund is a welcome move but is unlikely to be sufficient in scale and is recycling money from the healthcare system, creating additional funding pressures elsewhere.

The total budget put aside for means-tested social care by English councils in 2014/15 stands at £13.68 billion – a real terms cut of 12% since 2010, while demand has risen 14% in the same period.¹⁴

⁶ <http://www.nao.org.uk/report/the-impact-funding-reductions-local-authorities/>

⁷ LGA (2014) Future funding outlook 2014: Funding outlook for councils to 2019/20

<http://www.local.gov.uk/documents/10180/5854661/L14-340+Future+funding+--+initial+draft.pdf/1854420d-1ce0-49c5-8515-062dcca2c70>

⁸ <http://www.theguardian.com/society/2014/nov/24/funding-crisis-newcastle-impossible-cuts-social-unrest>

⁹ <http://www.nao.org.uk/report/the-impact-funding-reductions-local-authorities/>

¹⁰ <http://www.pwc.co.uk/local-government/publications/the-local-state-we-are-in-2014/index.jhtml>

¹¹ Local Government Association (2013) Future Funding Outlook for Councils from 2010/11 to 2019/20.

¹² Association for North East Councils (ANEC) (2013): Counting the cost of further cuts: the local government finance settlement 2014/15 – Key issues for North East Councils

¹³ Sheffield Hallam University (2013) Hitting the Poorest Places Hardest: The local and regional impact of welfare reform

This has had a major impact on service provision. Fewer people in need will be able to access support. 87% of councils now only provide assistance in cases of substantial or critical need, compared to 47% per cent in 2005/06.¹⁵

In addition, 35% of councils have reduced the number of older people using their services by over 40%.¹⁶ Spending on care services carried out in home or day care centres has fallen by around a fifth while important daily services such as meals on wheels has fallen by more than half.¹⁷

In the absence of viable funding to deal with the long term challenge of providing adult social care, councils are increasingly turning to charging for care. There is more likely to be a menu of services in the future (for instance for meals, transport, attendance at day centres) which means that those with the means will be able to afford more of the services, with very basic provision for others. Age UK show that, on average, service users were paying £588 more in real terms in 2012/13 than they were in 2009/10.¹⁸

This has led to significant falls in the number of older people accessing publicly funded care. There has been a 27% reduction in the number of older people receiving publicly funded social care since 2008/09 and a 17% decrease in the number of younger people.¹⁹ Age UK report that the proportion of over-65s in receipt of local authority social care services fell from 15.3% in 2005/06 to less than 10% in 2012/13, 362,000 fewer people.²⁰

Impact on children's services

As a statutory service, children's services have not been cut as deeply as other areas of local authority provision. Yet there have still been significant reductions to budgets, with funding decreasing in real terms by 4% in around a third of local authorities.²¹

The medium to long term outlook is concerning, with funding unlikely to keep pace with increasing demand, particularly in the area of child protection and social care.²² Many councils have had to significantly cut preventative, early intervention and early years support in order to maintain safeguarding services as a result of this demand.²³

Many local authorities across the country have cut or are considering cutting, early year's services that were previously protected. Between 2010 and 2013, spending on children's centres fell by 28%²⁴ with 580 of the centres having closed as a result of local authority cuts. This is corroborated by an assessment of local government spending between 2009 and 2011 which shows average annual reductions of £28 per person in family support, including early childhood development programmes.²⁵ The universal elements of these services, in particular, appear to have been significantly impacted as councils seek to save money by targeting services at those with additional needs or most at risk of negative outcomes.

The resources dedicated towards schools are also being cut back. This includes a wide range of services, such as school improvement, curriculum support, education welfare, behaviour support, and school transport. Research from the Family and Parenting Institute, suggested that in the first two years of austerity measures (2010-12), out of every pound cut from children's services budgets, 30 pence was taken from services to schools.²⁶

Historic under-funding of Child and Adolescent Mental Health Services (CAMHS) is being exacerbated by the decisions of many local authorities and Clinical Commissioning Groups (CCGs) to cut or freeze spending on this service. Research from Young Minds found that 77% of CCGs froze or cut their CAMHS budgets

¹⁴ http://www.adass.org.uk/uploadedFiles/adass_content/policy_networks/resources/Key_documents/ADASSper_cent20Budgetper_cent20Surveyper_cent20Reportper_cent202014per_cent20Final.pdf

