



Centre for Local  
Economic Strategies

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***A SUMMARY OF AUSTERITY IN LONDON AND A CASE STUDY OF ISLINGTON  
COUNCIL***

Final report prepared by

**Centre for Local Economic Strategies**

Presented to

**TUC**

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## 1 INTRODUCTION

This paper is part of a wider report called 'Austerity Uncovered', developed by the Centre for Local Economic Strategies for the TUC, which highlights some of the key trends and impacts of austerity measures, implemented by the Coalition Government, across the country. The main report goes into detail on how austerity is impacting upon public services and jobs, and how this affects particular population cohorts, many of whom are amongst the most vulnerable in society. Supplementing this are nine summary papers – one for each of the English regions – which outline the effects of austerity measures spatially across the UK. A number of impacts are of course similar across the regions, although there are particular nuances and challenges specific to regions which are outlined within these papers. The summaries are set out as follows:

- ❑ A brief overview of the structure of the socio-economic challenges facing policy practitioners within the region;
- ❑ A summary of some the key austerity impacts within the region, particularly in terms of public services and jobs.

Following the regional summary, a case study of a local authority area within the region is provided. These include:

- ❑ London: Islington Council;
- ❑ South East: Reading Borough Council;
- ❑ East: Bedford Borough Council;
- ❑ South West: Devon County Council;
- ❑ West Midlands: Dudley Metropolitan Borough Council;
- ❑ East Midlands: Derby City Council;
- ❑ North West: Blackpool Council;
- ❑ North East: Redcar and Cleveland Borough Council;
- ❑ Yorkshire and Humber: City of Bradford Metropolitan District Council.

The case studies are derived from reviewing local secondary data sources such as academic research, local government and cabinet reports, and union documents. In addition they have included interviews with individuals such as Councillors, those delivering services, local union staff, and members of the voluntary and community sector. The precise mix of respondents depended upon availability and accessibility, therefore this varied across the case studies. It drills down into some of the key impacts austerity measures are having on local authorities and communities, with a particular focus on Children's Services and Adult Social Care. Where identified, the case studies also assess where local government has worked innovatively to protect services and jobs, and advance approaches to deliver economic and social gain within their localities.

It is important to note that this is not intended as direct criticism of the local authorities, rather highlighting the difficult circumstances that they find themselves in as a result of central government's austerity programme.

## 2 LONDON: ONE OF THE WORLD'S WEALTHIEST CITIES GRAPPLING WITH DEEP INEQUALITY

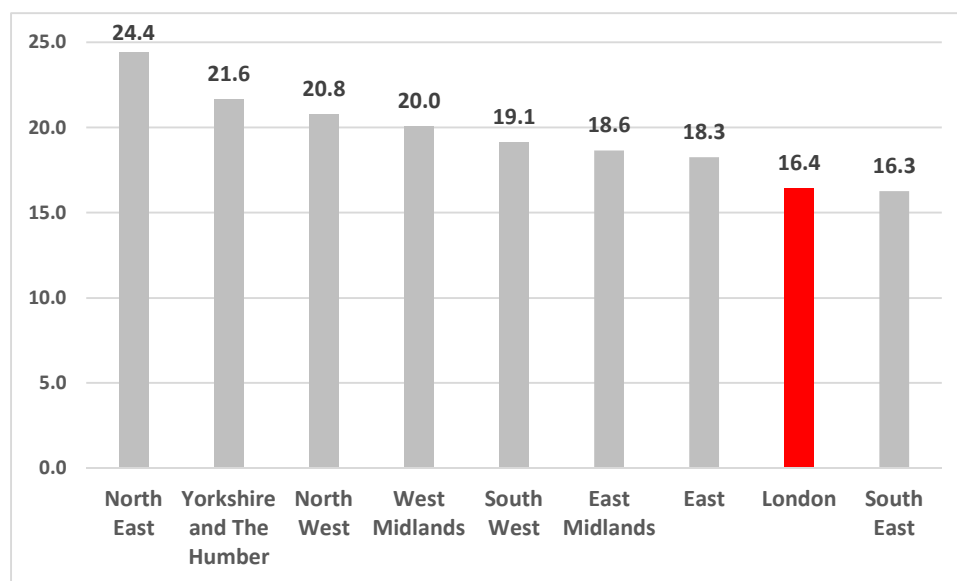
London has clearly been a major economic driver of the UK's economy over the last 30 years. Its sheer size and scale compared with other cities in the UK is vast, and is what sets it apart. London's economy is bigger than that of Sweden or Austria, and larger than Denmark's and Portugal's combined, with approximately three quarters of a million people commuting to the city each day.<sup>1</sup> There is also a smaller reliance on public sector employment, as shown in Figure 1.

However, despite its relative success, there are long standing issues that London has to address, in terms of deprivation and endemic and structural inequality. For instance, as highlighted in the London Economic Development Strategy,<sup>2</sup> substantial regeneration is needed, especially in Inner London, where deprivation is concentrated, and in numerous housing estates and other pockets of deprivation across the capital. These areas are often associated with the problems of poverty, poor health, low educational standards and worklessness.<sup>3</sup>

The most deprived areas within London are concentrated to the north and east of the city, from Newham to Islington and from Tower Hamlets north to Enfield and Waltham Forest. In total over 26% of London falls within the most deprived 20% of England, with Hackney and Tower Hamlets both being in the top ten most deprived local authority areas in England.<sup>4</sup> In addition evidence shows that poverty is spreading to some of London's outer boroughs, with a 'suburbanisation' of poverty.<sup>5 6</sup>

Linked to this is the issue of low pay. Despite in aggregate terms, London having the highest weekly wage across all of the regions (at over £613), in-work poverty is becoming a major issue and there are many people in low paid jobs. Comparing 1999/00 to 2001/02 with 2009/10 to 2011/12, the number of adults in poverty in working families increased from 440,000 to 740,000, while the number of adults in workless families in poverty hardly changed.<sup>7</sup> In 2012, 57% of adults and children in poverty in London were in working families.

**Figure 1: Percentage of public sector employment by region, 2013<sup>8</sup>**



<sup>1</sup> Source: London Development Agency (2010) The Mayor's Economic Development Strategy for London

<sup>2</sup> Source: London Development Agency (2010) *ibid*

<sup>3</sup> Source: London Development Agency (2010) *ibid*

<sup>4</sup> Source: London Development Agency (2010) *ibid*

<sup>5</sup> Source: The Guardian (2012) Deprivation and Poverty in London <http://www.theguardian.com/uk/datablog/2012/apr/12/deprivation-poverty-london>

<sup>6</sup> Source: New Policy Institute (2013) London's Poverty Profile 2013

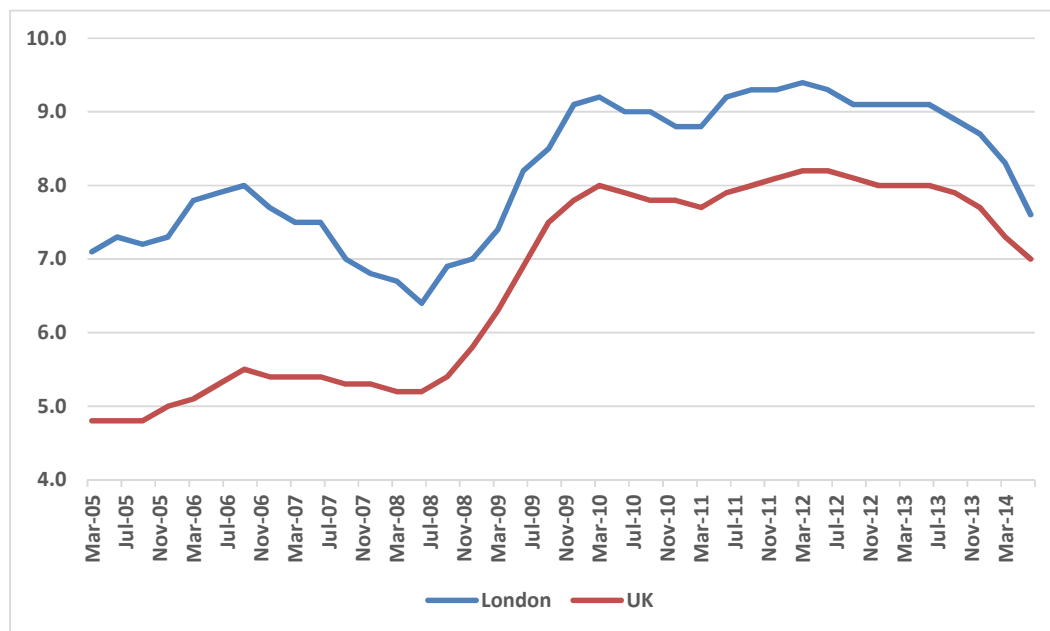
<sup>7</sup> Source: GLA Economics (2014) Low Pay in London, Working Paper no 59

