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# Social Policy in a Cold Climate: Focus on London

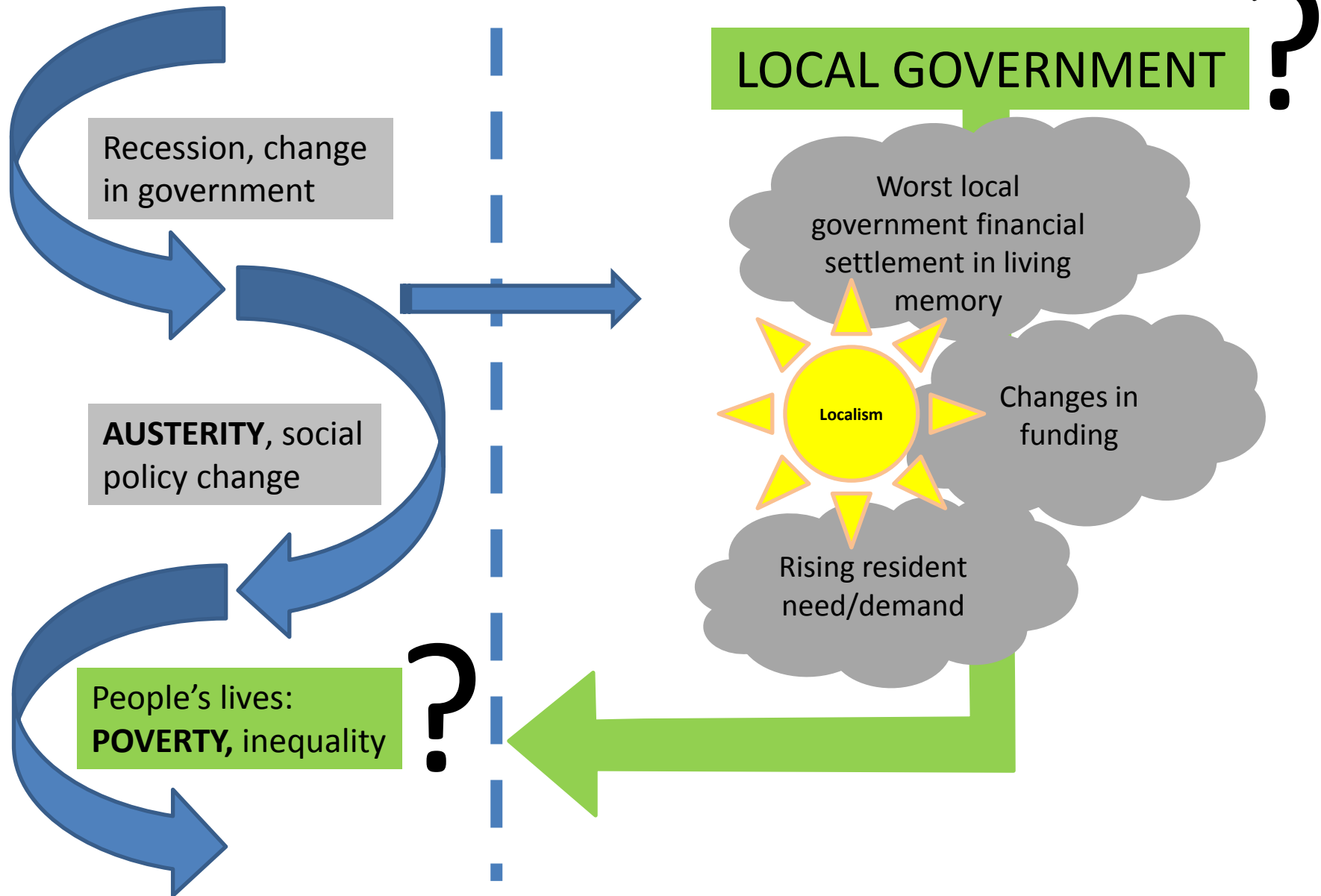
## **Hard Times, New Directions?: The Local Government Cuts in London**

Presentation to London Funders by CASE

January 21<sup>st</sup>, 2014



# Austerity and Local Government



# The method

## FINANCE ANALYSIS



- Formula grant
- Revenue Support Grant
- Special & specific grants
- Area Based Grant

## THE COUNCIL RESPONSE



- Interviews with Senior Officers and Members
- Local budget statements
- Local policy documents
- Focused on 3 service areas

