

# Hard Times, New Directions? The impact of the local government spending cuts in three deprived neighbourhoods of London

## Final report

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### Introduction

In the context of what was described as the worst financial settlement in living memory for local government, we set out in this study to establish how residents living in some of the most deprived neighbourhoods of London have been affected by the local authority spending cuts since 2010. These are neighbourhoods where, because of concentrated disadvantage, residents would be particularly vulnerable to service reductions and not well-positioned to cope with the wider pressures of recession and austerity. This is the first study to map the local impacts of the cuts in detail.

Our study focuses on services for older people, young people aged 16-24 and families with a child under five, and on one of the most deprived wards of each of three case study boroughs: Brent, Camden and Redbridge. All display the symptoms of the inequalities of the capital. They share in common high unemployment, high benefits claimant rates, high proportions of social housing and over-crowding. They also all have high proportions of residents of ethnic minorities. We anticipated that we would find different impacts from area to area because of the different responses the councils might make and because of different local contexts.

## Service changes in deprived wards

Overall, front line service changes were most evident in **older people's services**.<sup>1</sup> Compared to the other two service areas, service changes had been more substantial in all wards. In each ward:

- A council-run or voluntary sector provided day centre had been lost
- Lunch club charges had increased as council funding to the Voluntary and Community Sector (VCS) organisations providing those had decreased, there were fewer activities on offer and/or activity charges had increased (e.g. day trips)
- Discretionary transport services had changed. They had become more expensive, less reliable or had been reduced

In this service area we therefore found considerable change to the front line offer. Overall residents have been left with a reduced level of community-based provision and were having to pay more often and more for services they accessed.

There was a pattern of more minor change to front line **youth service provision** in the wards. The service offer had not reduced significantly in any case. There had been staff reductions in either or both of youth centre teams or the Connexions team in all wards. In both Redbridge and Brent charging had increased. However, in every case there had been improvement to the youth centre facilities and front line staff reported that activity offers had been largely maintained or improved. In other parts of Redbridge and Brent (beyond the case study neighbourhoods) there were examples of more significant change: in Redbridge a youth centre closure had occurred in a different part of the borough. In Brent a Connexions facility had been closed in a neighbouring ward.

In **under-fives services** the picture was mixed. In the Camden ward the service had been largely protected. In contrast in Redbridge and, in particular, in Brent, the cuts had impacted the front line. There was in both of the latter cases a reduced activity offer at the local children's centres and there had been substantial staff cuts with both of those children centre services having come to rely more on volunteers. Introduction of charging for children's centre activities had been largely avoided. Only in the Redbridge ward had charging for children's centre activities been introduced post 2010. In this instance charges were for a small number of sessions where extra resources were required as part of the activity (e.g. a CD and booklet for a parent and baby music session).

The cross-ward differences in the extent of change in early years services can be accounted for by the different decisions taken by the councils in response to the cuts (Fitzgerald et al. 2013). In particular, in Camden the protection of the under-fives service was well-evidenced at ward level. In Brent and Redbridge 'efficiencies' through staffing along with budget reductions were limiting the ability of children's centres to maintain their activity offers at pre-cuts levels, when there had been more Sure Start funding available.

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<sup>1</sup> Due to the neighbourhood focus of this work we have explored, primarily, community-based services. Residential and domiciliary care services feature to a lesser extent in our reporting.

## **Making and absorbing the cuts locally**

There are similarities and differences in how the cuts had been made. Overall, reduction in service staffing levels was widely reported, to lesser or greater extent. In the Camden ward we learnt of reductions in headcount in both the youth service and the older people's service. In the Brent ward under-fives and youth services had seen reductions in staffing. In the Redbridge ward all three services had fewer staff now than in 2010. Services have used volunteers to help cope with staff reductions. There were examples from two youth centres and two children's centres of volunteers being used to help minimise the impact of staff cuts on the front line service offer.

Remaining staff reported doing their best to absorb those headcount reductions without impact on users. The majority of front line staff interviewed said that their workload had increased substantially. In all but one case the message from staff was that quality had not been compromised. Because of the dedication of the teams the extra work was being absorbed. The one service manager who did say quality had been impacted attributed that to the increased use of volunteers. Volunteers might not be able to be as reliable as paid staff. Without the continued or greater use of volunteers however these services would not be delivering as much to users as they currently are.

In our interim report we noted that all councils reported greater targeting of services towards the most disadvantaged/at risk. Given this work has focused on deprived wards we would expect to have found a degree of protection of services for residents in these areas. In the case of under-fives services there was targeting within the neighbourhoods towards the most disadvantaged of those residents in all cases. In youth services provision in Brent the Connexions service was targeting young people in the case study ward. In all three cases there were examples of charges being waived for young people who could not afford the fee (the youth access charges in Redbridge and Brent and the Duke of Edinburgh charge in Camden). In the case of older people's services we did not find evidence of services being targeted towards residents of the study wards or the most disadvantaged of those communities.

