



Centre for Local
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***A SUMMARY OF AUSTERITY IN THE NORTH WEST AND A CASE STUDY OF
BLACKPOOL COUNCIL***

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	<i>'They are important for our society. Everyone uses them and children from all walks of life mix. Take them away or force them to make cutbacks and we'll see the next generation really suffer.'</i>	23

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.

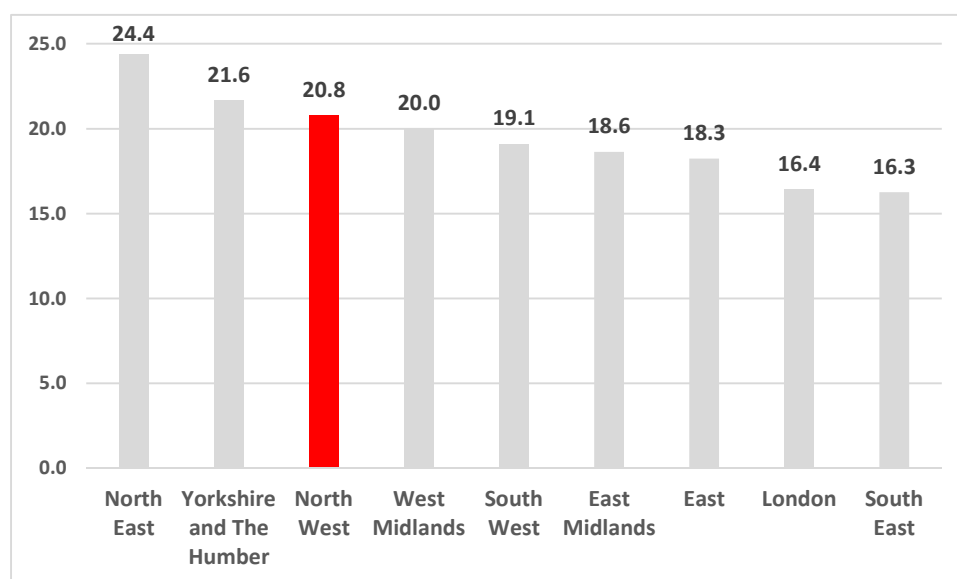
2 THE NORTH WEST

During the 1980s and 1990s the North West economy went through a major period of restructuring and underperformance. Since 2000 the region's performance has improved, but it is still not contributing its full potential to the UK economy.

Economic changes impacted upon residents across the region, particularly within the large urban areas. Issues of deprivation, worklessness and social exclusion are concentrated in disadvantaged areas in and around the cores of Liverpool and Manchester, and in the inner parts of other older industrialised towns. For example, Liverpool, Manchester and Knowsley are in the top five most deprived local authority areas in England, and over half of the 1% most deprived areas in the country are located within the region.¹ These are long term issues which, despite a plethora of regeneration programmes and initiatives, remain embedded across the region. Despite improvements within parts of the North West and the growth of economic hubs such as Manchester, there is still a predominance of low wage, lower value industries and jobs. The median weekly wage in the region is £483.20, compared with the England level of £520.70 and London which is £613.13.² As with other areas of the north and midlands, the North West faces challenges in terms of developing a competitive and balanced economy.

Public sector employment, in part, filled the void that industrial restructuring created within the North West. Figure 1 below shows that public sector employment is higher in the North West than most other regions, at 20.8%. This makes the impacts of public spending cuts particularly pronounced given local multiplier effects within the economy.

Figure 1: Percentage of public sector employment by region, 2013³



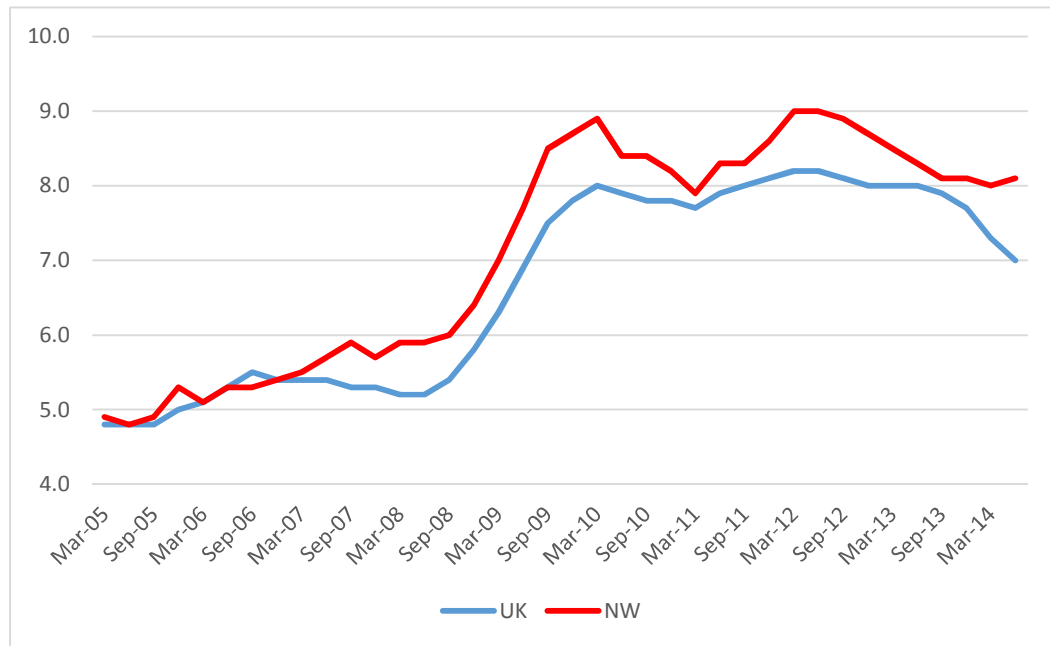
The effects of a restructuring economy have, of course, directly impacted on the regional labour market. Figure 2 shows that, despite recent improvements, unemployment in the North West remains high (at 8.1% unemployment it is still over 2 percentage points higher than when recessionary impacts took hold in mid-2008, and it is still higher than the national rate of 7.0%). This illustrates that despite some growth in the North West economy (it is the largest in terms of economic output outside of London and the South East), this has not filtered down to all, and there are also the additional impacts of austerity measures as public sector jobs are lost. Jobs density is also relatively low. On average there are 0.75 jobs per working age person in the North West – only the North East and Yorkshire and The Humber have lower levels.⁴ Cumulatively, this could reduce social inclusion and increase economic and income based disparities within the regional economy.

¹ Source: DCLG (2011) The English Indices of Deprivation, 2010

² Source: ONS, Annual Survey of Hours and Earnings, 2013

³ Source: ONS, Business Register and Employment Survey, 2013

⁴ Source: ONS, Jobs Density, 2012

Figure 2: Unemployment rate of the working age population, in the North West and UK⁵

Industrial restructuring, long term lack of investment across many places in the region, and structural challenges within the labour market, has led to significant levels of poverty in the region. The North West has 600,000 employees earning below the living wage – the highest across all of the regions - though in relative terms this is in parity with the majority of other regions at 23%.⁶ This is clearly a key issue for the regional economy, with far-reaching impacts in communities and local economies. The data above shows that a high concentration of low wage employment. In addition to this there is a disproportionate level of underemployment, which has risen by 18% since 2010, according to research by TUC.⁷ The research shows that while unemployment has fallen in the region by 33,000 since the last election, under-employment has risen by 55,000. This impacts on productivity and performance of the economy, and can lead to social issues where many residents are struggling significantly to pay bills, rent and mortgages – in effect leading to in-work poverty.

Further, apart from the North East, the North West region has the highest percentage of residents who are claiming out of work benefits (16.2%), as shown in Figure 3. Many of these residents are claiming health and disability related benefits (over half of the total). Health issues in the region are also reflected in Figure 4, which shows the percentage of households with at least one person of working age who has a long term health problem or disability. Again, the North West has the second highest proportion for this indicator, at 28.5%, and it illustrates the acute social and health challenges that parts of the region experience.