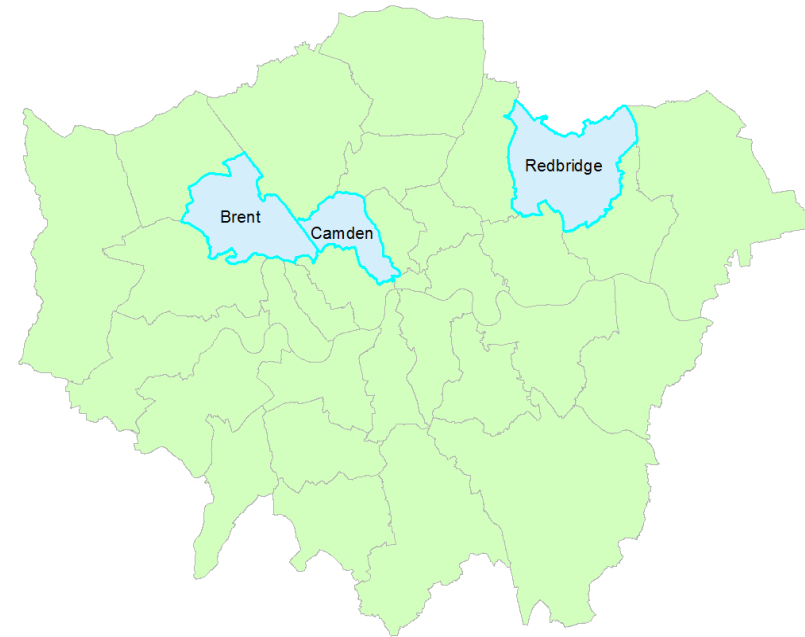
## CASE STUDIES

3 boroughs:

Brent

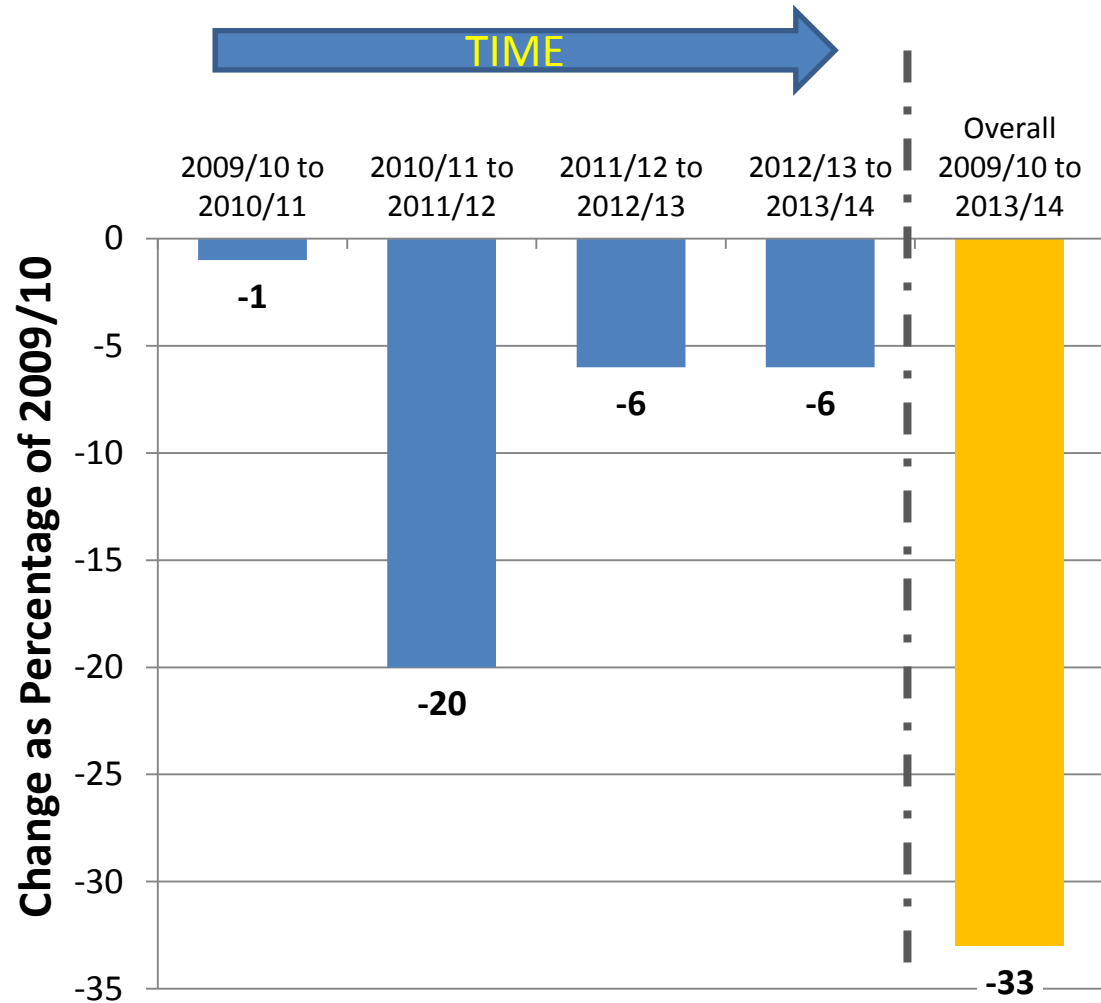
Camden

Redbridge



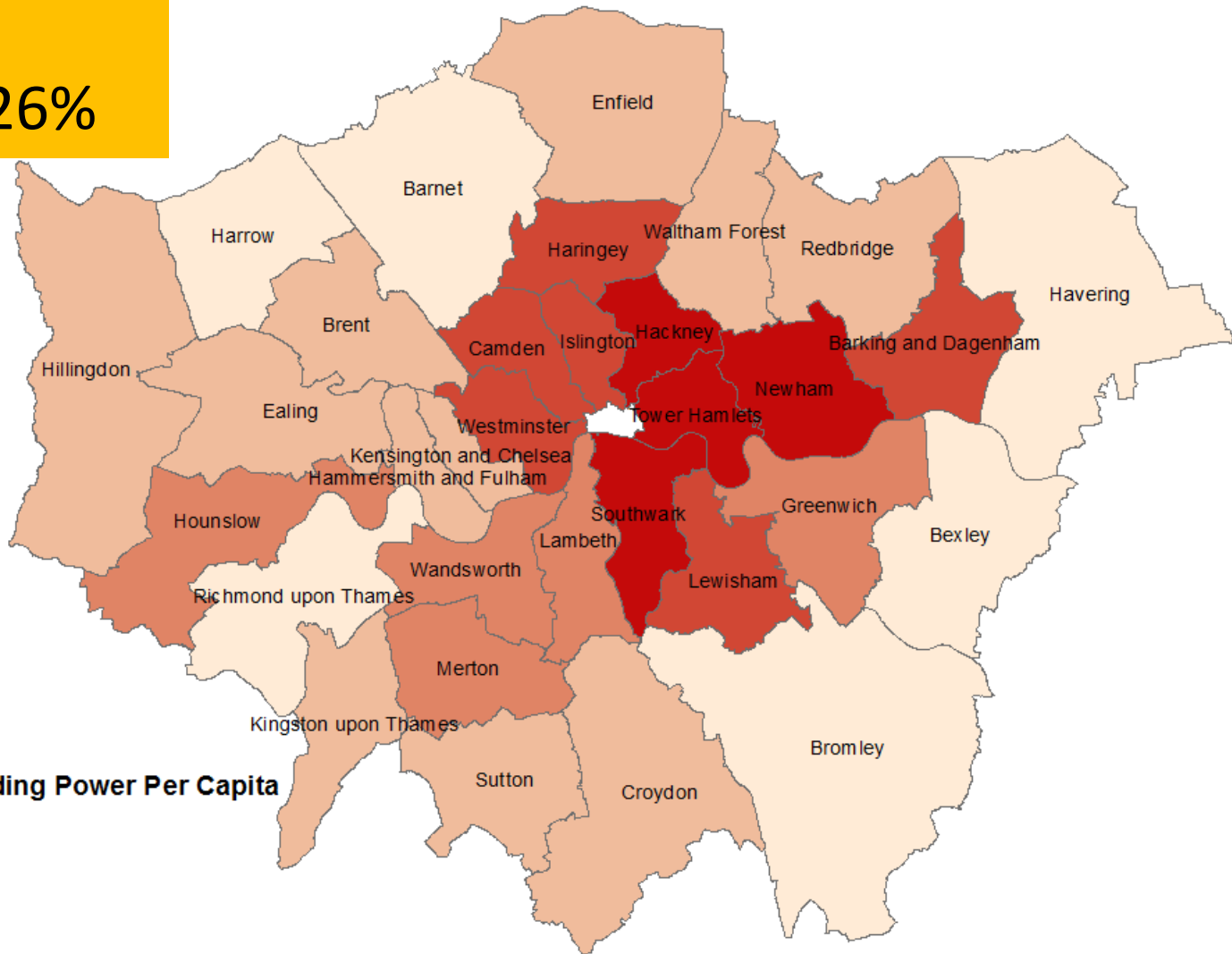
# The size of the cut in London (2010/11 to 2013/14)

**33% (£2.7 bn)**  
**reduction in**  
**funding for**  
**service**  
**provision in**  
**London**  
**(2009/10 to**  
**2013/14)**

