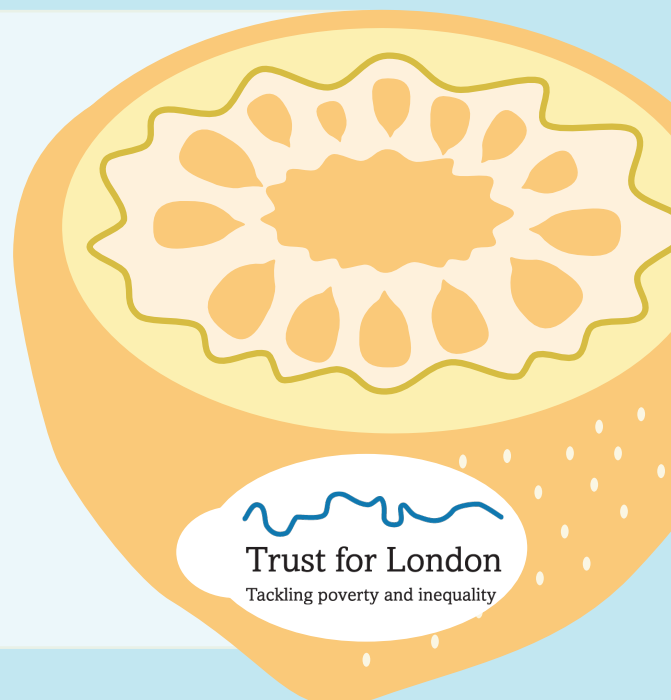




# The Big Squeeze 2013: A fragile state

Phase 5, November 2013

The economic climate, Londoners and the  
voluntary and community groups that serve them



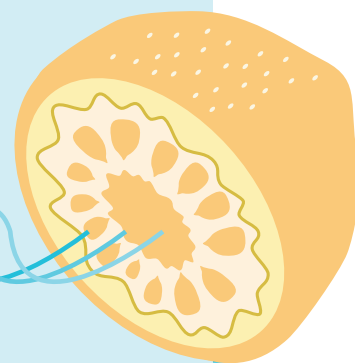


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# 1

## Executive summary



### The Big Squeeze 2013: a fragile state

The Big Squeeze survey is a snapshot of the current impact the economic and policy climate is having on the voluntary and community sector in London and the people who use their services. It suggests that Londoners are being negatively affected by recent local authority cuts, welfare reforms, the housing crisis and unemployment. The cumulative impact of the economy, cuts and reforms have made the state safety net increasingly fragile, with more families now falling through.

The Big Squeeze 2013 results suggest that London's VCS organisations are continuing to adapt and innovate in order to try to meet the growing needs of Londoners, but it is hard to see how they can continue to develop to meet the rapidly increasing needs if these financial and policy pressures continue in the years to come. The cumulative impacts on Londoners and VCS organisations mean that there is little flexibility to rise to new challenges and it is difficult to see how this problem of growing needs and decreased income will be resolved. There is a limit to how far the sector can stretch and very real concerns that it is unable to stretch far enough to fill the growing holes in the state safety net.

The Big Squeeze 2013 survey was open to London's voluntary and community sector organisations during September 2013 and 240 people responded.

## 1.1 Headline findings

- 93% of organisations continue to change the way they work in order to adapt to changes and better meet users' needs.
- 51% reported a reduction in their overall funding in 2012-13.
- 27% closed services over the year.
- 23% expect to close services in 2014-15.
- 82% have seen an increase in demand for their services in the last year, particularly for advice services and support following welfare reforms.
- 30% were confident that they will be able to meet any increase in demand for services.
- 53% used their free reserves to cover running costs in 2012-13.
- At the end of 2012-13, only 28% reported more than three months expenditure in free reserves.
- 14% had no free reserves in 2012-13.

## 1.2 The impact of the policy climate

- 75% reported that a particular welfare reform policy or change to benefits has particularly affected those the organisation works with.
- Only 14 organisations reported that none of the people their organisation works with have raised concerns relating to welfare reforms or benefit changes over the last year – and 53% of those that specified estimated that over 40% of people raised concerns.
- 39% of survey respondents estimated that over 40% of people they worked with were unaware of welfare reforms or benefit changes that affected them until these were introduced.
- 59% of respondents had changed the way they work to help support people affected and/or reduce the impacts of welfare reforms or benefit changes.

