



Centre for Local
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***A SUMMARY OF AUSTERITY IN THE SOUTH WEST AND A CASE STUDY OF DEVON
COUNTY COUNCIL***

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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 THE SOUTH WEST: AN UNDERDEVELOPED REGIONAL ECONOMY

The South West economy faces a number of long standing challenges, including lower than average wages, poor productivity levels and distance from markets. This means that wealth generation is relatively limited and it experiences pockets of poverty and deprivation, both rural and urban. The region has struggled in the face of the recession and this has made it particularly vulnerable to public sector spending cuts.

The relative weaknesses within the economy is reflected in the labour market. The South West has the second highest level of part-time employment in England, with 30.2% of 16-64 year olds in part-time work, compared to 25.5% for England. Part time working varies significantly across the area, with the highest levels in West Devon (41.3%) and the lowest in East Devon (23.9%). Alongside this trend, there has also been an increase in the number of people working flexibly.¹ Similarly, there are higher levels of self-employment (16.4% compared to 14.5% for the national average), with the main concentrations found in the more rural districts compared with urban areas.

Whilst these high levels of part-time employment and self-employment do in part indicate a relatively enterprising culture, they also suggest a lack of full time employment opportunities. The implications mean lower wages and lower household incomes. Unemployment, as shown in Figure 1, is still significantly higher than during the pre-recession period (5.7% at June 2014 compared with 3.8% in June 2008), despite being lower than the national rate.

Whilst the unemployment rate and benefit levels are comparatively low (the South West has the third lowest regional percentage of residents who are claiming in and out of work benefits),² this masks an important trend of low wage employment. A smaller proportion of the population is employed in higher level occupations compared to the England average, but more are employed in skilled trades, care and leisure, reflecting the regions sector focus and an ageing population.³ As a result wages are low across the region. The median weekly wage in the region is £485.10, compared with the England level of £520.70.⁵

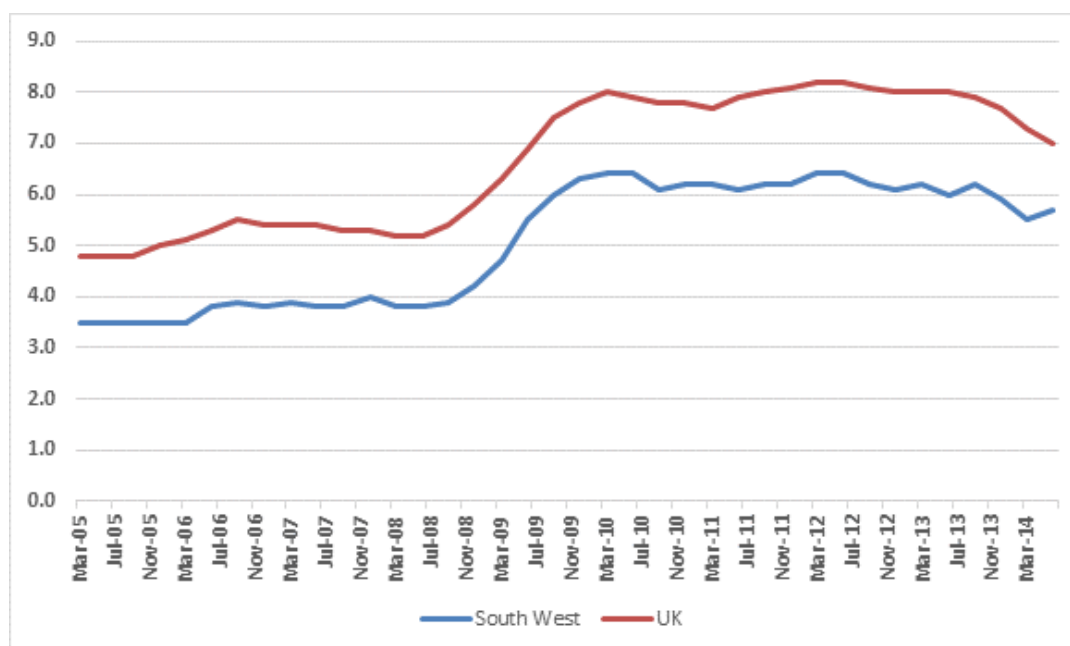
¹ Source: Heart of the South West Local Enterprise Partnership (2014) Strategic Economic Plan 2014-2030
<http://www.heartofswlep.co.uk/sites/default/files/user-88/SEP-%20Final%20draft%2031-03-14-website.pdf>

² 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.

³ Source: Heart of the South West Local Enterprise Partnership (2014) *ibid*

⁴ An example is that 10% are employed in managerial and senior positions compared with 11% for the UK, and 12% are employed in skilled trades compared with 10.7% for the UK.

⁵ Source: ONS, Annual Survey of Hours and Earnings, 2014

Figure 1: Unemployment rate of the working age population, South West⁶

In addition to this there is a history of underinvestment within the region. Evidence shows that the South West is in danger of being left behind the rest of the UK – a report by Ernst and Young in 2013⁷ showed that foreign investment in the region fell by 40% in the last twelve months up to June 2013. The report stated that in 2012 the South West was the bottom ranking region when it came to attracting foreign investment projects, at a time when the figure in Wales rose by 244%, in Northern Ireland by 71% and in Scotland by 49%. Of all the 30,013 jobs created in the UK through foreign investment in 2012, just 947 (3%) were created in the South West.⁸ This highlights key structural weaknesses within the economy. International investment and trade is a key part of a vibrant, forward-looking economy. Local supply chains can be developed through jobs, increased productivity and through knowledge transfer linked to foreign investment but the South West is still some way from being in that position.

