

# Inequality and Social Mobility

House of Commons

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## KEY MESSAGES

- Local government works across a broad range of services that are important to social mobility. These include education, welfare, housing, family services and public health to name just a few. Councils are therefore uniquely placed to proactively contribute to improving social mobility of its residents.
- To do this, local government needs adequate and sustainable funding. Councils face an overall funding gap of £3 billion in 2019/20, which we estimate will rise to £8 billion by 2024/25. It is vital that the Government uses the 2019 Spending Review to deliver truly sustainable funding for local government.

### *Children's services*

- One of the keys to tackling inequality and social mobility is to give people the best start in life. The local authority role in children's services should go beyond the provision of statutory child protection services. Children should be supported to get the best, not just left to get by. The overall funding gap facing councils' children's services will reach £3.1 billion by 2025. We are calling for this to be plugged and the cuts to early intervention funding to be reversed. This will help councils continue to deliver high quality services for their residents.
- Effective, high quality early years provision makes a difference to young children, helping to break the cycle of disadvantage, improving social mobility and offering them a good start in life. Maintained nursery schools (MNS) offer an exceptionally high standard of education and support disproportionately high numbers of disadvantaged children and those with SEND.

### *Adult Social care*

- Adult social care is a vital service in its own right that helps support the wellbeing and independence of adults of all ages. The demand for care services is an area where inequality can be seen most clearly. Councils have protected social care relative to other services however, the service still faces a shortfall of £3.6 billion by 2025. This is needed simply to keep on providing existing support at current levels and would not meet the cost of changing the current model of provision, or include the funding needed to tackle under met and unmet need. The Government needs to find a sustainable long-term funding solution for adult social care and support.

### *Skills*

- People need to be given the tools and skills to help them build their career, but this can be a challenge as our employment and skills system is highly fragmented. Research commissioned by the LGA reveals that the skills gap is worsening. Local areas should have the powers and funding to plan, commission and have oversight of a joined-up service bringing together advice and guidance, employment, skills, apprenticeship and business support for individuals and employers. This should be led by combined authorities and groups of councils, in partnership with local stakeholders.

# Briefing

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## **Housing**

- Housing crises are forcing difficult choices on families, distorting places and limiting opportunity and growth. The crisis is caused by the fact housing is often not affordable, available, or suitable to everyone that needs it. Housing markets are complex and local.
- Councils need the tools to build and invest in homes that meet the range of local needs. We need a renaissance in council investment in new and existing housing to help families stuck in homes that are unaffordable or unsuitable. The last time we built at least 250,000 homes a year, in the 1970s, councils delivered more than 40 per cent of them.

## **FURTHER INFORMATION**

People should have a good quality of life and to be able to improve their circumstances regardless of their background or where they live. To tackle poverty and promote social mobility, policies cutting across a wide range of areas need to be considered together and follow people through their lifetime. This includes early years, family support, education, employment support, welfare, public health and housing.

### **Children's services**

#### *Funding pressures on council children's services*

Children should be supported to get the best, not just to get by. It is however increasingly challenging to turn this ambition into a reality when the financial pressures are forcing an increasing number of councils to make difficult decisions about the allocation of limited resources.

Across the country, local authority children's services are under significant and increasing pressure. Overall council spending on children's social care amounted to almost £8.8 billion in 2017/18, an increase of 4.3 per cent (nearly £370 million) in one year. This is a higher proportional increase than any other area of council spending (adult social care increased by 2.9 per cent), and amounts to an increase of more than £750 million from 2014/15<sup>i</sup>.

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 neglect<sup>ii</sup>.
- 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 day<sup>iii</sup>.
- 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<sup>iv</sup>. Councils are now starting more than 500 child protection enquiries every day on average<sup>v</sup>.
- 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<sup>vi</sup>.

This significant increase in demand for statutory child protection support has coincided with a significant fall in government funding for councils, forcing local authorities to make large cuts to other services in order to continue providing support for the most vulnerable. Between 2010 and 2020, councils will have lost £15 billion of core central government funding<sup>vii</sup>, amounting to 60p out of every £1 the Government had provided for services<sup>viii</sup>.