⁵ Source: ONS, Annual Population Survey, 2014

⁶ 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>

⁷ TUC (September 2014) <http://www.tuc.org.uk/economic-issues/labour-market/under-employment-18-cent-north-west-2010>

Figure 3: Percentage of the working age population claiming in and out of work benefits, May 2014⁸

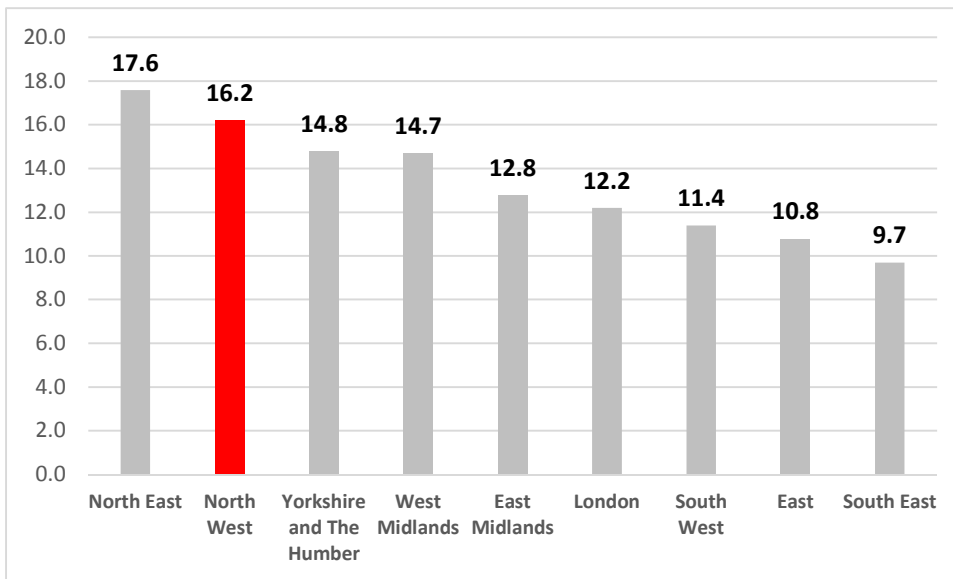
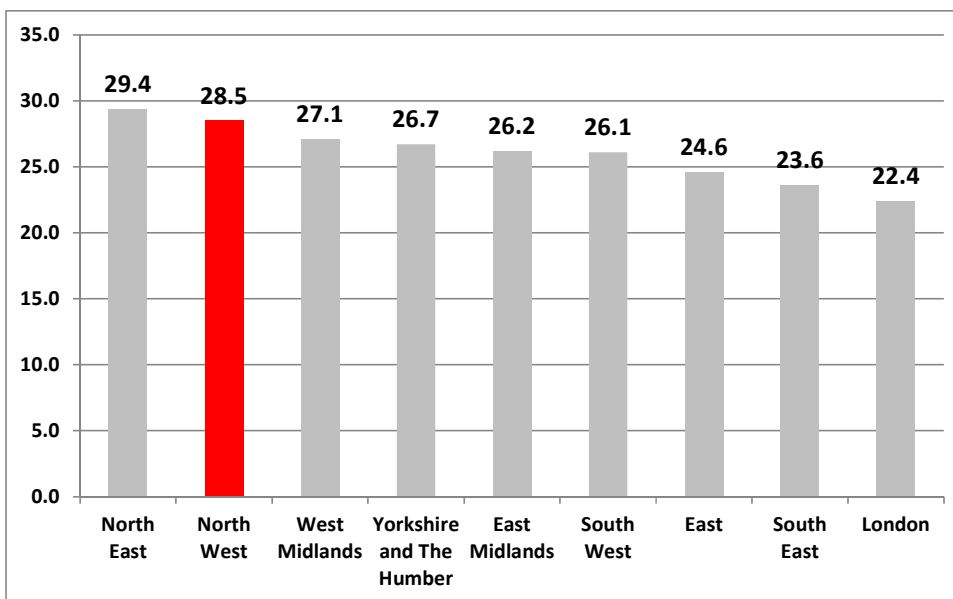


Figure 4: Percentage of households where at least one person has a long term health problem or disability⁹



Bringing all of the above factors together, this has made the North West susceptible to a range of negative impacts caused by austerity. It is an economy with a growing business base but with an emphasis upon low paid work (employment in low pay occupations in the North West is predicted to increase by one percentage point over the decade to 2022, to account for 30% of total employment);¹⁰ a weak labour market in parts of the region; and experiencing the long term impacts of marked social and economic inequalities.¹¹ This means that, although affecting all residents in some way, austerity brings a set of acute challenges for the North West as demand for public services is and will continue to be high. This is in terms of:

⁸ Source: ONS, DWP Benefit Data, February 2014. 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.

⁹ Source: ONS, Census 2011

¹⁰ Source: Centre for Cities (September 2014) Unequal opportunity: how jobs are changing in cities <http://www.centreforcities.org/assets/files/2014/14-09-01-Unequal-Opportunity.pdf>

¹¹ Source: North West Public Health Observatory, Health Profile 2011

- ❑ The difficulties that the region has had in narrowing the gap of inequalities – the North West has some of the most prosperous areas of the country across all of its sub-regions, but income and health inequalities remain stubbornly high. Despite years of concerted investment and initiatives designed specifically to tackle worklessness and low skills, it has been impossible to eradicate challenges such as long-term unemployment and low pay, even within the longest period of growth;
- ❑ The grant funding lost for local government in particular which relied upon area based grants due to acute socio-economic pressures;
- ❑ The challenge of funding core services such as Adult and Social Care and Children’s Services, where demand is consistently high due to the high levels of deprivation across the region;
- ❑ The relative scale of job losses within the public sector combined with a slow recovery in private sector employment following recession (detailed further in the next section).

3 THE IMPACTS OF AUSTERITY IN THE NORTH WEST

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

3.1 The ability to provide services to vulnerable people

The disproportionate cuts experienced in the North West mean that providing quality services in the face of rising demand will become increasingly challenging. There are many people with complex needs which exacerbate the pressures across the region.

- ❑ 17% of the North West's population is 65 years old and above, compared with 16.1% for England.¹²
- ❑ The population aged 65-79 is predicted to increase by 39% (from over 1.2m to 1.68m) by 2029. The population aged 80+ is predicted to rise over the same period by 61%, from 271,000 to 435,000.¹³
- ❑ Therefore there is a high age-dependency ratio. These projections have implications for the demands on social care services. However resource for Adult and Social Care Services across the North West will continue to fall, as with other regions across the country. In the North West, the history of deprivation, unemployment and long-term health conditions may mean that there more people accessing social care than in many other regions.
- ❑ There is also the impact of austerity on children within the North West, where there are significant levels of Child Poverty, linked directly to deprivation. In quarter 2, 2013, nearly 18% of children were living in workless households.¹⁴ Three North West local authorities are in the top 20 for the regions with the highest child poverty¹⁵ (Manchester, Liverpool and Knowsley, which are all also within the top five most deprived places in the country).
- ❑ There are multiple issues facing children in the North West. The North West shows a worrying position with regard to the health status of its children and young people, where for a range of indicators (low birth weight, road traffic casualties, dental health, teenage conceptions, and 'not good' health) the region has worse measures than England as a whole.¹⁶ Across other risk factors and determinants (low income, children dependent on key benefits, lone parents, education, child protection, looked after children), most measures for the North West are significantly worse than for England as a whole and shows a very large variation across local areas.¹⁷ Further, the North West has the highest proportion of looked after children in the country, averaging 77 per 10,000.¹⁸
- ❑ The pressures are particularly concentrated in larger urban areas such as Manchester and Liverpool. Despite these stresses budgets are being cut. An example of existing cuts is those directed to Children's Centre budgets which, at 21.1%, are higher only in Yorkshire and The Humber and West Midlands.¹⁹

¹² Source: ONS Sub-National Population Projections, 2013

¹³ Source: ONS Sub-National Population Projections, 2013

¹⁴ Source: ONS, October 2013 <http://www.ons.gov.uk/ons/rel/regional-trends/region-and-country-profiles/region-and-country-profiles---key-statistics-and-profiles--october-2013/key-statistics-and-profiles---north-west--october-2013.html>

¹⁵ Source: End Child Poverty (2013) <http://www.endchildpoverty.org.uk/why-end-child-poverty/poverty-in-your-area>

¹⁶ Source: North West Public Health Observatory

¹⁷ Source: North West Public Health Observatory

¹⁸ Source: Manchester City Council (2013)

http://www.manchester.gov.uk/info/500230/joint_strategic_needs_assessment/5684/south_manchester_children_and_young_people/3

¹⁹ Figures from a UNISON survey based upon a Freedom of Information Request.