In addition to this, one of the main industries in the region, tourism, is struggling. Following the financial crisis, many Britons who did not have adequate income or felt too unsure of their jobs to take foreign holidays plumped for 'staycations' in Devon and Cornwall. Tourism created more jobs in the region during the recession than any other sector, according to the South West Observatory.⁹ This trend has now reversed. Britons are venturing abroad again as consumer confidence rebounds, and the number of trips made by Britons to the South West fell in both 2012 and 2013. Many places have lost over 10% of their tourism-related jobs since 2010. The impact is most evident along the coast: Weymouth, for example, has lost 17% of its tourism-related jobs.¹⁰

The region has relied to an extent on public sector employment in recent years, representing a fifth of overall employment in the South West. Figure 2 below shows that public sector employment in the South West is the fifth highest region in England, at 19.1%. This makes it relatively susceptible to public spending cuts, with more jobs being lost and a smaller private sector to take up the slack.

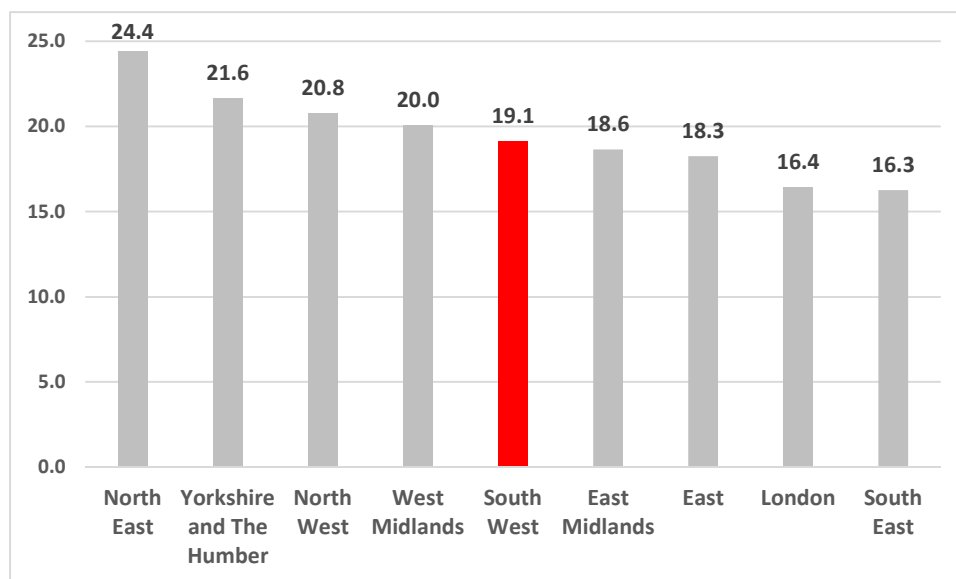
⁶ Source: ONS, Annual Population Survey, 2014.

⁷ Ernst and Young (2013) Attractiveness Survey, UK 2013 [http://www.ey.com/Publication/vwLUAssets/Ernst-and-Youngs-attractiveness-survey-UK-2013-No-room-for-complacency/\\$FILE/EY_UK_Attractiveness_2013.pdf](http://www.ey.com/Publication/vwLUAssets/Ernst-and-Youngs-attractiveness-survey-UK-2013-No-room-for-complacency/$FILE/EY_UK_Attractiveness_2013.pdf)

⁸ Ernst and Young (2013) Attractiveness Survey, UK 2013 *ibid*

⁹ Source: The Economist (February 2014) <http://www.economist.com/news/britain/21595962-why-unemployment-south-west-good-sign-broader-economy-west-country-woes>

¹⁰ Source: The Economist (February 2014) *ibid*

Figure 2: Percentage of public sector employment by region, 2013¹¹

In terms of social disadvantage, whilst the South West does not suffer from wholesale deprivation issues there are concentrations of deprivation in urban and rural areas. The majority of these were in Plymouth and Torbay, but also Taunton Deane, Exeter, Sedgemoor and North Devon. However, a more prevalent concern to policy practitioners within the Local Enterprise Partnership is 'in-work' poverty associated with the low wage economy. Households where no person is in paid work may be more likely to be in poverty. In the South West 16.6% of households fall into this group, although local variations exist with the figure rising to 19% and 20.6% in Plymouth and Torbay respectively.¹²

Finally, like in other regions across the country, there are major demographic pressures. The South West has an expanding population, expected to grow by in excess of 200,000 by 2030. It also has an ageing population, with 21.6% of the population over the age of 65, considerably higher than the average for England of 16%.¹³ This proportion is expected to rise rapidly with Devon, Somerset and Torbay all expected to exceed the 25% mark by 2021.

All of the above factors combined – underdeveloped private sector, low wage economy that has been particularly slow to improve even after the recession, lack of inward investment, poor connectivity and infrastructure and major concerns over in-work poverty – mean that the region needs public sector investment that is not forthcoming due to austerity measures. Indeed austerity means that the issues the region faces are further compounded, and in addition with a faster growing older population than the English average, there are serious concerns over whether local government across the region can provide quality care in future to the most vulnerable.

¹¹ Source: ONS, Business Register and Employment Survey, 2013

¹² Source: Heart of the South West Local Enterprise Partnership (2014) Strategic Economic Plan 2014-2030 <http://www.heartofswlep.co.uk/sites/default/files/user-88/SEP-%20Final%20draft%2031-03-14-website.pdf>

¹³ Source: Heart of the South West Local Enterprise Partnership (2014) *ibid*

3 THE IMPACTS OF AUSTERITY IN THE SOUTH WEST

The previous section outlines the social and economic context for the South West. This section outlines some of the key impacts of the austerity measures.

3.1 Impacts on services

Anecdotal evidence suggests that cuts to local authority services and funding in the South West are having a deep impact. The major concern lies around economic performance and how this is impacting upon communities and on social life, combined with a lack of investment in the region. This is due to a combination of low wages combined with high cost of living and poor productivity within the economy. There is a sense that the South West is not receiving its 'fair share' of investment in infrastructure and economic development projects, and that this will continue to be the case with even less public resources available. Therefore without further support it is difficult to envisage how the region can improve its performance.

