



# **ON THE ROPES**

Social care provision under austerity

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# About Localis

## Who we are

We are a leading, independent think tank that was established in 2001. Our work promotes neo-localist ideas through research, events and commentary, covering a range of local and national domestic policy issues.

## Neo-localism

Our research and policy programme is guided by the concept of neo-localism. Neo-localism is about giving places and people more control over the effects of globalisation. It is positive about promoting economic prosperity, but also enhancing other aspects of people's lives such as family and culture. It is not anti-globalisation, but wants to bend the mainstream of social and economic policy so that place is put at the centre of political thinking.

In particular our work is focused on four areas:

- **Reshaping our economy.** How places can take control of their economies and drive local growth.
- **Culture, tradition and beauty.** Crafting policy to help our heritage, physical environment and cultural life continue to enrich our lives.
- **Reforming public services.** Ideas to help save the public services and institutions upon which many in society depend.
- **Improving family life.** Fresh thinking to ensure the UK remains one of the most family-friendly places in the world.

## What we do

We publish research throughout the year, from extensive reports to shorter pamphlets, on a diverse range of policy areas. We run a broad events programme, including roundtable discussions, panel events and an extensive party conference programme. We also run a membership network of local authorities and corporate fellows.

# Contents

<b>1</b>	Introduction	2
<b>2</b>	Pressures and Performance in Social Care Provision	4
2.1	The pressures driving social care demand	4
2.2	Maintaining social care under pressure	7
<b>3</b>	Evaluation and Conclusion	12

# 1. Introduction

Local government in England has not been knocked down, but it is on the ropes. Remorseless budget cuts amid demographic change and rising levels of material deprivation have put great strain on the ability of local authorities to provide essential services - particularly social care. To many this is not news but lived-in reality. But fuelled by financial meltdown at Northamptonshire County Council, the sector's workaday funding crisis has received considerable national media coverage.

The goal of this short paper is to highlight one element of the crisis which has been underreported: the incredible aptitude which authorities have shown under this intense and mounting pressure. This is not to endorse the efficacy of the funding cuts, rather to highlight the distortive effects they have had on outcomes. Were it not for financial constraints, we suggest, quality of life may well have increased significantly for the elderly and vulnerable across the country. As it stands, growth in wellbeing has been suppressed by the ever-increasing need to balance and rebalance priorities under the stricture of austerity.

The scale of cutbacks has been well-rehearsed. The National Audit Office, government spending watchdog, has reported a 49.1% real-terms reduction in government funding for local authorities in the eight years since 2010, corresponding to a 28.6% real-terms reduction in spending power<sup>1</sup>. Not only are they not receiving funding adequate to rising demand, local authorities are also straitjacketed in their ability to raise funds themselves. The difference between the loss in government funding and the reduction in spending power is due to local government's power to raise money through council tax. Unable to raise council tax without a cumbersome referendum process – leading to such perverse outcomes as an £800 top tax band for some of the most expensive properties in Europe in Westminster council<sup>2</sup> – the ability for councils to further make up for the loss of funding is severely restricted. While their retention of 50% of their business rates<sup>3</sup> is helpful in raising finance, their lack of control over the fixing of these rates further hampers local government.

With limited fundraising powers and low discretionary reserve funds, the main policy response available to local authorities has been to attempt to draw attention to the impending crisis. A concerted local lobbying version of the 'bleeding stumps' type of threat made across Whitehall in the run up to any Spending Review. There is a danger, however, that the steady beat of stories regarding the very real prospect of many local authorities being financially unable to fulfil anything more than a 'core offer', will become white noise to the public. Although local government and elected members have a higher reputation than central government and MPs, there is also the risk that negative views of

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1 National Audit Office (2018) – Financial Sustainability of Local Government

