

The value of local government for welfare

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Introduction – The challenge facing local government

Local government has long played a central role in the British welfare system, particularly as the key provider of education and a range of social services. Historically, it was also the major provider of social housing although that role has become more of an enabling role in relation to planning and affordability since the 1980s. Local government has been supported through extensive financial grants from Central Government which have, broadly speaking, sought to equalise levels of provision across the country.

In recent years, local authorities in England have been at the forefront of efforts by the Coalition Government to manage the fiscal deficit by reducing public spending. That this is part of a longer-term agenda to reduce the size and scope of the state has been noted by commentators for some time, and is now being publically stated by the junior partner in the Coalition, the Liberal Democrats.

The scale of the cuts to local government budgets is of a scale not experienced previously and will radically reshape what they can do. There has also been (in England at least) a significant move away from the principle of equalisation. This is the evidence of a major research project for the Joseph Rowntree Foundation ongoing since 2011 which has charted the nature and pattern of cuts to local government budgets and the response of councils to these (see Hastings et al., 2015 for full details). Our own calculation of the scale of the cuts – borne out by evidence from bodies such as the National Audit Office – is of a real terms cut of 28% to English local government in the period 2010/11-15/16 (Hastings et al., 2015). Moreover, it is clear that authorities with the greatest concentrations of deprived people have been subjected to the biggest cuts in government grant.

It seems clear that, whichever party forms the next government, substantial further cuts in funding for local government can be expected. However, new research suggests that the capacity of English councils to continue to absorb further budget reductions without losing essential statutory services is close to being exhausted, and that the poorest and most vulnerable are likely to suffer the most significant impacts as this happens (Hastings et al., 2015).

So what has the Coalition been trying to achieve?

The Coalition Government's agenda for local government is not just about reducing spend, but also about bringing about fundamental change to the nature and scope of the sector. 'Localism' is clearly instrumental in achieving this – 'freeing up' local government from central control as well as 'dependency' on government grants, while passing over greater levels of responsibility for income generation and managing demand for services. The success of localism also depends on citizens and civic society organisations stepping forward to take over roles previously done by councils – such as managing the local leisure centre or library – and taking more responsibility for elderly relatives, neighbourhood cleanliness and so on.

The 'public service reform' agenda also aims to transform services so that budget contraction can take place without creating undue damage. 'Transformation' is conceived of encouraging services not only to work more efficiently but – as the recent report of the government-funded Transformation Panel indicated – more collaboratively and holistically: integrating different providers, data and technologies as part of a 'person-centred' focus.

Whether these agendas can indeed be delivered alongside fiscal austerity is a key ques-

tion. Moreover, the effects of other elements of the Coalition's programme – not least welfare reform and the growing evidence of the disproportionate impacts of this on areas of concentrated deprivation as well as on the intensity of need – should also be considered.

How has local government responded?

The evidence from national data and local cases studies is that, while the response varies between authorities, it can be summarised as having two main elements:

- 1 Local authorities have sought to **protect front-line services** by trying to deliver the majority of savings needed through efficiency measures and cuts in 'back office' functions or overheads such as premises. However, it is clear that scope for these kinds of savings is rapidly diminishing, and indeed that later phases of efficiency savings have begun to undermine the capacity of staff working in front-line roles to deliver effective services. The evidence of our research is that the public *have* noticed a deterioration in service standards across a range of services particularly but not exclusively with respect to those focused on children and young people and on the environmental quality in residential neighbourhoods. The fact that front-line services are destined to bear the brunt of the burden of cuts in the years to come is concerning therefore.
- 2 Most authorities have sought to **protect the services on which poorer groups are more reliant** by targeting other services for a greater rate of cuts. Nationally, councils are striving to shelter services such social work and social care, as well as those focused on financial advice or homelessness by giving them a degree of relative protection. Our case study evidence suggests the substantial challenges which this can entail, not least because these 'pro-poor' services make up around 60% of the total expenditure of the case study councils. Whilst they may well have been subjected to a lower proportionate share, many have been subject to high absolute levels of cuts. Moreover, there is evidence that as austerity

progresses, savings in 'pro-poor' services are making up a growing share of the overall burden of savings.

And what are the consequences?

First, **front-line services are under increasing strain**. As cuts to council services interact with the impacts of the recession and reductions in welfare expenditure, some services – particularly those used most by poorer groups – are in danger of being overwhelmed by a rise in the level and intensity of needs:

'These people are coming to us at the end of their tethers and we're trying to help them. I don't think we've ever had people quite as bad as we have at the moment ... this last year in particular has been really, really hard on people, we are inundated with people coming in now' (Advice Services Provider).

'Social work are so stretched that I think they will not, unless it's an absolute must, go out to deal with something' (Housing Services Provider).

Second, the cuts are **fuelling the rise in inequality between poorer people and places and their better off counterparts**. Even when authorities attempt to shelter poorer households from the worst effects of cuts, it is clear that these do fall most heavily on disadvantaged groups. Indeed, what can seem like quite small changes to services – the relocation of some services offered by a children's centre, reduced hours at the local swimming pool or increased charges for the uplift of refuse or public transport – can present an absolute barrier to some people's capacity to use a service.

Inequality is amplified by the fact that while poorer households may have few or no alternatives to council services, better off groups often do (the bookshop in place of the closed library, for example). Some councils have attempted to avoid withdrawing services altogether by centralising a range of services into 'hubs' operating from fewer locations but the costs of travel

(money and time) may be prohibitive for low income groups.

Third, some of the cuts are *storing up problems for the future* because many council services play a preventative role. In the longer-term, these cuts may well result in higher levels of need and hence demand for services. Good quality care for older people maintains health and well-being and supports independent living. Children's Centres can help children get a successful start at school and reduce the need for more expensive social work interventions:

'And one important thing I'd say is like when it comes to social services this centre provides de-escalation from it. If a family is having problems and we come here with it first they help us deal with it. It can actually stop a lot of referrals to social services' (Children's Centre Service user, disadvantaged neighbourhood).

There is a real danger that the level of cut to local government budgets will lead to a loss of the preventative and transformative potential of council services.

Conclusions

The pace and depth of cuts to local government budgets is bringing about a fundamental shift in both the scale and the nature of local government. It is clear that the Coalition Government has a vision of the future which is radically different from the past: where local government provides fewer services, many to a smaller range of people; where it works in partnership with a wider range of public and voluntary organisations to meet needs; and where citizens play a greater role in provision and outcomes.

But it is not clear that the Coalition has put a coherent strategy in place for moving to this new landscape. Indeed, it seems that the pace as well as the scale of cuts is undermining the capacity of councils to invest in or develop new forms of partnership. Moreover, there is a glaring lack of resourcing focused on building capacity for citizen action to replace the activities of the local state.

References

Hastings, A., Bailey, G., Bramley, G. and Gannon, M. (2015) *'The costs of the cuts: their impact on local government and poorer communities'*, York: Joseph Rowntree Foundation (<http://www.jrf.org.uk/publications/cost-cuts-impact-local-government-and-poorer-communities>) Accessed date early March.