The cuts have caused a significant fall in public sector jobs and this is going to have significant impacts on spending within local economies, services and amenities. Alongside this has been the issue of privatisation. Interviewees stated that there is evidence that councils across the South West are looking to increase outsourcing and privatisation of services, with similar moves towards higher levels of outsourcing at Cornwall, Somerset and Devon County Councils. Indeed one comment from an interviewee suggested that some South West Councils are increasingly acting as commissioning bodies.

A wide range of services have been particularly affected by the cuts to date. Interview evidence highlighted that youth services and adult care services have been very badly affected, as have libraries and care services as a whole. However, some of the most severe impacts have yet to be recognised fully across the region.

'Some individuals have been very badly affected but unless you require care or have a family member who requires care, the impact on care services is not necessarily recognised.'

Councils are highlighting the consequences of increased cuts. For example, Cornwall Council stated that, with regards to cuts to Adult Social Care:

*'Increased demand on services will mean that our performance in relation to key indicators will decline, particularly in relation to timeliness (for example, Assessments and Reviews). There will be impacts on partners as we focus our efforts on Adult Care and Support priority areas; we will have reduced input to intermediate care services.'*¹⁴

This means that people who have intermediate needs may not receive the services they had before, potentially placing increased pressure on services as those cases subsequently become more serious due to lack of preventative early intervention. Similarly, in Somerset, the County Council has made deep cuts for early years' children's education, children's centres, transport for secondary schools and for Special Educational Needs pupils, social care, Learning Disability support, and business assistance.¹⁵ These are cuts to services that are very difficult to replace, and the long term consequences could be severe.

Although the region has some key cities, the South West is characterised by large rural areas, mid-size towns and smaller more isolated villages. Many areas of the South West have experienced a rise in rural and fuel poverty due to a combination of higher living costs and austerity measures. The concern must be that as resource for local community projects dries up this will make many rural areas more isolated. In addition to this, subsidised bus routes have also been scaled back across the region, with Torbay Council cutting the subsidy by 75%, Somerset County Council by 33% and Devon County Council by 21%.¹⁶ This particularly affects people living in rural areas (as well as deprived urban localities) already affected by lack of connectivity, increasing transport costs, reducing people's mobility and access and increasing isolation.

¹⁴ Source: Cornwall Council (2013) <http://www.cornwall.gov.uk/media/3620914/IAR-475365-Adult-social-care-service-cuts-agreed-or-potential-service-outsourcings.pdf>

¹⁵ Source: UNISON (2013) <https://www.somersetcountyunion.org/content/news/somerset-cuts-to-the-bare-bone-66m-over-three-year.ashx>

¹⁶ Source: North Devon Journal, April 21st 2014 <http://www.northdevonjournal.co.uk/Rural-bus-subsidies-slashed-75-cent-south-west/story-20989343-detail/story.html>

Overall, the South West is facing acute pressures through continuing cuts to local government and public agencies - the average real terms cut to the local government Settlement Funding Assessment, between 2013/14 and 2015/16 is 25%, compared to 23.8% for England as a whole.¹⁷ There are also structural economic and labour market problems, and historic underinvestment into the region. It is a critical time for the South West – it needs more investment from central and local government to avoid ‘salami slicing’ cuts and services, and recognition from central agencies that poverty is a major and growing issue across the region, which requires long term commitment through sustainable interventions.

3.2 Impact of public sector job losses

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. Table 1 illustrates that changes in public sector employment across the South West have been significant.

The region saw the largest change in public sector employment across the United Kingdom over the last decade, with an increase of more than 100,000 jobs between 2000 and 2010 leaving it particularly vulnerable to subsequent cut backs in public sector employment.¹⁸ A total of 78,000 public sector jobs were lost in the South West between 2010 and 2014, the second highest number of such jobs losses of any English region, after the North West. With a fifth of all jobs in the region being in the public sector, public spending cuts will have had a significant effect. Although there have been 165,000 jobs created in the private sector during this time, the loss of public sector jobs is a drag upon the labour market. As the wages are low within the region, there is also the need to consider the quality of new jobs being created in the private sector. It is unclear if the 87,000 net gain in jobs 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.

The South West also has a concentration of armed forces and defence related activities in the region, which also makes the region particularly vulnerable to cuts in defence spending.¹⁹ There is significant sub-regional variation in the concentration of public sector jobs, which means that the impacts of public sector job losses are more acutely felt in particular areas of region.

¹⁷ Source: London Councils (2014) Local Government Finance Settlement 2014/15: Response by London Councils

¹⁸ Source: South West Observatory, Impact of Public Sector Spending Cuts

[file:///C:/Users/adriannolan/Downloads/Impact%20of%20public%20sector%20spending%20cuts%20\(1\).pdf](file:///C:/Users/adriannolan/Downloads/Impact%20of%20public%20sector%20spending%20cuts%20(1).pdf)

¹⁹ Source: South West RDA, Impact of Public Sector Spending Cuts: Emerging Evidence from the South West, 2010.

Table 1: Private sector job growth and falling public sector employment across the - regions, between Quarter 2 2010 and Quarter 2 2014^{20,21}

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

²⁰ Source: ONS, Public Sector Employment, Statistical Bulletin, Q2 2014

²¹ 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: DEVON COUNTY COUNCIL

4.1 A prosperous county but with distinctive social inequalities

Devon might be perceived as a relatively prosperous county. However this masks some striking social divergences and there are substantial differences within the county. Parts of it – notably parts of South Hams and East Devon – appear to be extremely affluent, and in the main, these areas have a well-qualified labour force and high levels of economic activity. But within Devon there are also areas of acute poverty which, in general, are found in the urban areas, most notably Exeter, Ilfracombe and Barnstaple.²² There are also noticeable divisions within much of East Devon, North Devon, Torridge and West Devon. Labour market inactivity is notably high in certain areas: in West Devon, nearly a quarter of working age men are economically inactive. In the west and north, there do appear to be issues linked to labour market engagement,²³ with concentrations of long term worklessness linked to deprivation.