<sup>8</sup> Source: ONS, Business Register and Employment Survey, 2013

Therefore London is a city of major contrasts. It is the sixth richest city in the world, provides 20% of the UK's GDP and is one of the world's most expensive cities to live in, yet poverty is always an accompanying characteristic. This is starkly illustrated by the fact that 37% of children live in poverty, equating to a total of 600,000, and in Inner London these levels are higher still, with one in every two children living in poverty.<sup>9</sup> London has the highest rate of child poverty of any English region, and there are as many poor children in London as in all of Scotland and Wales.<sup>10</sup> Levels of poverty are also highlighted by the major increase in the number of people having to use food banks. Usage increased by 254% between 2011/12 and 2012/13 (from nearly 12,000 to over 42,000), and by 127% between 2012/13 and 2013/14 (up to over 95,600).<sup>11</sup> There is therefore a major contrast between the important global centre as often portrayed, and the bottom end of the economy, resulting in a complex interface between the two.

The labour market also faces significant challenges. Figure 2 shows unemployment across London. The rate increased by nearly 3 percentage points from the beginning of the recession to its peak. Although unemployment has fallen since last year, it is still higher than its pre-recession low, by 1.2 percentage points. The rate, at 7.6%, is high compared with several other regions, and is higher than the England figure of 7.0%. Therefore there is still some way to go before the labour market fully recovers from the scars of the recession and austerity measures through public sector job losses (and even though the labour market is recovering, this does not necessarily mean that the quality of jobs will be same as before). Further, in addition to the rate of unemployment being relatively high, the absolute numbers are the highest across all England's regions - 319,000 are currently unemployed. London also has long term unemployment problems, with many of those who are long term unemployed having multiple labour market disadvantages.

**Figure 2: Unemployment rate of the working age population, in London<sup>12</sup>**



Accompanying the relatively high levels of unemployment, the region has over 695,000 working age people claiming in and out of work benefits, with those on incapacity or disability related benefits constituting 45% of the total.<sup>13</sup> This figure is only higher within the North West, highlighting the scale of issue in London. The health challenges across the city are reflected in Figure 3, which shows the percentage of households with at least one person of working age who has a long term health condition or disability. On the surface the level is the lowest in comparison to other regions, at 22.4%, but again the actual numbers involved are very high – at 732,000, it is higher than most regions apart from the South East and North West. This starkly illustrates the acute social and health

<sup>9</sup> Source: 4 in 10 Campaign (2013) <http://www.4in10.org.uk/>

<sup>10</sup> Source: Child Poverty Action Group <http://www.cpaq.org.uk/campaigns/child-poverty-london>

<sup>11</sup> Source: Trussell Trust data, 2014

<sup>12</sup> Source: ONS, Annual Population Survey, 2014

<sup>13</sup> This is defined by DWP as those claiming: Carers Allowance, Disability Living Allowance, Employment Support Allowance, Income Support, Pension Credit, Job Seekers Allowance, Severe Disablement Allowance, Widows Benefit. Tax credits are not included in this analysis.

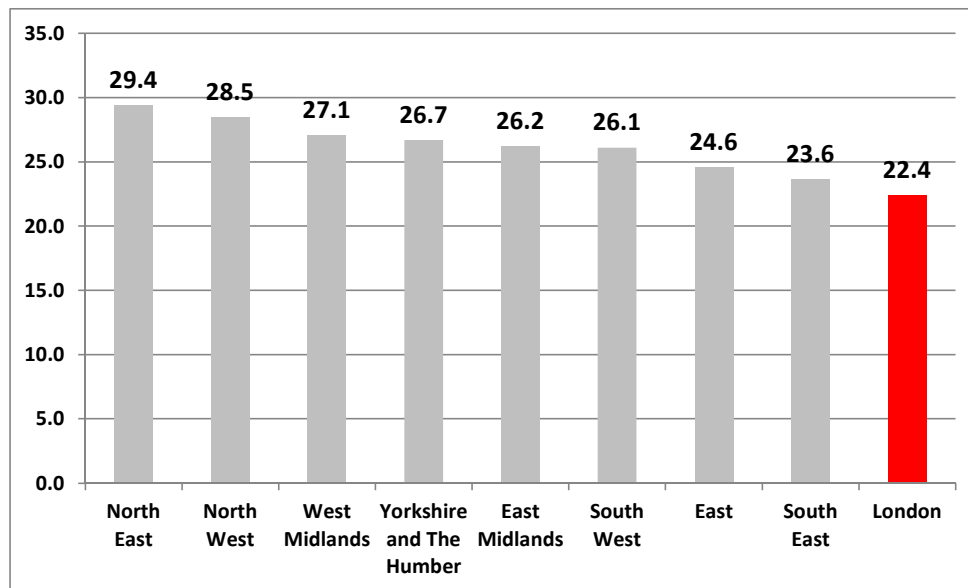
problems that many people within the region experience. In terms of the spatial distribution of health trends in London, University College London produced an analysis which shows that there is a 20 year difference in life expectancy between those born near Oxford Circus and others born close to some stations on the Docklands Light Railway (DLR).<sup>14</sup> New-borns around Star Lane are predicted to live, on average, for 75.3 years in contrast to 96.4 years for those near Oxford Circus, highlighting the major divergences across the city.

Therefore, in terms of need London is a region which does demand significant attention, despite rhetoric towards it not being as affected by recession and austerity as other areas of the country. Economic and social challenges run much deeper than portrayed by the simplistic narrative of the north-south divide. An appreciation of this is needed to devise effective policy solutions.

An appreciation of this is needed to devise effective policy solutions. London has many deep seated challenges within the labour market and has long standing poverty and deprivation issues which have not been addressed sufficiently over time. Inequalities are much more pronounced in London than in most areas of the country as there are places of high affluence adjacent to localities which are disadvantaged. There are therefore major difficulties that the region has in narrowing the gap of inequalities. This makes many areas of the city vulnerable to austerity measures, particularly in being able to continue to provide quality services in deprived areas where demand for services continues to increase and where there are higher levels of need.

As well as this, it is important to note that the great majority of London’s 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 other 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.

**Figure 3: Percentage of households where at least one person has a long term health problem or disability**<sup>15</sup>



<sup>14</sup> Source: BBC News (20<sup>th</sup> July 2012) <http://www.bbc.co.uk/news/uk-england-london-18917932>

<sup>15</sup> Source: ONS, Census 2011

### 3 THE IMPACTS OF AUSTERITY IN LONDON

The previous section outlines the social and economic context for London, and how this has made it particularly vulnerable to the effects of austerity measures. This section outlines some of the key impacts.