¹⁵ The Guardian, 24th April 2014 <http://www.theguardian.com/society/2014/apr/24/elderly-care-outstrip-relatives-ippr-2030>

¹⁶ Health and Social Care Information Centre (2013)

¹⁷ Quality Watch (2014): Focus On: Social care for older people – reductions in adult social services for older people in England

¹⁸ Source: The Kings Fund (2014) A new settlement for health and social care <http://www.kingsfund.org.uk/publications/new-settlement-health-and-social-care>

¹⁹ *A new settlement for health and social care interim report*, Kings Fund, 2014

²⁰ Care in Crisis, Age UK, 2014

²¹ <http://www.communitycare.co.uk/2014/04/16/cuts-safeguarding-teams-looked-children-services-council-spending-drops/>

²² http://www.nspcc.org.uk/Inform/research/findings/how-safe/how-safe-2014-report_wdf101938.pdf

²³ http://www.familyandchildcaretrust.org/our_work/Families-in-the-Age-of-Austerity/Families+at+the+frontline

²⁴ Source: Centres of Excellence? The role of Children's Centres in early intervention http://www.policyexchange.org.uk/images/publications/centres_ofexcellence.pdf

²⁵ Centres of Excellence? The role of Children's Centres in early intervention *ibid*

²⁶ Families and Parenting Institute (2012) Families on the Front Line? Local spending on children's services in austerity

between 2013/14 and 2014/15, while two thirds of local authorities in England have frozen or increased budgets at levels below inflation since 2010.²⁷

As a discretionary area of spend, Youth Services have been particularly badly affected. Cuts of around 30% have commonly been reported, with local authorities frequently reporting a shift from universal to targeted services to meet the needs of the most vulnerable young people (for instance a greater focus on youth centres within deprived areas), therefore excluding many from future services. Cuts such as these are exacerbating 'poverty of opportunity' in many places and this in turn leads to future reductions in social mobility.

Despite trying to shield children's safeguarding and social work from the cuts, local authorities are increasingly finding this a difficult task. There are concerns that statutory safeguarding duties could be breached and children who are in care are waiting longer for specialist support. Evidence suggests that local authorities have been coping with cuts through a range of measures including the decommissioning of specialist support, cutbacks on safeguarding, transferring social work case to non-qualified staff and reviewing social workers case loads.²⁸

Cuts to children's services have implications for reducing child poverty. For the first time in more than 17 years, child poverty in the United Kingdom increased in absolute terms in 2011-12.²⁹ The Institute for Fiscal Studies (IFS) state that in the UK, relative child poverty is projected to increase by 6 percentage points between 2010-11 and 2020-21, reversing all of the reductions between 2000/01 and 2010/11.³⁰

The public sector workforce

The public sector workforce has been subject to widespread job losses in addition to pay restraint, significant changes to pensions and a range of other revisions to terms and conditions of employment.

Public spending cuts have led to large scale job losses over the past four years. Between Quarter 2 2010 (when the Coalition entered office) and Quarter 2 2014 nearly 550,000 public sector jobs were lost in England. Although growth in private sector employment led to a net increase in jobs of 1.25m in this period, questions remain over the nature of this new employment. Research published by the TUC identified the key reasons for record low earnings growth were the changing composition of the labour market, with low-paying sectors creating far more jobs than high-paying ones, a shift from full-time work to part-time work and the increasing scale of under-employment.³¹

The public sector workforce stood at 5.7 million in mid-2013, constituting 20% of total employment – this was the lowest share of employment for four decades. The OBR forecasts that further cuts in government employment will reach 1.1 million by 2019/20 compared with 2010/11.³² This means the share of public employment would be just 14.8% of the workforce, dramatically changing the shape of the UK labour market.

Within local government, job cuts have had a disproportionate impact on women. 96,000 males in full time posts have gone (21%), compared with nearly 141,000 (31%) who are women. Importantly, 42% (195,000) of the posts that have now been made redundant have been women in part time employment.