The area also contains some significant weaknesses in the local economy. Devon is characterised by low levels of unemployment, but also a low wage economy which is directly linked to a low skills base. Resident median weekly wages, at £455.30 is much lower than the England figure of £520.70 and is the second lowest of the case study locations assessed as part of this project.²⁴ That brings a degree of vulnerability in the face of weak economic conditions and austerity measures, and there is an inherent risk of greater levels of in-work poverty particularly as the cost of living rises. In work poverty has been a long term issue identified within Devon, due to lower income levels – for instance it was highlighted as a priority for reducing child poverty in 2010.²⁵

The challenges are all the more pressing when elements of the county's demography are taken into account. Devon, like many other places, has a high and growing proportion of elderly people in its population. Particularly for the more rural districts, this will present both challenges and opportunities over the years ahead, as challenges of isolation and connecting with people who are geographically hard to reach, becomes an issue.²⁶

In terms of unemployment, Figure 3 shows that Devon, despite a rise in unemployment due to the recession and public sector job losses, has experienced lower levels than the national rate from 2005 up to the present, although unemployment has risen over the past year. This masks higher unemployment across pockets of Devon, in particular urban areas. Further, unemployment is currently over 2% higher than it was just prior to its lowest point in 2008, prior to recessionary impacts upon the labour market.

²² Department of Health (2012) Health Profile, North Devon

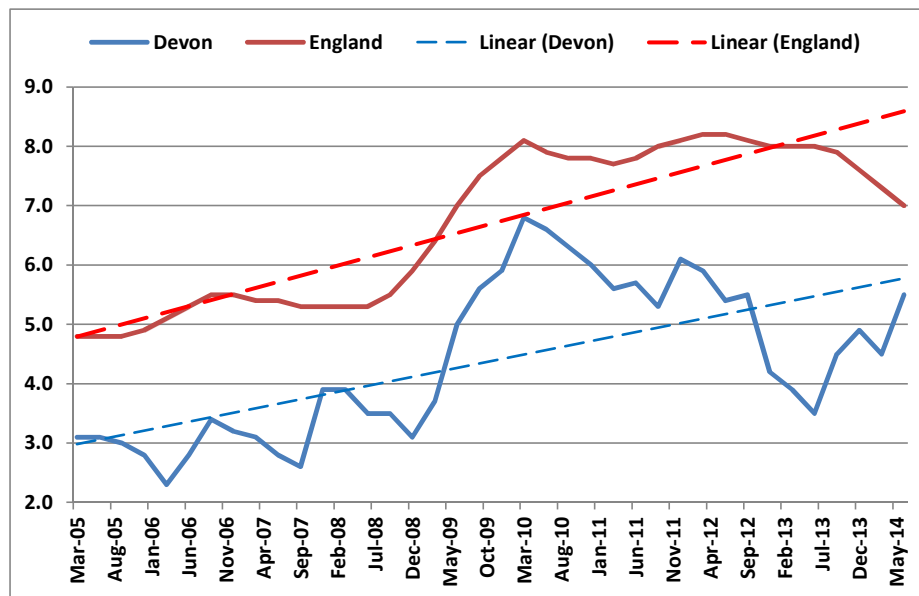
²³ Devon Local Economic Assessment (2012) <http://www.devonomics.info/sites/default/files/documents/Devon%20LEA%20-%20Final%20-%20May%202012.pdf>

²⁴ Source: ONS, Annual Survey of Hours and Earnings, 2012

²⁵ Devon County Council (2010) An Interim Strategy for Reducing Child and Family Poverty in Devon <http://devonchildrenstrust.org.uk/assessmentsreports/childpoverty/family-poverty.pdf>

²⁶ Source: Devon Local Economic Assessment (2012) *ibid*

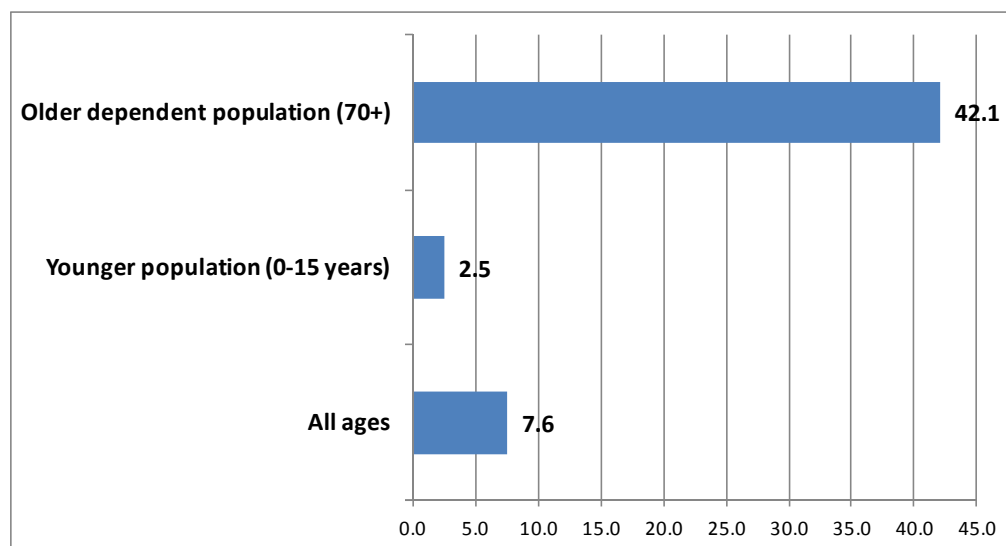
Figure 3: Unemployment rate in Devon, 2005 to June 2014²⁷