# 1.3

## Context: London and Londoners

- Poverty:** London has the highest poverty rates in England at 28%. Costs of essential items like food, housing and fuel are increasing much higher than the Consumer Price Index and earnings. Increasing numbers of people are reliant on food aid. Inequality is increasing.
- Unemployment and underemployment:** Unemployment in London remains high. 375,000 people were unemployed in 2012, up more than 40% since 2007. 190,000 worked part-time but wanted a full-time job. 25% of economically active young adults in London were unemployed. 16% of Londoners earned below the London Living Wage in April 2012.
- Homelessness:** 4,230 households in London were accepted as being owed a main homelessness duty between April and June 2013 – an increase of 26% from the same quarter last year. 40,230 households in London are in temporary accommodation either pending enquiries into their homelessness or after being accepted as homeless. The number of people estimated to be sleeping rough in London increased by 13% in 2012/13 to 6,437.

# 1.4

## Big Squeeze findings since 2009

	2009	2010	2011	2012	2013
Has the economic or policy climate affected the communities you work with over the last year?	95%	97%	97%	89%	94%
Has demand for your services increased this year as a result of economic or policy changes?	71%	68%	81%	66%	82%
Are you confident that you will be able to meet any increase in demand for your services in the coming year? "No" responses	80%	75%	77%	50%	46%
Has your organisation changed the way it works to cope with any changes this year?	78%	93%	94%	90%	93%
Expecting a decrease to public sector funding in the next year	Not asked	53%	77%	53%	47%
Expecting a decrease in funding from trust funders in the next year	Not asked	38%	28%	26%	19%

This year responses were more optimistic in relation to future funding and meeting future increases in demand, perhaps reflecting that the major funding cuts to the sector had already taken place before the respondents completed the survey in September 2013, and that charities have made significant changes over the last couple of years to adapt to the changes. However, 2012/13 saw the highest level of “increased demand” of all the surveys, which is particularly challenging in the context of some organisations seeing increases every year throughout the period. Comments suggest that for many organisations the welfare reforms will continue to drive increased demands for years to come.

It is positive that service closures and staff redundancies reported in 2013 were lower than they have been over the last couple of years, and increasing number of organisations have redesigned services and opened new services to better meet demand and service user needs.

<b>Actions taken to respond to user needs</b>			
<b>Action</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Improved fundraising	15%	60%	50%
Increased partnership work with other VCS organisations	51%	95%	70%
Made staff redundant	54%	39%	30%
Taken on more volunteers	56%	52%	54%
Merged with another organisation	0%	11%	10%
Increased collaborative work with the private sector	1%	23%	24%
Improved your use of technology	9%	36%	41%
Redesigned services to better meet needs	16%	39%	49%
Closed a service	51%	41%	27%
Developed a new business model	8%	50%	29%
Improved your work with funders or commissioners	2%	61%	31%

## 1.5 LVSC analysis: a summary

Although most communities served by the voluntary and community sector appear to have been hit by the economic climate and reforms in some way, feedback from the survey (reinforced by further analysis and research) suggests that it is hitting the most disadvantaged hardest – people who are poor, young, old, disabled, carers, minority communities and combinations of those. The poorest families face high inflation, high unemployment, stagnating wages and the triple whammy of benefit cuts, service cuts and advice sector cuts.

It is not just the impact on Londoners by each individual reform, but the cumulative impact of the economy and reforms taken together creating a series of interlocking challenges. Those made vulnerable by previous reforms have been pushed into crisis. In addition to the financial impact of benefit changes themselves, are the problems caused by the processes for implementation and sanctions applied - confusion and fear are adding to problems, combined with reductions in advice services and legal aid meaning people are not always getting the support that they need. This has knock on effects to other services, including social care and health.

Echoing the results of the 2012 survey, the Big Squeeze 2013 provided clear evidence of an increase in demand for advice services to address the immediate impacts of welfare reform, unemployment and/or increasing poverty. It also suggests an increase in demand for support to address the longer-term problems these issues produce, such as support around housing and homelessness issues and direct support to alleviate poverty.

As with the 2012 survey, the Big Squeeze 2013 found that voluntary and community sector organisations working locally within a borough or neighbourhood may be more severely affected by the economic climate and funding cuts than those working over a larger geographical area. Local organisations reported increasing competition for local contracts from national organisations and the private sector and increasing barriers that reduced their ability to bid for contracts.

