

Local Government Association

Backbench business debate on the Social Mobility Commission's State of the Nation report

Thursday 23 March 2017



Key messages

- We want every resident to have a good quality of life and to aspire to improve their circumstances regardless of their background or where they live. It can be far harder for people to take advantage of opportunities if they are in poverty, where energy is spent trying to make ends meet rather than looking out for the next step up. Those in poverty are also more likely to experience poor health and wellbeing.
- To tackle poverty and promote social mobility, policies cutting across a wide range of areas need to be considered together, including employment support, welfare, housing, early years provision and education, public health and family support.
- The current funding system often discourages joined up working as the financial benefits of intervention do not necessarily benefit the service delivering them.
- The right balance between services targeted on those who need it most and universal provision needs to be found, making the most effective use of limited financial resources. This balance may need to vary from place to place, and give local partners the freedom and flexibility to prioritise funding and commissioning in a way that best meets their local circumstances.

Background

Every resident has the right to a good quality of life, and to aspire to improve their circumstances regardless of their background or where they live. However, there is clear evidence that where people are born into or experience poverty, it significantly impacts on their life chances, depriving them of the chance to play a full part in society.¹ As the Social Mobility and Child Poverty Commission highlighted, “in our view, poverty and mobility are two sides of the same coin.”²

Nearly a quarter of households do not have enough money to live on and this has been increasing.³ Households at the lower end of the income spectrum have been protected to some extent from the impacts of austerity by rising employment and low inflation, but this is likely to change over the remainder of this Parliament, owing to further reductions in spending on working age benefits and rising inflation.⁴ Families and children in the most deprived areas need a preventative and joined up approach to tackling poverty. Health and wellbeing go hand in hand with poverty and challenging housing arrangements which affect parenting, relationships and children's wellbeing.

¹ Joseph Rowntree Foundation, “UK Poverty: Causes, Costs and Solutions” 2016 <https://www.jrf.org.uk/report/uk-poverty-causes-costs-and-solutions>

² Social Mobility and Poverty Commission, “State of the Nation 2015” <https://www.gov.uk/government/publications/state-of-the-nation-2015>

³ Institute of Health Equity, Marmot Indicators 2014 <https://www.instituteofhealthequity.org/projects/marmot-indicators-2014/marmot-indicators-2014-a-preliminary-summary-with-graphs>

⁴ Resolution Foundation, “Living Standards 2017” <http://www.resolutionfoundation.org/publications/living-standards-2017-the-past-present-and-possible-future-of-uk-incomes/>

Briefing

Councils are best-placed to understand the range of needs faced by their residents, but their scope to provide integrated support is constrained by falling funding and a lack of influence over key partners, for example in education and employment. There also needs to be consideration of how best to balance universal and targeted services in a time of reduced public spending.

Early Years and Education

Childcare and early education settings play a crucial role in supporting young children and, particularly in some more deprived areas, their parents. The Government's extended childcare offer will provide welcome support for many working parents. However, provision in many deprived areas too often offers less choice and quality to families. Families and children in these areas would benefit if the ability to monitor and intervene on quality was returned to local councils.

The LGA supports the principle of an early years national funding formula and is pleased that the Department is attempting to address some of the long-standing idiosyncrasies of the existing system with its review. We welcome the principle of the extended offer for working parents but, as the childcare sector has noted in its responses to the Government's, there are some very substantial risks in terms of quality, sufficiency and the long term viability of local provider markets. Many providers have warned that, even allowing for the modest uplift in the funding rates, switching to government-funded hours would represent an unsustainable reduction in income.

All children deserve access to the best possible education. Data shows that council-maintained schools receive better Ofsted ratings, and improve more quickly, than academy schools.⁵ We have called on the Government to take advantage of councils' unique position in the community and give them a clear and strategic role in overseeing local schools systems, accompanied by appropriate resources, powers and flexibilities, so that they can support local school improvement and hold schools to account for education standards.

Parenting and Relationships

It is crucial that funding and services that support parenting and relationships are joined up across different government agencies. Relationships often suffer under stress. The State of the Nation report recommend introducing a new parental support package at key points in a child's life.⁶ We need to ensure that support for parenting and relationships is integrated with other services, and that we are able to understand and mitigate the impact of potential stress factors such as losing a job, benefits, a home, or health.

Welfare

The Government's programme of welfare reform has significantly reduced m welfare benefits for working age households. Lone parents and large families have seen some of the greatest reductions in income.⁷

Discretionary components of the welfare system that take account of personal circumstances – such as Discretionary Housing Payment, the former Social Fund, and support for Universal Credit claimants with additional needs – have in effect

⁵ http://www.local.gov.uk/media-releases/-/journal_content/56/10180/7799763/NEWS

⁶ <https://www.gov.uk/government/news/state-of-the-nation-report-on-social-mobility-in-great-britain>

⁷ Institute for Fiscal Studies 'Benefit Spending and reforms: the coalition Government's record' <https://www.ifs.org.uk/uploads/publications/bns/BN160.pdf>

been localised as part of the reforms.⁸ However, this has often been implemented in a piecemeal fashion with little or no commitment to providing an adequate and appropriate long term local safety net. The LGA has called on the Government to more effectively recognise and fund local welfare and approaches to increase resilience.