4.2 Demographics – a growing population

Devon is different from the national average with regard to the age profile of population growth. In England, the number of residents of working age is projected to increase by 5.9%; in Devon, the increment in the working age population is much smaller (3.0%).²⁸ Conversely, Devon is projected to see a much greater relative increase in the number of older people, significantly more than any other of the case study areas. Looking ahead, the social make-up of Devon will change and the increasing proportion of elderly people – particularly in the more rural areas – will, in economic terms, present a major challenge. Dependency ratios look set to increase and the implications for the provision of health and social care could be substantial. In a climate of falling spending and such exponential increases in demand, this poses a huge challenge for the county.

Figure 4: Projections of cohorts of Devon’s population, 2013 to 2025²⁹



²⁷ Source: ONS, Annual Population Survey, 2014

²⁸ Source: ONS, Sub-national Population Projections, 2013

²⁹ Source: ONS, Sub-national Population Projections, 2013

4.3 The challenge of ongoing austerity measures

Devon County Council is increasingly experiencing the financial strain of austerity measures. This is now impacting on its ability to deliver quality services.

- ❑ The County Council has been tasked to cut its budget from approximately £600m in 2009 to £400m in 2017. This is a decrease of a third of their budget. Over 700 jobs have already been lost in the local authority (approximately 10%), with 'front line' jobs initially cut and then 'back room' staff.³⁰
- ❑ In 2010-2014, the authority had already saved £97m. It currently has a budget of £513m.³¹
- ❑ In the 2014/15 financial year, £28m has been cut from the overall budget, with funding from central government falling by 9% over this timeframe.³²

Responses from the interviews were that the impacts have, up to now, been focussed on staff reduction and back office efficiencies. But this is changing and the next round of cuts is now going to impact on services across the county, as outlined below. Indeed Devon's political leaders from the three main parties sent a letter to the government to warn that further spending cuts will affect vulnerable people in the county.

*'The council is very concerned about the impact of such reductions at a time when areas such as child and adult safeguarding, highway maintenance and youth services are high profile.'*³³

Strikingly, with the Conservative Leader of the council writing such a letter, it perhaps exposes a frustration among grass roots Conservatives that ministers in London do not understand their local concerns and have not been acting in their interests.

4.4 The impacts on Children's and Adult Services

With a combined budget of over £319m Children's and Adult Services represent 62% of the total council budget. Although the Council has worked to protect these two directorates up to now, the continuing austerity measures are now impacting upon services. The Council set out a range of ways in which it is planning to make savings across these service areas. Some of the key changes and their anticipated impacts are outlined below.

4.4.1 Children's Services

With a total budget of £116.7 million in 2013/14, the main challenges for Children's Services in Devon are:³⁴

- ❑ Meeting growing demand for services;
- ❑ Meeting tougher standards on safeguarding children;
- ❑ Improving the way they look after children in care, increasing the number of foster care placements and speeding up adoption;
- ❑ Targeting resources more on young people and families in greatest need of support;
- ❑ Increasing the opportunities for young people to help them find work or stay in education and training.

There have been a number of changes recommended and now implemented by Council in order to make savings in Children's Services. These include:

- ❑ **Residential Care:** respondents to the consultation stated that three of Devon's children's homes are under threat of closure.³⁵ Only one home is exempt from this, a secure children's home, which takes children from outside of Devon. Children's homes in Devon have come

³⁰ Source: Devon County Council <https://www.devonnewscentre.info/devon-approves-budget-savings-and-first-council-tax-rise-in-four-years/>

³¹ Source: Devon County Council ibid

³² Source: Devon County Council ibid

³³ Source: BBC Article, 16th June 2014 <http://www.bbc.co.uk/news/uk-england-devon-27849772>

³⁴ Source: Devon County Council <http://www.bbc.co.uk/news/uk-england-devon-27849772>

³⁵ Source: Devon County Council (January 2014) Consultation on the Future of Children's Home Services Provided at Birchen Lane, Blossom Corner and Rifford Road <http://www.devon.gov.uk/childrens-homes-consultation-7-1-14.pdf>

under criticism for the quality of their performance, which is felt to have contributed to support by the council for their closure.

Consultation respondents commented that closing the three children's homes and keeping no county council-run facility will mean using privately run children's homes, possibly sending children out of the county, or relying on a small number of 'super foster families' with additional training and skills to support children who may well require specialist support. There are concerns from both local unions and members of the voluntary and community sector that this is part of a slide towards Devon becoming a 'commissioning council', and that there:

*'Needs to be further opposition to make sure that our vulnerable are given the best quality services – we've got a moral and ethical obligation to do that.'*³⁶

- **Youth Services:** consultation on plans for youth services closed in April 2014, and a revised Devon Youth Offer is currently being considered by Cabinet. The proposal is that Devon County Council's Youth Service provision moves from being an open access, universal facility to become a service providing targeted support for those young people most in need.³⁷ This would mean that Devon County Council would no longer manage and run any of the current local youth centres. This means a large cut - £970,000 (25%) from its £3.8m annual youth services budget. The plan is for 32 of its 40 youth centres to be shut with 8 area based youth centre hubs being created instead.³⁸

There is very little financial resource to support youth services, with consultation highlighting that any reduction in service will have a negative effect on young people in Devon. However, this seems inevitable – and the council may well be managing the decline of this service. The Crime and Police Commissioner for Devon has expressed concern about these cuts to youth services, and believes that this could raise potential problems with crime, anti-social behaviour and policing.³⁹

'The lack of a universal service could spell the complete devastation of the youth service, which many children and families value. The dangers are that we are not going to discover problems in households and there will be more anti-social behaviour on the streets.'