The subsequent pressure that this has caused is not unique to any particular type or group of councils. From large rural counties to smaller inner city boroughs, councils consistently tell us that demand for children's services alongside reduced government funding is putting their budgets under enormous strain.

This is perhaps best illustrated by new analysis from the LGA, which has found that a total of 133 out of 152 upper tier councils (88 per cent) were forced to spend more money than they had budgeted for children's social care in the last year (2017/18). This amounted to a total national overspend of £806 million over just twelve months<sup>ix</sup>.

The LGA has calculated that children's services are facing a funding gap of around £3.1 billion by 2025, just to maintain services at their current levels<sup>x</sup>. This does not allow for any additional investment in services such as early help for children and families.

### *Early years education*

The early years are key to a child's education and social mobility, with evidence showing that attending high quality early years setting can have a significant positive impact on a child's early development and school readiness, particularly for those children growing up in poverty.

There is evidence that while high quality childcare can support children's development and increase academic skills, low quality childcare produces either no benefit or even negative effects.<sup>xi</sup> The quality of provision locally, therefore, is at least as important as the quantity.

The presence of well-qualified staff improves the quality of a setting<sup>xii</sup>, however there are concerns nationally about the quality of the workforce, with qualification levels on a downward trend.<sup>xiii</sup> A recent survey of local authorities<sup>xiv</sup> found that three quarters (76 per cent) of councils were "very" or "fairly" concerned about the quality of level three practitioners in their areas (at least one practitioner in each nursery setting must hold a full and relevant level 3 qualification). Higher wages, improved professional development and better career progression were all considered to be ways to increase the quality of practitioners, however increased wages are difficult for providers to offer at a time of significant funding constraints.

A recent survey of local authorities in London<sup>xv</sup> found that the number of free places for disadvantaged two-year-olds was falling as an unintended consequence of the 30 hours free childcare policy and the new early years funding formula, including because two-year-olds are more expensive to care for due to higher staff : child ratios. We encourage the Government to look at this with some urgency to ensure that these policies do not negatively affect those children most in need of early education to improve their life chances.

Children who grow up in poverty are more likely to experience poorer outcomes than their peers<sup>xvi</sup> and those children in workless households are five times more likely to live in poverty than those in homes where all adults work. Support with childcare costs is a positive step towards making employment more accessible, particularly to those on low incomes.

## *LGA Bright Futures vision*

Securing the long-term future of children's social care requires a broad strategy that goes beyond short term innovation to consider the wider issues affecting the sector in the long term. We have therefore produced a seven point action plan for coordinated action across the public, community and voluntary sectors, which we believe will help drive the improvement necessary to consistently offer the brightest future for children and families. Taken together, *Bright Futures*<sup>xvii</sup> represents an ambitious plan, whilst at the same time recognising the challenges and actions we can take in response. If we want to make sure every child and young person can look forward to a bright future, local and national government must be united in their determination to get the best.

Central to the vision is a call for all government departments to unite behind a shared ambition for children and young people, recommending the introduction of a 'children and young people impact assessment' to bring a greater focus to the implications of national policy decisions on our younger residents.

The vision outlines seven principles for effective children and young people's services:

- A stronger focus on outcomes for children
- Consistently strong local leadership
- A culture of continuous improvement
- The right support for children at the right time
- Sustainable funding to help children thrive
- A better understanding of what works for children
- Strengthened morale and support for social workers

## **Adult Social Care**

Adult social care is a vital service, supporting the independence and wellbeing of adults of all ages. It strengthens our communities, helps sustain our NHS and adds essential economic value to our country. We estimate that, since 2010, councils have had to bridge a £6 billion funding shortfall just to keep the adult social care system going. Councils have protected adult social care in comparison with other services. Despite this, councils face an overall funding gap of £8 billion by 2025,<sup>xviii</sup> the shortfall in adult social care makes up £3.6 billion of this gap and comprises two main elements: first, 'core pressures' posed by demography, inflation and the National Living Wage; and second, the provider market pressure (the difference between what providers say they need and what councils pay).