It was evident that Councils had not found it easy to make the cuts and there were several examples of cuts that had been made but then reversed. This was the case with a reduction in the above statutory free childcare provision in Camden and also with its discretionary transport service. A free shopper bus had been withdrawn but then reinstated and an increase in the charge for the Taxi card had been higher initially. In the case of youth service provision in one ward – which as reported here we found relatively intact in the areas considered – it was noted that more severe cuts to the service, through staffing, had been proposed, but had been withdrawn after resistance from local staff on the grounds of risk. Though a small number of examples, these help to show that councils may have been under greater pressure than may seem the case from the more positive service accounts here.

It is also the case, of course, that further cuts lie on the horizon. Interviews with service staff revealed that question-marks hovered over the future of some of the services covered here.<sup>2</sup> About half of the

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<sup>2</sup> To protect staff who gave candid accounts and reflecting that decisions have not yet been made we do not state here which services these are.

local service representatives we spoke with were unsure whether their post would remain after the next round of cuts. Concerns as to whether some of the buildings being used to house services (for example the youth centre) would have to be closed following a further round of cuts was evident in conversations with some of the youth service and older people's services staff we spoke with.

## **Voluntary sector changes**

Our local fieldwork included in-depth interviews with VCS representatives, at least four per case study. All of the VCS representatives reported an increase in financial pressures in recent years; they were having to do more for less or the same. The majority of those receiving council funding had seen a reduction or no increase in funding from that source. Interviewees stressed the importance of council funding in raising additional funding. It was a marker of credibility, making attracting further funding easier for them.

Interviewees noted greater competition within the sector between organisations for both funding and clients. Small locally-grown charities were finding it difficult to compete with the larger charities who had greater capacity and expertise to respond to a more business-model operating environment. The cuts to funding for services puts a disproportionate amount of pressure on smaller VCS organizations to spend their time and resources securing funding. There were reports of this taking their focus away from service provision, which is what they want to do and are there to do. Smaller VCS organizations are being forced to either adopt, for example, a sounder governance structure, or not get funding. Some struggled to find the time needed to adapt their governance structure, to change business models, to acquire the expertise needed to face this new environment of obtaining funding with confidence. The larger organizations either were already preparing internally for the shift in some capacity or were large enough to shift gears quickly.

Competition between the council and VCS has increased as well since the cuts, according to some of the VCS representatives. The three case studies of VCS each had different relationships with their local authority. Indeed, the quality of the relationship was often dependent on whether we were speaking to a large, established VCS or a small VCS. But overall a pattern emerged from the interviews which suggests that whether the VCS was large or small, the spending cuts have put pressure on them to compete for contracts from the council.

There was a picture, therefore of the VCS under strain. In older people's VCS services we found in every case the local VCS offer had been negatively impacted. Charities are seeking to develop their sustainability through bidding for commissioned services and through selling their services. Where councils are looking to the VCS to offset reductions they are having to make in their own services, the reality of a sector increasingly unsure of its funding casts doubt over the feasibility of VCS provision as an answer to losses in council provision at local level.

## The impacts on residents

We have explored the impact of these service changes on residents through a qualitative methodology comprising interviews with a small sample of residents from each of our service groups and in each ward.<sup>3</sup>

In early years we have the best example of how the decisions of a council could create a very different experience of the cuts for a resident. In Camden early years services had been protected and we saw in our resident interviews how that help was aiding parents to cope with the wider pressures they are currently experiencing. In contrast, in Brent where the cut had had a noticeable impact on the front line service offer, parents we spoke with reported how the reductions in that service were making it harder for them to cope at home. Their opinion was that the behaviour of their children had been impacted and it was causing a strain on the families. They, like the mothers in Camden, could not afford replacement services sourced privately. The difference made by the council's decisions was significant.

The significance of local context was stark in the case of youth services. In this service example the differences in local changes from case to case were relatively small; they amounted to differences in charging, and those charges were generally considered modest. However, local context was making a difference for young people. In Redbridge the young people reported good support at school and had high aspirations. In this they were reaping the benefits of being located in a borough with good schools. They could see for themselves a future beyond the limitations of the locality they were growing up in. In Brent the young people had a sense of there being limited opportunities. They were concerned about finding jobs and said they had not received enough work experience opportunities or careers advice in school.

Impacts on older people of service changes were not strikingly different from case study to case study. Greater boredom or isolation was seen in every case. Concerns about a reduced quality of service was a theme again across all of the cases. With reductions in the VCS offer in all three cases, the availability of additional or replacement support from that service was reducing for residents of every area. Introduction of charging was a barrier to people accessing services they used to use. The effects of reduced council support were similar, with echoes across the accounts of residents.

