

Local Government Association briefing Debate on the ability of local authorities to deliver essential services

House of Lords

Thursday 24 January 2019



KEY MESSAGES

- Councils are uniquely placed to build communities that are inclusive, cohesive and promote people's life chances. They do this by tailoring more than 800 local services to the needs of their residents, to meet local and national challenges.
- Between 2010 and 2020, councils will have lost almost 60p in every £1 of central government funding. This has created an unsustainable gap in council funding that is having a significant impact on councils and their communities.
- The extra funding in the 2018 Budget showed that the Government is listening to our call for investment to ease some of the pressures facing local services next year. There was also new money from central government included in the provisional local government finance settlement for 2019/20.¹
- We are also pleased that the Government has listened to our concerns and is providing an emergency injection of £350 million for Special Educational Needs and Disabilities capital investment, and high needs budgets, over the next two years.² However, it will only partially address the funding gap councils face in providing SEND support, which is estimated to be up to £1.6 billion by 2021.³
- Councils will still face an overall funding gap of £3.1 billion in 2019/20, which we estimate will rise to £8 billion by 2024/25. These pressures are impacting on the ability of local authorities to deliver essential services such as children's social care, public health, trading standards and homelessness support.
- It is vital that the Government uses the 2019 Spending Review to deliver truly sustainable funding for local government. Without this investment, the councils' ability to deliver the essential services on which their residents rely is put at substantial risk.

Briefing

FURTHER INFORMATION

This briefing contains an overview of Local Government Association analysis of the overall funding gap facing local government up to 2024/25, as well as some specific services where demand is rising.

The local government funding gap

Between 2010 and 2020, councils will have lost almost 60p in every £1 of central government funding. This has created an unsustainable gap in council funding that is having a significant impact on the services which local authorities deliver in their communities.

Councils will face an overall funding gap of over £3.1 billion in 2019/20, which we estimate will rise to £8 billion by 2024/25. This gap reflects the minimum funding needed to sustain services at current levels and does not assume the reinstatement of services that have been cut, or significant service improvements.

There are now acute financial pressures facing a range of essential services, including adult social care, children's services, and trading standards, as outlined below in this briefing.

Our latest analysis demonstrates the pressures facing some vital council services:

- adult social care faces a funding gap of £1.03 billion in 2019/20 and £3.6 billion in 2024/25;
- children's services face a funding gap of £949 million in 2019/20, and £3.1 billion in 2024/25;
- homelessness support (including temporary accommodation) faces a gap of £110 million in 2019/20, and £421 million in 2024/25;

Rising demand for key statutory services such as social care and public health will continue to threaten other crucially important services our communities rely on, including libraries, cleaning streets and maintaining green spaces.

The extra funding in the 2018 Budget showed that the Government is listening to our call for investment to ease some of the pressure facing local services next year. This included an additional one-off £650 million for children and adults, and £420 million for roads funding.⁴

There was some further one-off funding from central government included in the provisional local government finance settlement for 2019/20. This includes up to £20 million to ensure no changes to the New Homes Bonus threshold, and £152.9 million to cancel negative Revenue Support Grant. The Government also made some money available through the Rural Services Delivery Grant, and returned £180 million of top-sliced funding to councils from the business rates retention levy account.⁵ This money is welcome but is not sufficient to bridge the gap in 2019/20, and as one-off funding, does not address the long-term pressures facing local services.

It is absolutely vital that the 2019/20 final local government finance settlement and the 2019 Spending Review deliver additional funding for local government. This will go some way to enabling councils to play a full part in the prosperity of the nation, as well as to support the delivery of, and reduce the wider costs on public services.

Councils' ability to deliver essential services

Adult social care

Our latest analysis indicates that adult social care faces a funding gap of £1.03 billion in 2019/20 and £3.6 billion in 2024/25.

The adult social care and support sector is at breaking point and this is having a series of negative impacts. It is impacting on the quality of life of people who have care needs. It is also creating a fragile provider market, putting workforce and unpaid family carers under further strain, and impacting on social care's ability to help mitigate demand pressures on the NHS.

A sustainable NHS is not possible without a sustainable social care sector. If the NHS is going to thrive over the next 70 years, we need to make sure our social care services are properly funded and sustainable. To do this we need cross-party consensus and cooperation on the future of adult social care.