#### 3.1 Increasing financial pressures upon London Councils

Local government is again to be required to deliver a disproportionately higher level of savings. By the end of 2013/14 core funding for local government in London had reduced by £10 billion, or 34% since 2010/11, and by the end of 2015/16 there will have been a reduction of 44% in central government funding for London local government.<sup>16</sup> With a population that is set to exceed 9 million by 2020, London local authorities face the considerable additional challenge of managing the reduction in resources while meeting expectations and demands from a rapidly growing population.

The 10% real terms cut for local government in the recent spending round was one of the largest of all departments, compared to the average real terms reduction of 2.2 per cent across other Whitehall departments. This will mean a 16% real terms cut to the Settlement Funding Assessment (SFA) in 2015-16 for London boroughs.<sup>17</sup> Therefore London is facing the 'double whammy' of high funding cuts and major increases in demand. According to analysis by London Councils, without significant changes to the way cuts are applied across the public sector, many London boroughs will quickly reach an unsustainable position.

An illustrative example is Hackney, which is one of the most economically deprived places in the country. The reduction in grant funding for Hackney Council from Government over the last four years has been £100m.<sup>18</sup> Hackney's and other grant dependent authorities' grant losses per household are seven or eight times larger than the losses suffered by authorities with a greater proportion of relatively wealthy households.<sup>19</sup> Further, Hackney, like many other local authorities dependent on central grant funding, has a much smaller resource base to make up the grant losses over time.

Modelling by London Councils suggests that London local authorities face an overall funding gap of up to £3.4 billion (31%) by 2019-20. Despite some of the recent changes announced by Government (such as the Better Care Fund), London local authorities could experience an overall increase in service pressure of £2 billion (22%) and a decrease in projected funding of £1.4 billion (15 per cent) between 2012-13 and 2019-20.<sup>20</sup>

As highlighted in the opening section, there are significant areas of deprivation across London, and cuts to funding are more severe for the most deprived local authorities. Analysis from London Councils shows that through the change to the Settlement Funding Assessment (see Figure 4), London boroughs will be required to deliver a proportionately larger share of the overall reduction to local government than elsewhere in the country. It shows that the average real terms cut to SFA for London boroughs between 2013-14 and 2015-16 is 26.1% compared to 23.8% for England as a whole.

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<sup>16</sup> London Councils (2014) Local Government Finance Settlement 2014/15: Response by London Councils

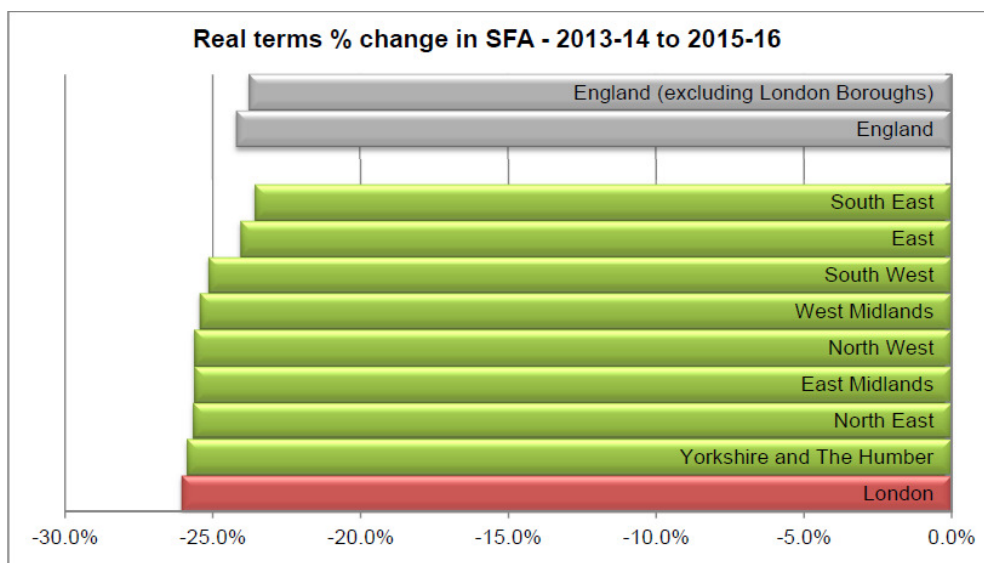
<sup>17</sup> London Councils (2014) *ibid*

<sup>18</sup> Hackney Council (2014) 2014/15 Budget and Council Tax Report

[http://mjinternet.hackney.gov.uk/documents/s35554/Budget\\_report\\_14\\_15\\_from\\_120214%2024022014%20Cabinet.pdf](http://mjinternet.hackney.gov.uk/documents/s35554/Budget_report_14_15_from_120214%2024022014%20Cabinet.pdf)

<sup>19</sup> Hackney Council (2014) *ibid*

<sup>20</sup> London Councils (2014) *ibid*

**Figure 4: Change in the Settlement Funding Assessment by region, from 2013/14 to 2015/16**<sup>21</sup>

This all impacts significantly upon spending power across London's boroughs. Between 2010/11 and 2015-16, the average reduction in spending power per dwelling in England is £300.3. In London, the reduction per dwelling is £544, £244 higher than the national average. In 2014/15 and 2015/16 alone, London will face an overall reduction in spending power per dwelling of £294 compared to the England average of £117.<sup>22</sup> Indeed analysis suggests that real terms reduction to funding in London is closer to 20% across 2014-15 and 2015-16 (17.4% for the rest of England) rather than the 10.4% suggested within the local government finance settlement.<sup>23</sup>

### 3.2 The challenge in providing quality care for the vulnerable

Adult social care budgets account for over one third of local authorities' overall spend. In 2012/13, this equated to £2.4 billion in London. In 2014, London Councils calculated that London boroughs, as a result of increasing demand and falling budget levels, will face a funding gap of £907 million by 2017/18 to fund their social care obligations.<sup>24</sup> Increasing costs as well as a growing and ageing population are already stretching adult social services and these are key issues that need to be considered, particularly at a time where there is much discussion about how the system is funded in future. By 2020, in London there will be a 14% increase in people over the age of 65, a 10% increase in care users with mental health issues, 10% increase for care users with learning disabilities, and a 13% increase in care users with physical disabilities.<sup>25</sup>

There have been measures put in place by the Government which have the aim of shifting the financial burden away from individuals. From April 2016 a cap will be introduced limiting the amount of money people will have to pay towards their care. This cap will be set at £72,000. The Government will also raise the means testing threshold at which people are eligible for support from local authorities, from the current £23,250 to £118,000.<sup>26</sup> Whilst this is a move in the right direction, there are significant cost implications for local authorities. London Councils' analysis suggested that potential total additional cost pressures that local authorities could be faced with by 2019/20, as a result of introducing the cap and raising the threshold, combined with the on-going social care cost pressures, is approximately £1.3 billion. The same analysis shows that nationally over the four year period where these reforms are implemented, the cost will be in the region of £6 billion. Therefore more funding than the £1 billion per annum for care reform estimated by Government is required.<sup>27</sup>

<sup>21</sup> London Councils (2014) *ibid*

<sup>22</sup> London Councils (2014) *ibid*

<sup>23</sup> London Councils (2014) *ibid*

<sup>24</sup> Source: London Councils (2014) Care and Support Funding Reform: Cost implications for London

<sup>25</sup> GLA Economics (2013) Projecting Older People Population Information System (POPPI) and Projecting Adult Needs and Service Information System (PANSI) data

<sup>26</sup> Department of Health (2013) The Care Bill: reforming what and how people pay for their care and support

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/268683/Factsheet\\_6\\_update\\_tweak\\_.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/268683/Factsheet_6_update_tweak_.pdf)

<sup>27</sup> Source: London Councils (2014) Care and Support Funding Reform: Cost implications for London

Figure 5 shows the regional increase in costs of adult social care from the year the reforms from the Care Act are implemented through to 2019/2020, illustrating the disproportionate impact on London and the South East.