2 Cllr Nickie Aiken, leader Westminster City Council at launch of Localis report 'Monetising Goodwill'

3 Rising to 75% in 2020/21

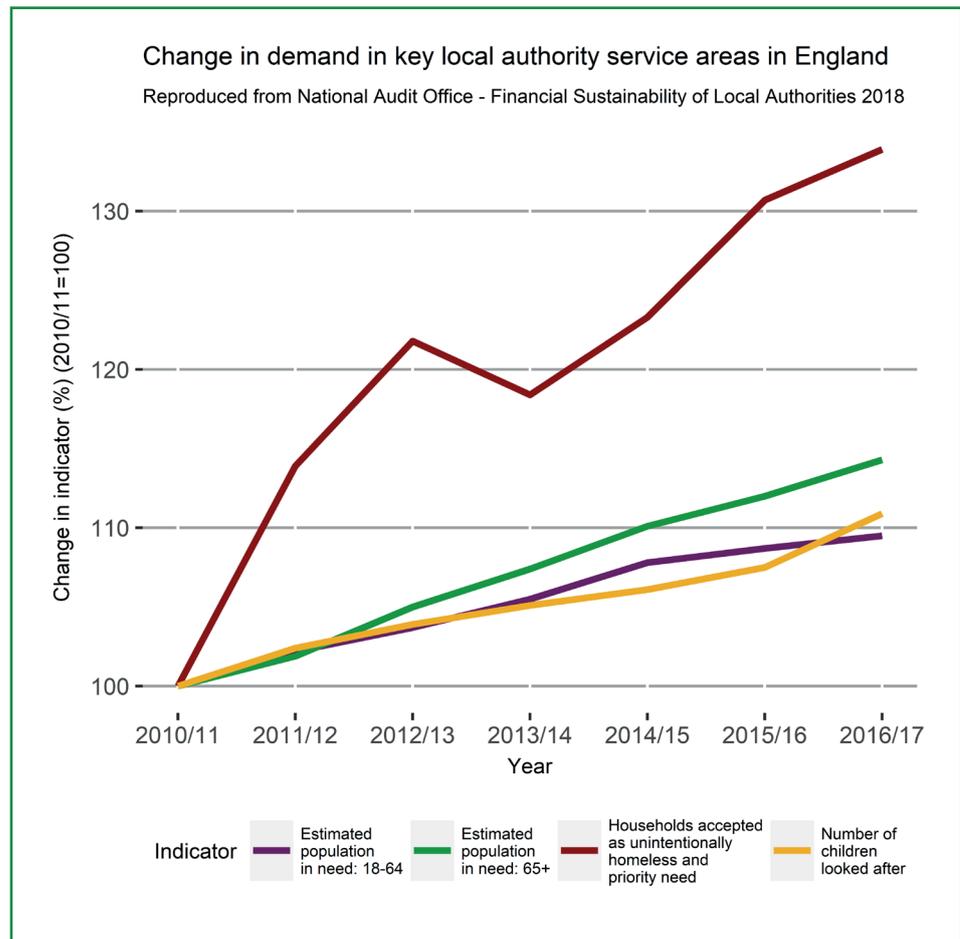
councillors and council officers, drawn from either old stereotypes or modern stories of corruption in councils, cause the warnings of a funding crisis to be taken with an unnecessary grain of salt<sup>4</sup>.

This short paper aims to take a step towards a changed conversation on local government in the UK, in the crucial context of social care provision. Just as it would be ridiculous to take cases of gross misconduct in a primary care trust as an indictment of the National Health Service as a whole, negative stories on individual authorities are not instructive as to the efficacy and dedication of council officers up and down the country. Furthermore, as with NHS trusts, their warnings as front line public servants as to the fiscal unsustainability of their services they are responsible for should be heeded as a matter of urgent public interest. For this attention to be granted, the competence shown by local authorities in delivering social care to children and adults under austerity must be emphasised. To demonstrate this, the following section begins by outlining some of the social and demographic pressures which have increased as budgets have fallen, followed by an examination of some indicators of social care evaluation.

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<sup>4</sup> It is important not to downplay the incidences of misconduct that do occur, but as Transparency UK emphasise in their report on the 'mounting risk' of corruption: *"as has been noted in a number of public consultations and inquiries...the majority of local councillors and council officers observe high standards of conduct and very few misuse their positions"*.

## 2. Pressures and Performance in Social Care Provision



The above graph, reproduced from the National Audit Office's most recent assessment of local authority financial sustainability, illustrates the rise in demand for services. All four lines of service fall under the broad category of social care - and their steady increase gives some impression of the mounting pressure on local authorities. The following section breaks down some of the underlying factors which drive up demand for services, showing the geographic disparities which can disappear in national averages.