Spend on adult social care accounts for a growing total of councils' overall budgets, up from 36.9 per cent in 2017/18 to 37.8 per cent in 2018/19<sup>xix</sup>. As a result, by 2019/20, 38p of every £1 of council tax will go towards funding adult social care. Councils' budgeted expenditure on adult social care for 2018/19 stands at £16.1 billion<sup>xx</sup>. Latest figures show that councils in England receive 1.8 million new requests for adult social care each year – the equivalent of nearly 5,000 a day<sup>xxi</sup>.

Following the Government's repeated delays to its care and support green paper, we published our own last summer. [\*The lives we want to lead: The LGA green paper for adult social care and wellbeing\*](#) was a starting point for a public debate about how to fund care and how the care and health system can better support and improve people's wellbeing. Our [response to our consultation](#) was published in November last year and set out key findings, implications and recommendations, including on how to fund social care. It 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 national taxation.

## **Skills: Work Local**

Our employment and skills system is highly fragmented, and it can be difficult and confusing for people looking to retrain or upskill to know where to start. In 2016/17 £10.5 billion of employment and skills funding is commissioned by eight Whitehall departments or agencies across 20 different national schemes, with different criteria and eligibility. Despite this level of investment, our skills system has failed to have a decisive impact on the varying social and economic challenges and opportunities in local areas, or make a decisive impact on outcomes.

Research commissioned by the LGA reveals that the skills gap is worsening. By 2024 there will be more than four million too few high-skilled people to take up available jobs, two million too many with intermediate skills and more than six million too many low-skilled. Failure to address the resulting skills gap puts at risk up to four per cent of future economic growth, or a loss of £90 billion economic output, and the average worker will be £1,176 a year worse off.

The Government has initiated a range of post-16 skills reforms to address the skills challenge, including a renewed focus on adult re-skilling and upskilling. It will be important for the Government to recognise the merits of the local careers pilots and use it to inform the CBI and TUC-led National Retraining Scheme. It must also ensure that sector needs are balanced with local needs, and that it delivers support to those people and places that are most likely to lose out from economic and technical change.

Other national initiatives include skills advisory panels, devolved adult education budget, digital skills partnerships and reforms to achieve parity between technical and academic routes. There are clear benefits to exploring how these could be designed and coordinated locally to target training of the current and future workforce and we are committed to working with the Government to achieve this.

Work Local is the LGA's positive proposal for change. Led by combined authorities and groups of councils, in partnership with local stakeholders, local areas should have the powers and funding to plan, commission and have oversight of a joined-up service bringing together advice and guidance, employment, skills, apprenticeship and business support for individuals and employers. This approach is now critical as combined authorities, councils and local partners plan how their areas will respond to the challenges and opportunities of Brexit and the Government's Industrial Strategy.

In November 2018 the LGA launched its Skills Taskforce, bringing together a range of industry stakeholders, including the FSB and the TUC, to discuss the skills-related challenges we currently face and the solutions needed. The Taskforce has the single objective to develop an approach that will tackle the growing skills gap and the highly fragmented skills and employment system in the UK.

## **Housing**

In order to tackle social mobility we need to urgently address the housing crisis. Without a place to call a home, it is very hard for people to feel secure and thrive. The LGAs analysis found that home ownership among 25-year-olds has more than halved in 20 years. Almost half (46 per cent) of all 25-year-olds owned their home 20 years ago, whereas only 20 per cent are on the housing ladder today<sup>xxii</sup>. According to the Social Mobility Commission, owner occupation in the housing market has fallen by 17 per cent in the last decade among the under-44s.<sup>xxiii</sup> This

is an example of how the housing crisis is affecting our communities now today and preventing them from reaching their potential.

The last time we built at least 250,000 homes a year in the 1970s, councils delivered more than 40 per cent of them. Councils once again have a key role in delivering more affordable housing and helping to build 300,000 new homes a year. According to Government statistics, new housing completions in 2017/18 reached 163,250 - a 16 per cent increase from the previous year<sup>xxiv</sup>. It is positive news that more homes are being completed. The figures show that whilst private developers built 134,110 and housing associations 27,410 only 1,730 houses were completed by local authorities.