- **Children's Centres:** Devon's budget for Children's Centre Services is getting smaller. According to the Council's Children's Centre Review,⁴⁰ over the last five years it has been reduced by about £1.5 million (15%), meaning that in total it now spends around £8.6m. The Review states that in the next three years, the budget will need to reduce by a further 15% (£1.2million).

This is a major concern and threatens the loss of a very important universal service for families. There are a total of 43 centres, with 34 of those housed in council-owned buildings, where families with children aged up to five can go for a range of help.⁴¹ The services range from play groups to job training courses for adults. Again, like other services it will become more targeted with no closures of centres in deprived areas. But this may leave the service in other areas under threat.

*'Children's Centres are invaluable. To have them taken away means losing a part of the community. Children's educational needs will suffer and maybe, so could their health I had no time to make new friends. It's invaluable for parents too some of who can be depressed and alone. Closing these centres would be a tragedy.'*⁴²

³⁶ Quote from an interviewee

³⁷ Source: Devon County Council (June 2014) Youth Services Consultation <https://new.devon.gov.uk/youthreview/>

³⁸ Source: Devon County Council (June 2014) Youth Services Consultation <https://new.devon.gov.uk/youthreview/>

³⁹ Source: BBC News, 31st January 2014 <http://www.bbc.co.uk/news/uk-england-devon-25977379>

⁴⁰ Source: Devon County Council (June 2014) Children's Centre Review: Future Delivery of Children's Centre Services

⁴¹ Source: Devon County Council (June 2014) Children's Centre Review

⁴² Source: Quotes from Children's Centres consultation, June 2014 <https://new.devon.gov.uk/childrenscentrereview/consultation-closed/leave-a-comment>

*'In rural Devon, we don't have community centres and these children's centres are a place where families with young children can go and avoid living in isolation. It is not just disadvantaged families who use these centres, many middle class families use them too. Quality of life in Devon will diminish for everyone if these centres are closed down.'*⁴³

- ❑ **Schools:** consultation respondents commented that Devon has seen a significant transfer from state schools to academies and free schools, and there is less money available for local authority schools. Quality of education in Devon is perceived by respondents to be at risk as the prevalence of a 'two tiered' education system is emerging through selection processes in which local authority schools take the most challenging students and newer schools take those who are 'easier to teach'. In academies and free schools, interviewees noted there are concerns that there are few trained teaching staff, and more money is being spent on managerial staff.

Further, respondents commented that more affluent parents are able to take their children to schools further away, and so it is the more rural and deprived families who could be most affected by the divergence of school standards. Predominantly, free schools are being set up in the most affluent areas, so again, more deprived areas are struggling for educational provision.

4.4.2 Adult Social Services

With a total budget of £202.5 million in 2013/14, the main challenges in this directorate are perceived by the Council as:⁴⁴

- ❑ Meeting growing demand – including for services to help meet complex needs such as dementia;
- ❑ Meeting the needs of people living in rural areas;
- ❑ Speeding up the assessment process;
- ❑ Ensuring a vibrant social care market able to meet the demand for more personalised community-based services;
- ❑ Working more closely with health partners to reduce demand and speed up discharge from hospital; and
- ❑ Increasing the alternatives to residential and nursing care to enable people to remain in their communities longer.

With Devon facing major pressures in terms of a growing older population, there are now significant concerns as to how the dependent population will be cared for adequately in future, in an environment of ongoing cuts to Adult Social Care. There have been a number of changes recommended and now implemented by the Council in order to make savings in Adult and Social Services. These include:

- ❑ **Residential Care:** there are proposals to close up to 20 adult residential homes in Devon. These support around 400 residents, primarily with dementia-related needs, and employ over 1,000 staff (the vast majority of whom are low paid women).⁴⁵ There has been limited interest from the private sector in taking on these services in their current form, and interviewees commented that it seems inevitable that services will be lost, with very significant impacts on individuals' lives. It could result in many residents having to move further away from their home towns causing huge amounts of stress and anxiety both for themselves and their friends and families.

Interviews highlighted that it is highly unlikely that the community and voluntary sector will be able to meet this service demand, and closing the centres goes against the wishes of service users and others in the population. Increasingly people will have to rely on private provision. The Association for Public Service Excellence (APSE) states in its assessment of the

⁴³ Source: Quotes from Children's Centres consultation, June 2014 <https://new.devon.gov.uk/childrenscentreview/consultation-closed/leave-a-comment>

⁴⁴ Source: Devon County Council (June 2014) Adult Social Care Review <https://www.toughchoices.co.uk/adult-social-care/>

⁴⁵ Source: UNISON South West <http://www.unionsouthwest.org.uk/content/news/unison-vows-to-challenge-devon-county-councils-dec.ashx>

proposed closures,⁴⁶ that if the proposals are passed through, the Council will be totally withdrawing from a large part of direct provision of residential care, and allow provision to be shaped by market forces - thereby reducing options available to service users.

Therefore it is important that the council continues to provide provision to ensure needs can be met – a point strongly highlighted by APSE in its assessment.⁴⁷ Its report comments that the actual savings would be relatively marginal and therefore in financial terms the risks of closing the centres do appear high. APSE report that they do not have a breakdown of costs, so cannot calculate an accurate figure but state that it is possible to say that the potential savings arising from the County Council's proposed withdrawal from direct provision must be less than 3.5% of the total cost of provision. In considering whether to close the homes Councillors should have considered whether the risks associated with a total withdrawal from direct provision are worth taking for what is a fairly small marginal overall cost reduction.

There are also the economic impacts of these changes. For instance, interviewees commented that in some rural villages where these homes are located, many local residents are employed in these homes. The loss of these services will also have significant impacts on local employment and the social fabric of these places, and will raise demand for further support from the state.