Taking the accounts of the three groups of service users (families with under-fives, young people 16-24 and older people 65+) as a single group by ward and then comparing the three wards, some Inner London, Outer London contrasts in wider local pressures can be noted. In the Outer London cases VCS provision seemed scarcer than within the Inner London case. This could have implications for residents in the context of changes in council provision. In the Inner London ward, where there were examples of a service having ceased, for example the VCS run day centre, we did find amongst our interviewees residents who knew of or were accessing a replacement service

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<sup>3</sup> Resources and data availability did not permit a detailed quantitative survey of service use, household finance and consumption patterns and changing outcomes.

amongst local VCS provision. This was not detected in our Outer London samples – for example, the Mothers of under-fives interviewed in Brent could not identify equivalent, affordable provision to replace lost children’s centre activities.

The pressures residents referred to differed in some respects. Finding suitable housing was a pressure common to families with under-fives in Camden, but mention of that was the exception rather than the rule in Outer London wards. In Outer London distance was noted as a compounding factor. In Brent once under-fives services had been reduced, parents noted the challenges (financial and time costs) of trying to travel between two centres to get the equivalent provision. Young people there, who felt remote from employment opportunities, felt constrained in accessing opportunities outside of the area for reason of travel costs appearing prohibitive.

## Key messages

Our in-depth study of three deprived wards in London found that:

- Front line services for under-fives and young people have been impacted in all wards (with the exception of under-fives services in Camden) but not to the degree we might have expected from the extent of local government spending cuts.
- Staff reductions were widely reported in these services and were the principal change in most cases. Those reductions were being offset as far as possible through paid staff doing more and through use of volunteers. For this reason more extensive impact to the front line had, to this point, been avoided.
- Services for older people had been affected more than services for under-fives and young people in all three wards. Losses of day centres, reductions in activities, or higher charges had occurred across the case studies. Adult Social Care makes up the largest part of council spending and as councils are obliged to protect statutory provision discretionary community services are being substantially impacted.
- In the wards where children’s centre activity provision had been reduced some parents reported worsening behavioural problems. Parents on low incomes were not able to offset those service reductions by paying for private services.
- Older residents who had experienced changes in local activities provision reported greater boredom. In some cases the changes have created a barrier to access (e.g. inability to pay higher charges) and leaving those older residents more isolated. Social ties were being severed with service losses.
- The case of early years services in Camden shows most clearly the difference that the commitment of the council to protection of services can make to residents in hard times. In Camden a relatively extensive under-fives offer was helping parents cope with wider

pressures. In Brent parents reported how reduction in early years provision has a compounding effect on the pressures their households are under.

- The maintenance of service provision can depend on VCS organisations being able to offset reductions by the Council. VCS provision is uneven across the case studies. In the Brent and Redbridge wards, more gaps in service provision were appearing for this reason than in Camden where VCS partnering has been an important part of the strategy to coping with the cuts.
- VCS organisations we spoke with are under increasing pressure, particularly smaller, locally specific ones. We have to question the long-term potential of VCS provision supplying the antidote to council reductions at the local level given the extent of competition for funding reported. We have noted here the reduction in all wards of funding to VCS providers of older people's services and, importantly, the impact of that on older residents' lives.

This work reflects a snapshot at a particular point in time, just before local elections in 2014 and before a second round of budget cuts. The situation is likely to get worse: in our interim report (Fitzgerald et al. 2013) we reported that senior officers and Members thought they would not be able to absorb further large cuts a second time; local service managers have echoed that sentiment - more than a third of the local-level service managers we spoke with were unsure of the future of their job or the particular service they managed.

This work reflects coverage of a small number of cases as was necessary to achieve an in-depth analysis of local contexts. We do not present these findings as reflective of all of London, nor of all deprived wards of London. The intention has been to complete a detailed qualitative analysis that would furnish a detailed description of neighbourhood level experience of 'hard times'.

## Further information

The full version of this report, by Amanda Fitzgerald, Ruth Lupton and Anne Marie Brady is available at <http://sticerd.lse.ac.uk/dps/case/spcc/wp09.pdf>

This is a summary one of a series of papers produced as part of CASE's research programme Social Policy in a Cold Climate (SPCC). The research, concluding in 2015, examines the effects of the major economic and political changes in the UK since 2007, focusing on the distribution of wealth, poverty, inequality and social mobility. More information is available at: [http://sticerd.lse.ac.uk/case/new/research/Social\\_Policy\\_in\\_a\\_Cold\\_Climate.asp](http://sticerd.lse.ac.uk/case/new/research/Social_Policy_in_a_Cold_Climate.asp).

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