

Event report

POVERTY AND AUSTERITY: THE CONDITION OF LONDON

An event in partnership with Trust for London

16.10.2014



HOSTED BY



VENUE

CCLA,
Senator House
85 Queen Victoria Street
London EC4V 4ET

On 16th October, London Funders and the Trust for London brought together funders from across London to hear about and discuss two programmes of research on poverty and social issues and consider the implications for London and for their work. Both studies have been informed by lengthy research and have considered previous studies and long term policy trends, producing many outputs.

Julian Corner, LankellyChase Foundation, chaired the meeting and gave a warm welcome to those gathered. Julian outlined the focus of the meeting, the importance of this area to London Funders and introduced the host and presenters.

The host, **Andrew Robinson, CCLA** welcomed everyone to the venue and expressed how pleased CCLA were to be involved in discussing such interesting work and looking at the implications for London. CCLA are a specialist investment management for charities, faith organisations, and local authorities, and are members of London Funders.

Social Policy in a Cold Climate – the impacts of local government spending cuts on deprived neighbourhoods in London

Professor Ruth Lupton, University of Manchester
Amanda Fitzgerald, CASE, LSE

The [Social Policy in a Cold Climate](#) is a major programme of research funded by the Joseph Rowntree Foundation, Nuffield Foundation and Trust for London, and has been carried out by a team based mainly at the Centre for Analysis of Social Exclusion at LSE. The research was designed to document the combined impact of economic and political changes on poverty, inequality and income distribution in the UK between 2007 and 2014. It covers a wide range of policy areas including health, education, early years and social security, as well as drawing out a specific London picture. An earlier stage of the research was covered in a London Funders meeting on 16th January – notes available [here](#)) and so this presentation and discussion covered the later stage of research on the impacts of local government spending cuts on three deprived neighbourhoods in London.

Ruth outlined the context of ‘austerity plus’ which has involved a major overhaul of the welfare state. The graph below shows that public spending (as a share of GDP) will soon be at its lowest since the 1940s. The local government cuts have seen a £7.6 billion reduction (26%) in funding of local authorities in real terms between April 2011 and March 2015, excluding schools, police and fire. It is the most deprived areas which have lost the most; the cuts are going in the areas of greatest need. From the combined impact of the tax benefit changes and the public service cuts, the poorest people have lost out most. There is local variation though, and the decisions of the individual local authority are crucial as they can offer more or less protection to groups affected by cuts.

Amanda gave an overview of the stage 2 research. Using accounts gathered from local service managers, VCS representatives and residents of one deprived neighbourhood in each of Brent, Camden and Redbridge, the team assessed how key community services and their users have fared. Amanda

Public spending (as a share of GDP) will soon be at its lowest since the 1940s

noted that strenuous efforts had been made by these councils and services to protect front line services and delivery of those services to the most vulnerable and that the majority of savings to date have been made through efficiencies (reducing costs without changing service levels) e.g. cheaper procurement, reducing back office headcount and rationalising office accommodation. However there had been some retrenchment where the council's role had been reduced e.g. VCS taking on more services, service charges and tightened eligibility.

From the services studied, 4 stood out in terms of the substantial impact of cuts – older people's services in every case (with day centre closures, increased charges for lunch clubs and fewer activities) and under-fives services in Brent (fewer activities and shorter sessions), resulting in adverse impacts reported by residents. However, in other services there was evidence of service protection and even improvement in facilities.

Residents noted wider pressures and where the services make a difference in hard times. However how precarious are these services? Amanda detailed some caveats including fewer staff, the expectation it will get worse in the future and that greater targeting means less support for low level need. Regarding the role of the VCS, Amanda noted the added-value position held and the signs that central government and councils are looking to the VCS to continue building provision they cannot, but that the VCS were also being affected by the cuts and are showing some signs of resilience.

In conclusion, Amanda saw overall that the picture was not as bleak as may have been expected, that there have been cuts and that these changes matter most to vulnerable people, but that there was also evidence of protection of vulnerable and deprived groups. This success may be quite precarious and there is worse to come with further cuts.