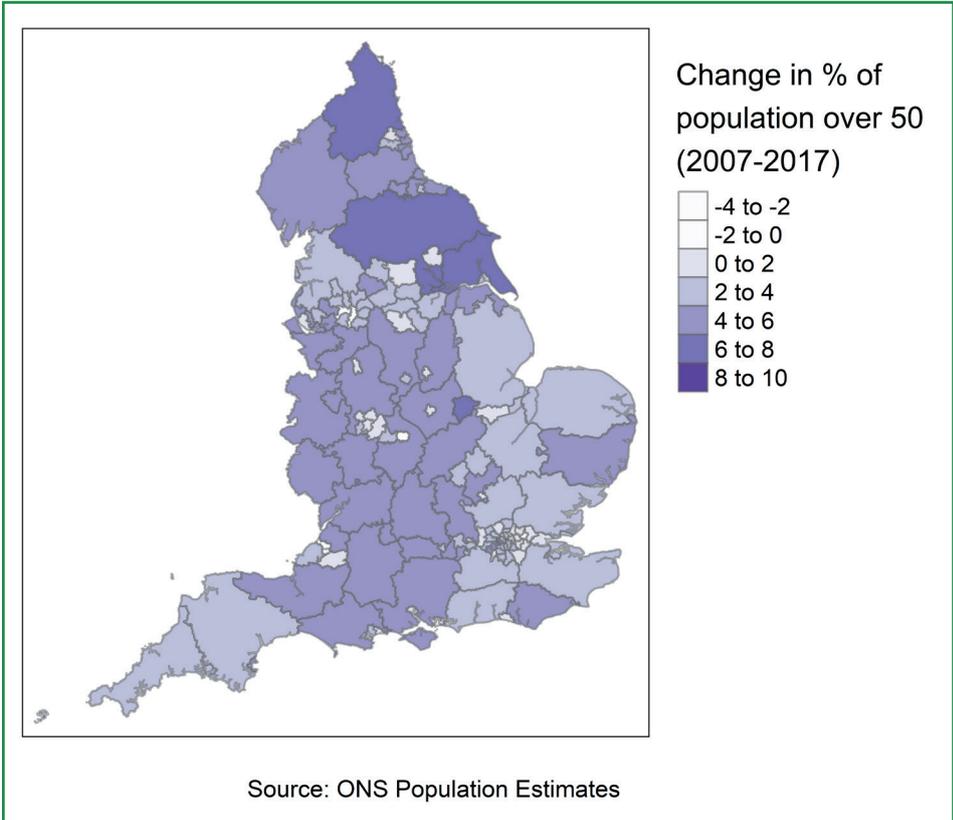
### 2.1 The pressures driving social care demand

Factors driving up demand for social care services are myriad, tied-up in processes both national and international. Nevertheless, in elucidating the rise

in demand, there are a few pressing issues which go some way to explaining the socioeconomic pressures on councils and their local variations in severity. For this paper, we focus on the demographic change brought about by an ageing population, the rise in material deprivation affecting children and the increase in rough sleeping.

### 2.1.1 Ageing population

The map overleaf shows the change in the percentage of the population over fifty in upper-tier local authorities in the ten years to 2017. The emerging divide in local authorities with regards to demographic change is illustrated starkly. Almost all city authorities can be identified easily on the map by the low or negative growth in their 50+ populations. London’s borders to the North, South and East are also in the lower bracket for an ageing population. At the other end of the spectrum, the Welsh border and the North East are affected particularly badly, with over 6% demographic shifts towards the over-fifties in Northumberland, North Yorkshire and the East Riding. This is particularly concerning for the northern metropolitan authorities, who have had their spending power reduced even more than counties<sup>5</sup>, limiting their ability to respond to this change.



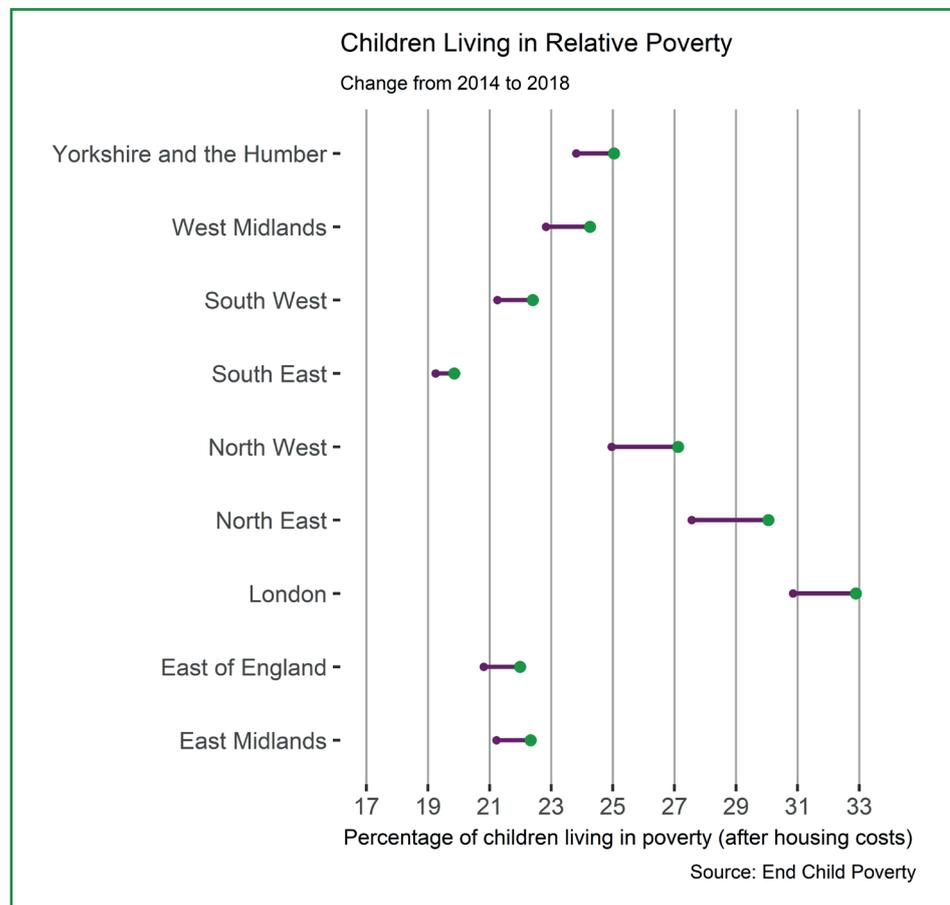
### 2.1.2 Increasing material deprivation