The delayed publication of the Government's social care green paper is disappointing. In the absence of the Government's green paper, the LGA produced its own. This was intended to stimulate a nationwide debate about how best to fund the care we want to see in all our communities for adults of all ages and how our wider care and health system can be better geared towards supporting and improving people's wellbeing. '*The lives we want to lead: the LGA green paper for adult social care and wellbeing*' was published in July 2018 and posed a series of questions covering social care, public health and wider wellbeing.⁶

The response to our green paper has been significant. We have received more than 540 submissions and gathered valuable insights from individuals and organisations through public polling and focus groups. Our response to the consultation which we published last November, recommended that in consulting on the shape of, and sustainable funding for, social care through its green paper, the Government should make the case for increases in Income Tax and/or National Insurance, or a social care premium.⁷

Children's services

Our latest analysis reveals that children's services face a funding gap of £949 million in 2019/20, and £3.1 billion in 2024/25.

A recent assessment of children's services shows that a total of 133 out of 152 councils (88 per cent) or almost nine out of 10 councils were forced to spend more money than they had planned to on children's social care in the last year (2017/18). This amounted to an overspend of £806 million. The number of councils spending more than they budgeted for indicates the immense pressure they are under to support vulnerable children and young people.

This increase in spend is primarily driven by large increases in the number of children and young people in receipt of services from children's social care, and particularly those in receipt of targeted, statutory, child protection support:

- Social workers are now starting new cases for more than 1,000 children every day on average, more than half of which are for abuse or neglect⁸.
- The total number of looked after children reached a new high of 75,420 in 2017/18, representing the biggest annual rise of children in care in eight years. An average of 88 children are now entering the care of local authorities every day⁹.

- The number of child protection enquiries has increased by 158 per cent in 10 years, from 76,800 in 2007/08 to 198,090 in 2017/18.¹⁰ Councils are now starting more than 500 child protection enquiries every day on average.¹¹
- The number of children on child protection plans has increased by 84 per cent in a decade, from 29,200 on 31 March 2008 to 53,790 on 31 March 2018. This equates to almost 25,000 additional children now supported by councils through plans.¹²

We were encouraged by the inclusion of new money for children's social care in the 2018 Budget.¹³ The announcement of £84 million over five years to expand children's social care programmes in 20 areas is a small step in the right direction, and the flexibility to use £410 million of additional funding for social care in 2019/20 on adult and children's services is a further acknowledgement of the pressures facing councils.

However, while any additional investment is welcome, we are clear that this will do little to alleviate the immediate and future pressures on services for some of the most vulnerable children and families. We will continue to campaign for a long-term sustainable funding solution in the Spending Review.

SEND

Councils are particularly concerned about the proposed changes to high needs funding which will reduce council and school flexibility to make additional funding available where there are rising demand pressures for special educational needs and disability (SEND) support. The proportion of pupils with SEND who attend special schools continues to increase. The LGA commissioned Isos Partnership, an independent consultancy, to undertake research looking at the high needs funding pressures facing councils. While it was good the Government announced money for SEND in December 2018, councils still face an estimated funding gap of up to £1.6 billion by 2021.¹⁴ We are concerned that unless sustainable funding is made available, councils will not be able to meet their statutory duties to support children with SEND.

Trading Standards

Trading standards, environmental health and licensing teams support local businesses by helping explain legislation around regulation and protecting them from rogue traders. Councils ensure that resource is focused on working with higher risk activities and non-compliant businesses.

Analysis by the Chartered Trading Standards Institute (CTSI) shows that since 2010/11, the average budget for trading standards services has nearly halved. In 2017/18, local authority trading standards had on average £785,000 to carry out vital enforcement work, down from over £1.34 million at the start of the decade.¹⁵

These severe financial pressures have been borne out in a sharp reduction in the number of trading standards officers helping to keep communities safe. The CTSI notes that:

- There was a fall of almost 50 professionally qualified trading standards professionals working within these services in a single year (2016-17).
- The average trading standards service has 9.6 fully qualified officers, making this fall equivalent to the loss of nearly five whole trading standards services in a year.¹⁶

- A small proportion of the shortfall has been made up by non-qualified officers, often without the technical expertise to carry out the 263 statutory duties involved in protecting the public from harmful goods and practices.