At a time of increasing public sector spending cuts, this survey and other research suggests that London is storing up long-term social problems which are impacting disadvantaged communities the most. Despite their efforts, VCS organisations lack the resources and increasingly also lack remedies to these policies.



# 1.6 Recommendations

## 1.6.1 ... for London's voluntary and community sector

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Frontline VCS organisations should:

- ◆ Continue to improve partnership working, develop local networks and formalise signposting and referral routes to advice and other services, to help manage demand for their services.
- ◆ Build on current good practice to work with local authorities to build dialogue and work on joint solutions to dealing with interlocking welfare reforms, including through strategic use of the Local Support Services Framework.
- ◆ Join, collaborate with and support existing networks of advice organisations (such as the London Advice Forum, the Black Advice Network, Advice UK, Law Centres Network and Local Advice Providers Forums which exist in many boroughs), to ensure service users can access high quality information on what is changing, how and when.
- ◆ Advocate and campaign against reductions to advice services – as the need and impact is relevant to all sub-sectors.

## 1.6.2 ... for LVSC and VCS infrastructure organisations

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LVSC should:

- ◆ Develop a partnership of infrastructure organisations to lead on implementing the recommendations of this report.

LVSC and VCS infrastructure organisations should:

- ◆ Work together to create a more co-ordinated response to the welfare reforms, escalating poverty crisis and service provision, advice and legal aid cuts. This should include:
  - building a strong evidence base on the impact of cuts and reforms in London,
  - developing a coherent, collective campaigning voice on behalf of disadvantaged Londoners, and
  - developing effective advice and information resources for service users and staff.

- ◆ Share information to ensure frontline organisations are informed about the progress of legislation that may impact their work, such as the Transparency of Lobbying Bill, Judicial Review Reform Consultation, and progress on current or planned reviews of the Public Sector Equality Duty and the Human Rights Act.
- ◆ Signpost frontline organisations to existing clear, practical guidance on what the welfare changes mean and where they can access updates.
- ◆ Provide guidance to resolve uncertainty about the impact of volunteering on benefit entitlements.
- ◆ Provide support across London to assist with strategic thinking about local and regional collaboration and merger.
- ◆ Develop new sources of funding for the sector, such as from corporate sources.
- ◆ Influence London policy makers to prioritise work on understanding and combatting the impacts of the cuts on Londoners, in particular the disproportionate impact on equalities groups.

### 1.6.3 ...for funders and commissioners

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Funders in London should:

- ◆ Work together to develop a coordinated funding strategy, identifying gaps in funding and commissioning activity to fill those gaps. Particular attention should be paid to advice services, building on good practice such as public legal education, collaboration with non-advice services and work to improve the efficiency of advice services.
- ◆ Take account in any funding strategy of the vital role of infrastructure organisations to provide support to frontline organisations in dealing with increased demands and reduced resources.
- ◆ Consult VCS organisations in developing funding and commissioning processes to ensure that social value is adequately considered, and that smaller organisations with local knowledge and connections are not excluded from delivery.
- ◆ Add their voice, research and influence to sector campaigns highlighting the impact of policies on London communities.

## 1.6.4 ...for policy makers

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The Government should:

- Review estimates of the cumulative impact of welfare reforms and service cuts, particularly on groups protected under the Equality Act 2010.
- Take a holistic approach looking at central and local costs and implications across all departments, including long-term impact on health.

The Mayor of London should:

- Carry out an equalities based analysis consistent with his public equality duty, examining the cumulative impact of these changes on Londoners, then use his influence with the Government to mitigate these impacts.
- Secure greater investment in building homes which are affordable to Londoners.

The Mayor and local authorities should:

- Work together to review funding for advice services, and develop a strategic solution to the need for advice services, affordable for all, across London.
- Ensure the London Living Wage is paid across the GLA group, local authorities and their supply chains.

The London Enterprise Panel should:

- Increase its focus on reducing inequality, in-work poverty and early preventative action, and
- Support this work by appointing a VCS representative on to the Panel.
- Adopt ambitious targets to increase uptake of the London Living Wage by employers.