Relative child poverty is an important litmus test for material deprivation at large. An increase in child poverty can create a vicious cycle as councils struggle to provide services for greater numbers and children get left behind. This hampers their ability to get ahead in life, poverty thus begets further poverty. Therefore, any increase in child poverty should be seen as alarming, and it is of great importance to note that every region in England has seen an increase in child poverty in the four years leading to 2018. Nevertheless there are clear

<sup>5</sup> See figure 2 in the National Audit Office report

disparities, as the graph below demonstrates.

It is worth noting that in the five years leading to the period covered in the chart, estimates for the financial cost of child poverty to the state had increased to around £4bn<sup>6</sup>. The context for these regional increases is rising costs and shrinking finances, with each region affected to a different degree.



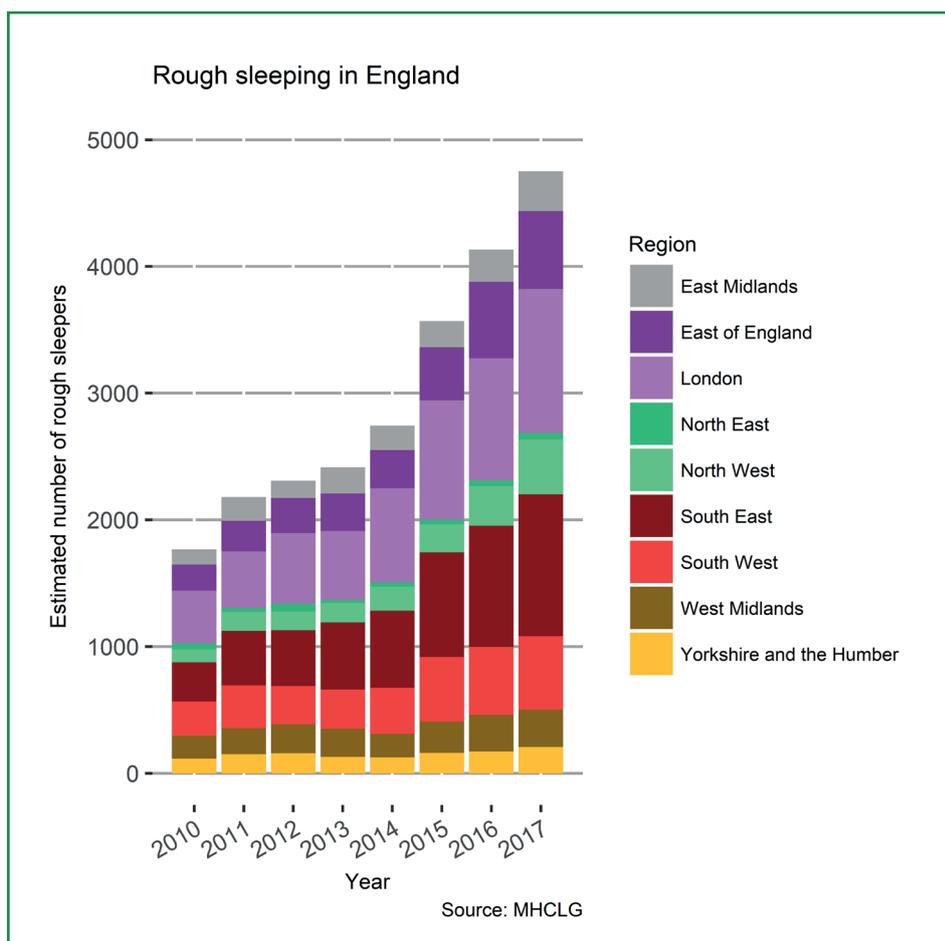
### 2.1.3 Rough Sleeping

Homelessness affects local authorities on many levels; from housing to social care to crime. While statutory homelessness is a measure of how many households have been