Further, in 2013 16% of women in the private sector were employed in high skill jobs, compared with 42% in the public sector. Furthermore, a higher proportion of women in the private sector were employed in low skill jobs (14%) compared with the public sector (7%).³³ The Women's Budget Group has found that women are not benefitting equally from new employment in the private sector. Instead, 63 of every 100 new (net) jobs created since 2009/10 went to men and just 37 to women. What is more, the new jobs are lower paid, more precarious and more likely to be part-time.³⁴

²⁷ Source: YoungMinds (2014) http://www.youngminds.org.uk/about/our_campaigns/cuts_to_camhs_services

²⁸ <http://www.communitycare.co.uk/2014/04/16/cuts-safeguarding-teams-looked-children-services-council-spending-drops/>

²⁹ Department for Health Annual Report of the Chief Medical Officer 2012: Our Children Deserve Better: Prevention Pays <https://http://www.gov.uk/government/news/chiefmedical-officer-prevention-pays-our-children-deserve-better>

³⁰ Institute for Fiscal Studies (2013) Child and Working Age Poverty in Northern Ireland from 2010 to 2020 <http://www.ifs.org.uk/comms/r78.pdf>

³¹ Earnings and Settlements, IDS, June 2014 http://www.tuc.org.uk/sites/default/files/Earnings_and_Settlements.pdf

³² Institute for Fiscal Studies (2014): The public sector workforce: past, present and future <http://www.ifs.org.uk/billions/billion145.pdf>

³³ Source: ONS, March 2014 http://www.ons.gov.uk/ons/dcp171776_355119.pdf

³⁴ Women's Budget Group (2013) The impact on women of the Coalition Government's spending round 2013 <http://wbg.org.uk/pdfs/WBG-Analysis-June-2013-Spending-Round.pdf>

Public sector pay restraint has formed a key component of the government's strategy. The public sector pay freeze in 2010/11 and 2011/12, followed by a 1% cap between 2013/14 and 2015/16 have led to a significant loss in the value of earnings. Analysis by the TUC indicates that public sector workers are, on average, £2,245 worse off than in 2010.³⁵

Impact on places

In addition to assessing the impacts of austerity on core service areas, this report also assesses the effects upon the voluntary and community sector, local places and networks.

Damage to civil society

Communities are being weakened. The organisations in place which are crucial to community development are being affected severely by the cuts. The combination of reduced public spending and the shift in emphasis to open public services and competitive tendering has left the local voluntary and community sector in an increasingly vulnerable position. Across the UK, the National Council for Voluntary Organisations (NCVO) estimates that by 2018 funding for the sector will be £1.7 billion lower than it was in 2010.³⁶

There is a real concern from those within the voluntary and community sector about the long term harm cuts will bring to the communities they represent. The very organisations the government want to lead the push towards localism are being damaged. The impact on small organisations means there is a risk of losing the connection with communities that councils have often relied upon through small community groups. Community capacity is vital in strengthening places, and deep cuts to the sector will erode vital services. The ongoing trends will precipitate a substantial shift upwards in the scale of organisations that deliver public services, away from those with genuine local connections and grassroots involvement.

Cuts to the voluntary and community sector will also erode social capital. This could have major consequences. Many people's everyday lives may not extend beyond their local community so such community sector services are vital. Implications for society as a result of this damage to communities are considerable – once gone, social capital will take a long time to re-establish.

Impacts on places and networks

Lack of appreciation for the role of local government: Local government has always performed a vital leadership and network role, brokering relationships between key people and organisations within the public, private and social/third sectors. In local authorities where the cuts are deepest, as these networks and partnerships begin to splinter, and privatisation of some of these services becomes more common, the end result is greater fragmentation and weakened leadership, with negative consequences for local citizens.

Harmful effects on the relationships between local authorities and providers: As the cuts impact on activities of councils and their providers, the links between the two will weaken. Several respondents to this research and previous studies by CLES have stated that they wished to build stronger links with councils now more than ever, as they needed to be connected to ensure that information flows were passing through the system. This is becoming increasingly difficult to achieve though as more key council staff are lost, many with several years' expertise in specific fields.

Weak internal networks results in lower quality services: Many local authorities are now experiencing major restructuring; in middle management and frontline delivery areas, weakened networks as a result of the loss of key people means that council operations may not be as effective. In many areas, there has been a significant downsizing of management and this is now leading to pressures on smaller groups of managers following the removal of many service heads, locality managers and service managers. This also results in a lack of understanding and appreciation within some councils about the difficulties and specialisms involved in the work that many frontline workers do. The levels of good practice and shared learning will also be likely to dissipate within and between departments. Further there can be confusion and uncertainty about the chain of responsibilities and therefore of accountability.