Within London the increase in cost through these reforms by 2016/17 could be as high as £477 million, and approximately 15% more people could potentially qualify for local authority support in 2016/17 as a direct result of raising the means testing threshold to £118,000.<sup>28</sup> Therefore how local government within London is funded to deal with this is an important issue. Importantly, this analysis does not take into account future cuts to local government that could place even more pressure on Adult Social Care budgets, meaning this figure of £477m could be an underestimate, further adding to funding gap.<sup>29</sup>

There is already a major issue facing adult social care in the increasing funding pressures to be able to deliver quality care to vulnerable people without any changes, highlighted by the £907m funding gap stated above for London's councils. These funding proposals will add significant cost pressures to local authorities. Unless funded properly by government, these combined pressures will become unsustainable.

**Figure 5: Total Increase in cost pressure by region from 2016/17-2019/20 (£'000) as a result of changes in the Care Act<sup>30</sup>**



### 3.3 The impact of welfare reform

Welfare reform is having a significant impact on many of London's most disadvantaged places, caused in part by the high costs of rent in the capital. One in four, or approximately 843,000 households, in London, receive housing benefit to cover all, or some, of their housing costs. The number of housing benefit claims in London has increased in recent years, with growth particularly marked for private rented sector tenant households, which make up a third of the total number of claimants.<sup>31</sup> It is London's high housing costs and combined with more recent downward pressure on wages that results in such a high proportion of London's households in receipt of housing benefit.<sup>32</sup>

<sup>28</sup> Source: London Councils (2014) Care and Support Funding Reform: Cost implications for London

<sup>29</sup> Source: London Councils (2014) *ibid*

<sup>30</sup> Source: London Councils (2014) *ibid*

<sup>31</sup> Source: London Councils (2014) Annual Review 2013/14

<sup>32</sup> Source: London Assembly (April 2014) Assessing the consequences of welfare reform

<https://www.london.gov.uk/sites/default/files/Assessing%20the%20consequences%20of%20welfare%20reform.pdf>

Despite reforms to the Local Housing Allowance (LHA) that introduced a rent 'cap', some boroughs have seen rents rise by over 20%. Just under half of all households that have had their benefit capped live in London, and nine out of 10 local authority areas most affected by the benefit cap are in London.<sup>33</sup> Working households accounted for 90% of the growth in housing benefit in outer London, where the rise in those claiming benefits is highest, and more than two-thirds of the growth in housing benefit receipts are in the private rented sector.<sup>34</sup> An additional £25 million – equivalent to double the monthly cost of emptying the city's bins – has had to be paid out by London's local authorities in the wake of the benefit cap.<sup>35</sup>

The changes through welfare reform combined with the shortage of decent housing and rising costs, has meant that the number of families given help to leave London or move around the city, has risen sharply. A study from Local Government Chronicle<sup>36</sup> across 15 London boroughs, showed a 76% rise in the number of families given financial assistance to leave the city between 2012-13 and 2013-14, from 119 to 210. Council assisted moves also resulted in increased internal migration in London, as boroughs helped just over 2,000 households to relocate within the city. The number of households moved within London rose from 727 in 2012-13 to 944 in 2013-14. Such population churn can have significant impacts upon local communities, social cohesion, infrastructure and people themselves who need to relocate with their families.

### 3.4 The impact upon public sector jobs

One of the main areas of savings made by public sector institutions has been in cutting jobs. This has both personal impacts and implications for the regional labour market and the local economy. It is more pronounced in places which have both a high proportion of public sector jobs, and have experienced some of the highest levels of cuts. On the surface London would not appear to be as badly impacted as other regions, with public sector employment in 2013 at 16.3%, lower than the national level. However Table 1 illustrates that changes in public sector employment across London has been significant with the fall in the number of jobs the third highest across all of the regions - at 77,000. In addition to this, existing public sector workers are particularly affected by the pay freezes, which translates into significant cuts in pay once London weighting is accounted for. In particular the costs of housing and transport in London are disproportionately high.

Over the same period in excess of half a million private sector jobs were created, meaning net growth in jobs over the three years is 460,000. However, despite these private sector gains, many of the jobs may be lower paid and could result in further in work poverty – London is estimated to have the second highest number of residents paid below the Living Wage, at 586,000.<sup>37</sup> Therefore the question must be how many of the new jobs being created are quality jobs? It is unclear if this net gain partly represents growth in self-employment, if there is still under-employment, or if the jobs created are low paying with poorer terms and conditions. In London, approximately a third of total jobs created between 2010 and 2013 were in what could be classified as lower wage sectors, such as: administration and support, other services, arts, entertainment and recreation, wholesale and retail, construction, accommodation and food services.<sup>38</sup> This is a broad picture and only so much can be made of reviewing sector growth (and all sectors will encompass higher and lower wage activity), but it does provide an indication that a significant number of jobs being created will be characterised by lower wages.

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<sup>33</sup> Source: London Assembly (April 2014) *ibid*

<sup>34</sup> Source: London Assembly (April 2014) *ibid*

<sup>35</sup> Source: London Assembly (April 2014) *Assessing the consequences of welfare reform*

<sup>36</sup> Source: Local Government Chronicle (30<sup>th</sup> October 2014) <http://www.lgcplus.com/briefings/services/housing/planning/exclusive-london-exodus-surges-as-welfare-and-housing-pressure-take-toll/5076230.article>

<sup>37</sup> Source: Markit (2013) *Living Wage Research for KPMG*

<http://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Documents/PDF/Latest%20News/living-wage-research-october-2013-1.pdf>

<sup>38</sup> Source: Business Register and Employment Survey, 2013

**Table 1: Private sector job growth and falling public sector employment across the - regions, between Quarter 2 2010 and Quarter 2 2014<sup>39,40</sup>**

Region	Change in public sector employment, Q2 2010 - Q2 2014	Change in private sector employment Q2 2010 - Q2 14	Net job growth, Q2 2010 - Q2 2014
East	-42,000	213,000	171,000
<b>London</b>	<b>-77,000</b>	<b>537,000</b>	<b>460,000</b>
North East	-44,000	53,000	9,000
North West	-88,000	132,000	44,000
Yorkshire and The Humber	-73,000	221,000	148,000
South East	-58,000	250,000	192,000
South West	-78,000	165,000	87,000
West Midlands	-54,000	100,000	46,000
East Midlands	-35,000	136,000	101,000
<b>England</b>	<b>-549,000</b>	<b>1,807,000</b>	<b>1,258,000</b>

### 3.5 Austerity is affecting London just like in other regions

The evidence above points towards an economic powerhouse, but one which does not provide for everybody. This results in deep and growing inequalities and acute deprivation in many parts of London which means increased demand for services. The evidence shows that 'averages' and 'proportional' rates are misleading. Looking beyond the headline figures shows that London in many ways is being disproportionately affected by austerity - regions are not homogenous and include peaks and troughs of poverty and wealth, with the associated demands on public services that comes with it. Local government in London needs just as much consideration in terms of fairer funding, as other less economically developed parts of the country. Otherwise austerity will continue to feed and grow the economic and social gaps across London.

Further, as previously highlighted, austerity will in some way impact upon all people in London. The impacts on universal services, increased charging for services such as leisure and car parking, failure to maintain roads properly, and cut backs to libraries for instance. These are just some of the changes which austerity is bringing about. It will impact on Londoners, just as much as people elsewhere in the country.

<sup>39</sup> Source: ONS, Public Sector Employment, Statistical Bulletin, Q1 2014

<sup>40</sup> Note that for analysis purposes, as developed by ONS employment in further education colleges and sixth form college corporations in England are excluded from the public sector estimates, and included in the private sector estimates. Further education colleges and sixth form college corporations in England were classified to public sector from 1993 to 31 March 2012 and to private sector from 1 April 2012.