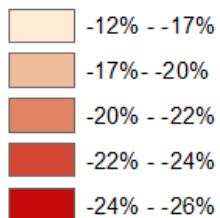


# Change in estimated Spending Power Per Capita (2010/11 to 2013/14)

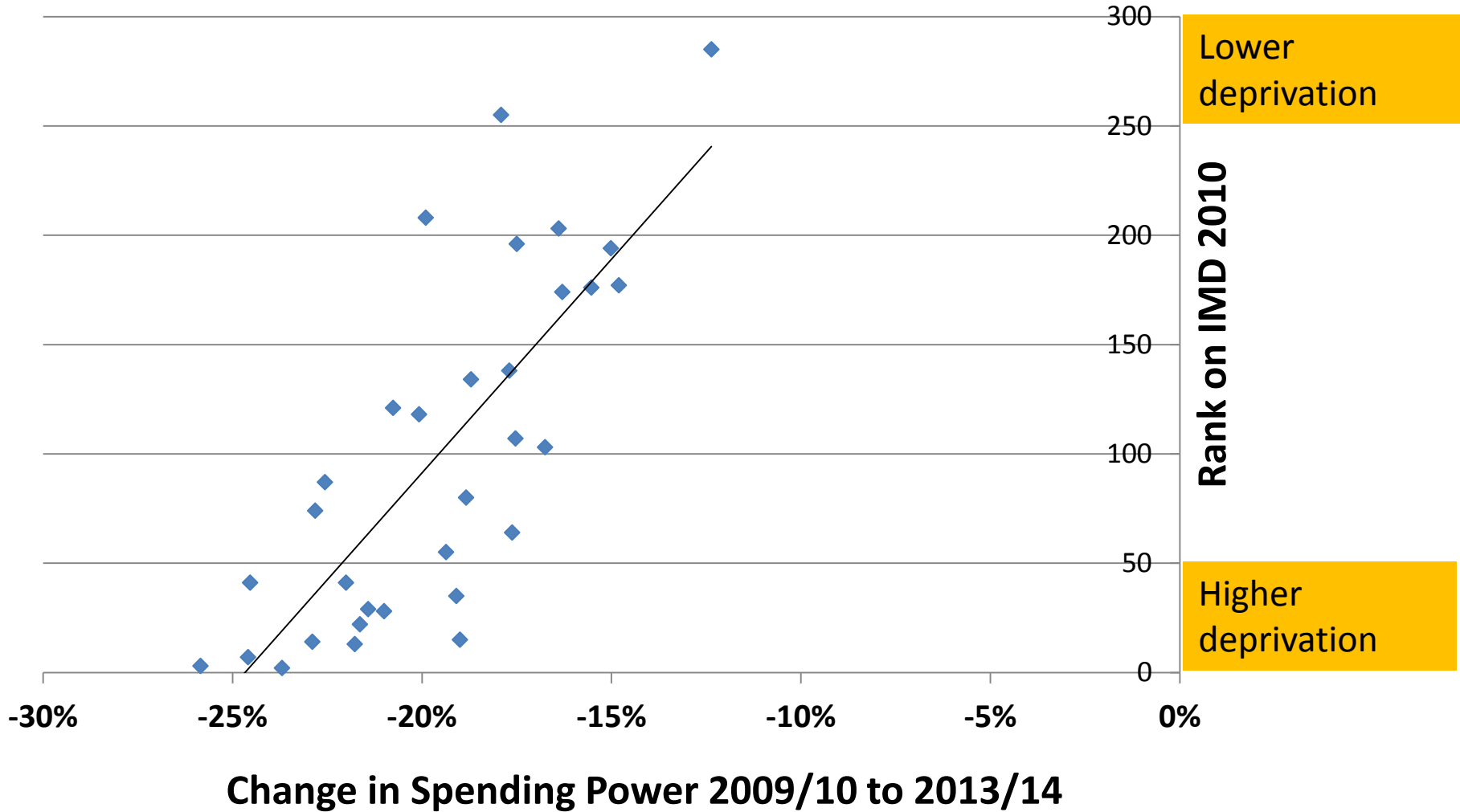
Reductions of  
between  
-12% to -26%



## Estimated Spending Power Per Capita



# The boroughs that lost most were the most deprived



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# Hard Times.

Hard times all round.

But, can argue harder times for the more deprived LBs.  
They lost more in percentage terms.

Though...other boroughs might argue as hard for them.  
Those losing less had less of a base to cut from.