³⁵ http://www.tuc.org.uk/industrial-issues/public-sector/pay-fair-campaign/public-sector-workers-lose-out-per_centC2per_centA32245-under

³⁶ Source: new economics foundation (2013) Surviving Austerity: local voices and local action in England's poorest neighbourhoods <http://www.barrowcadbury.org.uk/wp-content/uploads/2013/08/Surviving-Austerity.pdf>

Regional disparities

The most deprived authorities are experiencing significant impacts in terms of loss of spending power for local authorities, whilst also having acute demand for core services.

In the North East, for example, the situation is particularly pressing. Demand for core services is particularly high because of a history of deprivation, unemployment and long-term health conditions that has led to higher numbers of people accessing social care – 29% above the national average use home care, 41% above for day care and 100% above for short term residential care.³⁷

Combined with disproportionate cuts to local government and other public agencies, and the limited ability to leverage their own income and become more self-financing, this means that the impacts upon many places in the North East are disproportionate. The North East is just one example; other regions with high incidences of deprivation face similar pressures.

The data and trends show that the so-called north-south divide is a relatively artificial construct, as deprivation and disadvantage is concentrated across the country and austerity is affecting the great majority of people, in all regions and places.

For example, modelling by London Councils³⁸ suggests that London local authorities face a funding gap of up to £3.4 billion (31%) by 2019/20 and due to the significant areas of deprivation in the city, the share of overall reduction to local government from the 2014/15 Settlement Funding Assessment is higher than elsewhere in the country (26.1% compared to 23.8% for England as a whole). In the South East there are similar pressures. South East England Councils (SEEC) estimates that its local authorities have taken £1.3 billion out of their budgets since 2010 and estimate that a further £1.4 billion savings are needed by 2017/18.

Key trends from the case studies

While the impact of funding reductions and the responses adopted by councils has varied across the country, a number of common themes and trends have emerged through our research.

A move away from universal services: The case studies showed that councils are increasingly targeting services, particularly for the most vulnerable residents, through many elements of Adult Social Care and in Children's Services.

Not always taking into account the needs of the most vulnerable: There are frequent references across many of the case studies to the personalisation of services and enhancing the independence of many vulnerable people, most notably within Adult Social Care. But a number of interviewees commented that many of the changes such as closing/reducing day care centre services, or closing residential homes, may not necessarily reflect what service users actually want or need. For instance many may feel that residential placements would suit their needs better, and also mean that they are less isolated due to the social networks they build up. Further the case studies highlighted that important bespoke support that people have received is being reduced.

Domiciliary care being cut back: Case study evidence highlighted that the work by frontline employees to ensure that people do not become isolated is becoming increasingly limited. For instance, in some of the case study areas, non-essential mileage budgets are being reduced, meaning capacity is in place only to provide a specific, limited range of services.

Some councils have strategies to protect frontline services: All of the case study areas are facing increasingly difficult choices as budgets are cut back further. However, some places have been progressive in the way they have worked to avoid – thus far – impacting upon frontline services. Reading, Redcar and Cleveland and Islington have worked closely with the trade unions in mitigating the impacts as much as possible. Islington Council, in particular, has taken a particularly considered approach. It has not taken a position where it has rushed to make cuts, rather it has considered how services and jobs can be maintained. It is still one of only 19 local authorities in England which is still serving the needs of people classified as 'moderate' in Adult Social Care and this will remain the case.

³⁷ Source: Health and Social Care Information Centre, RAP Data 2012/13 (2013)

³⁸ London Councils (2014) Local Government Finance Settlement 2014/15: Response by London Councils

Some councils have taken the option of radically cutting back their services: Devon County Council is an example of where the authority has decided to significantly reduce their provision, and contrasts sharply with the approaches being taken in other places such as Islington. It includes shutting down many adult residential homes and day care centres across the county. It represents the possibility of moving away from council provision altogether and towards market driven provision.