Reductions in housing benefit, combined with rising rents, are contributing to a rise in homelessness and inadequate housing.⁹ Central and local government need to do more to understand the impact of housing insecurity on children. This will complement existing analysis that shows that regular moves between childcare and educational settings is detrimental on a child's educational attainment and limits their opportunities.¹⁰

The impact of policy and funding decisions on low income households must be monitored, with provisions in the Welfare Reform and Work Act 2016 on Housing Benefit, Tax Credits and Employment and Support Allowance doing little to address the reasons why people claim benefits. To reduce reliance on welfare and move people out of poverty, they need access to employment, and reduced outgoings, primarily through improving access to affordable housing.

Employment and Skills

The current skills training system remains highly centralised, fragmented and complex which results in duplication and competing interventions. The national approach to commissioning mainstream and re-engagement employment and skills funding is worth £10.5 billion (2016/17) but this is scattered across 20 different national schemes.¹¹

We are calling on the Government to enable groups of councils to commission employment and skills services. Councils want to work in partnership with schools and colleges to collaborate and target public funds around the local skills needs of employers and young people. This will help support social mobility.

Careers education, information, advice and guidance (CEIAG) is a key component of employment and skills provision, but the current offer is delivered through a range of initiatives and providers, making it patchy and fragmented. Councils want to play a vital role in coordinating and commissioning CEIAG services, and this is a major ask in devolution deals. A radical rethink is needed to make the skills system more accessible, coordinated, and relevant to all ages and local economic need.

Housing and Homelessness

Stable social housing is needed to provide stability and affordability to some of our most vulnerable households, allowing them to take advantage of opportunities to improve their lives. However, the availability of social rented council housing has halved since 1994, from 3.6 million properties to 1.6 million properties in 2016.¹²

⁸ Social Security Advisory Committee 'localisation and social security: a review' May 2015

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/428356/localisation-and-social-security-ssac-may-2015.pdf

⁹ GLHS 'Homelessness policy and support options – a report to the LGA' August 2016

¹⁰ 'Do children who move home and school frequently have poorer educational outcomes in their early years at school?', Hutchings et al 2013 <http://journals.plos.org/plosone/article?id=10.1371/journal.pone.0070601>

¹¹ LGA Analysis; Autumn Statement 2016 Submission

<http://www.local.gov.uk/documents/10180/7991192/LGA+submission+to+the+Autumn+Statement+2016.pdf/ae76f5e3-7a8a-49a1-aeb0-67c4fc61fef>

¹² DCLG Continuous Recording of Lettings and Sales in social housing in England:

<https://core.communities.gov.uk/>

The State of the Nation report contains a number of recommendations on housing.¹³ Investment in housing would help redress the rising gap between housing costs and household income; generate savings, as weekly housing benefit payments are on average £20 lower in the social rented sector than in the private rented sector;¹⁴ and help better meet the needs of vulnerable people in ways that both reduce costs and promote life chances.

Analysis of the savings delivered through Housing Benefit reform under the previous government show that it is not possible to sustainably reduce the Housing Benefit bill simply by reducing the generosity of Housing Benefit.¹⁵ There is evidence that reforms to Housing Benefit in areas where market rents are higher and the supply of social housing is particularly constrained, drives up homelessness, rent arrears and overcrowding,¹⁶ placing unsustainable demands on Temporary Accommodation.

We have, therefore, asked the Government to lift the freeze on Local Housing Allowance rates and work with local government and the housing sector to address the chronic undersupply of good quality, affordable housing for low income households.¹⁷

Public Health

Poverty and health outcomes are closely linked. Poor maternal health, and poor early years health and nutrition, are strongly associated with socioeconomic disadvantage. Reductions to public health funding for programmes targeted at disadvantaged families are likely to have a detrimental impact on health outcomes for children from deprived backgrounds.

The Government has confirmed a £331 million reduction to public health budgets between 2016/17 and 2020/21. This is on top of £200 million in-year reductions announced in October 2015.¹⁸ We are concerned that confirmation of the decision to cut the public health budget by £84 million¹⁹ in 2017/18 could undermine the objectives we share to prevent illness, improve the public's health and to keep the pressure off adult social care and the NHS.

The decision to transfer public health responsibilities to local government in 2013 was welcomed but many will now feel that they have been handed the responsibility without the appropriate resources. The LGA seeks reassurance that Government will give councils a free hand in how best to find the savings in public health budgets. Anything less will make the task of finding the reductions more difficult. Councils are best placed to decide how reduced resources should be used to meet our public health ambitions locally.

¹³ <https://www.gov.uk/government/news/state-of-the-nation-report-on-social-mobility-in-great-britain>

¹⁴ DWP Housing Benefit caseload statistics weekly award by tenure: <https://www.gov.uk/government/statistics/housing-benefit-caseload-statistics>

¹⁵ IFS Green Budget 2015 chapter 9 'options for reducing spending on social security' https://www.ifs.org.uk/uploads/gb/gb2015/ch9_gb2015.pdf; Office for Budget Responsibility 'welfare trends report' October 2014: http://budgetresponsibility.org.uk/docs/dlm_uploads/Welfare_trends_report_2014_dn2B.pdf

¹⁶ DCLG homelessness live data tables <https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness#statutory-homelessness-and-prevention-and-relief-live-tables>; GLHS 'Homelessness policy and support options – a report to the LGA' August 2016

¹⁷ Ibid.

¹⁸ Public Health Grants to local authorities 2013 - 2016: <https://www.gov.uk/government/publications/ring-fenced-public-health-grants-to-local-authorities-2013-14-and-2014-15>

¹⁹ Department for Health published final allocations of the public health grant for 2017/18