

Event report

POVERTY AND AUSTERITY: PATTERNS AND RESPONSES IN LONDON

An event in partnership with Trust for London

21.01.2014



HOSTED BY



VENUE

Macquarie Foundation.
Ropemaker Place
28 Ropemaker Street,
London,
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On 21 January, 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.

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 carried out by a team based mainly at the Centre for Analysis of Social Exclusion at LSE. It is 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.

London's Poverty Profile is an independent source of data analysis, which monitors changes to indicators of poverty and inequality in the capital. Launched in 2009, it is commissioned by Trust for London from New Policy institute.

David Farnsworth, The City Bridge Trust, chaired the meeting and gave a warm welcome to those gathered. David outlined the focus of the meeting and introduced the host and those who would be giving presentations.

Representing the host, **Rachel Engel, Macquarie Foundation** welcomed everyone to the venue and expressed how pleased Macquarie were to be involved in discussing such interesting work and looking at the implications for London.

Social Policy in a Cold Climate – overview and changes

Professor Ruth Lupton, University of Manchester

Ruth began by outlining the scope of the Social Policy in a Cold Climate programme of research, which is looking at the impact of economic and political changes on poverty and inequality in the UK, between 2007 and 2014. Phase 1 of the research focused on Labour's social policy before and through the crash and phase 2 will cover the Coalition's social policy record. Trust for London is funding additional analysis of the London picture. Reports that are already available include the following:

[Labour's Social Policy Record: Policy, Spending and Outcomes 1997 – 2010](#)

[Winners and Losers in the Crisis: The Changing Anatomy of Economic Inequality in the UK 2007 – 2010](#)

[Prosperity, Poverty and Inequality in London 2000/01 – 2010/11](#)

[Hard Times, New Directions? : The Impact of the Local Government Spending Cuts in London 2012-13](#) (This interim report was the focus of the final speaker, Amanda Fitzgerald)

The data store www.casedata.org.uk is a useful resource to access reports and information.

The focus of Ruth's presentation was the key findings on Labour's social policy record, the changes in London and some pointers as to what to expect next. Ruth began by outlining the climate in 1997 where the UK was a low spender, but also a low achiever. It was a comparably favourable economic

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climate and with public opinion favouring increased tax and spending. With Labour's leadership, there was a big increase in spending on families, the capacity of services increased and more targeted services were introduced. This included extra doctors and nurses, reduced hospital waiting times, a volume of health inputs up 86%, more teachers and teaching assistants, free early education for 3 and 4 year olds, neighbourhood management and policing. Generally, these targeted projects led to improved outcomes with a decrease in poverty for children and pensioners and evidence of improvements in various areas of health, education and early years. Although not all policies were a clear success, many things were improving and UK spending had increased.

Ruth outlined some myths and realities:

- It's a myth that Labour spent a lot and delivered nothing, in reality they spent a lot, but also delivered a lot
- The deficit crisis is sometimes attributed to public services spending, whereas despite major increases in spending, the public finances had actually slightly increased.
- Rather than there being no impact on poverty and inequality, child and pensioner poverty declined and many socio-economic gaps narrowed.

However, Labour's vision had been very ambitious and many aims, for example the halving of child poverty, were not achieved and others in fact got worse, e.g. life expectancy gaps and proportion of 16-18yr olds not in employment, education or training. There was no real shift in income inequality and there were some indications of a rise in material deprivation.

Now, in this economically colder climate, the research programme is analysing the Coalition's success against its own goals on health, education, early years, social mobility, poverty and inequality. These reports are due to be published in spring 2015.