The lifting of the Housing Revenue Account (HRA) borrowing cap was a welcome and necessary step, which councils and the LGA had long called for. The Government has estimated this will lead up to 10,000 new homes a year. This is a significant contribution to the estimated 100,000 social homes a year needed. Councils will need to build the capacity in their housing teams, and we will be working to ensure the sector is well equipped to build houses at scale.

Despite substantial constraints in recent years, councils have been working hard to build new homes. We recently looked in-depth at innovation in house-building via HRAs. Our research demonstrated how councils are building some of the best quality housing, on some of the most difficult sites, and meeting the needs of people not being catered for by other developers<sup>xxv</sup>.

The Government published its social housing green paper in August 2018, setting out its proposals to reform the relationship between tenants and landlords<sup>xxvi</sup>. We welcome the green paper, and the positive intent it signals towards delivering more affordable housing<sup>xxvii</sup>. The green paper is only a small step towards plugging the gap in housing supply, compared with the immediate need for more genuinely affordable homes.

### *Right to Buy*

Councils want to encourage home ownership, without a corresponding decline in the number of social rented homes. It is therefore essential that the Government enables councils to keep 100 per cent of receipts from RtB sales to invest in new housing. Under current arrangements councils are only able to retain a third of receipts from the sale of homes. Local authorities have lost enough homes to house the population of Oxford in the last five years<sup>xxviii</sup>.

Recent LGA analysis reveals almost £3.5 billion in RtB discounts have been handed out to council tenants over the past six years, at an average of £60,000 in 2016/17<sup>xxix</sup>. This has led to a quadrupling in the number of RtB sales, which councils have been unable to keep up with and replace. This loss of social rented housing risks pushing more families into the private rented sector, driving up housing benefit spending, and exacerbating our homelessness crisis.<sup>xxx</sup> In order to put Right to Buy on a sustainable financial footing, councils must be able to set sale discounts locally. This would enable councils to align their Right to Buy policies with the local housing market, and with the demand for social rented housing in their area.

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<sup>i</sup> Local authority revenue expenditure and financing statistics: <https://www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing>

<sup>ii</sup> National statistics: Characteristics of children in need: 2017 to 2018

<https://www.gov.uk/government/statistics/characteristics-of-children-in-need-2017-to-2018>

<sup>iii</sup> 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>

<sup>iv</sup> 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>

<sup>v</sup> National statistics: Characteristics of children in need: 2017 to 2018

<https://www.gov.uk/government/statistics/characteristics-of-children-in-need-2017-to-2018>

<sup>vi</sup> 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:

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<https://www.gov.uk/government/statistics/characteristics-of-children-in-need-2017-to-2018>

<sup>vii</sup> Local Government Association. (2018) *Local Government Funding: Moving the conversation on*. Available from: [https://www.local.gov.uk/sites/default/files/documents/5.40\\_01\\_Finance%20publication\\_WEB\\_0.pdf](https://www.local.gov.uk/sites/default/files/documents/5.40_01_Finance%20publication_WEB_0.pdf) [Accessed 26 September 2018]

<sup>viii</sup> Local Government Association. (2018) *Local Government Funding: Moving the conversation on*. Available from: [https://www.local.gov.uk/sites/default/files/documents/5.40\\_01\\_Finance%20publication\\_WEB\\_0.pdf](https://www.local.gov.uk/sites/default/files/documents/5.40_01_Finance%20publication_WEB_0.pdf) [Accessed 26 September 2018]

<sup>ix</sup> Local authority revenue expenditure and financing statistics: <https://www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing>

<sup>x</sup> <https://www.local.gov.uk/about/news/councils-face-almost-ps8-billion-funding-black-hole-2025>

<sup>xi</sup> Sutton Trust (2014) *Sound Foundations* <https://www.suttontrust.com/wp-content/uploads/2014/01/1sound-foundations-jan2014-3-1.pdf>