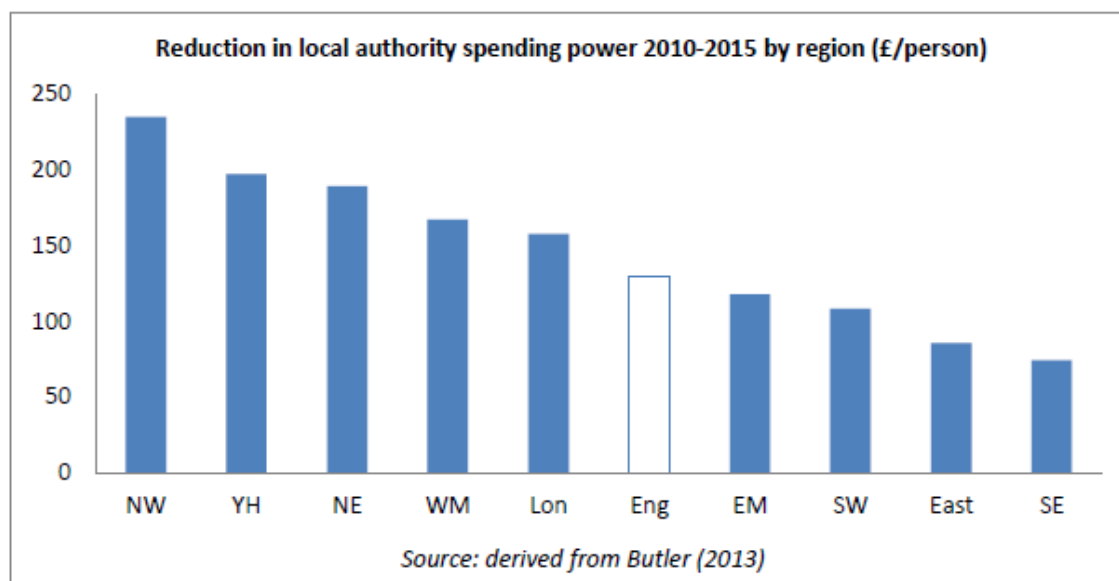
3.2 Reduction in spending power

The North West, like other regions in the North, is disproportionately impacted by the cuts in local authorities' spending power. The average real terms cut to the Settlement Funding Assessment, between 2013/14 and 2015/16 is in excess of 25%, compared to 23.8% for England as a whole.²⁰ In order to achieve growth, councils need to be in a position to work on creating the conditions for businesses to thrive and they need sufficient resources for delivering quality services to both its most vulnerable groups and universal services for all residents. Analysis from the Sheffield Political Economy Research Institute and as shown in Figure 5²¹ showed that councils in the North West have been most affected by reductions in local authority spending power, with an average cut of £234.76 per person. This compares to an average cut across England of £130.06 per person.

This is explained partly by the high levels of deprivation evident across large swathes of the region. Councils in the most deprived areas have been most affected by reductions in local authority spending power, with an average cut of £228.23 per person across the top 10% most deprived local authority areas.²² This is through the loss of monies through changes to central funding sources. This includes area based grants pay for services deemed by a council and its partners to be local priorities, such as, for instance, addressing local employability and worklessness issues within an area. Formula funding is based on, among other things, the local council tax base and how many people rely on local services. In the more deprived areas, more people rely on services and councils rely on area based grants more, therefore there has historically been higher public spend. Also, due to underdeveloped local economies there may be more limited potential for such councils to raise their own income, and this negatively affects spending power.

Therefore like in the other regions of northern England, it is increasingly likely that councils in the North West will continue to be deeply affected by cuts.

Figure 5: Reduction in local authority spending power by person, from 2010 to 2015²³



²⁰ Source: London Councils (2014) Local Government Finance Settlement 2014/15: Response by London Councils

²¹ Source: Sheffield Political Economy Research Institute (SPERI) (2014) Local authority spending cuts and the 2014 English local elections <http://speri.dept.shef.ac.uk/publications/policy-briefs/>

²² Source: Sheffield Political Economy Research Institute (SPERI) (2014) *ibid*

²³ Source: Sheffield Political Economy Research Institute (SPERI) (2014) *ibid*

3.3 The impact of welfare reform

Welfare reform is a key component of austerity measures, with projected savings of over £18bn in total, with more cuts to the benefits bill to come. In the North West, the challenges due to welfare reform are acute. Research by Sheffield Hallam University indicates that the overall impact of welfare reform by 2014/15 is highest in the North West of England, with a loss in income per working age adult of £560.²⁴ A report by New Economy Manchester²⁵ suggested that:

- ❑ 812,300 of the region's households will be directly affected by the introduction of Universal Credit.
- ❑ The most acute challenge linked to the reforms will likely be felt by Incapacity Benefit claimants, who are judged fit for work but, due to their lack of current work experience and/or the health issues which limit the type of work they can do.
- ❑ The 'bedroom tax' potentially affects 131,000 households in the North West. These changes will force tenants to decide to stay and pay, or having to move; potentially leading to disruption for families and local communities.
- ❑ The overall suggested impact on economic output, including accounting for how this money is then re-spent in the local economy, is estimated to be potentially up to £3bn, equivalent to 2-3% of the region's economic output.²⁶ Whilst this is clearly very significant, this figure does not take into account the positive economic impacts arising from residents moving from unemployment into work/ increasing earnings.

Other impacts have been highlighted elsewhere. For example Shelter's Eviction Risk Monitor shows that the North West contains many of the areas in England where people are most at risk of losing their home. For instance 29,359 homes in the region were the subject of repossession claims in 2012, with the highest rates of mortgage and landlord repossessions recorded in: Salford, Manchester, Oldham, St. Helens, Knowsley, Halton, Liverpool, Tameside, West Lancashire, Rochdale.

3.4 The impact upon public sector jobs

One of the main areas of savings made by public sector institutions has been in reducing the workforce. 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. The North West is a particular case in point. As highlighted in Figure 1, the North West depends to a significant extent on the public sector work²⁷. It has a large presence of government departments, many of which face severe budget constraints. 20.8% of total jobs are within the public sector, the third highest proportion across the English regions (after the North East and Yorkshire and Humber).²⁸

Changes in public sector employment across the North West have been significant. Table 1 shows that overall between 2010 and 2014 nearly 90,000 public sector jobs were lost across the region; the highest levels were across Greater Manchester, Merseyside and Cheshire. Over the same time period, 132,000 private sector jobs were created, indicating a net gain in jobs over the period of 44,000. However the data goes to show how public spending cuts have had a key role in acting as a drag upon recovery in the region, particularly as the North West has had a higher actual number of public sector job losses than any other region, limiting total net jobs growth. In addition to this the quality of the jobs being created in the private sector could be called into question, due to the fact that a large number of jobs in the North West that pay below the Living Wage, as described in the previous section. 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.

²⁴ Source: Sheffield Hallam University, Centre for Regional Economic and Social Research (2013) Hitting the poorest places hard: the local and regional impact of welfare reform http://www.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/hitting-poorest-places-hardest_0.pdf

²⁵ Source: New Economy (2014) Welfare Reform in the North West: Impact on People, Services, Housing and Economy

²⁶ Source: New Economy (2014) *ibid*

²⁷ New Economy and Inclusion NW (2012) Making the transition beyond the public sector: Are we doing enough to support the transition to private sector jobs? North West: The North West Learning Provider Network.

²⁸ ONS, Business Register and Employment Survey, 2012 – note this is the latest data available

Research from the TUC²⁹ suggests this is the case across much of the country, stating that nationally 4 in 5 jobs created since 2010 are in low paying sectors.

The sectors which have been growing the most in the past few years have been a mix of service based industries, wholesale and retail, together with transportation activities. A number of the jobs within these sectors may be lower paid, although there has also been notable growth in higher level, professional activities across the region.

Table 1: Private sector job growth and falling public sector employment across the - regions, between Quarter 2 2010 and Quarter 2 2014^{30,31}

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
London	-77,000	537,000	460,000
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
England	-549,000	1,807,000	1,258,000

Overall, the above highlights an increasingly pressing situation for the North West. Spending cuts have already impacted on localities across the region, and the cuts to public sector jobs will continue to impact upon local economies through reduced spend. Councils are now coming under acute pressure in terms of delivering quality services across the board, as many are facing increasing financial strain, as the cuts to spend per head show, and welfare reform is having a huge impact on individuals, communities and the regional economy. There is a need to recognise the increasingly difficult plight for councils and communities across the region and for central government to understand the impacts that austerity is having on places which are ill equipped to rebalance economically and which have deep seated social issues. The overall picture of revenue falling whilst demand increases, is a familiar one across the country, but is particularly pronounced in regions such as the North West. Local authorities and local communities will increasingly struggle in future.

²⁹ Source: <http://www.tuc.org.uk/economic-issues/labour-market/four-five-jobs-created-june-2010-have-been-low-paid-industries>

³⁰ Source: ONS, Public Sector Employment, Statistical Bulletin, Q2 2014

³¹ 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: BLACKPOOL COUNCIL

4.1 A challenging context

Blackpool is a well-known seaside town on the North West coast which has long been famous as a leisure and holiday destination. It is the smallest local authority in Lancashire and in 2013 had a population of approximately 141,400 - almost 40% of which are aged 50 and over, the highest of any local authority in Lancashire although the area continues to have a relatively high fertility rate.³²

There are very high levels of deprivation in Blackpool, with some wards ranked amongst the most deprived in England. The authority has been ranked as the 10th most deprived area in England, out of 326 districts and unitary authorities, the worst ranking of any authority in Lancashire.³³ Trend data produced by the Department of Communities and Local Government (DCLG) showed that the level of deprivation based on ward data in Blackpool has increased steadily during the last ten years. This includes a multitude of factors, including income, educational, health, barriers to housing, and crime.

4.1.1 The legacy of changing tourism market

Traditional seaside resorts like Blackpool have fallen into decline in the post war period as the availability of cheap holidays and flights abroad have increased with the traditional seaside holiday offer, no longer as popular as it once was.³⁴ Seaside resorts like Blackpool have worked hard to try and re-invent themselves in the last few decades and adapt to a changing visitor market. Interviewees commented that in Blackpool, there have been various attempts to try and boost the economy in recent years including a (failed) bid to regenerate the city based on a super-casino as well as efforts to rejuvenate the town's conference industry, its retail offer (for example, the development of the Houndshill Shopping Centre) and support for town's cultural assets.