The London Health Board and the London Health Inequality Network should:

- ◆ Build upon the London recession indicators to undertake an assessment of their impacts on the mental health and wellbeing of Londoners, and whether spending cuts by central Government have driven increased spend on local services.

The Mayor's Office for Policing and Crime should:

- ◆ Undertake an assessment of the impact of these changes on levels of crime, and on whether spending cuts by central government have driven increased spend on local services.

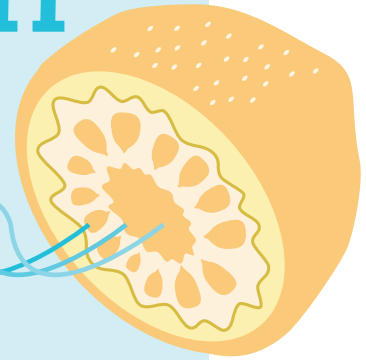
“

Your report and evaluation are helpful in our understanding of the challenges that voluntary and community organisations face in London as a result of the various austerity measures.

”

# 2

## Introduction & methods



### 2.1

#### About the Big Squeeze

LVSC produced its first 'The Big Squeeze - We're in it Together'<sup>2</sup> report in February 2009. Working with partners, we collected and analysed evidence from across London's voluntary and community sector (VCS) through an online survey and the use of case studies. The report aimed to inform debate on the role of our diverse sector in helping Londoners through the recession. A full report was published in July 2009. The process was repeated in April 2010<sup>2</sup>, May 2011<sup>3</sup> and May 2012<sup>4</sup>. With this year's fifth report, the Big Squeeze 2013 campaign provides a year-by-year "snap shot" of the impact of the recession and subsequent public spending cuts on Londoners and the VCS organisations working for them.

This year we have taken a particular interest in the impact of welfare reforms on Londoners and the VCS organisations that work with them.

### 2.2

#### Findings from previous surveys

The trends predicted in the previous reports have since been confirmed by other more detailed research, suggesting that the negative impacts of economic decline and public sector spending cuts were becoming worse. This was particularly marked for those Londoners already suffering the most disadvantage.

Respondents to the 2012 survey highlighted that they were already seeing increases in longer-term social problems such as inequality, declining social cohesion, worsening health and well-being and more long-term poverty and unemployment amongst their service users. This has been evidenced in the policy analysis in Chapter 3 where it is clear that the anecdotal evidence of previous respondents has been demonstrated in research and official statistics.

This year, we revisited the original survey questions in order to provide a comparison across the years, as well as adding additional questions to determine the impact of new government policies and gain greater insight into the impacts identified in previous years. More detailed questions were added to the questionnaire on welfare reforms as a theme that had been identified as a key issue by London charities.

## 2.3 Key aims of the 2013 campaign

The main aims of our 2013 campaign were to:

- ◆ develop an evidence base and raise awareness of the impact of the economic climate and public spending cuts on Londoners and the VCS organisations that serve them from the beginning of the 2008 UK recession;
- ◆ further examine the specific impacts of government welfare reforms in London, many of which were only introduced in April 2013;
- ◆ make recommendations to reduce the negative impacts on the most disadvantaged Londoners; and
- ◆ offer ideas and insights to inform organisations and policymakers how they could work differently to reduce the impact of cuts on their users in future years.

## 2.4 Methods

### 2.4.1 The 2013 Big Squeeze survey

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The survey was developed using Smart Survey's internet-based software and ran from 3rd September to 4th October 2013, following a week-long test period. The link to the electronic

survey was circulated through LVSC’s members and networks, posted on numerous websites and sent out through e-bulletins and Twitter feeds. This year a hard copy of the survey that could be completed by hand and a telephone survey were also prepared to ensure that respondents were offered a diversity of ways to engage. Telephone reminders and support were used to increase the number of survey responses.

The survey took place later in the year than the previous surveys which were in the spring. This may have slightly impacted results as respondents will have had a better idea of impacts within the current year, but was useful to provide early evidence of the policy and welfare changes introduced in April 2013.

There were 240 respondents to the 2013 survey from at least 185 organisations. 54 responses were completely anonymous and two organisations responded from two different projects.

Data from the survey was adjusted as some respondents had answered ‘other’ to a question, but their response could actually be categorised within one of the tick box answers provided.

