

Growth, fairness and reform

When the Chancellor, George Osborne, delivered his spending review statement in October 2010 he began by telling us:

‘Today’s the day when Britain steps back from the brink.

When we confront the bills from a decade of debt.

A day of rebuilding when we set out a four-year plan to put our public services and welfare state on a sustainable footing – for the long term.

So that they can do their job – providing for families, protecting the vulnerable and underpinning a competitive economy.

It is a hard road, but it leads to a better future.’²

Rt Hon George Osborne, Chancellor of the Exchequer

The Chancellor of the Exchequer’s four-year spending review was presented as a means to stimulate growth, promote fairness and facilitate reform.

We believe in growth that embraces the potential and aspirations of everyone through support; fairness that means no disadvantaged young person or child is left behind; and systemic reform of a political system that supports long-term thinking over political cycles.

Growth

The Government refers to:

‘Prioritising spending in infrastructure and skills to promote growth.’

We must ensure that growth is also of benefit to the most vulnerable children and young people across the UK.

Statistics released in September 2011 showed that youth unemployment figures were again heading towards the one million mark with 973,000 16–24 year olds out of work. The total number of unemployed people increased by 80,000 in the three months to July 2011 to reach 2.51 million. Significantly, 77,000 of those were aged under 24.³

Unemployment is often just the tip of the iceberg, with a range of underlying problems needing to be tackled before the most vulnerable people can move closer to the employment market, such as mental health and substance misuse problems.

However, we have found that services designed to support vulnerable young people and parents back into employment are under threat. Our children's centres have seen employability support reduced, for example by being unable to maintain basic skills tutors. We have also found that 73 per cent of our intensive family support services, working with the most vulnerable families and young people, have had a budget cut. By addressing issues such as anti-social behaviour and substance misuse, these services move families towards employability.

For the most vulnerable and excluded young people, the impact of economic

decisions could persist across generations. Some families trapped by previous recessions are still feeling the impact today⁴ and the current downturn looks set to widen this gap still further. The repercussions both for individuals and for our society in terms of wasted aspirations and lost opportunities will resonate for years. It is thought that a spell of unemployment of one year or more when young can mean earning 12 to 15 per cent less 20 years later.⁵

Fairness

The 2010 spending review outlined a 'new vision for a fairer Britain': **'It sets out a programme of reform that will ensure those who need it most continue to receive support, but with a greater focus on services that offer opportunities for social mobility.'**

The Government also asserted: **'Fairness starts with tackling the deficit. This ensures that future generations are not burdened with unsustainable debts,**

higher taxes and diminished public services. Tackling the deficit fairly means that all sections of society that are able to contribute should do, with more support available to the poorest.'⁶

It is of course right to consider the impact our actions today will have on future generations. We cannot ignore the fact that unless we start by supporting those with greatest needs in their childhoods, providing them with the best chance for success later in life, we will be storing up greater 'burdens' for the next generation.

In October 2010, we said that we feared targeted early intervention services for the most vulnerable and neglected children and their families would be a casualty of the spending review. We stressed that losing early intervention services supporting families and preventing children going into care would be a false economy and cost society more than £1.3 billion each year.⁷ Our evidence now shows that this vital support for our

next generation is indeed being scaled back.⁸

Early intervention services are essential to encourage the development of the skills and capabilities that underpin social mobility. Their removal puts at risk the Government's aspiration to place 'a greater focus on services that offer opportunities for social mobility.'

We all have something to offer our communities but those living in vulnerable circumstances or needing extra support may lack the personal confidence and their communities may not provide obvious opportunities for that involvement. We know from our services such as the Cowgate and Blakelaw Children's Centre in Newcastle that given the right encouragement, resources and support, there is a wealth of what is known as social capital that with the right investment is ready and very much willing to be tapped into.

Action for Children in conjunction with York Consulting⁹ published

research showing that the biggest factor in the success of support services like the Cowgate and Blakelaw Children's Centre is the consistency and trust built up in human relationships. In this context, it is of concern that the Action for Children *Red Book* now finds that these types of services are forced to reduce the one-to-one contact time that makes the biggest difference. This is due to the increases in demand and individual levels of need, combined with reduced resources. Across a number of services, there has been a reduction in the face-to-face time our staff can spend with vulnerable children, young people and families. Of those that responded to questions on change to contact time, more than a fifth (22%) saw a decrease in contact hours.