accepted as homeless by their council, rough sleeping gives us some indication of 'hidden homelessness'<sup>7</sup>. The increase in rough sleeping is alarming, and unevenly distributed across the country. As hidden homelessness increases, pressures beyond the so-called 'homelessness duty' of local authorities mount – particularly with regard to social care for people with mental health issues, which are heavily linked to homelessness<sup>8</sup>.

<sup>6</sup> Donald Hirsch (2013) – An estimate of the cost of child poverty in 2013

<sup>7</sup> Metro (2018) – UK's 'hidden' homeless population soars by two thirds since 2010

<sup>8</sup> Mental Health Foundation – Mental health statistics: homelessness



## 2.2 Maintaining social care under pressure

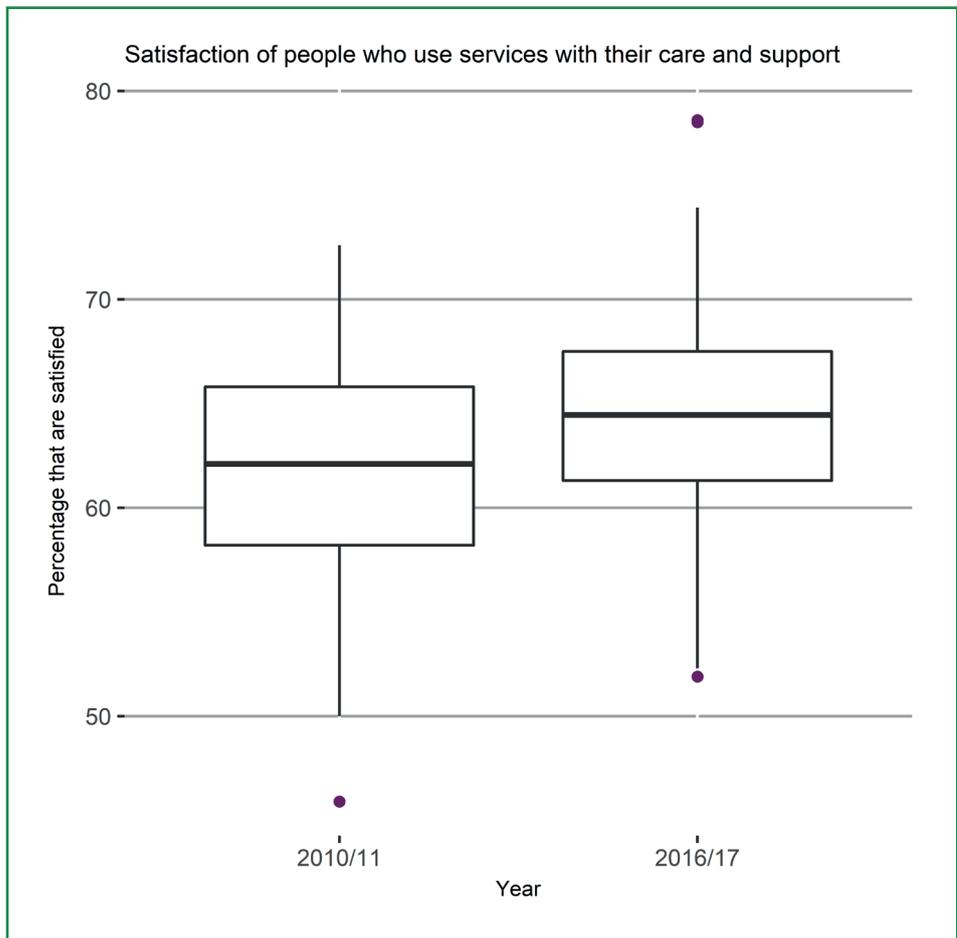
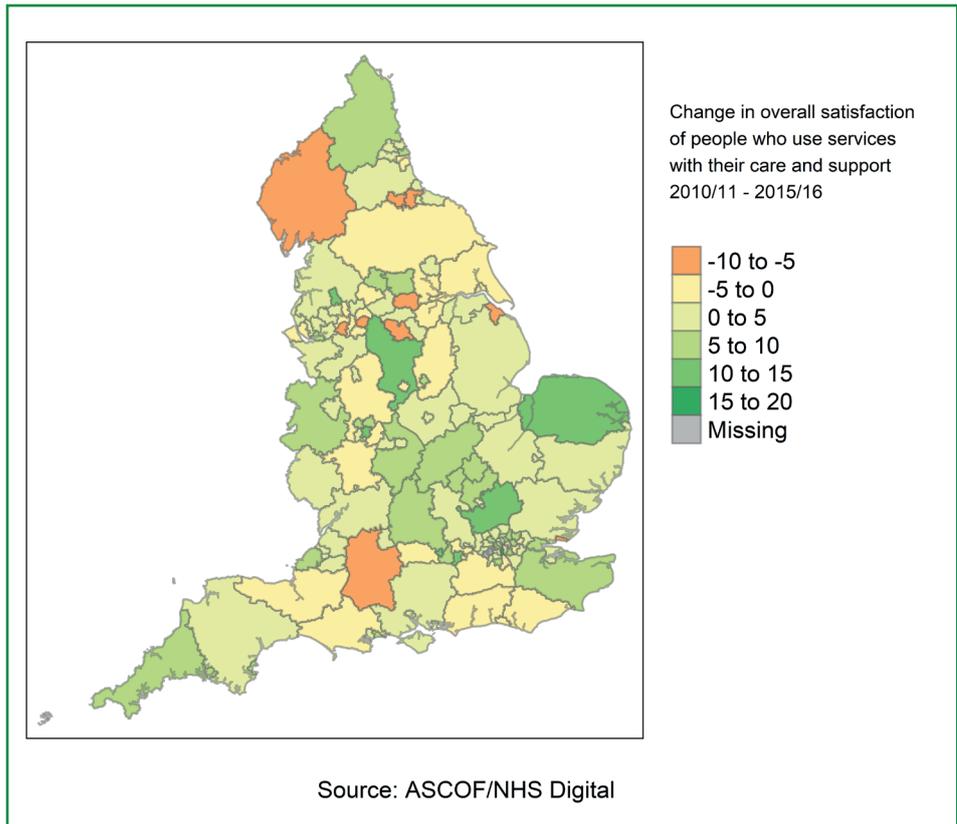
This section evaluates the available evidence for how councils have fared under the twin pressures of increased social care demand and the loss of almost 50p in every pound of government funding since 2010. The evidence analysed shows a system of remarkable resilience, to the great credit of the councillors and officers struggling to make it work, but with cracks beginning to show.