- **Day care and domiciliary services:** day centres across Devon are also under threat. 17 day centres are planned to close over a phased period of time.⁴⁸ The three Mid Devon short break schemes, which gives carers across Devon flexible daytime or evening breaks from their caring responsibilities, will also stop - removing vital support for carers.

With domiciliary care, interviewees noted that the private sector is picking up some of the work which the public sector is no longer undertaking, but is less likely to take up complex cases – meaning that the local authority takes on the most difficult cases and that some are left without services at all. One interviewee commented that:

'We are going to see a great deal more people who have no-where to turn to. The impact on our older people as well as some of our local communities is going to be devastating. There must be an impact assessment that should be made before taking these types of decisions...the government and Councils talk about fairness but how can this be fair?'

As APSE highlight,⁴⁹ a number of the impacts and arguments for the continuation of services outlined above for the residential care, can also be used for day care. It represents the possibility of moving away from council provision altogether and towards market driven provision – effectively large scale privatisation. Of course personalisation is important and there is a need to ensure that day centres do not just provide generic care, but the possible withdrawal of services and increased market provision, based upon cost, could actually reduce choice for service users. Interviewees commented that service users would like more choice but still perceive the day centres as being important and that they should be retained.

'If this goes ahead then choice will be reduced and need will not be met – this will have huge implications for people using the centres.'

'We have already seen some people who have multiple needs and they are falling through the gap. The result is that these people are left on their own and become lonely...it is no way to live. The people making the decisions have to recognise how important these services are to older people.'

- **Impacts on the voluntary and community sector:** in addition to day centres there are a range of other domiciliary services which, in particular, the community and voluntary sector plays a part in delivering, and therefore also developing local social links. Interviews highlighted that

⁴⁶ Source: APSE (2014) Devon County Council Proposals for Adult Social Care: report for UNISON <http://www.devoncountyunison.org.uk/wp-content/uploads/2014/06/Report-on-proposals-for-adult-social-care-in-Devon-v13.pdf>

⁴⁷ Source: APSE (2014) Devon County Council Proposals for Adult Social Care: report for UNISON <http://www.devoncountyunison.org.uk/wp-content/uploads/2014/06/Report-on-proposals-for-adult-social-care-in-Devon-v13.pdf>

⁴⁸ Devon County Council (June 2014) Adult social day care services consultation <https://new.devon.gov.uk/dayservices/>

⁴⁹ Source: APSE (2014) Devon County Council Proposals for Adult Social Care: report for UNISON <http://www.devoncountyunison.org.uk/wp-content/uploads/2014/06/Report-on-proposals-for-adult-social-care-in-Devon-v13.pdf>

where larger, national organisations have come in (which is increasingly the case) they have failed to develop or sustain local ties, and interviewees commented that small voluntary and community sector organisations are frequently 'picking up the pieces' of the impacts for individuals. This has left such organisations in a very difficult position – demand for their services is rising whilst at the same time, their income is declining. In Devon, there is little appetite or capacity for the sector to 'fill the gap' left by the public sector. Insufficient funding for adult day care services and domiciliary care is translating into a lack of service.

- **Hot meals subsidies:** beyond the more publicised cuts around residential and day care facilities, there are other elements to Adult Social Care which show how people can be affected by cuts to basic day to day services. For example, current subsidies for hot meals are to be scaled back. This could result in increasing inequalities amongst the older population. The subsidy reduced the daily cost of a meal-on-wheels service from £8.48 to £4.⁵⁰ Cutting this is forecast to make savings of over £500,000 over the next three years. It plans to replace the service with 'advice' about local meals options and offered to invest in voluntary sector support to help people reheat frozen meals in their home. The decision has been taken partly because survey evidence suggested demand has been dwindling for these services, however, it will still affect many older people who are on low incomes, meaning inequalities further increase as people who can afford services, pay for them.

4.5 The wider concerns over hidden deprivation and austerity

This case study has highlighted the issue of hidden deprivation in parts of Devon. In sparsely populated areas such as north Devon, for example, ward-level measures are likely to mask the existence of small pockets of sometimes intense deprivation due to the 'averaging' effect arising from their proximity to more affluent areas. In the context of austerity, this has been highlighted as a major concern by interviewees. Yet, it is the more deprived localities where residents will suffer more acutely from the cuts, as reductions in grant funding means that services targeted towards the multiple challenges within deprived communities are reduced - for example in Torrridge, where wages are the lowest in the county.

In addition to this is the cut to bus transport subsidies, which have been reduced by 21% in Devon.⁵¹ This could affect rural communities who rely on public transport as their lifeline, and could have knock-on effects of increasing dependency and require further public sector resources.

4.6 The impacts on public sector employment

Figures 2 and 3 show the changes in public and private sector employment between 2009 and 2013, showing the number of jobs each year during this period.⁵² In terms of public sector employment, it shows the continuing decline in jobs since the Coalition Government entered office. In total, approximately 5,300 public sector jobs were estimated to have been lost between 2010 and 2013.

The private sector experienced some growth in employment between 2011 and 2013, but in 2013 employment levels were still below those in 2009 and at the beginning of the current Parliament. Between 2010 and 2013 there was a loss of approximately 2,900 private sector jobs. Overall, Devon experienced a net loss of over 8,000 jobs between 2010 and 2013. This highlights the double impacts of slow recovery from the recession combined with the effects of public sector austerity measures.

⁵⁰ Source: Devon County Council (June 2014) Adult Social Care Review <https://www.toughchoices.co.uk/adult-social-care/>

⁵¹ Source: North Devon Journal, April 21st 2014 <http://www.northdevonjournal.co.uk/Rural-bus-subsidies-slashed-75-cent-south-west/story-20989343-detail/story.html>

⁵² 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.