An additional level of insight was provided by analysing by the geographical area covered by the organisation (where the organisation’s name was provided). The classification used were: ‘Local’ organisations’ were those operating in a single borough or neighbourhood, ‘cross-borough’ working in more than one borough, ‘regional’ including pan-London or wider organisations and ‘national’ working in multiple regions. Comparisons were only included in the report where there were statistically significant differences.

Responses were also analysed by the nature of the organisation. ‘Frontline’ organisations were those providing services directly to the public, with ‘infrastructure’ being support providers to those organisations. Organisations that offered both frontline and infrastructure services were classified as ‘mixed’.

	Frontline	Infrastructure	Mixed	Statutory	Unknown	Total
Cross-borough	25	8	3	0	0	36
Local	50	23	3	1	1	78
National	18	19	4	0	0	41
Regional	13	12	2	1	0	28
Anonymous	0	0	0	0	57	57
<b>Total</b>	<b>106</b>	<b>62</b>	<b>12</b>	<b>2</b>	<b>58</b>	<b>240</b>

A disproportionate number of infrastructure organisations responded compared to the profile of the sector as a whole, however some of the comments indicated that their responses reflected the issues reported by the organisations that they support.

Respondents were given a range of options relating to attribution of answers and quotes. Where permission has been granted, quotes are attributed in the report to the responding organisation. In cases where there is no attribution, the respondent requested anonymity.

#### **2.4.2 Desk-based research**

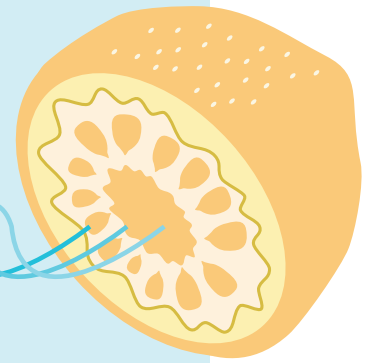
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Research, case studies and surveys conducted by others were used to provide additional local, regional and national context, and further evidence to support and explain the survey findings.



# 3

## The wider context



### 3.1

## Economic policy: the impact in London

The current global economic crisis began with the banking crisis late in 2007. By September 2008, the UK had moved into a recession lasting until late 2009. The first Big Squeeze survey was conducted in response. The country finally emerged from recession in the last three months of 2009, but economic growth remained weak and recession returned in early 2012.

The fifth Big Squeeze survey covers a period when the economic recovery was regaining momentum. The ONS reported economic growth at 0.7% in the second quarter of 2013 and construction and industrial sectors expanded at their fastest rate for 3 years.

However, behind the headline figures, consumer spending growth estimates were revised down to 0.3% with significant reductions to public spending and welfare being introduced in April 2013, expected to further impact consumer spending.

Economics is too often discussed in terms of growth and GDP, but behind this, the experience of individuals, families and communities may not be consistent with positive growth figures.

### 3.1.1 Poverty and financial inequality

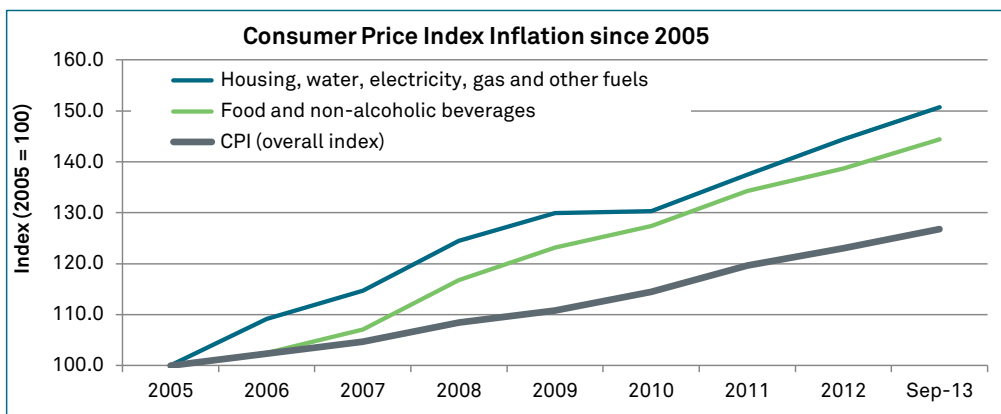
The UK is one of the most unequal rich countries in the world, with the poorest tenth of people receiving only 1% of total income, while the richest tenth receive 31%.<sup>5</sup> The 'London's Poverty Profile' study found that in the three years to 2011–12, 2.1 million people in London were in poverty. This 28% poverty rate is seven percentage points higher than the rest of England. Incomes in London are more unequally spread than in any other region.<sup>6</sup>