### 2.2.1 People's experience of adult social care

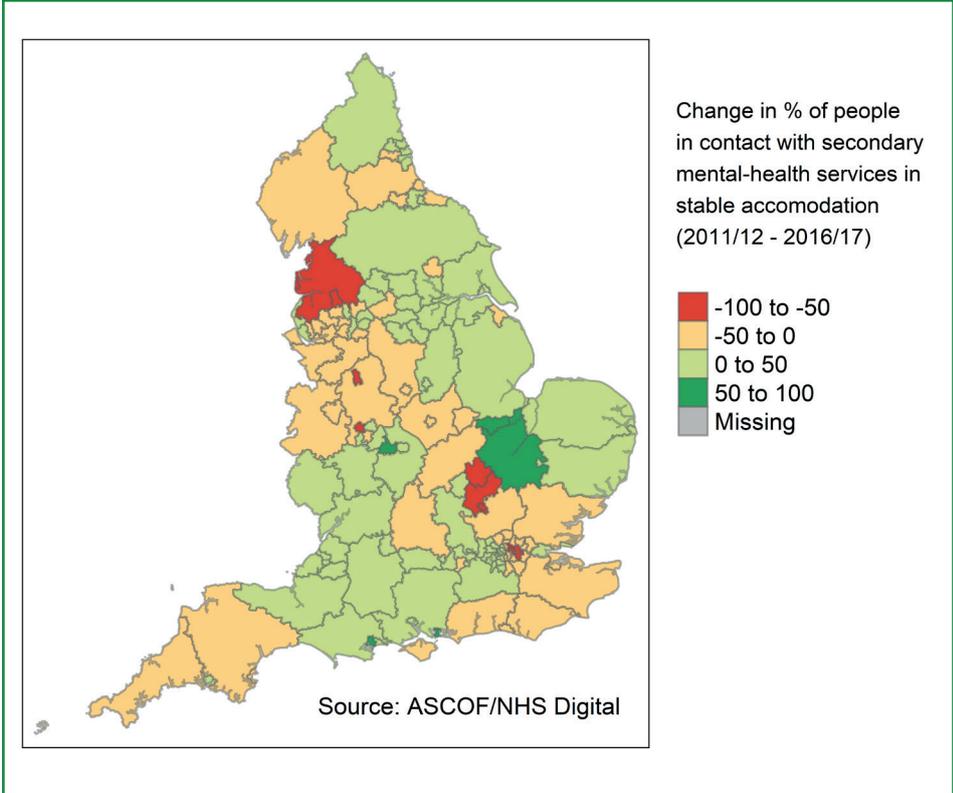
The charts below show changes in the proportion of adult social care users who are satisfied overall with their care and their support. As the map and boxplot show, in the period from 2011 to 2016, the majority of local authorities managed to keep satisfaction levels stable in spite of austerity, with some even managing to increase satisfaction among users.