Among the most vulnerable groups of children and young people at the heart of the Government's commitment to 'ensure those who need it most continue to receive support' are young carers, care leavers and disabled

children and young people and their families.¹⁰

We fear that young carers are at risk of losing the support they need. Eighty-six per cent of our young carer services have had a decrease in their budgets.¹¹ Five out of 21 services reported that since their contract with the local authority was renewed, they had seen a decrease in the number of hours they could spend with young carers on a one-to-one basis, and in one case the decrease was estimated to be around 30 per cent. To compound this, our services report that young carers' needs are increasing.

Reform

Reform has been articulated as: '**Increasing freedom, sharing responsibility and getting better value for money from public services.**' This will be delivered by '**localising power and funding, including removing ring-fencing around resources to local authorities and extending the use of personal budgets for service users.**' The Government is also seeking to '**improve**

transparency, efficiency and accountability of services.'

The structural reform that the coalition Government is implementing has already changed the relationship between national and local government and between the state and individuals. Localism, with the increased autonomy and independence promised to local areas, is largely a welcome reform. To fulfil its true potential however this autonomy must be devolved with appropriate resources to all communities, not just those able to shout the loudest, and to those organisations that deliver local services.

Further, there needs to be clear vision and leadership from central government, to enable accountability particularly in areas such as early intervention. While the direction of localism is the right one, there must be clear expectations and standards for all communities to look to.

The introduction of the Early Intervention Grant, for example, is one such

example of leadership that outlines a clearly desired early intervention approach to the delivery of support and services. This leadership in how services should be shaped will however require appropriate resources and funding. Our analysis suggests that the spending review and subsequent decisions have failed to address this mismatch between ambition and ability to deliver.

In the past year, we have found that services are less able to focus on early intervention and instead are increasingly dealing with crisis situations. Children's centres have on average seen their budgets reduced by 20 per cent. In a few instances this has been up to 70 or 80 per cent, leading to proven early interventions, such as outreach support and drop-in services being scaled back or removed entirely. This is backed up by a recent survey of local authority finance directors. When predicting where savings would come from, among front-line

services, ‘early years’ came in third¹² (see ‘The end of the beginning?’ section).

As political decision making becomes increasingly devolved it will be more imperative than ever that we ensure any reforms in structures, accountabilities and resources allow for a longer-term view.

We need decision-making processes and resource allocations that value and reward the long-term changes that can be achieved through early intervention and timely support when it is needed. Based upon our evidence, we remain a long way from achieving that.

² *Spending review statement*, The Chancellor of the Exchequer, the Rt Hon George Osborne MP (20 October 2010) http://www.hm-treasury.gov.uk/spend_sr2010_speech.htm

³ Office of National Statistics Statistical Bulletin, Labour Market Statistics (September 2011) http://www.ons.gov.uk/ons/dcp171778_232238.pdf

⁴ *Communities in Recession: the Impact on Deprived Neighbourhoods: Round-up – Reviewing the Evidence*, Joseph Rowntree Foundation (2009) <http://www.jrf.org.uk/sites/files/jrf/communities-recession-impact-neighbourhoods.pdf>. See also *Deprivation and Risk the case for Early Intervention*, Action for Children (2009) http://www.actionforchildren.org.uk/media/139941/deprivation_and_risk_the_case_for_early_intervention.pdf

⁵ *Don’t hang young people out to dry*, Clare McNeil (25 January 2011) <http://www.guardian.co.uk/society/joepublic/2011/jan/25/high-youth-unemployment-young-people-hung-out-to-dry>

⁶ HM Treasury website, key spending review announcements http://www.hm-treasury.gov.uk/spend_sr2010_fairness.htm

⁷ New Philanthropy Capital used the SROI models developed by the new economics foundation (nef) to provide figures on Action for Children’s East Dunbartonshire Family Support service on the success of the programme in preventing children from going into care. This figure takes into account the savings of £0.8billion the Government would make from not providing family support services to all children in the UK at risk of going into care. However, cutting these services would be a false economy, as many more children would be taken into care, at a cost of £2.1billion. This gives a net cost of £1.3billion (£2.1billion–£0.8billion)

⁸ See evidence in chapter 3 – in particular the section referring to intensive family support

⁹ Krowther K and Cowen G, *Effective Relationships with Vulnerable Parents to Improve Outcomes for Children and Young People: Final Study Report* (August 2011) <http://www.actionforchildren.org.uk/policy-research/policy-priorities/developing-effective-professional-relationships>

¹⁰ See evidence in chapter 3

¹¹ Twenty-one services answered this question

¹² LGA, *Report of the Council Budgets, Spending and Saving Survey* (April 2011) <http://www.lga.gov.uk/lga/core/page.do?pagelD=17710284>