Increasing levels of outsourcing: a number of the local authorities are increasingly outsourcing services. Evidence from interview respondents suggests that staff working for private providers in Adult Social Care have a poorer level of pay and employment conditions than those previously employed by the local authorities. There are reports of overworked staff working long shifts with poorer training provision than has hitherto been the case. This has implications for the support provided to service users and the quality of the procedures used to manage the service - for example, health and safety and the management of medicines for service users. It also has implications for the quality of life for service users, particularly those who require one-to-one support to enable them to access recreation or shopping.

Managing job losses: Thus far, across several of the case study areas, job losses have been managed through non-compulsory redundancies. However, as further savings are required it is more likely that compulsory redundancies will be used to make the savings required by most local authorities.

Recommendations

The report outlines some key high level messages which are aimed at both national and local government, based on different approaches and ways of working at all levels, in order to mitigate the impacts of austerity for people and places. Detailed recommendations can be found in section 8 of this report.

Develop fair funding mechanisms for those places most in need

There needs to be a fairer settlement for places with higher social and economic need, particularly in terms of local government finance. This is about stepping away from a wholesale uniform approach to public spending cuts and future resource allocation, to one that recognises differentiated needs; and limits, as far as possible, the impact of reductions in spending on the most vulnerable in society and on those places heavily dependent on the public sector, whilst recognising the importance of universal access to services.

- ❑ There should be an alternative, needs based approach to local government funding that shows an appreciation that some localities need more support.
- ❑ There should be a place weighting within formulas applying across the public sector, where the objective is to reduce the gap in outcomes between the most affluent and most deprived areas.
- ❑ Additionally there needs to be an urgent review of local authorities' ability to meet their statutory requirements, at minimum, between now and 2018/19.

Assess the impact of changes in national spending and welfare policies on regional inequalities

Public agencies could make a concerted effort to collect and collate a deeper pool of evidence on the consequences of central government policies, particularly the impact on the most disadvantaged communities. This evidence can then be used to devise ways of ameliorating adverse consequences locally, as well as to inform central government spending choices.

Implement real devolution of resource and policy levers

There needs to be further devolution of resources and decision making powers. This would sit alongside increased democratic accountability and transparency, and structures for effective representation which would include the voices of citizens, service users, and unions, as highlighted in a recent inquiry into health inequalities.³⁹

- ❑ Incrementally increase the proportion of public expenditure that is gathered and spent locally.
- ❑ Alongside this would be agreements with national government to ensure that devolved funds are used to accelerate social gains and address inequalities.

³⁹ CLES (2014) Due North: Report of the Inquiry into Health Equity for the North <http://www.cles.org.uk/news/inquiry-publishes-due-north-report-on-health-equity/>

- ❑ Financial freedoms alongside devolving resources. This means providing more effective mechanisms for local government to access finance.

Develop more intelligent procurement and commissioning processes

Promoting progressive procurement

When procurement and economic development teams within local authorities work together, public procurement can be planned effectively in order to develop the capacity of local businesses and the voluntary and community sector, to support local skills and employment, promote quality jobs and drive up employment standards. There are a number of considerations to developing more progressive procurement practice which also provides value for money, developed by CLES' significant body of research in the area, which should become standard practice across public sector agencies, both at the national and local level. These are outlined in the report.

Promoting the Living Wage

A key mechanism for promoting the Living Wage, is through commissioning and embedding it within the local supply chain:

- ❑ For service contracts a consideration of social value, preferably linked to an over-arching statement of intent or sustainable procurement strategy, should be carried out in order to identify a clear and transparent commitment to supporting a Living Wage.
- ❑ There is a converse argument that states that having Living Wage compliance as one element of award criteria might be more legally permissible than making it a condition of contracts. This would be an important consideration and something that individual organisations would need to weigh up, whether this would change on a case by case basis.

Reducing the use of zero hours contracts through procurement and commissioning

Taking zero hour contracts out of commissioning is critical. 60% of domiciliary care workers are on such contracts. The situation, a symptom of current commissioning arrangements, requires urgent attention and there are steps that commissioners can take to make a difference, as outlined by the Resolution Foundation.⁴⁰

- 1) **Promoting outcomes-based commissioning:** Outcomes based commissioning would mean that providers and care beneficiaries can negotiate their own timetables and then providers will be held to account for supporting greater independence and a better quality of life.
- 2) **Develop the workforce:** Improve the required standards of training in housing and social care, to fund this so it is not left to workers to pay for their own essential training.