This is important to note in evaluating the effects of austerity on local authorities. Given the gradual economic recovery and constant technological innovation – we may have hoped for the quality of experience felt by social care users to have increased by more than an average of 2.3% in this period. It is hard to make a judgement, however, when weighed against the incremental removal of 49.1% of real-terms government financing. This amounts to a distortion of outcomes, where time and resources that could have been spent improving a service are instead spent merely to maintaining levels.

That most users of adult social care remain satisfied with their care and support despite the reduction of the means to supply it is of course a credit to adult social care service directorates working to find a way to deliver this crucial service under pressure. Nevertheless, as the remainder of this section illustrates, cracks are showing.



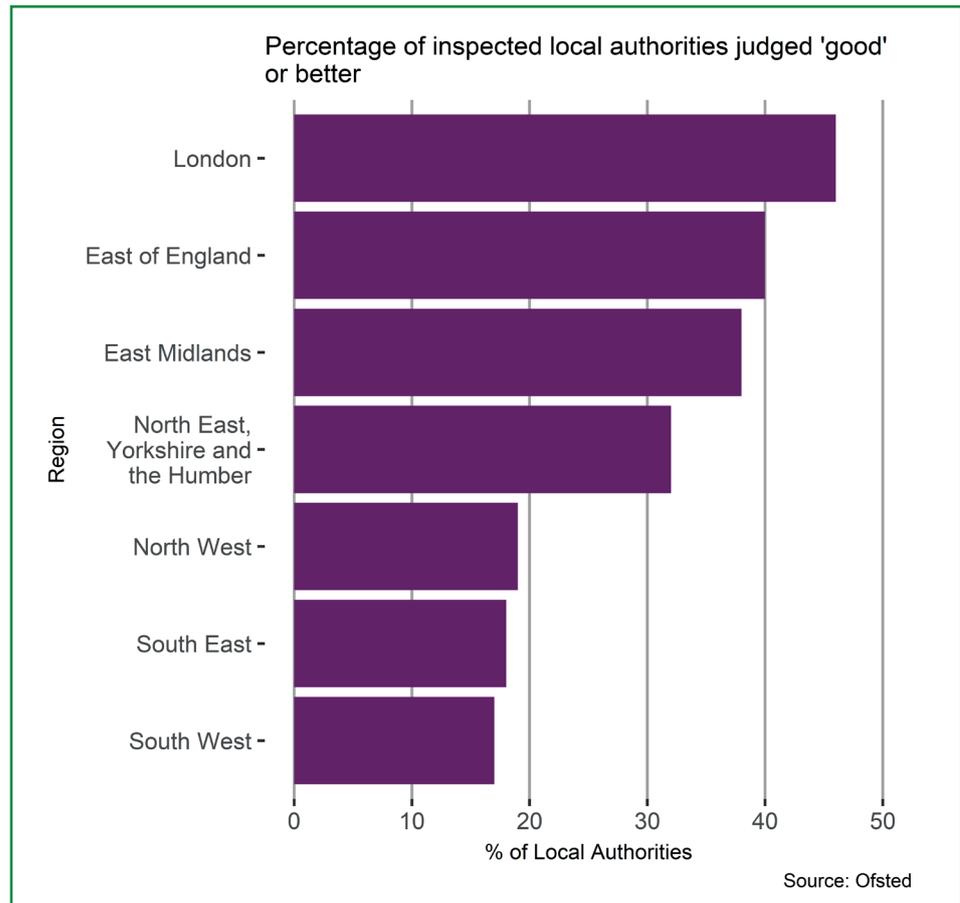
2.2.2 Stable and appropriate accommodation for users of mental-health services



With the rise in rough sleeping and increasing strain on primary mental health care, keeping people using secondary mental-health services in stable and suitable accommodation is an imperative. The map above shows the change in the percentage of service users in such accommodation from 2011/12 to 2016/17<sup>9</sup>. While there is still some information to offer encouragement – 50% of local authorities did not see a reduction for people in stable and suitable accommodation – the average of -3% shows a slight overall slip in ability to provide adequate care for users of secondary mental-health services. Considering the rising burden of homelessness and the aforementioned close link between these two conditions, this is alarming.