Nevertheless, whilst the visitor market has changed, Blackpool remains one of the UK's leading holiday destinations with nationally recognised attractions of Blackpool Tower, the Winter Gardens and the Pleasure Beach and attracts over 17 million visitors, a figure which has been rising in recent years.³⁵ However, the vast majority of these visits are 'day visits' and the objective of local economic development efforts has been to try and increase the length of time people visit the town. The other challenge is that the majority of jobs supported by the tourism industry tend to be minimum wage, low skilled, seasonal jobs with relatively poor terms and conditions.³⁶ Indeed in work-poverty is a significant issue within Blackpool. With a median resident weekly wage of £373.9,³⁷ it is the lowest amongst all North West local authority areas, starkly illustrating the weakness of the local economy.

4.1.2 High proportion of benefit claimants

A very high proportion of Blackpool's population claim welfare benefits, with almost 1 in 4 of the working age population claiming some form of benefit.³⁸ Blackpool has the highest caseload of any Lancashire authority in relation to Employment and Support Allowance (ESA). In 2013, there were more than 9,000 cases being processed by the Department of Work and Pensions, an increase of 39% since 2012.³⁹

In terms of unemployment, Figure 6 shows that Blackpool has experienced consistently higher levels than the national rate from 2005 up to the present. Despite the trend being slightly downwards since 2011, the unemployment rate is currently 3.7% higher than it was just prior to its lowest point in 2008, prior to recessionary impacts. Notably unemployment amongst 16-24 year olds is not a significant issue when compared with other age cohorts. This is mainly because a high proportion are on inactive benefits and experiencing long term worklessness, therefore are on the margins of the labour market.

³² Source: ONS, Population Estimate, 2013

³³ Source: Department for Communities and Local Government (2011) The English Indices of Deprivation, 2010

³⁴ Source: The Guardian, 21st August 2013 <http://www.theguardian.com/uk-news/2013/aug/21/english-seaside-towns-deprivation>

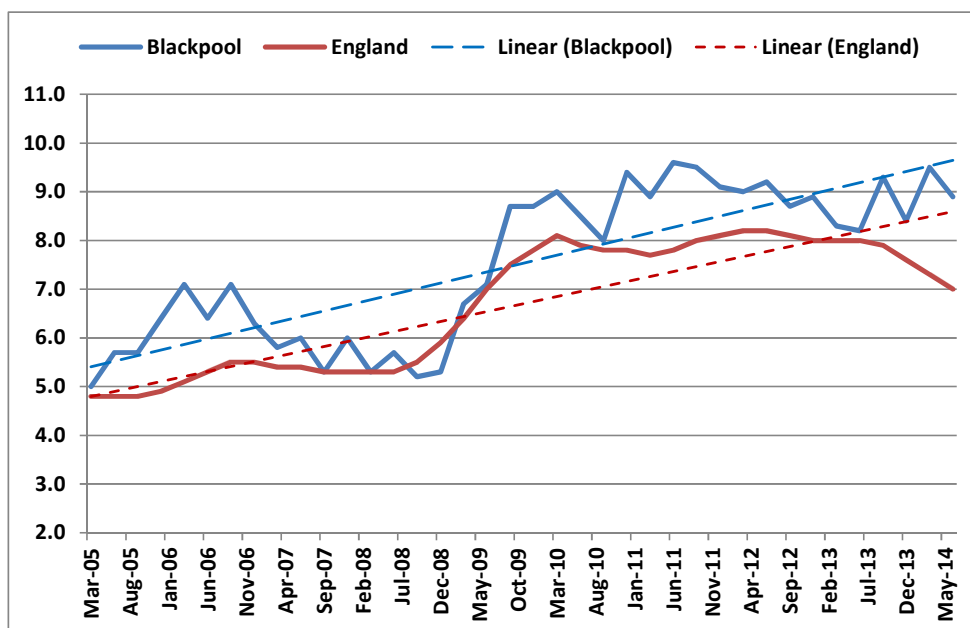
³⁵ Source: Blackpool Bay Area Company

³⁶ Source: Blackpool Bay Area Company

³⁷ Source: Annual Survey of Hours and Earnings, 2013

³⁸ Source: ONS, DWP Benefits, February 2014

³⁹ Source: ONS, DWP Benefits, November 2013

Figure 6: Unemployment rate in Blackpool, 2005 to June 2014⁴⁰

One of the outcomes of the changing tourism market is that there has been a proliferation of cheap accommodation in the town, with the rapid conversion of former traditional Bed and Breakfast establishments to Houses of Multiple Occupation (HMOs). There has been a rapid rise in the level of private rented sector accommodation in the last decade to the extent that it is almost double that of the social rented sector. 80% of privately rented accommodation in Blackpool is let to recipients of Housing Benefit and nearly 60% of tenants receiving Housing benefit in the private rented sector live in rooms in shared houses or bedsits.⁴¹

The reform of benefits, which has been accelerated by the Coalition Government, has had a significant impact in Blackpool. Research in 2013 by Sheffield Hallam University argued that Blackpool has been the hardest hit authority in the whole of the UK as a result of welfare reform, with an estimated loss of £900 for every adult of working age in the town.⁴²

4.1.3 Large concentration of public sector jobs makes it vulnerable to cuts

Blackpool's economy, in comparison with other parts of Lancashire and the North West, has a very high concentration of public sector jobs which, in the context of austerity, make it particularly vulnerable when faced with job cuts and a drop in local incomes. Almost 33% of Blackpool's workforce is within the public sector compared with nearly 20% nationally.⁴³ According to figures from Lancashire County Council in 2013, 21% (3,200) of the total number of civil servants in Lancashire are based in Blackpool, the second highest figure in Lancashire (Preston is the highest with 33%).⁴⁴ The presence of a few large public sector employers makes Blackpool vulnerable to single department cuts, as recently experienced with large job cuts within local Department for Work Pensions (DWP) facilities, for example.⁴⁵ An analysis of the changes in public sector employment is provided in 5.3.3.

⁴⁰ Source: ONS, Annual Population Survey, 2014

⁴¹ Data sourced from Blackpool Council's and Fylde Coast Tenancy Strategy, April 2013

⁴² Information taken from 'Hitting the Poorest Places Hardest. A report on the local and regional impact of welfare reform' A report by Sheffield Hallam University. <http://www.shu.ac.uk/research/cresr/hitting-poorest-places-hardest-local-and-regional-impact-welfare-reform-pdf-535mb>

⁴³ Source: ONS, Business Register and Employment Survey, 2013

⁴⁴ Source: Lancashire County Council, 2013 <http://www.lancashire.gov.uk/corporate/web/?Employment/36579>

⁴⁵ '400 jobs at risk at DWP site', Blackpool Gazette, 19 February 2014

4.1.4 Poor health outcomes and life expectancy

Blackpool has a poor record when it comes to life expectancy with what is the lowest in the UK for men which means that a man living in Blackpool can expect to live to the age of 74, compared with an average of 79 in the UK as a whole. The key reasons for poor life expectancy include:⁴⁶

- ❑ High levels of alcohol dependency - the average life expectancy of someone living in Blackpool is further reduced by more than 11 years due to this;
- ❑ The majority of deaths are caused by circulatory disease such as heart attacks and strokes (32%);
- ❑ Cancer is also a major cause of death (25%) including lung, bowel, breast and prostate;
- ❑ 13% of deaths are caused by respiratory disease including bronchitis and pneumonia.

The high number of Houses in Multiple Occupation (HMO's) in Blackpool (more than 3,000), contribute to poor health, often because of their poor condition.

4.1.5 Inequality and poverty

Blackpool is characterised by high levels of poverty with widening levels of inequality, particularly between those communities living in neighbourhoods within and close to Blackpool town centre and those living out of the town centre where disadvantage is less marked. Blackpool has a rate of child poverty which stood at 29.5% in 2012 (higher than the UK figure of 27%),⁴⁷ a figure which varies across the town rising to over 50% in some wards. Blackpool Council's child-poverty strategy also suggests that the town has approximately 500 families who experience multiple issues and therefore require a co-ordinated approach to intervention in order to improve outcomes.⁴⁸ The strategy also identifies some of the key drivers to poverty in the town including:

- ❑ Seasonal low pay nature of the labour market;
- ❑ Fluctuating levels of income within families and lack of affordable credit;
- ❑ Rising level of unemployment in the town, particularly during the quieter winter months, which, since January 2008 has doubled;
- ❑ Low levels of educational attainment and skills. Only 22% of the town's population possess qualifications at NVQ-4 or above, compared to 34% nationally; some 12,000 residents lack any qualifications at all;
- ❑ High levels of teenage pregnancy which affects the aspirations and life chances of young women; and
- ❑ Poor quality housing stock, including high levels of fuel poverty.