Councils are having to make very difficult decisions about how they prioritise different aspects of trading standards work, and many are unable to cover all of their duties. This is exacerbated by the Government continuing to create new regulatory duties without the resources to match (a recent example is the regulations on wood fire burners). The CTSI highlights that trading standards will often focus on protecting the most vulnerable people targeted by doorstep crime, with very limited resources available to undertake important enforcement work to support businesses.¹⁷

Homelessness

Our latest analysis demonstrates that homelessness support (including temporary accommodation) faces a funding gap of £110 million in 2019/20, and £421 million in 2024/25.

According to the latest official figures there are 82,310 homeless households, in need of temporary accommodation and other forms of support from local authorities. This number includes over 123,000 children, which represents the highest number of children without a permanent home since 2007.¹⁸ The rising number of people across the country needing support to secure temporary accommodation, or to remain in their homes, is putting a strain on council homelessness budgets which are already facing substantial financial pressures.

The new duties councils have faced in implementing the Homelessness Reduction Act 2017 have put further strain on councils' resources to prevent homelessness. Councils want to make a success of the legislation, but are in need of additional funding to truly do so. The Government must make additional funding a central part of the review into the Act which it is obliged to undertake in 2020.

The causes of homelessness must also be addressed by introducing measures that prevent fewer people from reaching the point of crisis. Among these are a reversal of welfare reform measures and a step-change in the supply of social housing. Moreover, government funding has a heavily centralised approach, comprising numerous, nationally-controlled and disparate pots of funding. This fails to give local authorities the strategic influence needed for them to effectively tackle all forms of homelessness in a coherent, joined-up way. As well as addressing the funding gap, government must ensure that funding is sustainable and flexible.

-
- ¹ <https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2019-to-2020>
- ² LGA response to additional SEND funding; <https://local.gov.uk/about/news/lga-responds-special-needs-funding-announcement>
- ³ <http://www.isospartnership.com/uploads/files/LGA%20HN%20report%20corrected%2020.12.18.pdf>
- ⁴ <https://www.gov.uk/government/publications/budget-2018-documents>
- ⁵ <https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2019-to-2020>
- ⁶ [The lives we want to lead: the LGA green paper for adult social care and wellbeing response](#)
- ⁷ [response](#)
- ⁸ National statistics: Characteristics of children in need: 2017 to 2018
<https://www.gov.uk/government/statistics/characteristics-of-children-in-need-2017-to-2018>
- ⁹ National statistics: Children looked after in England including adoption: 2017 to 2018
<https://www.gov.uk/government/statistics/children-looked-after-in-england-including-adoption-2017-to-2018>
- ¹⁰ Comparison of Referrals, assessments and children and young people who are the subject of a child protection plan or are on child protection registers, year ending 31 March 2008:
<https://webarchive.nationalarchives.gov.uk/20101008165003/http://www.dcsf.gov.uk/rsgateway/DB/SFR/s000811/index.shtml>
- and National statistics: Characteristics of children in need: 2017 to 2018
<https://www.gov.uk/government/statistics/characteristics-of-children-in-need-2017-to-2018>
- ¹¹ National statistics: Characteristics of children in need: 2017 to 2018
<https://www.gov.uk/government/statistics/characteristics-of-children-in-need-2017-to-2018>
- ¹² Comparison of Referrals, assessments and children and young people who are the subject of a child protection plan or are on child protection registers, year ending 31 March 2008:
<https://webarchive.nationalarchives.gov.uk/20101008165003/http://www.dcsf.gov.uk/rsgateway/DB/SFR/s000811/index.shtml>
- and National statistics: Characteristics of children in need: 2017 to 2018
<https://www.gov.uk/government/statistics/characteristics-of-children-in-need-2017-to-2018>
- ¹³ <https://www.gov.uk/government/topical-events/budget-2018>
- ¹⁴ <http://www.isospartnership.com/uploads/files/LGA%20HN%20report%20corrected%2020.12.18.pdf>
- ¹⁵ <https://www.tradingstandards.uk/media/documents/news--policy/surveys/ctsi-workforce-survey-2017.pdf>
- ¹⁶ <https://www.tradingstandards.uk/media/documents/news--policy/surveys/ctsi-workforce-survey-2017.pdf>
- ¹⁷ <https://www.tradingstandards.uk/media/documents/news--policy/surveys/ctsi-workforce-survey-2017.pdf>
- ¹⁸ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/764357/TA_Tables.xlsx