## 4 CASE STUDY: ISLINGTON COUNCIL

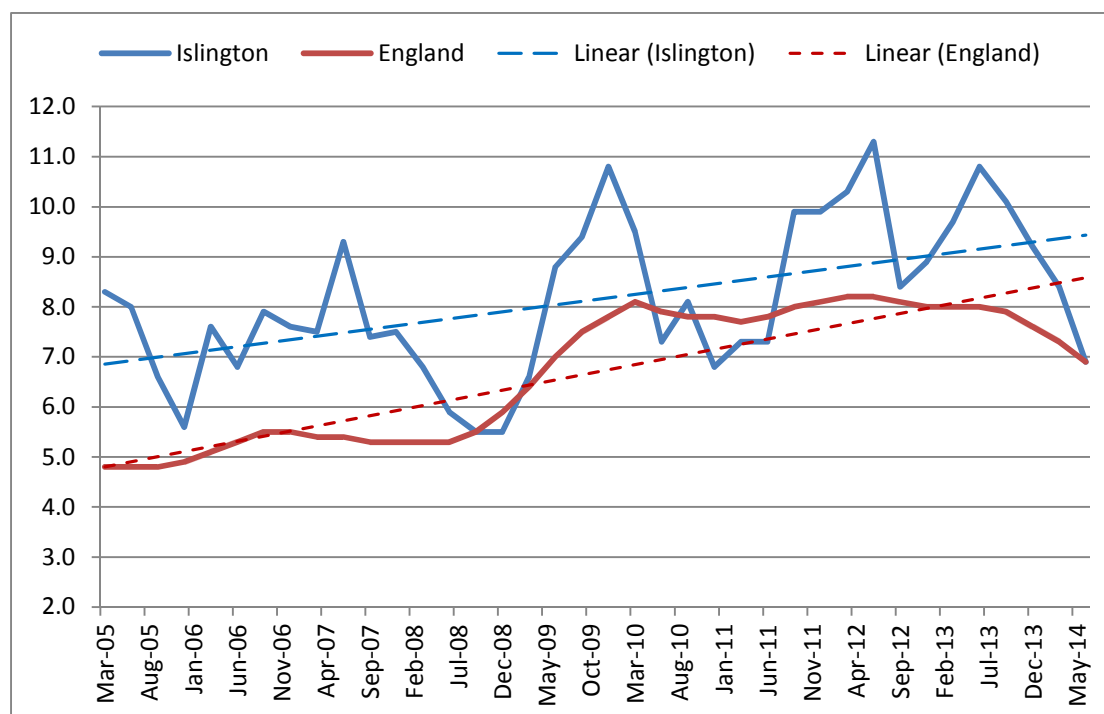
### 4.1 Two Islington's: one prosperous, the other in poverty

Islington is a borough of striking social divergences. It has some of London's richest and poorest residents living side by side. The evidence from local studies suggests that poverty is deepening in Islington, with public sector cuts, economic uncertainty, and welfare reform, falling real pay for most, and rapidly increasing rents, meaning many of its residents are under pressure as never before. There is also an issue for middle income families as house prices and wage polarisation produce a squeeze. A recent report by New Economics Foundation suggests that by 2020 Islington will be starkly polarised and more unequal than it is now. This will lead to significant social consequences, with residents leading separate lives, lack of understanding between groups, and social divides.<sup>41</sup> It could be argued that as a consequence there are effectively 'two Islington's'.

Islington is the 14<sup>th</sup> most deprived local authority in England (out of 326) and 5<sup>th</sup> most deprived in London. 53% of the population live in a Lower Super Output area<sup>42</sup> defined as deprived, with poor health and housing affecting people's ability to work. Although in terms of income, the median of £32,000 in Islington is relatively high (slightly higher than the London level of £31,522), this masks local variance. Around 1 in 6 households have an annual income of £60,000 or over, but there is a similar proportion with an income under £15,000.<sup>43</sup> For many therefore, both in and out of work poverty are a major issue. Similarly the challenge of welfare reform is a significant compounding factor upon many local residents, as reductions in housing benefit and other changes have the potential to increase levels of homelessness and cause disruption to local communities.

In terms of unemployment, the chart below shows that Islington has previously experienced consistently higher levels than the national rate from 2005 up to recently. Unemployment has peaked and troughed, particularly during the recession. Despite the lack of a consistent pattern, the trend may be heading downwards, and unemployment is at its lowest level since March 2009. The question is whether there are quality jobs being created, or not – as highlighted above, in work poverty is a prevailing issue for many in the borough. This is analysed further in section 4.5.

**Figure 6: Unemployment rate in Islington, 2005 to June 2014<sup>44</sup>**



<sup>41</sup> New Economics Foundation (2013) Distant Neighbours: Poverty and Inequality in Islington

[http://s.bsd.net/nefoundation/default/page/-/publications/DISTANTNEIGHBOURS\\_WEB.pdf](http://s.bsd.net/nefoundation/default/page/-/publications/DISTANTNEIGHBOURS_WEB.pdf)

<sup>42</sup> Lower Super Output Areas are small geographies which have an average of roughly 1,500 residents and 650 households.

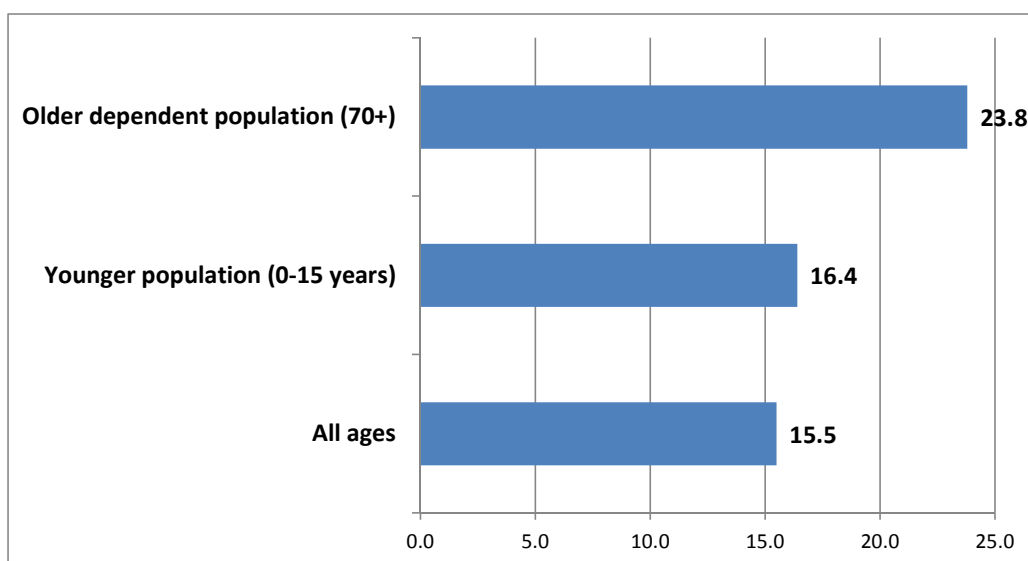
<sup>43</sup> New Economics Foundation (2013) *ibid*

<sup>44</sup> Source: ONS, Annual Population Survey, 2014

## 4.2 Demographics – a growing population

Islington has the second highest population density in the country with a population of approximately 212,000 people in an area of under 15km.<sup>45</sup> The population is relatively youthful with a large proportion of 20-35 year olds (making up a larger working age population) and there are also proportionally fewer children and young people in Islington than in London as a whole, and significantly less than the national average.<sup>46</sup> However, despite this there are significant demographic challenges in the future, as shown in the chart below. It shows that the older, dependent population of 70 years and above is likely to grow by nearly a quarter in the next decade, up to 2025. The increase in the younger population of 0-15 year olds is less pronounced, but an increase nevertheless provides significant tests for future services and strains on adult and social care and children's services. In addition to this, as a result of Islington's high population density, this adds further demands on local infrastructure and resources – particularly housing quality and overcrowding.