4.2 High dependency on public sector services

The complexity of needs within the population of Blackpool means that there is potentially a very high demand on public services relative to the size of the population and during the last decade, Blackpool Borough Council and other public services have committed significant resources to social care, health and educational needs and housing enforcement (particularly on Housing in Multiple Occupation (HMOs)). However, the scale of the challenge is such that little progress has been made to halt the rise of deprivation and poor housing and the cuts to council budgets mean that the various needs are intensifying and socio-economic problems may become reinforced.

The high demand on public services is added to by the demographic trends highlighted in Figure 7. Although the growth in the population of young people over the next decade is relatively low, there is significant expansion in the older population, aged 70 and above. This will clearly increase the strain on Adult Social Care, but this is particularly pronounced considering that Blackpool's overall population has not grown in the last decade and is projected to continue to 'flat-line'. This is directly correlated to lack of economic opportunity in the town, and will further curtail the council's ability to raise income through local taxes and share of business rates, particularly important should future devolutionary deals allow local areas to capture and retain local income. It is an example of a place which will not benefit from local tax raising powers and will therefore continue to struggle to

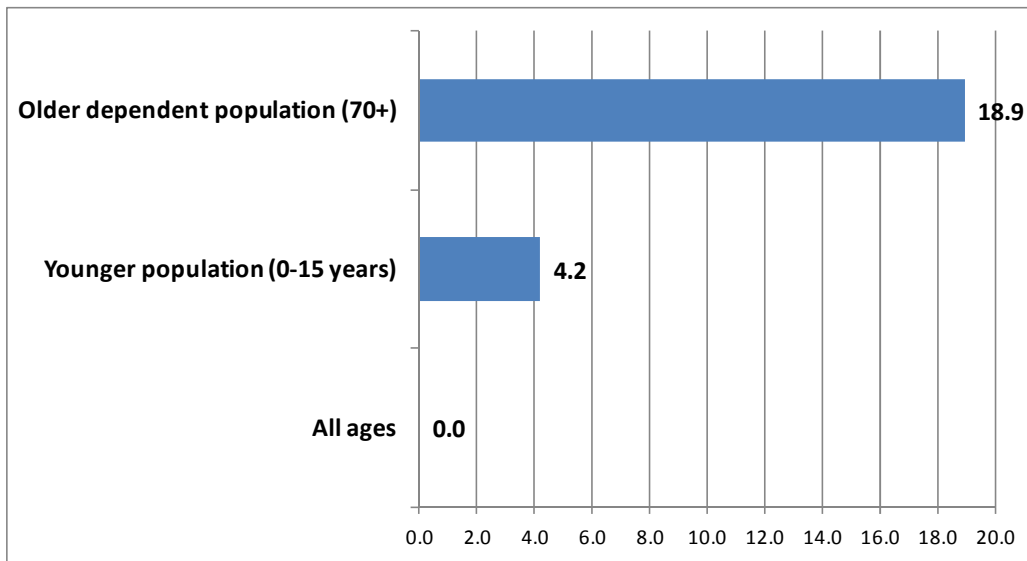
⁴⁶ Source: Blackpool Joint Strategic Needs Assessment (2014)

⁴⁷ Source: Child Poverty Action Group <http://www.cpaq.org.uk/child-poverty-facts-and-figures>

⁴⁸ Source: Together on Poverty: Blackpool's Child Poverty Framework, 2012-2015 <http://www.blackpool.gov.uk/Your-Council/The-Council/Documents/Child-Poverty-Framework.pdf>

accumulate enough resource to deliver services to meet growing need, unless equalising measures are put in place in terms of fairer national distribution of resources.

Figure 7: Projections of cohorts of Blackpool’s population, 2013-2025⁴⁹



⁴⁹ Source: ONS, Sub-national Population Projections, 2013

5 THE IMPACTS OF AUSTERITY IN BLACKPOOL

5.1 Nature of the changes

Over the last four years, like with all local authorities, Blackpool has come under increasing pressure to make savings. Since 2010 the overall budget has been reduced by £52million (approximately a quarter).⁵⁰ Local government employment in Blackpool (FTE) has fallen by approximately a quarter (27%) between 2010 and the end of 2013, and a further 700 jobs are likely to be cut by the Council over the next two years, in addition to the 650 lost up to now.⁵¹

The cuts have not been confined to the local council with the DWP, also based in Blackpool, losing up to 2,000 staff, the NHS purported to be losing back-office workers and the Ministry of Defence, based locally, shedding upwards of 300 jobs.⁵²

In 2014/15, the Council decided to protect funding for social workers, along with frontline street cleaning teams, school crossing patrols and libraries.

Generally, there is acknowledgement that future cuts are likely to cut much more deeply into what might be considered as mainstream and statutory services, actively changing the profile of what the local state can and cannot support any longer. Local unions have been actively trying to suggest ways in which the Council can raise additional income and minimise the effect of austerity on services users, for example, suggesting to the Council that they increase the Council tax by 1.99% - the highest figure they can introduce without having to have a referendum.⁵³ Doing this, rather than freezing the Council tax and receiving a subsidy from central government, would increase the Council's income by £600,000.

5.2 Impacts on Adult Services

5.2.1 Key changes

The Council's figures from the Budget summary for the year to the end of March 2014 confirms that the overall revenue position has been a reduction of approximately £1.6m.⁵⁴ Table 2 illustrates how the balance of Adult Social Care has changed over time since 2011/12. This shows that overall, net expenditure has decreased by £3.4million since 2011/12 with the major reductions occurring through cuts to care and support along with business support and resources. This includes a mix of delivery services, elements of commissioning for delivery, and back-office services. The research suggested that staff numbers have been particularly impacted within Provided Services (referring mainly to Care and Support), which support adults with learning and physical disabilities to live independently. Staff numbers within this service were reported to have been cut by up to 50%. However whilst cuts have been made to these areas, the Council has protected social care, which incorporates risk assessment and safeguarding (as defined below).

Definitions for Table 2 are as follows:⁵⁵

- ❑ **Adult Social Care:** the service provides assessment and core management functions incorporating risk assessment and safeguarding responsibilities for all adults who are in need of social care support and who meet the Fair Access to Care eligibility criteria. Adult social care social work services are provided across three specialist areas - Learning Disability, Mental Health, and Social Services Direct;
- ❑ **Care and Support** delivers the Council's in house services relating to Mental Health, Learning Disability, Older Adults and Physical Disability;
- ❑ **Commissioning and contracts** work in partnership with both internal and external stakeholders to implement the full cycle of commissioning activities;

⁵⁰ Source: Blackpool Borough Council (2014) <https://www.blackpool.gov.uk/News/2013/November/Budget-statement-for-201415.aspx>

⁵¹ Source: Blackpool Borough Council (2014) ibid

⁵² Figures provided by respondent during consultation

⁵³ Information from interview with union respondent

⁵⁴ Figures taken from the Municipal Budget for year ending 31st March 2014. <http://www.blackpool.gov.uk/Your-Council/Transparency-and-open-data/Documents/Municipal-Budget---Year-Ending-31st-March-2014.pdf>

⁵⁵ Source: Blackpool Council, Budget Report, Year ending March 2014

- ❑ **Adult commissioning:** there are a variety of social care and housing related support services for adults and children living in Blackpool such as nursing and residential placements, care at home, and equipment and adaptations. These services are commissioned in a number of ways including block contracts, spot contracts and framework agreements;
- ❑ **The Safeguarding team** is responsible for policy and practice development in relation to safeguarding adults;
- ❑ **Business support** is designed to support employees within the directorate, through activities such as customer relations, business modernisation, direct payments, and business intelligence. It provides much of the back-office support for the department.

Table 2: Balance (revenue and expenditure) of Adult Social Care from 2011/12 to 2014/15⁵⁶

Service Functions	2011/12 £000s	2012/13 £000s	2013/14 £000s	2014/2015 £000s	Difference £000's (2011/12 to 2014/15)
Adult Social Care	£3,883	£4,586	£5,230	£5,259	£1,376
Care and Support	£13,965	£12,945	£11,514	£9,503	−£4,462
Commissioning, contracts	£2,295	£1,264	£1,322	£1,249	−£1,046
Adult Commissioning	£22,178	£21,745	£26,439	£26,338	£4,160
Safeguarding	£855	£136	£241	£263	−£592
Business Support and resources (Admin functions)	£6,123	£3,677	£3,733	£3,210	−£2,913
Total cost of service (gross expenditure)	£49,299	£44,353	£48,479	£45,822	−£3,477

A closer analysis of the figures illustrates the scale of the reductions within the service, particularly if the *total* figures for income and expenditure during the same period are examined in more depth. Table 2 provides an overview of the total income and expenditure for Adult Services from 2011/12 up until 2014/15.