<sup>xii</sup> Nuffield Foundation (2014) *Quality and Inequality: Do three- and four-year-olds in deprived areas experience lower quality early years provision?*

[https://www.nuffieldfoundation.org/sites/default/files/files/Quality\\_inequality\\_childcare\\_mathers\\_29\\_05\\_14.pdf](https://www.nuffieldfoundation.org/sites/default/files/files/Quality_inequality_childcare_mathers_29_05_14.pdf)

<sup>xiii</sup> Education Policy Institute (2018) *The Early Years Workforce: A Fragmented Picture*

[https://epi.org.uk/publications-and-research/early-years-workforce\\_analysis/](https://epi.org.uk/publications-and-research/early-years-workforce_analysis/)

<sup>xiv</sup> Local Government Association (2018) *Early Years Provision: Survey Results* <https://www.local.gov.uk/early-years-provision-survey-results-june-2018>

<sup>xv</sup> London Councils <https://www.londoncouncils.gov.uk/node/33577>

<sup>xvi</sup> Joseph Rowntree Foundation <https://www.jrf.org.uk/report/child-poverty-and-its-consequences>

<sup>xvii</sup> <https://local.gov.uk/about/campaigns/bright-futures/bright-futures-childrens-services>

<sup>xviii</sup> LGA, *Moving the conversation on: A sustainable adult social care and support system for the long term*, [https://www.local.gov.uk/sites/default/files/documents/3\\_july\\_22.24%20LGA%20think%20piece%20series%20the%20care%20and%20support%20green%20paper\\_v03\\_0.pdf](https://www.local.gov.uk/sites/default/files/documents/3_july_22.24%20LGA%20think%20piece%20series%20the%20care%20and%20support%20green%20paper_v03_0.pdf)

<sup>xix</sup> Directors of Adult Social Services budget survey report, <https://www.adass.org.uk/media/6434/adass-budget-survey-report-2018.pdf>

<sup>xx</sup> MHCLG, Local Authority Revenue Expenditure and Financing, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/720336/RA\\_Budget\\_2018-19\\_Statistical\\_Release.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/720336/RA_Budget_2018-19_Statistical_Release.pdf)

<sup>xxi</sup> Adult Social Care Activity and Finance Report, 2017-18,

<https://files.digital.nhs.uk/35/6A/192B/Activity%20and%20Finance%20Report%20201718.pdf>

<sup>xxii</sup> [https://www.local.gov.uk/sites/default/files/documents/3\\_19%20HOUSING%20COMMISSION%20FINAL%20REPORT\\_WEB.pdf](https://www.local.gov.uk/sites/default/files/documents/3_19%20HOUSING%20COMMISSION%20FINAL%20REPORT_WEB.pdf)

<sup>xxiii</sup> Social Mobility Commission, *State of the nation 2017*, p. iii,

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/662744/State\\_of\\_the\\_Nation\\_2017\\_-\\_Social\\_Mobility\\_in\\_Great\\_Britain.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/662744/State_of_the_Nation_2017_-_Social_Mobility_in_Great_Britain.pdf)

<sup>xxiv</sup> MHCLG, House building; new build dwellings, England: December Quarter 2017

<sup>xxv</sup> <https://www.local.gov.uk/topics/housing-and-planning/innovation-council-housebuilding>

<sup>xxvi</sup> MHCLG, Social housing green paper: a 'new deal' for social housing, August 2018

(<https://www.gov.uk/government/news/social-housing-green-paper-a-new-deal-for-social-housing>)

<sup>xxvii</sup> LGA response, social housing green paper, August 2018 (<https://www.local.gov.uk/parliament/briefings-and-responses/social-housing-green-paper-briefing-15-august-2018>)

<sup>xxviii</sup> <https://www.local.gov.uk/about/news/lga-responds-latest-government-right-buy-sales-stats>

<sup>xxix</sup> MHCLG, Right to Buy statistics by local authority area

<sup>xxx</sup> LGA media release, March 2018 (<https://www.local.gov.uk/about/news/lga-responds-new-planning-lawscouncils>)