**Figure 7: Projections of the percentage increase in Islington's population, 2014 to 2025<sup>47</sup>**



## 4.3 The challenge of ongoing austerity measures

Despite a progressive approach from the council in terms of minimising impact, it has been affected severely in terms of what it can deliver:<sup>48</sup>

- ❑ Over the past 4 years £112m has been cut from the council's budgets.
- ❑ The forecasts for the next four years have yet to be determined, but it is anticipated that there will need to be savings in the region of £95m, including at least £34m in 2015/16 alone.
- ❑ The budget for the council in 2010 was £323m. 34% of the budget has been cut up to now, and even if the minimum of £70m is cut in the next four years, then 56% of the 2010 budget will have disappeared.

Therefore the continuing strain and pressure on services will be severe. Children's Services and Adult Social Care have, up to now, been relatively protected (as have other services, shown in Table 2). The main cuts have come from corporate costs, including back office type work. The two service areas which have experienced the highest growth in budget have been Children's Services and Housing and Adult Social Care. However, as outlined in the note below Table 2, this increase is due to a number of specific grants being transferred to local government funding, and that actual overall grant funding within these directorates has reduced significantly since 2012/13.

<sup>45</sup> Cripplegate Foundation <http://www.cripplegate.org/>

<sup>46</sup> Cripplegate Foundation

<sup>47</sup> ONS, Sub-national Population Projections, 2013

<sup>48</sup> Islington Council (2014) <http://www.islington.gov.uk/about/council-works/councilfinance/Pages/default.aspx?extra=11>

Three core principles have been stuck to in all the decisions that have had to be made by the council:

- ❑ **Fairness:** protecting the frontline services which those on low-incomes rely on and those that reduce the gap between the rich and poor in the borough.
- ❑ **Cutting waste:** protecting services as best it can by demonstrably cutting waste and inefficiency.
- ❑ **Keeping promises:** using reduced budgets to tackle the big issues that matter to local residents: housing, crime, education, employment, health and providing good basic services.

Interview evidence suggests that the development of the Islington Fairness Commission in 2010 (one of the first in the country) was an important development, in providing a 'road map' for the local authority in reducing inequality.<sup>49</sup> It has set the foundation for many of the positive developments in the borough, such as implementing the Living Wage for staff and making it a condition of contracts, free school meals, and well developed local apprenticeship schemes. Interview evidence suggests that this culture has been at the forefront of taking a long term approach to addressing austerity, where instead of 'salami slicing' across services, the focus is still very much on need.

**Table 2: Islington Council budget for 2012-13 and 2013-14 (calculated through income minus spending)<sup>50</sup>**

Service area	Budget (2012-13)	Budget (2013-14)	Net change
Environment and regeneration	£37.3m	£41.8m	£4.5m
Children's services	£67.3m	£81.2m	£13.9m
Housing and Adult Social Services	£85.4m	£90.7m	£5.3m
Corporate costs, provisions and income	-£132.3m	-£177.2m	-£44.9m
Payments to other organisations	£19.4m	£21.1m	£1.7m
Contingencies	£2.5m	£1.0m	-£1.5m
<b>Gross amount</b>	<b>£79.6m</b>	<b>£58.6m</b>	<b>-£21m</b>

*Since 2012-13, a number of specific grants have been transferred into core local government funding. This has led to the apparent increase in the budget of the first three services (Environment and Regeneration, Children's Services, and Housing and Adult Social Services) and in corporate costs, provisions and income. However, Islington Council's overall grant funding has been significantly reduced since 2012-13.*

<sup>49</sup> Islington Fairness Commission <http://www.islington.gov.uk/about/fairness-commission/Pages/default.aspx>

<sup>50</sup> Source: Islington Council [http://www.islington.gov.uk/publicrecords/library/Finance/Information/Guidance/2012-2013/\(2013-03-13\)-How-your-money-is-spent-2013-14.pdf](http://www.islington.gov.uk/publicrecords/library/Finance/Information/Guidance/2012-2013/(2013-03-13)-How-your-money-is-spent-2013-14.pdf)

## 4.4 The impacts upon Children's and Adult Social Care

Although both of these directorates have been relatively protected up to now in terms of impact on frontline services, they will come under increasing pressure over the next four years as the next round of spending cuts are implemented. These will result in very difficult choices needing to be made.

### 4.4.1 Children's services

Children's services have been protected, with the main area of cuts within the directorate being within some areas of management. As a result there is less staff and back office services are being stretched. However, spending has continued to increase on the frontline – for instance within schools. The council has a close relationship with its schools, as there are only two academies which run independently across the whole of the borough. The council perceives that it has a duty to protect children's services wherever possible, particularly as the borough has such high levels of child poverty (approximately 42% living below the poverty line).<sup>51</sup> Investing in children and schools will, it is hoped, reap benefits in the long term and save money in other areas such as adult services and other public agencies.

As with other service areas, the directorate is in the process of developing a strategy to manage/minimise the impact of imposed spending cuts projected to 2018/19. This is a deliberative process and the issue of meeting need within the borough is always at the forefront of decision making. Interview evidence suggested this could potentially impact on areas such as:

- **Children's centres:** there is currently a debate on the future of the borough's Sure Start centres. Central government funding is being withdrawn, and there may be options around a hub approach for local community, keeping the full service, or merging the services into fewer centres – no decisions had been made at the time of writing. This is an important issue for Islington as through the children's centres, there is a 95% contact rate for parents – this is particularly high and is something the council will want to maintain. It has had a very strong early year's service for a number of decades now.

Children's centres are an important asset for all communities, and it would be important that this is recognised during the decision making process, rather than limiting services for less deprived areas as is happening elsewhere in the country. That would result in a less holistic approach. It is important that children's centres are not perceived as focusing specifically on 'problem families'. It is also important to acknowledge that disadvantaged children also live in relatively affluent areas, so this needs to be accounted for in decision making.

- **Youth services:** the council provides services for children with special needs and a targeted youth support service. This is experiencing a substantial cut and there may be less direct council run youth centres. Any cuts to this service do have knock-on impacts, with interviewees concerned that it could potentially result in more anti-social problems across the borough, and the storing up of problems for when young people reach adulthood, which will impact on public service pressures. It could also increase the pressure on social workers with stretched local social services having to absorb more unmet need. Indeed there are a smaller number of youth workers than previously and this is a concern for the council. If services were to become more targeted then an important element of universal provision could be lost. It is important to have effective youth services provision in place, and wherever possible cater for young people across all communities.
- **Changing relationship between the local authority and schools:** this includes asking schools to now pay for services they would have previously received for free from the council.
- **Assess the functionality of local playgrounds:** Islington has a number of adventure playgrounds, which the council wants to protect. There is a strong view that sites for play are important for young children, and perhaps they could be run in future through cooperatives.

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<sup>51</sup> Source: Islington Council <http://www.islington.gov.uk/involved/consultation-engagement/consultations/Pages/2013/child-poverty-strategy.aspx>

- ❑ **Learning experiences for young people:** many children in Islington do not have annual holidays and have relatively limited life experiences. There are currently a range of summer schools and activities provided which offer enriched experiences for children across the social spectrum. If these are cut in any way then the impacts upon young people, in the long term, could be damaging.

It is important that the above are only considerations, but do show that the council is being led in its decision making by need and not through being forced into short term considerations. Short term thinking around cuts on youth services, for instance, may provide initial gains but will have long term implications. It is about investing in the long term future of the community.