⁵⁶ Source: Blackpool Council, Budget Report, Year ending March 2014 <http://www.blackpool.gov.uk/Your-Council/Transparency-and-open-data/Documents/Municipal-Budget---Year-Ending-31st-March-2014.pdf>

Table 3: Total income and expenditure for Adult Services from 2011/12-2014/15⁵⁷

	2011/12 £000s	2012/13 £000s	2013/14 £000s	2014/15 £000s	Difference (£000's) 2011/12 to 2014/15
Employees	24,728	19,794	19,360	17,022	-7,706
Premises	542	438	482	458	-84
Transport	737	831	881	880	143
Supplies and services	2,378	1,723	2,572	1,951	-427
Third party payments	35,328	33,775	32,129	32,826	-2,502
Transfer payments	6,331	6,624	5,274	5,825	-506
Support services	4,379	4,226	3,106	2,961	-1,418
Capital charges	766	697	701	394	-372
Total expenditure	75,189	68,108	64,505	62,317	-12,872
Customer and client receipts	9,492	8,696	7,809	7,928	-1,683
Government grants	5,151	4,893	58	58	-5,093
Recharges	856	444	701	33	-155
Other grants/contributions	10,441	9,722	7,458	8,476	-2,983
Total income	25,940	23,755	16,026	16,495	-9,445

Whilst in Table 2, the total cost of the service is shown as having been reduced by £3.4million this figure alone hides the precise nature of how the budget has changed and particularly, the balance of income and expenditure within Adult Social Care. For example, Table 2 shows that expenditure on Adult Commissioning increased rapidly between 2012/13 and 2013/14 reflecting a move by the Council to externalise previous in-house care provision, such as domiciliary and supported living services.⁵⁸ Table 3 shows that this period corresponded with a similar decrease in central government grant, suggesting that the Council's outsourcing of care was, at least in part, a response to funding pressures.

Other key messages from Table 3 include:

- ❑ Central Government Funding has decreased by almost 100% (98.9%) which means that Blackpool Council are left with a choice between attempting to make up the shortfall by cutting expenditure from elsewhere in the council budget and/or cutting expenditure from Adult Services.
- ❑ Total expenditure in Adult Social Services has reduced by nearly £13m since 2011/12. That means that the Council are spending £322 per 1,000 people in 2014/15 compared with £346 in 2011/12.

⁵⁷ Source: Blackpool Council, Budget Report, Year ending March 2014

⁵⁸ Adult Contracts and Commissioning Market Position Statement, Blackpool Council, 2014

- ❑ 60% of the reduction in expenditure can be accounted for by a cut of more than £7m in employee expenditure which may include staff cuts, reduction in hours and freeze in pay.
- ❑ The other big reduction in the budget has been 'third party payments'. This normally is payments made to an external care provider, for instance a privately owned residential care home. It is unclear what is accounting for this reduction in budget, but the research interviews suggested that the main reason was that the service users were being re-assessed as to their needs with the result that most are experiencing a decrease in the services provided to them. This would bear out the findings of the King's Fund⁵⁹ report in 2013 into Adult Social Care which suggested that 87% of local authorities are now responding only to needs that are classified as critical or substantial (which is the case in Blackpool) under the Fair Access to Care Eligibility Criteria compared with 47% in 2005/06. In short, more people are paying for their own care.
- ❑ However as a proportion of total expenditure, third party payments increased from 47% in 2011/12 to 53% in 2014/15. This compares with expenditure on employees, which fell from 33% in 2011/12 to 27% in 2014/15. Therefore despite the cuts to third party payments, proportionately it has increased and could suggest increased levels of outsourcing.
- ❑ Total income has decreased by almost £10m which means that in order to maintain the service, the council have had to reduce expenditure to balance the books.

5.2.2 Impacts on services

Outsourcing services and public assets to external providers

One of the strategies used to make savings within the council has been the outsourcing of services to the private sector. This is based on the perception that outsourcing delivers savings and provides resource efficiency. The extent to which savings are achieved through outsourcing remains open to debate. There is a paucity of evidence that confirms the outsourcing of services achieves substantial savings, particularly when full life-cycle costs including the tendering, administration, legal and other on-costs are taken into account. Surveys of local authority members by APSE⁶⁰ suggest that, in many cases, services have been brought back in-house in order to achieve savings, through the reduction in on-costs and greater integration achieved with other services. Where savings are made through outsourcing, further analysis is required to see how cost cutting is achieved and whether this constitutes a false economy through the passing of risk and cost to employees and service users.

The Council's reforms have included the transfer of assets out of the public sector to be used by the private sector as part of their contract to deliver adult care support. This is detailed in the Adult Contracts and Commissioning Market Position Statement.⁶¹ The Statement also says that the Council no longer provides in-house domiciliary homecare services. It highlights that 'Complex' packages which used to be commissioned internally are now being commissioned from the market. In addition, supported living services for learning disability, physical disability and mental health were all transferred to the external market in 2014. The Council contracts with 17 care at home providers, and according to the Statement there has been a transfer of 10 supported living houses out of the public sector to be used by the private sector as part of their contract to deliver adult support. These houses are still paid for by the Council but are managed by external providers. Re-ablement activity, however, is provided within the Council, and aims to provide time limited support and interventions at home to maximise an individual's independence either after a stay in hospital or to prevent a hospital admission or a long term placement within residential care.

Interview respondents expressed concerns that the most highly dependent service users may remain the responsibility of the local authority whilst those service users who require less support could be

⁵⁹ The King's Fund report can be found here: http://www.kingsfund.org.uk/sites/files/kf/field/field_publication_summary/social-care-funding-paper-may13.pdf

⁶⁰ Source: APSE: Insourcing: A guide to bringing local authority services back in-house <http://www.apse.org.uk/apse/index.cfm/research/current-research-programme/insourcing-a-guide-to-bringing-local-authority-services-back-in-house/>

⁶¹ Blackpool Council (2014) Adult Contracts and Commissioning Market Position Statement 2014 <http://www.blackpool4me.com/Sites/1/Documents/57.pdf>

addressed by the private sector because they constitute the most profitable parts of the care market. There are also concerns over the cost to service quality and access.

*'The majority of service users need long term care. Independent providers will not have the specialisms and training in place... council workers would often do evening calls, as service users often require this, and now this is being done less and less and all of this is to the detriment of vulnerable people who need care.'*⁶²

Impacts of outsourcing on the quality of services

As highlighted, some of the service provision has been contracted out to private providers, and interview evidence indicates that the staff working for these providers have a poorer level of pay and employment conditions than those previously employed by the local authority. These reports are borne out by European research which shows that often, companies providing public services in a liberalised market achieve cost reductions through worsening employment and working conditions, which has had a negative effect on quality.⁶³ In interviews there were reports of overworked staff working long shifts with poorer training provision than has hitherto been the case. All 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 perhaps one-to-one support to enable them to access recreation or shopping.

Continued pressure on social care budgets may also mean that longer term, there may be a tendency to rely upon more traditional forms of institutional care, particularly for those who have high levels of dependency. This reflects wider concerns, articulated by the Local Government Association⁶⁴ and the King's Fund⁶⁵ research that the reductions in public sector budgets are putting downward pressure on the fees of private sector providers which may have implications for care quality. According to figures obtained by the GMB union, up to recently Blackpool paid £342.23 a week to homes for those residents who qualify for their care costs to be paid by the council.⁶⁶ It was the lowest of 23 councils in the North West who responded to the survey, and just £16 more than the lowest-paying council in the country. This was not considered enough to be providing quality care, with driving down costs equating to lower standards. However the Council, after consultation with providers, has understood the need to raise the costs paid, increasing the standard rate by 20%.

There are examples all across the country in terms of the impacts upon quality of care after contracting out. Glenmarie care home was closed down last year because of failure to meet national standards of care.⁶⁷ There were poor standards of hygiene, stained carpets, and unsafe procedures when moving residents. Many of the home's residents had dementia and having a relatively short time frame to have to find somewhere else to live impacted on many of them significantly, causing upheaval and distress. Abbeydale Nursing Home was closed down due to concerns over residents' care and the way medicines were being managed, and it had failed to make enough improvements.⁶⁸

There are also observed impacts within day care services. For instance an interview respondent commented that service users within supported housing are receiving fewer opportunities to have time out of their homes - for example, days out to do supermarket shopping with support staff or to access recreation. This means that service users are spending more time on their own at home, becoming more isolated within the community which affects their health and wellbeing, and may in the longer term, result in the need for more intensive support.