Questions and comments from the audience:

- Some commented on how local authorities and the VCS are incentivised to say they are coping and the changes are not so bad, and asked for clarification on how representative the findings were thought to be. This study is looking at what the cuts can mean, and doesn't suggest that all neighbourhoods are representative. It intends to illuminate rather than to generalise. A rise in demand is seen and it is also difficult to access the most deprived who may not come forward for services and are disengaged.
- The situation isn't static and demand is going to increase due to increasing and aging population and decreasing benefit cap.
- Services are becoming increasingly targeted and so missing a whole range of people. Also centres are not equipped to deal with the very high need and so lack of quality and effectiveness.
- Organisations have a more diverse funding stream now to survive. However, there is a lot of risk in this – a shift in risk from local authorities to more vulnerable organisations.

Strenuous efforts had been made by these councils and services to protect front line services and delivery of those services to the most vulnerable

There is worse to come with further cuts

The situation isn't static and demand is going to increase

- Have cuts sparked innovation? In some places, Officers have closed parts of a service where it didn't work well leading to an increase in quality, thinking and remodelling. However, not easy to deliver.

[See the presentation slides here.](#)

The Condition of Britain: Strategies for social renewal

Nick Pearce, Director, IPPR

IPPR's report [The Condition of Britain: Strategies for social renewal and the implications for work in London](#) sets out a comprehensive new agenda for reforming the state and social policy to enable people in Britain to work together to build a stronger society in tough times. The report argues for a new approach to politics and public action and makes proposals for reshaping the systems of support for families, young people, older people and those facing deep exclusion from society, while also setting out reforms to social security, employment support and housing policy.

Nick placed the report in context of recognising ongoing fiscal constraint and also that Britain is not 'broken', emphasizing that this report focuses on social policy not governmental.

With a recent over-reliance on the power of markets and the centralised state to solve social problems, this report offers an alternative vision of a stronger more equal society using three underlying pillars:

- 1) Spreading power and responsibility
Handing more power to cities, counties and service users so that jobs and prosperity spread across the country, to allow for innovation and collaboration and provide for local responsibility.
- 2) Fostering contribution and reciprocity
Rebuild reciprocity and the contributory principle in the welfare state in order to mobilise resources rather than settling for dependency or exclusion and to allow for a resilient social security system rather than gradual decline or residualisation.
- 3) Strengthening shared institutions
Institutions like the NHS, children's centres or neighbourhood networks. Social reforms embedded in these institutions are durable, end dependency and encourage popular support for collective social action.

Policy recommendations

Nick outlined the problems for each area and detailed the report's proposals:

- Early years – including affordable universal childcare and free/subsidised nursery care
- Young people – including a youth allowance, a 'work guarantee' after 6 months, and an expansion of apprenticeships and training.

...an over-reliance on the power of markets and the centralised state to solve problems

- Working-Age welfare – a democratically governed national insurance fund for contributory benefits, and better ways to get people back into work.
- Housing – increase housing and let cities and towns to expand, giving local authorities more freedom to build.
- Crime and exclusion – extend restorative justice, establish neighbourhood justice panels and extend the youth justice board.
- Older People – development of neighbourhood networks of community groups and more care co-ordinators to create ‘packages’ of care.

Further details and a breakdown of the problems and the suggested proposals and the can be found in the presentation slides ([available here](#)). The full proposals (28 practical costed policy recommendations) are found in the report.

The costings for the recommendations are included within the report and the proposals are all designed to be plausible in the current political climate.

Questions and comments from the audience:

- How optimistic that any of these proposals can be delivered over the next 5 years?
It is likely to be a small majority government, a coalition or a minority government. There is not enough of a focus on a large spending review in 2015 – a traditional spending review will miss a big opportunity as it isn't plausible that the necessary cuts can be done from cutting services. A very different spending review is required.
- Can institution building co-exist with a localised (fragmented?) picture?
While the NHS is not local, it is important to people locally – networks and childcare have to be built up locally. It's important that a national government makes decisions on where to put funding but allows for local institutions and local decisions.
- Intergenerational social mobility can be dealt with through inheritance tax. These proposals are not discussing equality of wealth, but rather a strategy that can help with this inequality. The best way to deal with inequality in asset terms is by building more housing.