With a focus on London, Ruth then continued to describe in more detail the impact on London during the period of economic growth 2001 – 2008. The population increased and house prices grew rapidly, faster than earnings. Social renting fell and there was an increase in subsidised private renting. London was more unequal across all indicators than any other region, although poverty rates declined and the population increased. In addition, after the crash and during the recession, London showed relative resilience, with smaller falls in full time employment and smaller rises in unemployment. This is also reflected in the impact on disadvantaged groups, who were less hard hit in London than elsewhere. However, Ruth pointed out that those who fared worst in the recession across the UK were the poorest Londoners, leading to an increase in income inequality. This was made even worse by an increase in wealth amongst the wealthy. Within London, the study also focused on the geographical effects, and saw that poverty continued to spread outwards, and the proportion of the highest poverty neighbourhoods in inner London fell from 77% in 2001 to 55% in 2011.

Ruth also reported on some positive signs, seen by an improvement in the qualification levels of the working age population and an increased performance of London schools, across pupils' socio-economic background.

The presentation concluded with some reflections on the implications of these findings. High incomes, high wealth and high poverty are global city characteristics and Ruth commented that there should be a consideration as

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to whether London can be different or whether this state is inevitable. Additionally, the changing poverty map will impact services in outer areas. Ruth posed the question as to whether we may be on our way to a 'donut city', a wealthy central area surrounded by poverty, with welfare reform possibly accelerating the trend. Questions from the attendees reflected the concern about the increasing levels of poverty in outer London and a level of insecurity in many central neighbourhoods where people feel 'locked out' of where they live. There was also discussion about the level of churn and how much population movement is contributing to the changing poverty map.

See Ruth's slides [here](#).

London's Poverty Profile 2013

Tom MacInnes & Hannah Aldridge, New Policy Institute

Tom began the presentation by explaining the remit of London's Poverty Profile 2013, and providing an overview of the poverty breakdown within London. Taking into consideration the increase in population, the total number of people in poverty in London has actually changed very little over the last 10 years. Tom emphasized though, that the type of people has changed a lot and detailed the change in poverty to the following people:

- Working families, workless families and pensioners
- People in social rent, private rent and owned
- People living in inner London and outer London.

Those groups with the largest increases in poverty were working families, those in private rented accommodation and those living in outer London, which represents a definite shift in the type of poverty that now exists in London.

When you take a view of statistics over the last 5 to 10 years, there are both good and bad news stories. Generally, the labour market has become worse, with higher unemployment and a higher number of low paid jobs. There is a mixed story within the indicator of low income, with poverty rate staying the same, in work poverty increasing, but pensioner poverty rate decreasing. Tom pointed out some statistics on the theme of education though, which represent a good news story, showing that low attainment has decreased and an improvement in the numbers of young people achieving qualifications at 19. Tom suggested there is some learning here about educational success through a combination of social policy, leadership and professional development.

Hannah continued the explanation of the statistics, taking the audience through a series of maps and graphs to outline the distribution of poverty in London. By splitting London into 5 sub regions, the statistics are organised in order to make the trends affecting different parts of London clearer. In a comparison of unemployment in 2007-09 and 2010-12, the earlier statistics saw a predominant number of inner-east and south boroughs in the top 10, whereas by 2010-12 the composition had changed dramatically, including a lot of outer east boroughs. In 2010-12, Barking and Dagenham had the highest unemployment rate in London (10%), but other outer boroughs such as Ealing were in the 'top 10' for the first time.

Where there was previously a significant east/ west gap, there is increasingly an inner/ outer gap and outer London faces a huge demand for low cost housing in the private rented sector.

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In a [hand-out](#) which gave an overview grid of the key indicators, Hannah brought out a few points. Compared to 2009 where the inner east was worse compared to the rest of London, by 2013 it is improving in many areas. The outer east and north east though is becoming increasingly similar to the inner east and the outer west and north west boroughs seem to be moving in the wrong direction with increasing poverty and low income. These changes in terms of the type of poor and the geographic changes are notable and the attendees noted many very useful points from this presentation and from the tables provided.