⁶² Quote from an interview respondent

⁶³ Privatisation of public services and the impact on quality, employment and productivity, PIQUE, 2009

⁶⁴ Local Government Association (2013)

<http://www.local.gov.uk/documents/10180/11553/FINAL+-LGA+ASCE++Interim+Position+report+June+2013.pdf/1f173eee-d2ac-45ed-ae1c-b7cb3d0c9e20>

⁶⁵ The King's Fund report can be found here: http://www.kingsfund.org.uk/sites/files/kf/field/field_publication_summary/social-care-funding-paper-may13.pdf

⁶⁶ GMB Union news release (2014) <http://www.gmb.org.uk/newsroom/care-funding-costs-per-week>

⁶⁷ Source: Blackpool Gazette, 11th April 2013 <http://www.blackpoolgazette.co.uk/news/business/local-business/shock-at-care-home-closure-1-5576926>

⁶⁸ Source: Blackpool Gazette, 19th August 2013 <http://www.blackpoolgazette.co.uk/news/health/local-health/terrible-failings-uncovered-at-care-home-1-5966312>

Impacts on provision for those with mental health and physical disability needs

Within these spending cuts, £480,000 will be cut from the Phoenix Centre, a complex care unit which provides homes for people in the community suffering from mental health problems, and the Geldof Care Unit, which looks after people with physical disabilities caused by head injury. In particular, the Phoenix Centre is important in that it provides a twenty four hour responsive service to meet the needs of the local population by offering support and interventions to individuals with severe and enduring mental health problems in three separate units providing assessment and rehabilitation, respite and crisis support. Its reduced support will have significant impacts on the level of provision it can provide. In addition to this, Palmer Supported Tenancies, which provides house share accommodation and round-the-clock monitoring and care for people with mental health disorders, will be cut, although detail is vague on the nature on the extent of this.

*'Support for mental health services is limited anyway, and this is a major blow to future support. Where do people go now for quality support? The more they cut back these services, the more people are going to have difficulty.'*⁶⁹

This also needs to be put into wider context, in terms of the scale of mental health issues within Blackpool. Blackpool has a higher proportion of clients with a mental health problem and this is reflected with the higher percentage of clients requiring professional support.⁷⁰ Demand for those in the community with mental health issues will therefore continue to be a pressure for the Council. Will community based services and less emphasis on accommodation based provision effectively fill the gap?

Greater use of online services to encourage 'self-help'

A common theme emerging from research into local government cuts generally, not just limited to Blackpool, has been the efficiency savings estimated to be gained from ensuring that online services are working effectively. For example, Blackpool Council has been working with the community and voluntary sector to test out a new portal for accessing information. The service will be aimed at people using a range of services. This website operates externally from the council website and aims to offer a self-service resource with a wide range of online help and support. The idea is that by providing more, high quality information online, then this will reduce the burden on frontline staff helping service users and their carers to help themselves. It is not yet known how effective this service will be, staff and unions perceive that this will only have a limited impact and cannot replace quality face-to-face support with trained professionals. The service may mean that people are increasingly 'falling through the gaps'. It is part of an increasing trend where only those who are classified as having the most need will have access to the intensive services, meaning that quality universal provision becomes further scaled back.

Implications for the NHS

There were a number of concerns expressed by one interviewee about the implications of local government cuts, particularly on Adult Social Care, for the NHS. For example, respite care services for older people in Blackpool had come under threat of being cut. This service provides a 'half way' house function where elderly people who were well enough to leave hospital and could recuperate until they were well enough to return home. The implications of cutting a service like this would mean that the NHS may have to keep patients in hospital longer, putting pressure on their budgets and increasing the risk of infection.

Richard Humphries of the King's Fund⁷¹ comments on the interdependence between Adult Social Services and the NHS arguing that under-investment in social care services may mean that there is a need for more reactive care in the NHS such as more emergency admissions to hospital, delayed discharges and longer waits for treatment. Blackpool has a high proportion of older people living in the area along with very high levels of individuals with disabilities and health issues which means that the demand on services is unlikely to subside in the short to medium term.

⁶⁹ Quote from an interview respondent

⁷⁰ Source: Blackpool Council (2014) Adult Contracts and Commissioning Market Position Statement <http://www.blackpool4me.com/Sites/1/Documents/57.pdf>

⁷¹ Report by Humphries (2011) published by the King's Fund and available: <https://www.kingsfund.org.uk/sites/files/kf/Social-care-funding-and-the-NHS-crisis-Kings-Fund-March-2011.pdf>

5.3 Impacts on Children's Services

5.3.1 Key changes

Originally, Adult and Children's Services were one service, known as Adult, Children and Family Services. However, during the last few years, this arrangement was restructured so as to establish separate Adult Services and Children's services. Expenditure has fallen by over £14.5m from 2011/12 to 2013/14, as shown in Table 4 below. There is likely to be a less universal service as money is going towards supporting the most vulnerable families.

Children's Services has experienced a substantial decrease in its budget over the last three years. Table 4 below provides a summary of how the service has altered over this period. Again, the most substantial decrease in the budget has been affected through a reduction in employee expenditure. Also in a similar trend to Adult Services, the overall income for the service has experienced a decline in recent years, the vast majority of which, again, can be accounted for by a drop in central government grants. The table illustrates how income falls significantly, by over £26m, £24m of which is accounted for through a reduction in the central government grant.

Spending on employees as a percentage of expenditure falls by 15% over this period, whereas spending on third party payments increased from 10% in 2010/11 to 25% in 2013/14. However this may not necessarily be through higher levels of outsourcing, as the majority of this increase is through the local schools budget.

Table 4: Breakdown of expenditure and income in Children's Services 2011/12-2013/14⁷²

	2011/12 £000s	2012/13 £000s	2013/14 £000s	Difference (£000's) 2011/12 to 2013/14
Employees	97,900	89,825	67,774	-30,126
Premises	8,049	7,919	5,549	-2,500
Transport	2,558	2,875	2,374	-184
Supplies and services	16,352	17,005	15,173	-1,179
Third party payments	15,217	16,799	35,283	20,066
Transfer payments	2,969	2,090	2,060	-909
Support services	7,004	6,701	6,349	-655
Capital charges	6,246	5,955	7,079	833
Total expenditure	156,295	149,169	141,641	-14,654
Customer and client receipts	2,294	2,253	1,727	-567
Government grants	116,613	101,322	92,362	-24,251
Recharges	1,893	3,962	2,666	-773
Other grants/contributions	8,439	8,093	5,708	-2,731
Total income	129,239	115,630	102,463	-26,776

⁷² Source: Blackpool Council, Budget Report, Year ending March 2014

5.3.2 Impacts upon services

Interview respondents commented that there have not been as many observable impacts at present in Children's Services, beyond job cuts within the department. The nature of the impacts are likely to become more apparent over the next year. However one of the main casualties of the cuts has been the Council's Youth Service where the budget was previously reduced by up to 50% (£2m). The council undertook a wide-ranging review of youth services provision, which involved consulting with young people and youth service workers, and made a number of recommendations as to the future operation of the service including the centralisation of services into one youth hub. This was to ensure that online help and support was regularly updated to support self-help and prioritising services to deal with young people at risk of offending and this has been maintained. Like in many other places, Youth Services are not at the top of the list of priorities, but the cuts to this service do have knock-on impacts. Blackpool experiences a range of social and economic challenges facing young people, and the interviews highlighted concern that the scale of the cut to Youth Services will result in further anti-social problems across the town, 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 already stretched local social services having to absorb more unmet need. There is also concern that young people with mental health issues could be impacted, in addition to not being able to effectively identify and help vulnerable young people.

As part of the spending cuts from 2014 to 2016, amounting to £1.3m, children's centres may also be impacted. If children's centres services are cut back, this could have significant consequences for families across the town. Interviews highlighted the importance of children's centres in family support across Blackpool – and particularly the key role of outreach workers who take the services and advice to people's homes.

'They are important for our society. Everyone uses them and children from all walks of life mix. Take them away or force them to make cutbacks and we'll see the next generation really suffer.'

In particular, the review of children's centres is looking to ensure that the most vulnerable families are receiving the appropriate support. This is a logical and important consideration, however it does raise the question of universal support in future. Children's centres are an important asset for all communities, and limiting services for less deprived areas would result in a less holistic approach. As one respondent commented, 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.