<sup>9</sup> NHS Digital recommends that yearly scores for 2016/2017 are compared with the following interactive report to understand the completeness of the data: [http://bit.ly/ASCOF\\_MH](http://bit.ly/ASCOF_MH)

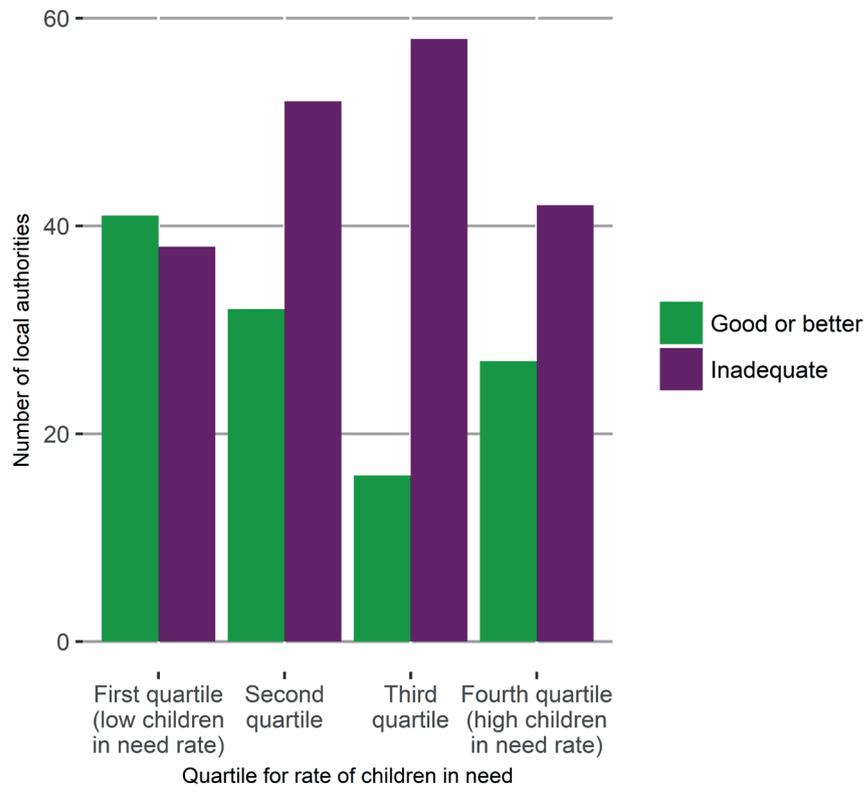
### 2.2.3 Children's social services



Although changes in the inspection framework make Ofsted evaluations of children's services hard to evaluate over time, it is clear from the above graph that many local authorities are not reaching a good standard of social care provision for children. Given the rise in looked-after children and the broader contextual factor of rising child poverty, this fact is one of the main reasons to end the budget squeeze on local authorities. To underscore this, the chart below, reproduced from Ofsted, breaks down the difference in authorities judged 'inadequate' and authorities judged 'good' by number of children in need per 10,000 children in an authority.

### Ofsted children's services ratings by rate of children in need

Reproduced from Ofsted - Children's Social Care Data in England 2017: main findings



### 3. Evaluation and Conclusion

The evidence evaluated above shows the strain local authorities have been placed under, and the often remarkable work they have done to manage it. Nevertheless, the state of children's services and increasing problems with providing proper care to people with adult social care needs calls for a change. For the social care system to be sustainable, local authorities need better funding from government and, crucially, the ability to raise money themselves. The evidence laid out in this paper shows that the vast majority of local authorities have a good grasp on their priorities and services and have striven to deliver them in spite of austerity measures.

The announcements from government of a reformed funding model and greater business rate retention from 2020/2021 are a welcome sign of a turn in the tide towards fiscal freedom and autonomy. Yet more could be done to allow true local control of tax and spend, as part of thriving local democracies. The new Civil Society Strategy from the Department for Culture, Media and Sport contains exciting proposals for empowering communities to vote on decisions in their area. Yet, without greater powers to raise taxes and increase spending, the 'citizen jurors' of tomorrow will be faced with little more than decisions over what to prioritise with increasingly difficult-to-balance budget sheets.



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