Ten years ago, 'typical' poverty was reflected in unemployment in social housing inner London, whereas now the poor are working, in outer London, and in private rented accommodation. It may have been easier to reach the workless and social renters, whereas now it may not only be hard to get resources to those in need, but also to find them. There may not be service providers ready to target these groups and many attendees emphasized the impact that these changes would have and noted that local politicians and the VCS need to be made aware of them. There are some good news stories in the decrease of poverty in inner London, though it is difficult to tell how much movement there is in the population. Several attendees pointed to the London Living Wage as a very important method in trying to address in-work poverty in London.

[London's Poverty Profile 2013](#) has all indicators and statistics available to download on the website. Tom and Hannah encouraged attendees to use this feature on the website or to contact the team directly in order to request specific statistics that would support them in their roles.

See Tom and Hannah's slides [here](#).

Social Policy in a Cold Climate London: interim report Amanda Fitzgerald, Centre for Analysis of Social Exclusion, LSE

Amanda introduced the Social Policy in a Cold Climate Interim Report, [Hard Times, New Directions? The Local Government Cuts in London](#), with a [summary report](#) also available. This report adds a qualitative dimension to the discussion on poverty and austerity, by looking at local government challenges and reactions. Problems facing local government have included changes in funding, the rising resident need and a poor local government financial settlement. The approach of this research was a combination of financial analysis to study the formula, revenue support, special and specific and the area based grants to all London local authorities, and also a study of three councils' response. The research focuses on three groups: early years, youth and older people. It included interviews with senior officers and members, looking at local budget statements and policy documents in the case study areas of Brent, Camden and Redbridge.

The main finding from the budget analysis was that there had been a large reduction in funding for service provision in London: from 2009/10 to 2013/14 there was a cut of 33% (£2.7 billion). There was also a change in the estimated spending power per capita with a reduction of between 12% to 26% (2010/11 to 2013/14), with deprived boroughs losing the most support in percentage terms.

In response to these cuts, the local authorities took certain steps to absorb that cut:

- Measures to increase efficiency and reduce costs without changing the service levels e.g. re-commissioning contracts, integration of services

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- Investment in order to reduce the need for council services in the future e.g. expanding re-ablement services in domiciliary care
- Retrenchment to reduce the councils role in terms of the services it provides and for whom e.g. asset transfer to community groups, citizen volunteers, self-service

A study of the three case studies saw that the provision to residents was affected in some ways, some services were amended, or facilities were closed, but, reportedly, no services disappeared altogether and local people still had access to a broad range of provision. There were a lot of examples of greater targeting and some modest reduction of VCS support, but in general the savings were reportedly achieved whilst maintaining the same access to services for the local people. This was done through a reducing staff headcount, cutting out waste and investing in longer-term savings.

Amanda noted a few points about the response:

- The local authorities had made strenuous efforts to protect the front line services and delivery of those services to the most vulnerable
- Local government has been resilient and also adaptable, finding new methods to deliver the services
- Further cuts of the same scale could not be absorbed in the same way and would require more drastic changes.

In conclusion, Amanda looked to the future longer term effects that may emerge which included an erosion of capacity, small 'cuts' may have a longer term effect on residents that is not seen yet, and also there may be effects resulting from the greater targeting. She reflected on the impact on the provision of local services including on the VCS and the 'squeezed middle' as the most vulnerable are targeted. She also posited that the need to retrench to statutory services may mean less local diversity not more, despite the policy emphasis on localism.

The next stage of the research will ask front-line staff and local residents in three deprived wards about their experiences confirming or contrasting the local authority narrative.

Reflections from the audience included commonality between the boroughs and the similarity of responses, as well as how much emphasis there had been on equity in local decision-making. Amanda confirmed that further insights should be gleaned on the difference between the case study boroughs in terms of their response and the local partners that they can work with, within the second part of the research.

See Amanda's slides [here](#)

The audience were asked to discuss the implications of the topics today on their own work. The key points that were fed back from these groups included:

- There was a discussion around the increase in poverty within people that are working and those in private rented housing and how to target this group and ensure they can access support. Locally based organisations may have a better link to individuals who are not connected to broader services used. For example, previously some

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organisations haven't given grants to people in work, and so organisations need to be alive to that change.