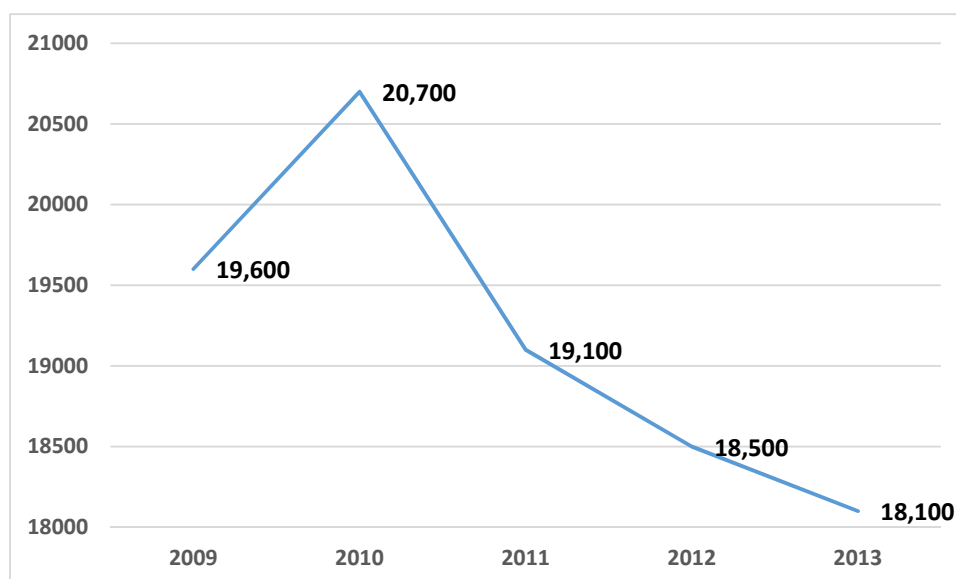
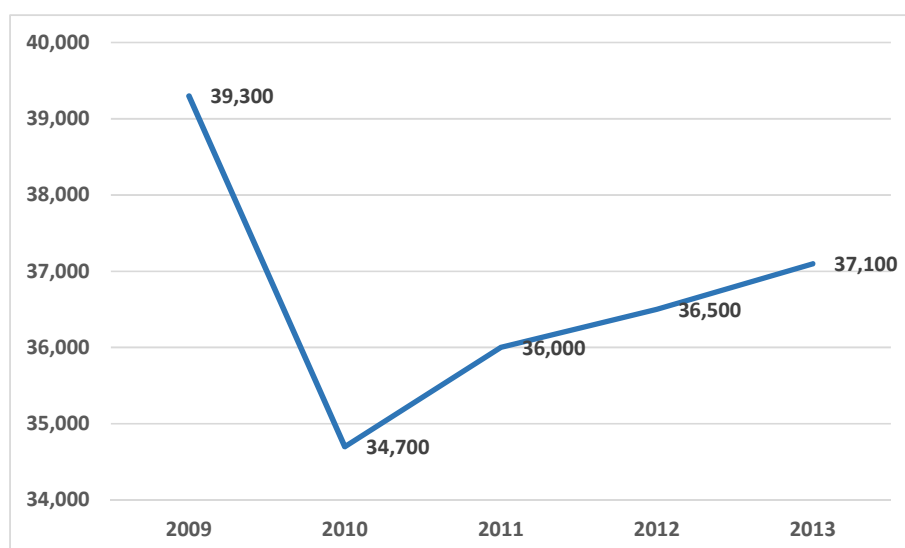
5.3.3 Changes in public sector employment

Figures 8 and 9 show the changes in public and private sector employment between 2009 and 2013 and the number of jobs each year during this period.⁷³ In terms of public sector employment, it shows the continuing decline in jobs since the Coalition Government entered office. In total, approximately 2,600 jobs (nearly 13%) were estimated to have been lost in the public sector between 2010 and 2013.

Private sector employment increased by 2,400 jobs (7%) between 2010-2013, but was still notably below the 2009 level at the end of this period. Around half of the jobs created were in low paying sectors such as hospitality, arts and recreation,⁷⁴ raising questions about the quality of employment. Overall, Blackpool experienced a net loss of 200 jobs between 2010 and 2013. This goes to highlight the double impacts of slow recovery from the recession combined with the effects of public sector austerity measures.

⁷³ 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 much lower than at the regional level, this should be kept in consideration during analysis.

⁷⁴ Source: ONS, Business Register and Employment Survey, public/private sector data, 2013

Figure 8: Public sector employment change in Blackpool, 2009 to 2013⁷⁵**Figure 9: Private sector employment change in Blackpool, 2009 to 2013**⁷⁶

5.4 Impacts on local socio-economic conditions

Blackpool has some of the highest levels of deprivation in England. Into this context has come a broad swathe of job cuts across the public sector accompanied by the associated reductions in public services, particularly in Adult Social Care. Furthermore, the area is being disproportionately affected by welfare reform as there is a high level of people living in the town who are currently in receipt of both in and out of work benefits. This combination of factors means that those individuals living in poor accommodation, claiming benefits such as employment support allowance (formerly incapacity benefit) and perhaps with underlying health issues will dominate health and social care provision, therefore individuals with less acute issues may be reliant upon friends, family and voluntary organisations.

5.5 Local economic impacts

There is a real risk of a knock-on effect on the local Blackpool economy from both the reduction in local incomes as public sector pay continues to stagnate and the reduction in the number of people employed by the public sector, some of which may struggle to find a new job in the area. Interviewees reported that they were seeing higher levels of personal debt amongst colleagues and

⁷⁵ Source: ONS, Business Register and Employment Survey, public/private sector data, 2009 to 2013

⁷⁶ Source: ONS, Business Register and Employment Survey, public/private sector data, 2009 to 2013

friends in the area and that the majority of current and ex public sector employees had cut back on household expenditure, for example, socialising with friends and family and holidays. This has implications for local businesses.

5.6 Internal impacts on staff and working conditions

Council staff have been significantly impacted by the austerity measures. The range of implications is outlined below.

5.6.1 Cuts in pay and hours

Perhaps the most immediate effect of government cuts has been the reduction in pay for public sector workers, effectively through the public sector pay freeze. In addition, employees report that cuts in pay have also been generated through a lowering of the number of hours that they receive.

5.6.2 Changes to employment terms and conditions

A common trend to emerge in interview evidence was that employees were increasingly experiencing a renegotiation of their employment terms and conditions. The types of changes included:

- Reductions in annual leave;
- Employees asked to take unpaid leave at certain times of the year;
- Greater reliance upon staff good will to provide support services, for example, reducing the compulsory nature (and therefore the paid time) of some aspects of adult care;
- Revised conditions for staff taking sick leave which means a reduction in the number of months full and half pay will be provided;
- Revision of redundancy payments so as to present voluntary redundancy packages considerably more attractive, thereby incentivising people to opt into voluntary redundancy schemes rather than risk staying on and being made compulsory redundant and potentially receiving a poorer package as a final outcome;

5.6.3 Lowering of staff morale

Interview evidence indicated that in general, morale amongst staff in the public sector was low as a result of not only job losses, but the way in which the public sector cuts agenda has fragmented services, with some provided in house and other elements provided externally. One respondent also suggested that across the public sector there has been a rise in reports of mental health issues – said to be captured through staff surveys. It was suggested that this was due to the fact that staff were expected to work with fewer resources, but sometimes with a higher demand for services.

6 LOCAL RECOMMENDATIONS

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

6.1 A fairer settlement for Blackpool

The evidence highlighted in this case study illustrates the scale of the challenge for Blackpool. It has very high levels of deprivation, a large number of people claiming welfare benefits and a high level of child poverty. Combined, this results in high demand for public services, at a time when public agency budgets have been curtailed to a significant extent and there is limited local tax raising powers. As one of the most deprived towns in the country therefore, central government needs to re-assess the impact that cuts are having in Blackpool, and other similar localities. This is an issue of fairness where the burden of cuts continue to fall unfairly on the most vulnerable. There needs to be a more effective distribution of resource, depending upon need.

6.2 Consider in-sourcing more services

The Council has increased levels of outsourcing, possibly partly in response to the spending cuts, in a similar fashion to many other local authorities. But it does not necessarily result in more effective and efficient service, nor reduce costs. At present, many in local government assume that savings cannot be made if services are delivered in-house. This is often not the case and the transaction costs in contracting out are not always accounted for. Additionally, where failure of the market takes place, the costs to the public sector when it has to intervene are considerable. The case study highlights some of the concerns of increased outsourcing which can result in poorer provision. The Council could consider bringing some services back in-house, which could have the following impacts:⁷⁷

- ❑ Improving efficiency and reducing costs;
- ❑ Ability to integrate a range of services;
- ❑ Enhancing flexibility and minimising risk;
- ❑ Regaining control and reducing cost and time spent managing contracts;
- ❑ Boosting local engagement and accountability;
- ❑ Higher levels of staff motivation and improved service delivery;
- ❑ Maintaining expertise and capacity.

6.3 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 consultation highlighted how deep poverty within Blackpool has resulted in more demand for mental health provision. There is a high percentage of clients requiring professional support and 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, which to an extent has happened through the closure of a dedicated centre. Working with other public agencies the issue should be a high priority. Community based agencies will not necessarily have the professional expertise nor the capacity to address these issues at such a scale.

6.4 Early years support should be protected as much as possible

The budget highlights that there will be cuts to early years support functions but it is important that these are not too deep and do not involve significant curtailing of children's centre functions. This is a critical element of the formative stage for children and needs to be maintained. This is particularly important considering the high levels of poverty and the evidence for early year's interventions is strong and has been extensively reviewed elsewhere. It is vital that these interventions are sustained over the long term and supported by sufficient investment.

⁷⁷ Source: APSE (2011) Insourcing: a guide to bringing local authority services back in-house

7 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.

7.1 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.

7.2 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.

7.3 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.

7.4 Develop more intelligent procurement and commissioning processes

7.4.1 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.

7.4.2 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.

7.4.3 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.⁷⁸

- 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.

7.5 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,⁷⁹ 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.

⁷⁸ 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

⁷⁹ See: <http://www.cles.org.uk/news/inquiry-publishes-due-north-report-on-health-equity/>

7.6 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.'⁸⁰

7.7 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

7.8 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.

7.9 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.⁸¹ 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.

⁸⁰ 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>

⁸¹ 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.