[See the presentation slides here.](#)

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Small group discussion

1) Does what you have heard today from the cold climate project chime with your own recent experience?

General agreement that cuts have hit those least able to afford it, leading to increased polarisation.

This is a snapshot of time and the situation is changing quickly, and worsening. It's impossible to generalise and some local authorities are doing things very differently.

On the question of whether focusing on innovation has helped organisations, some suggested that focusing can be at the expense of being able to focus on meeting the needs of people.

2) Given the scale of further local authority cuts still to come, and the agenda promoted by IPPR, to what extent do funders in London need to be rethinking their funding priorities and strategies over the next few years?

Groups discussed whether the VCS could help to 'glue' together different organisations and sectors. The question of 'additionality' may not exist anymore.

Funding should focus on preventative funding, and core funding, rather than innovation.

Also look at areas where outcomes may be less quantifiable e.g. lunch clubs

Qs of additionality going forwards – doesn't exist – challenge going forwards

Localisation. There are some things for which you need national planning and some things you don't. Don't mix them up! This needs planning.

Julian closed by thanking CCLA for hosting the meeting and by thanking the speakers and all those involved in the Social Policy in a Cold Climate and the Condition of Britain research.

Participants

Katie	Higginson	BBC Children in Need
Kate	Sawdy	Big Lottery Fund
Hugh	Stultz	Big Lottery Fund
Dan	Hopewell	Bromley By Bow Centre
Ciara	Chivers	Cabinet Office
Andrew	Robinson	CCLA Investment Management Ltd
Jaishree	Mistry	Charity Bank
Sabrina	Basran	City of London Corporation
Cathy	Togher	Comic Relief
Rob	Hull	Cripplegate Foundation
Nick	Pearce	Institute For Public Policy Research (Speaker)
Erik	Mesel	John Lyon's Charity

Cuts have hit those least able to afford it, leading to increased polarisation

There are some things for which you need national planning and some things you don't. Don't mix them up!

Cathryn	Pender	John Lyon's Charity
Darren	Mackin	London Borough of Camden
Malcolm	John	London Borough of Harrow
Sue	Parkinson	London Borough of Redbridge
Katherine	Pitt	London Borough of Southwark
Ebony	Riddell-Bamber	London Borough of Southwark
Jennifer	Oatley	London Community Foundation
Gabrielle	Sturrock	London Community Foundation
Becky	Green	London Funders
David	Warner	London Funders
Anne Marie	Brady	London School of Economics
Amanda	Fitzgerald	London School of Economics (Speaker)
Rob	Abercrombie	New Philanthropy Capital
Kari	Holtung	Pears Foundation
Lizzie	Richardson	Rocket Science
Sophie	Arup	School for Social Entrepreneurs
Andrew	Parry	Southern Housing Group
Tom	Gardiner	The Hyde Group
Julian	Corner	The LankellyChase Foundation (Chair)
Naomi	Eisenstadt	Trust for London
Rachael	Takens-Milne	Trust for London
Ruth	Lupton	University Of Manchester (Speaker)

In attendance

Becky	Green	London Funders
David	Warner	London Funders

Apologies for absence

Peter Babudu, The Social Innovation Partnership; Sally Bagwell, New Philanthropy Capital; Maura Farrelly, London Borough of Tower Hamlets; Maria Gannon, University Of Glasgow; Katie Gilman, London Borough of Camden; Eileen Herden, London School of Economics; Jahanara Hussain The Hyde Group; Paula Kahn, Metropolitan Migration Foundation; Monica Needs, London Borough of Barking and Dagenham; Navprit Rai, Trust for London; Natalia Rymaszewska, London Legal Support Trust; Lucinda Shaw, London Community Foundation; Jackie Tominey, CARITAS Diocese of Westminster

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