# The response: 50 ways to save?

Category	Description	E.g.
<b>Efficiency</b>	Actions which aim to <b>reduce costs</b> of council services without changing service levels as far as public are concerned	<ul style="list-style-type: none"><li>• Re-commission existing contracts; outsource services; bring 'in-house'</li><li>• Generic working; integration of services; consolidation in 'hubs'</li></ul>
<b>Investment</b>	Actions which aim to <b>reduce the need</b> for council services or reduce the cost of services in future	<ul style="list-style-type: none"><li>• Introduce/ expand services aimed to future reduce needs (e.g. reablement in domiciliary care)</li></ul>
<b>Retrenchment</b>	Actions which <b>reduce the council's role</b> in terms of the services it provides and for whom	<ul style="list-style-type: none"><li>• Asset transfer to community groups; citizen volunteers to supplement or deliver services; civic responsibility and self-service</li></ul>



# Was provision of services to residents affected?

	Service ceased	Greater targeting	Increased charges	Reduced VCS support
Brent		ASC – strict on eligibility and not just saying ‘yes’ (also CSF)	Youth - Introduced charge for summer uni	
Camden		ASC – Transport to day care no longer for low need		ASC - Funds directed to most sustainable
Redbridge		CSF – Reported greater targeting		Youth - Cut a grant to a mobile library

# So, how were the savings achieved?

- Procurement (incl. joint-commissioning, in-house)
- Reduced headcount
- Office accommodation
- Cutting out waste
- Investment for longer-term savings
- Managing demand/new models introduced

...Not an easy process and can't repeat this on this scale a second time!

# New Directions? Some conclusions

- They had made **strenuous efforts** to protect front line services and delivery of those services to the most vulnerable
- They were doing much of what they were doing previously (local government is resilient!), but they were doing it differently (it is also adaptable!), so maybe **new methods rather than new directions**
- But, **limits to efficiencies**...further cuts of the same scale would mean bigger changes in local government. Any 'easy stuff' has been done and changes now higher risk. Some new directions such as redefinition of responsibilities and even re-scaling, should that occur

# And some reflections

LBs seem to have weathered the storm and key services pretty well intact – but...

- Potential **longer term effects** may emerge from:
  - erosion of capacity
  - effects on residents of multiple small ‘cuts’ – not visible yet?
  - greater targeting?
- **Landscape of local service provision** has changed
  - VCS has taken on responsibility for some discretionary service
  - And evidence in some of the interviews of a view that longer-term the community is going to have to do more for itself
  - less support for a ‘squeezed middle’ as target most vulnerable
  - Might we see less localism rather than more?