#### 4.4.2 Adult Social Services

Adult Social Services has, up to now, not been deeply affected by austerity measures on its frontline services. There has been very much a 'firebreak' around the directorate; indeed it is one of only 19 local authorities in England which is still servicing the needs for people classified as 'moderate'. The rationale for this was that if help is not provided to people with moderate needs, then within three years their situation would be likely to deteriorate and would result in costing both the council and other agencies such as the NHS, more to address the issues. There is a big incentive to keep people in their homes, with an interviewee stating that day care costs at £150 per week on average in Islington and home care fees at £900 per week. However, the changes have meant that the department has had to begin to consider different ways of working in an era of ongoing change in the way that services are provided.

- ❑ **Addressing the needs of those with learning disabilities:** the pressure on this cohort is just as significant as that for the elderly. An impact of this is that there are many people going outside of the borough for day services, which cannot be provided in Islington. To address this there are plans for new day centres within the borough. It is also recognised that there are not enough day centres for older people.
- ❑ **Accelerating personal budgets:** this saves costs through administrative support and gives people control and choice over their lives.
- ❑ **Developing an effective 'Making it Real' Board:** this is a national scheme comprising of local partnerships of organisations, and led by people who use services and carers. The Islington board is very advanced, where co-production is actively encouraged and it is co-chaired by the Director for Adult Social Care and a service user. The board provides a range of community based support for people with personal budgets.
- ❑ **The council is also pooling budgets with the NHS** and has an established joint commissioning framework in place.

The above is a positive story in the face of adversity, but, like Children's services, Adult Social Care will come under further strain in the next round of budget cuts. According to interviewees, the budgets for the coming years have yet to be firm up into solid proposals, but despite further savings, the council will be continuing with provision of care to 'moderate' service users. However there are unknowns which could affect the authority significantly in the next few years, according to one respondent. For instance as a consequence of the recent Care Act, individual/personal budgets will be fixed at £72,000. The council will record how much they spend, which will be manageable at first but within three years could become very difficult to log and to understand the trends which would help affect decision making. There is also the issue of mental health within the borough that was highlighted by one interviewee. The high incidences of poverty have a direct correlation with mental health issues, and this has been exacerbated by the recession and economic uncertainty. As demand increases, the council will need to be able to further adapt with low key intervention services. For instance there is one local project which is aiming to get people with mental health issues back into work and provide them with ongoing employability and wider support.

*'Mental health is a major issue here in Islington. It seems to be worse the more deprived the area, but too often in national policy it is going under the radar. We need much more support than we are getting to tackle this issue properly, or it is just going to get worse.'*<sup>52</sup>

#### 4.4.3 Utilising the voluntary and community sector

The council will also continue to make use of the strong existing voluntary and community sector within Islington, and its good relationship with it. For instance it is tendering for two large youth centres to be run by the sector, as the Council will no longer be in a position to run them directly due to budget pressures. Another example is an existing contract that it has with Age UK who undertake much of its reablement work. This has been a very successful programme and for a high proportion of people, after short intensive support, they are able to carry on with their lives.

From the perspectives of both the voluntary sector and the council, the strong partnership arrangements currently in place bode well for future challenges. However, like across the country, there is an acknowledgement that the sector needs to become more financially independent and increase levels of collaboration to be able to deliver. It is not an ideal solution in that the sector is increasingly being asked to step in and deliver public services that have been cut due to austerity. The voluntary and community sector does have an important role to play in delivering some services, and this should focus on collaborative and supportive relationships with the statutory sector; social value commissioning and intelligent procurement; flexibility and sustainability ensuring best value for the community and taxpayers; fair and sustainable funding; and decent employment standards.

There are also local fears within the sector that delivery will become more difficult in future as local networks of providers are fragmented due to increasing resource pressures. This has led to local calls across the whole sector to provide critical support for existing infrastructure so organisations can plan operate efficiently.

*'We have not been too badly hit in terms of funding, but we work as a whole within a larger local network - to achieve our aims and objectives we rely on being part of that wider network providing support to vulnerable groups of people. If this starts to break up, there will be a big gap in provision and people (service users) will keep bouncing back' which is not efficient in the long term and will in the end affect them badly.'*<sup>53</sup>

#### 4.4.4 Perceptions of the impact of cuts will eventually filter through more widely

Overall, Islington will be looking to safeguard as much as possible, the core service areas of Adult Social Care and Children's services. This does mean though that other areas will be effected which are non-statutory and impact on the whole of the population. For instance leisure services and arts, which are important for the social fabric of Islington. The concern is that this will be negatively affected and levels of social capital will decrease. At present the impacts of austerity have been relatively limited due to the council's progressive approach in mitigating cuts, and therefore is not necessarily at the forefront of the local public consciousness. But this is likely to change in the next four years up to 2018 as discretionary services are further cut, and the core service areas come under more strain.

*'People don't really realise or recognise the impacts as yet – it will be a much more delayed response. But that time is coming and it will have deep impacts on different groups'*<sup>54</sup>

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<sup>52</sup> Quote from interview respondent

<sup>53</sup> Quote from interview respondent

<sup>54</sup> Quote from interview respondent

## 4.5 Public sector employment

Some places have a major reliance upon public sector employment, so that when local government and other public sector cuts have been implemented, the impact on the economy is significant. Other areas rely less upon the public sector for employment which mean that the impacts of public sector workforce cuts on the wider economy are more limited. Islington is one such place with total public sector employment at just 16.8%; this is lower the England average of nearly 20%. Further, the actual levels of local government employment increased between 2010 and 2013, at odds with many other local authorities within Greater London. Indeed, according to the interviews and evidence from UNISON<sup>55</sup> approximately 3,000 jobs have been added to the payroll in Islington – this is due to the local authority bringing more services back in house and could be partly responsible for the increase in public sector employment between 2012 and 2013 as shown in Figure 8. For instance, by doing this within refuse services £3m has been saved alone. Older people's home visiting has also been brought back in house.

This is, in the main, due to a progressive and considered approach being undertaken by the council. It has not taken a position where it has rushed to make the necessary savings, rather it considered how services and jobs can be maintained, and limited job losses through a system of 'natural wastage' (equivalent to 300 full time posts). At all stages up to now, the council has looked to minimise the impacts of cuts upon jobs and services. It is a good example of a council doing all it can to mitigate the effects of austerity. What this does highlight is that the number of public sector jobs is not always the most suitable indicator for impact of spending cuts on a local economy, because Islington has been in-sourcing its direct labour head count has gone up during the recession years. What is actually important is the volume of services that Islington has been able to offer/provide, and how this will be impacted in future.

Figures 8 and 9 show the changes in public and private sector employment between 2009 and 2013, highlighting the number of jobs each year during this period.<sup>56</sup> In terms of public sector employment, it shows the continuing decline in jobs since the Coalition Government entered office up to 2012, but then a significant increase (possibly accounting for the in-sourcing described above) between 2012 and 2013. It does suggest that without bringing back services in-house the level of public sector employment would have continued to fall.

The private sector has experienced a strong increase in employment since 2010, (approximately 18,600 jobs). On the surface this would illustrate a strong growth and robust local economy. However, as highlighted earlier in the case study, whilst there are residents earning high wages, equally many struggle in low paid work. Analysis of sector growth between 2010 and 2013 shows that employment in what could be classified as relatively lower paid sectors, (such as administration and support, accommodation and food services, wholesale and retail, and logistics), amounted to a little under half of total employment growth (45%).<sup>57</sup> Although this is a broad picture (as there are high and low paid jobs across all sectors) it does indicate that there is continuing issue of polarity between higher and lower paid jobs for Islington residents.