Figure 5: Public sector employment change in Devon, 2009 to 2013⁵³

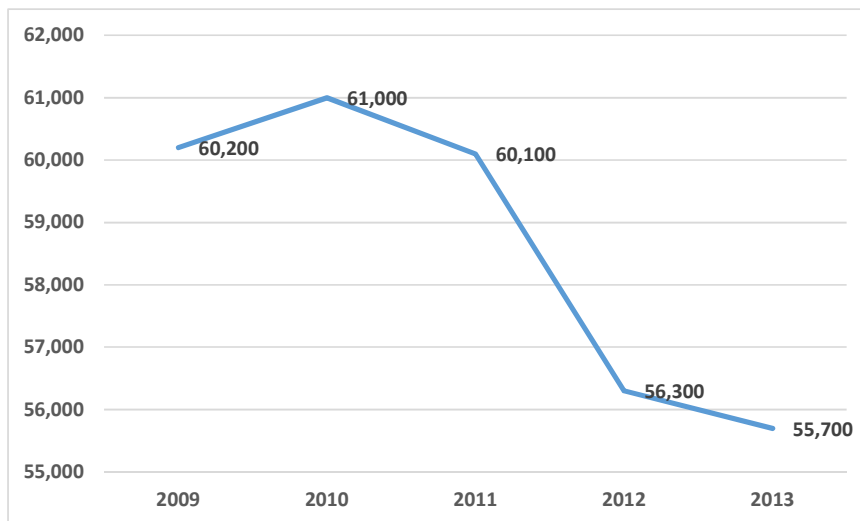
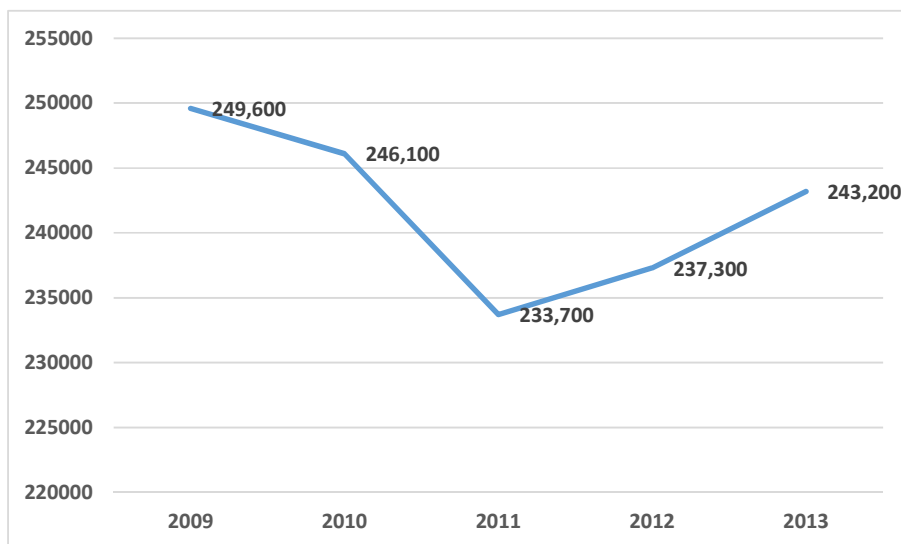


Figure 6: Private sector employment change in Devon, 2009 to 2013⁵⁴



⁵³ Source: ONS, Business Register and Employment Survey, public/private sector data, 2009 to 2013

⁵⁴ 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 Ensuring appropriate care for older people

The case study highlights the highly publicised plans to close many care homes and day centres across the county. The arguments for keeping these, or at least not engaging in such a wholesale closure exercise, are clear. Actual savings made will be marginal, the Council has a duty to provide quality care to vulnerable people, and there are economic impacts of the changes upon communities where there is a reliance on employment on these homes. Choice will be reduced and need will not be met. The Council should take these factors into account and reassess the changes.

5.2 Reconsider outsourcing

As a result of withdrawing provision for residential and day care, the Council is following a wider model of outsourcing, which extends also to a range of other services. But it does not necessarily result in more effective and efficient service, nor reduce costs. Indeed it has been accused by some of turning into a 'commissioning council' which is actually allowing provision to be shaped by market forces. This would go against what local authorities are in place to do, in providing the shape and direction of services, and ensuring public value is upheld. 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. The Council could consider bringing some core services in-house, which could have the following impacts:⁵⁵

- ❑ 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.

5.3 Safeguard children's centres

The budget is continually decreasing for children's centres across Devon. This is a key concern threatening the loss of important services for many families, particularly if a targeting approach is implemented. Although there will not be planned closures in deprived areas at present, those in other areas could be under threat, and this could have a major impact on people and communities. It threatens the concept of universal provision, and therefore deep consideration is needed before decisions are taken. Good quality education across the social gradient is important – heavily targeting deprived areas will result in a stigma for children's centres in that they are aimed at 'failing places'. It is vital that these interventions are sustained over the long term and supported by sufficient investment.

5.4 Stronger support for local voluntary and community groups

The case study highlights that increasingly, smaller local VCS groups are being squeezed out of some of the provision by larger, national organisations. The Council and other public agencies, like many across the country, need to develop a deeper appreciation of the role of small VCS organisations and how they provide local ties within communities, and can access hard to reach groups that others cannot. Their income is declining and they require greater levels of support – not just in resource, but advice and guidance, in order to provide alternatives to increasing dominance of larger organisations. If these groups disappear then it will leave a major gap in delivery capacity of community based services.

⁵⁵ APSE (2011) 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/>

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.⁵⁶

- 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,⁵⁷ 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.

⁵⁶ 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

⁵⁷ 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.'⁵⁸

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.⁵⁹ 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.

⁵⁸ 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>

⁵⁹ 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.