# Report link and contact

## Full report:

<http://sticerd.lse.ac.uk/case/new/publications/default.asp>

## Centre for Analysis of Social Exclusion (CASE), LSE:

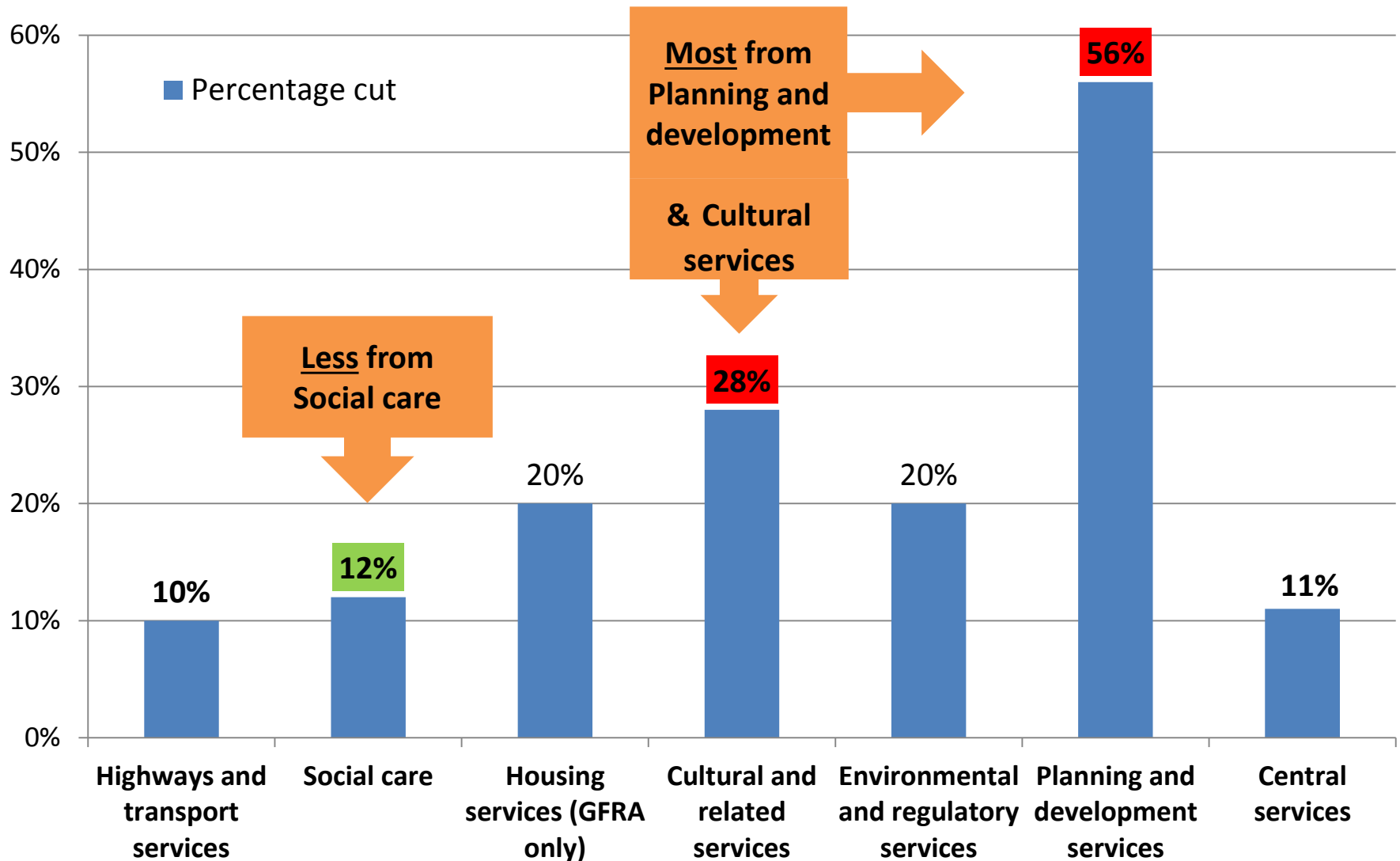
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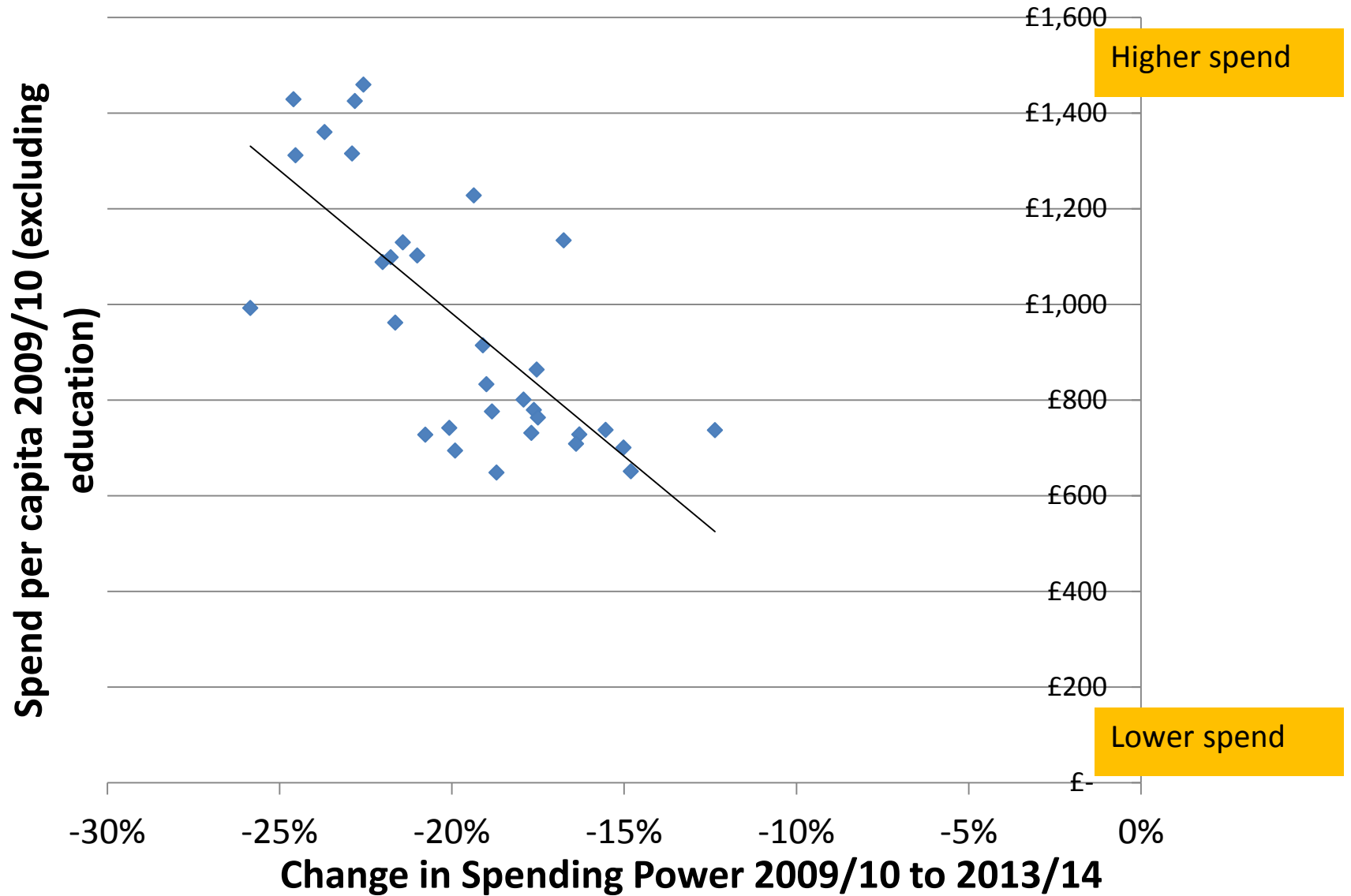