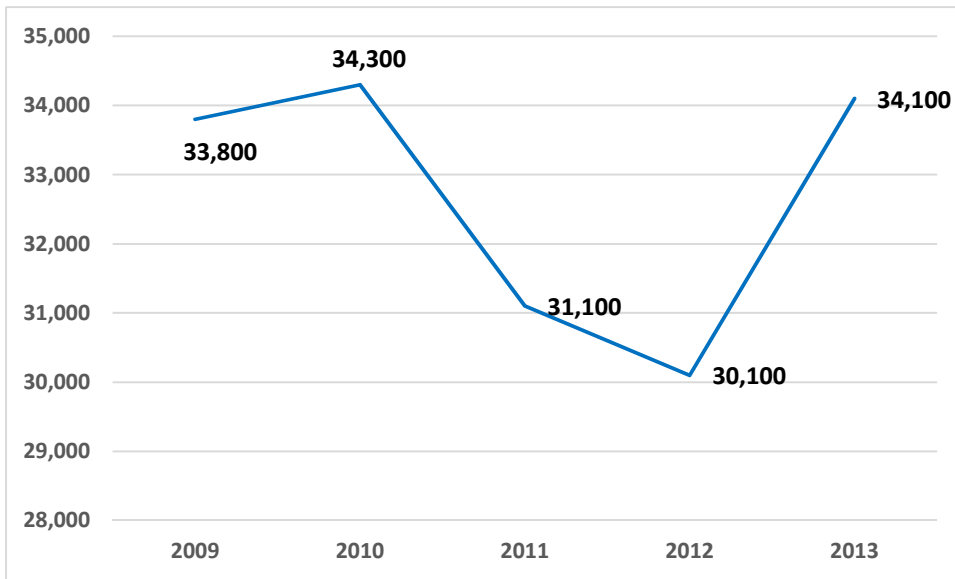
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<sup>55</sup> UNISON (2014) Analysis of Local Government workforce data for England and Wales

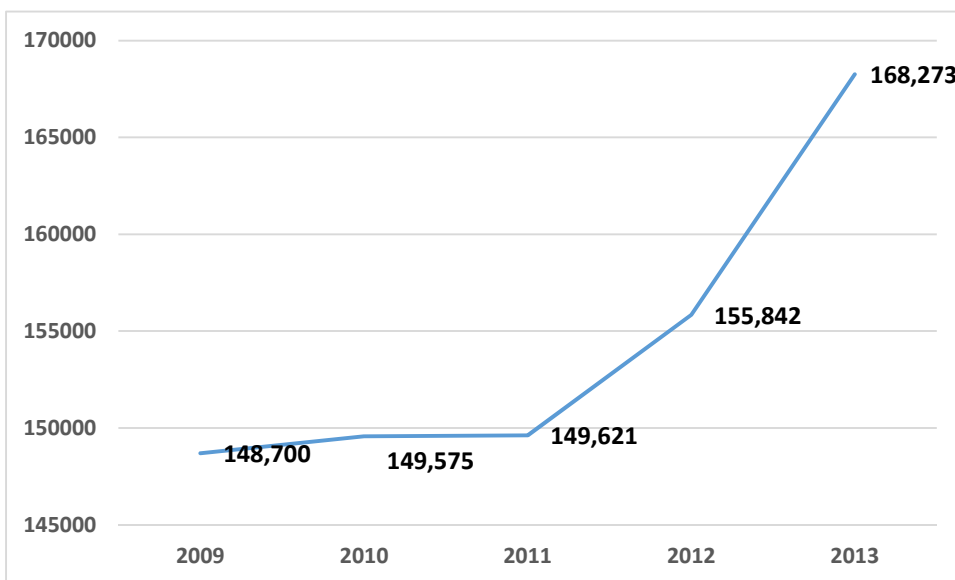
<sup>56</sup> It should be noted that more current data, as used in Table 1, assessing regional employment in the public and private sector, is not available at a geography lower than the regional level. Data for county and district public/private sector employment extends from 2009 to 2013, via the annual Business Register and Employment Survey. It should also be noted that changes in the classification of public and private sector employment came into effect during 2012, with further education and sixth form functions transferred to the private sector. For Table 1, ONS provide this data from the beginning of the time series which aids analysis, but that is not available here. Therefore, although the figures of the changes involved would be lower than at the regional level, this should be kept in consideration during analysis.

<sup>57</sup> Source: ONS, Business Register and Employment Survey, 2013

**Figure 8: Public sector employment change in Islington, 2009 to 2013**<sup>58</sup>



**Figure 9: Private sector employment change in Islington, 2009 to 2013**<sup>59</sup>



<sup>58</sup> Source: ONS, Business Register and Employment Survey, public/private sector data, 2009 to 2013

<sup>59</sup> Source: ONS, Business Register and Employment Survey, public/private sector data, 2009 to 2013

## **5 LOCAL RECOMMENDATIONS**

From the analysis, it is possible to derive some key high level messages/recommendations that could be considered.

### **5.1 Address the disproportionate funding cut to Islington**

The cuts in Islington have been particularly deep, and the Council may soon have to begin to make major cuts in a range of service areas despite ensuring that thus far frontline services have not been significantly impacted. Central Government needs to have a greater appreciation as to how disproportionate these cuts are for Islington, and then provide a fairer funding settlement that allows the borough to fully address needs in future. A failure to act will result in the already very stark social divides within one of the most unequal boroughs in country to deepen, causing disruption in local communities. Poverty will be further entrenched.

### **5.2 Maintain an emphasis on early year's provision**

Children's Services, as with other directorates, will be experiencing cuts to the budget over the coming years. The Council should resist significantly reducing services to early years in particular. This is a critical element of the formative stage for children, and is something that the Council has had a strong record in over recent years, together with other outreach services. This needs to be maintained, and should be a priority area.

### **5.3 Provide sufficient focus upon mental health provision**

Mental health services across the country are underfunded and under-valued, despite the size of the challenge. The interviews highlighted anecdotal evidence in how deep poverty within Islington has resulted in high demand for mental health provision. This has been made worse through difficult economic conditions. It needs to be a key area of focus for the Council, rather than being slimmed down. Working with other public agencies, the issue should be a high priority.

### **5.4 Utilising the voluntary and community sector**

The Council is still aiming to protect many of its frontline services, and focusing upon needs of residents as opposed to 'salami slicing' style cuts. But if in future, job cuts that effect frontline service become reality, the concern may be as to how it can still deliver with less staff as demand increases - cutting jobs will affect service quality and coverage. Although direct public sector delivery should always be prioritised where possible, this is where the importance of the voluntary and community sector becomes even greater, as it is required to fill more gaps. The Council has a good relationship with the sector which is strongly represented throughout Islington. It needs to continue with this support, providing strong governance and operational advisory services where relevant to help it meet increasingly difficult challenges.

## 6 NATIONAL 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 the national report.

### 6.1 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.

### 6.2 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.

### 6.3 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.

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

### 6.4 Develop more intelligent procurement and commissioning processes

#### 6.4.1 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.

### 6.4.2 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.

### 6.4.3 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.<sup>60</sup>

- 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.

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

There are a number of high level actions, recently developed by CLES and the University of Liverpool for a review panel on health inequalities,<sup>61</sup> 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.
- ❑ A focus upon early intervention: led at the national level and cascading down to local level, there should be dedication to early intervention and to considering how to make this better and bolder.
- ❑ Provide universal support to families through parenting programmes, children's centres and key workers, delivered to meet social needs.

<sup>60</sup> 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](http://www.resolutionfoundation.org/media/media/downloads/Zeroing_In_1.pdf)

<sup>61</sup> See: <http://www.cles.org.uk/news/inquiry-publishes-due-north-report-on-health-equity/>

## 6.6 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.'<sup>62</sup>

## 6.7 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

## 6.8 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.

## 6.9 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.<sup>63</sup> 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.

<sup>62</sup> 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>

<sup>63</sup> 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.