Develop a 'rights' based approach for children's welfare

There are a number of high level actions (recently developed by CLES, the University of Liverpool, and a review panel for an inquiry on health inequalities in the north),⁴¹ that could be committed to in order to ensure that children are a central facet within both local and national policy making, and so do not become further disadvantaged because of austerity.

- ❑ Embed a 'rights' based approach to children's welfare at the national level: a high level commitment to children's rights with the aim of improving child wellbeing and reducing inequalities.
- ❑ Local authorities across the country should be making a similar high level commitment, for instance through a Charter or signing up to a Declaration, to pledge to put children's welfare as a central component of what they do, and put this into practice. (for instance through the promotion of the TUC and Children England 'Declaration of Inter-dependence' setting out a new framework of service provision based on collaboration, partnership and the promotion of child-centred services and best employment standards).
- ❑ Act on reducing child poverty through the measures advocated by the Child Poverty Commission.

⁴⁰ Resolution Foundation (2014) Zeroing In: Balanced protection and flexibility in the reform of zero hours contracts http://www.resolutionfoundation.org/media/media/downloads/Zeroing_In_1.pdf

⁴¹ CLES (2014) Due North: Report of the Inquiry into Health Equity for the North <http://www.cles.org.uk/news/inquiry-publishes-due-north-report-on-health-equity/>

- ❑ Provide universal support to families through parenting programmes, children's centres and key workers, delivered to meet social needs.

Develop a long term plan for increasing resource for Adult Social Care

Inadequate social care has a knock on effect and results in further demands on the NHS. The Better Care Fund could, to an extent, be an opportunity to address this, with £3.8 billion being pooled between local government and NHS to support transformation and integration of health and social care services to ensure local people receive better care. However, there are concerns about the impact on NHS services resulting from the transfer of resources to social care in this way and the efficiency and productivity gains are still open to considerable debate.

Arguably this fund needs to be bigger in order to provide better quality of services and avoid future acute financial problems for Adult Social Care. Either a larger or different fund is required to make a real difference, helping the transformation of Adult Social Care in future together with integration with NHS operations. This has been put forward by the Kings Fund, suggesting a 'genuine health and social care transformation fund with new money to meet the running and transition costs of changing how and where care is provided.'⁴²

Promote in-sourcing within local government and other public agencies

There are a number of lessons and best practice to take forward which should be applied and further promoted across the country. Having early involvement of staff and trade unions is central in returning services in-house. It provides the opportunity to redevelop capacity and reshape expertise, and can help in new smarter working to reduce levels of waste and develop and design more efficient services

Working with public service unions

Develop partnership working with public service unions to promote engagement and employee voice in the design and delivery of services as well as protecting and promoting the best employment standards through:

- ❑ Supporting the living standards of public service workers, promoting equality and boosting recruitment and retention by lifting the public sector pay cap, promoting collective bargaining and national pay determination and promoting equal pay through the increased use of equality audits and pay reviews.
- ❑ Promoting trade union recognition and partnership through a range of measures including the extension of national and local tri-partite structures such as the NHS Social Partnership Forum, supporting facility time, check off procedures and the use of public procurement to protect against blacklisting and promote adherence to ILO conventions in support of trade union freedoms.
- ❑ Promote mechanisms for the protection of employment standards and collective bargaining through the strengthening of TUPE, the creation of a new Two Tier Code of Practice and the adoption of mechanisms to extend existing sectoral collective agreements to all providers of services.

Develop a new framework of collaborative work with the voluntary and community sector

There needs to a shift in thinking from public sector agencies in how they deal with the voluntary and community sector, with an approach that ensures appropriate community and voluntary sector partners have a voice in the design and commissioning of services, where appropriate.⁴³ This requires an understanding in both national and local government as to the different types of funding models which allow the sector to operate in the most effective way, which shows an appreciation of the strengths of the sector and its diversity.

⁴² Source: The Kings Fund (July 2014) Better Care Fund? Better read the small print <http://www.kingsfund.org.uk/blog/2014/07/better-care-fund-better-read-small-print>

⁴³ What we do not call for is mass commissioning of services which are better delivered in-house. There needs to be consideration of which services are being tendered and why.