- There was a lot of importance placed on making this research as widely known as possible and encouraging groups to make use of this research as a tool to raise funds and awareness.
- Further conversation focused on the impact of these changes on the VCS. This included the effect on charities reserves, the increasing demands by the funders and the impact of legislation such as the Care Bill. Some also discussed the relationship with the London Boroughs. There are variable levels of support given to the VCS by local authorities, but now there is less capacity to support. Some discussed how much the sector can learn in terms of sustainability. How have voluntary organisations and charitable foundations become more efficient and started to deliver more for less?
- There was discussion about what funders can expect from the local authorities and what the local authorities can expect from funders in this time of shifting boundaries. What does additionality mean now? There is a big question in terms of how to address these issues and some points were raised in discussing the lack of VCS infrastructure and a requirement for coalitions.
- Attendees considered the impact of the shifting geography of poverty and how funders should be considering work in different areas.
- The question was considered in terms of whether these changes require community enterprise and whether funders are tempted to support new and innovative ideas in order to do more for less.

David closed by thanking Macquarie for hosting the meeting and by thanking the speakers and all those involved in the Social Policy in a Cold Climate, and London Poverty Profile research.

New feedback from the evaluation of the event has highlighted a number of issues that participants wanted to explore in more depth and London Funders will be organising a series of follow-up events during the year.

Participants

Hannah	Aldridge	New Policy Institute
Phil	Ambler	Thomas Pocklington Trust
Lucy	Ashall	Royal Borough of Kensington & Chelsea
Joseph	Badman	London Borough of Lewisham
Paul	Birtill	Metropolitan Migration Foundation
Alison	Blackwood	London Borough of Camden
David	Bull	New Philanthropy Capital
Winston	Castello	London Borough of Lewisham
Elaine	Crush	The Wakefield & Tetley Trust
Rachel	Engel	Macquarie Foundation
David	Farnsworth	The City Bridge Trust
Maura	Farrelly	London Borough of Tower Hamlets
Amanda	Fitzgerald	London School of Economics
Katie	Gilman	London Borough of Camden

Kristina	Glenn	Cripplegate Foundation
James	Graham	Royal Bank Of Scotland Plc
Jemma	Grieve	The City Bridge Trust
Tim	Johnson	Safer London Foundation
Anne	Lane	The Tudor Trust
Ruth	Lupton	University Of Manchester
Sarah	Lyall	New Economics Foundation
Tom	MacInnes	New Policy Institute
Bharat	Mehta	Trust for London
Erik	Mesel	John Lyon's Charity
Monica	Needs	London Borough of Barking and Dagenham
Dorothy	Newton	Richard Cloudesley's Charity
Jennifer	Oatley	London Community Foundation
Jenny	Oppenheimer	The Pilgrim Trust
David	Parish	Hampton Fuel Allotment Charity
Sue	Parkinson	London Borough of Redbridge
Andrew	Parry	Southern Housing Group
Carol	Reid	Youth Music
Hugh	Stultz	Big Lottery Fund
Amy	Sullivan	London Borough of Richmond Upon Thames
Rachael	Takens-Milne	Trust for London
David	White	Hampton Fuel Allotment Charity
Victor	Willmott	London Catalyst
Donna	Yay	London Community Foundation

In attendance

Becky	Green	London Funders
David	Warner	London Funders

Apologies for absence

Amanda Beswick, Oak Philanthropy (UK) Limited; Caroline Forster, The Social Investment Business; John Griffiths, Rocket Science; Veronika Karailieva, Big Lottery Fund; Angela Linton, Youth Music; Sara Masters, Richard Cloudesley's Charity; Sacha Rose-Smith, Big Lottery Fund; Kate Sawdy, Big Lottery Fund; Sabrina Basran, City of London Corporation

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