END

# Social care was not the main area of cut



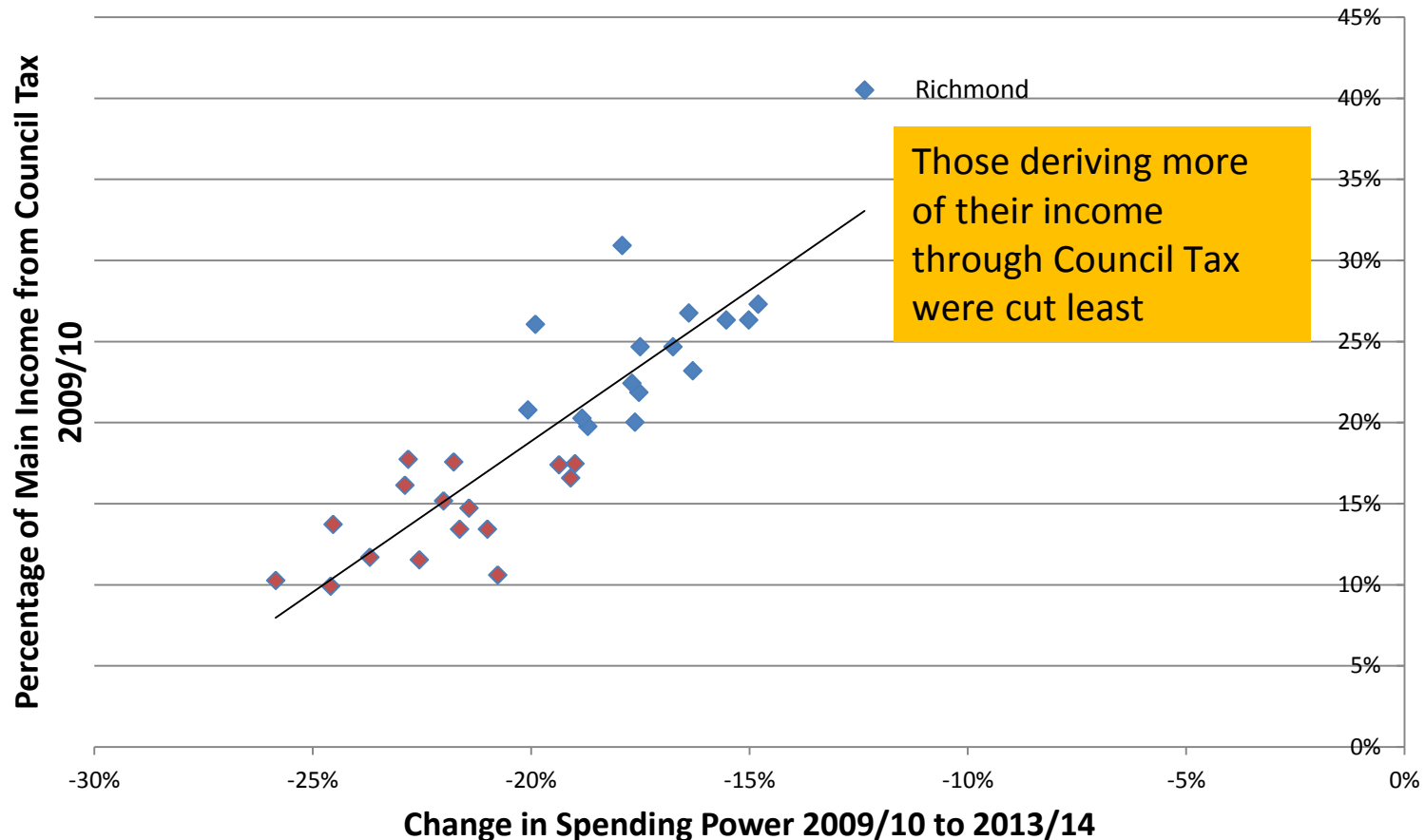
# Higher spend, higher cut





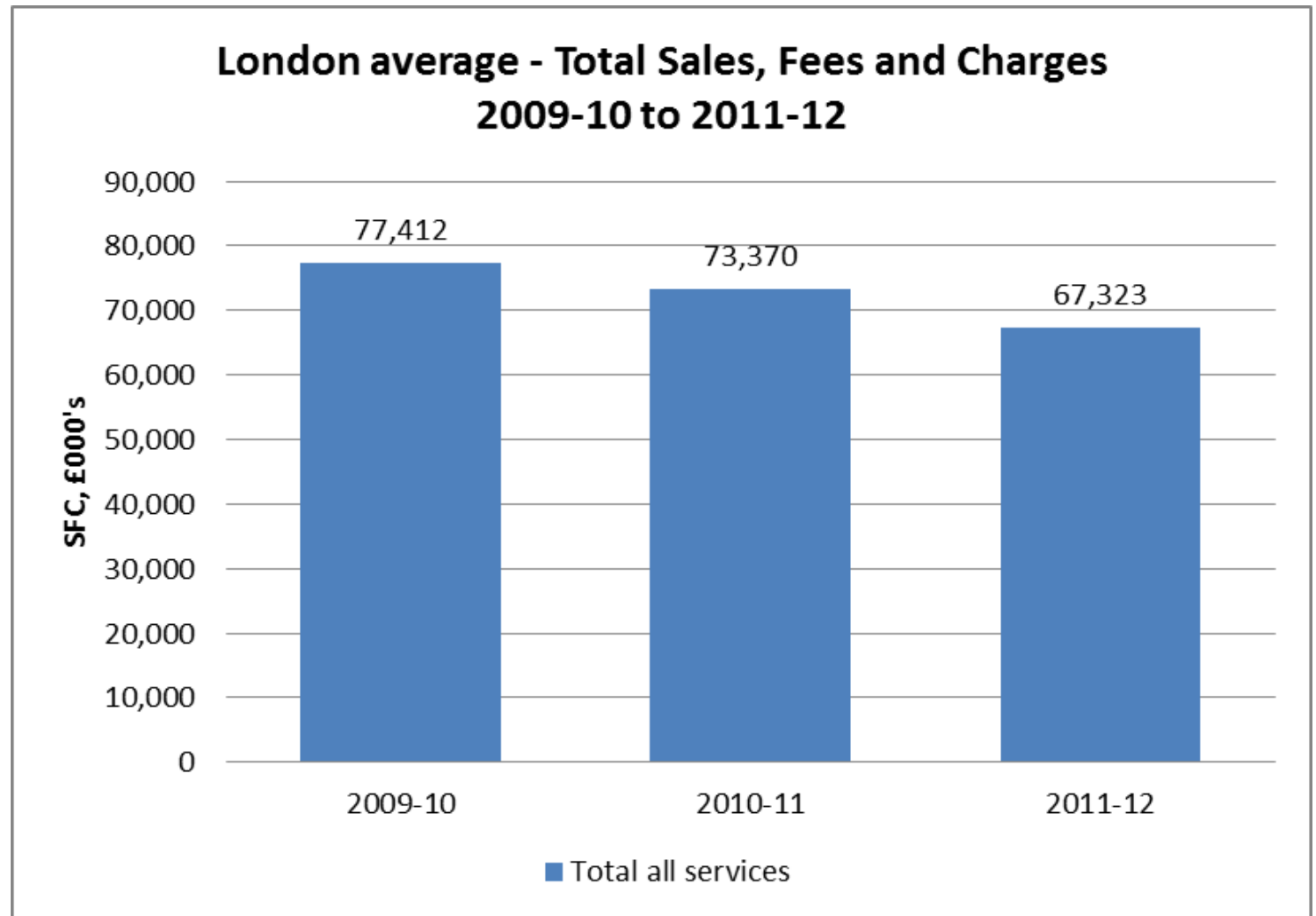
And...

They were more reliant on government funding



# Sales, Fees and Charges changed little

**SFC  
income  
fell**



Sources: Department for Communities and Local Government: Revenue Outturn (RO) returns 2009-10 – Revenue Summary (RS) data; GDP deflators, June 2012