The official poverty figures have become misleading. As average incomes fall, the threshold against which poverty is measured falls too, which means that, despite the overall poor economic situation and higher levels of severe material deprivation, poverty has not risen, according to official figures.<sup>7</sup> In reality, that is far from being the case. The rising cost of living, benefit cuts, falling incomes, high unemployment, and public service cuts have made day-to-day living even more challenging for the millions already struggling to make ends meet.

Average earnings shrank by 4.4% last year. Incomes are decreasing across most of society due to a combination of rising unemployment (particularly youth unemployment), involuntary part-time working, pay freezes and cuts, and cuts in benefit levels. This is causing the biggest real terms fall in incomes since the mid-1970s.

While real wages are falling for the majority and the National Minimum Wage has fallen over the past four years, Oxfam reported that the rewards at the top have raced away: last year, earnings of directors and chief executives went up by 15%, and those of directors of FTSE 100 companies soared by 49%.<sup>8</sup>

It is not just that finances are being squeezed through stagnating income and benefit restrictions, but costs of food, housing, fuel and other essentials have increased higher than Consumer Price Index and benefits. Overall figures for London alone are unavailable, but the national figures paint a bleak picture for those on a tight budget.<sup>9</sup>



Since 2005, there has been a 26.8% increase in the overall Consumer Price Index, but a 44.4% increase in food (including a 50.8% increase in vegetable prices) and 50.7% increase in housing, water and fuel costs. Some costs, particularly housing costs, have increased more rapidly in London than the national figures above illustrate. In the 'ONS House Price Index', housing prices in London increased by 57.4% between January 2005 and August 2013, compared to 24.2% for England overall.<sup>10</sup> According to the 'Index of Private Housing Rental Prices', prices in London increased by 5.5% between January 2011 and August 2013, compared to an average of 3.3% in the whole of England during that period.<sup>11</sup>

Increases in prices of essentials like food, housing and fuel affect poorest households more as it is a greater portion of their income. The richest tenth of households spent 8% of their income on food in 2011, but the proportion spent by the poorest tenth was twice as large, at 16%. As well as the human cost, this will have a longer-term economic cost to society, especially healthcare. The richest tenth of households spent 9% of their income on housing and fuel in 2011, but the proportion spent by the poorest tenth was over 2.5 times as high at 23%.<sup>12</sup> With high proportions of income spent on the most basic essentials, there is little flexibility to be able to adapt to reductions in income and benefits. Even marginal increases in prices can have a big impact on people whose finances are on a knife-edge.

### 3.1.2 Food poverty

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The number of food banks in the UK has risen dramatically in recent years. Oxfam estimates that over 500,000 people are now reliant on food aid – the use of food banks and receipt of food parcels – and that this number is likely to escalate further over the coming months.<sup>13</sup> This figure highlights the extent of food poverty in the UK, which hits the poorest households hardest. The Trussell Trust has reported that the problem is so severe that some people using food banks have started to hand back items that need cooking, as they cannot afford to use the energy.

Figures from the Trussell Trust show that changes to the benefit system are the most common reasons for people using their food banks and account for around half of users.<sup>14</sup> These include changes to crisis loan eligibility rules, delays in payments, Jobseeker's Allowance sanctions and sickness benefit reassessments.

The Trussell Trust, which runs the largest chain of food banks in the country, had 6 food banks in London in 2009 and now has 40. Fareshare and other providers have run food banks and distribution schemes in London too.

An investigation by the London Assembly heard that a high proportion of people over the age of 65 admitted to hospital in Lewisham and Southwark were already suffering from malnutrition. As part of the same study, in a survey of teachers in London, 95% said children in their schools regularly went without breakfast and 61% reported that they had given food to students at their own expense because they had come to school hungry. Over half said this was because families could not afford food. These children's health, educational attainment and life chances are threatened by hunger.

This increase in food banks illustrates of the growth of food poverty in London during the financial crisis. The root causes of food poverty are complex, and food banks are not designed to address the underlying problems, however in addressing the symptoms, food banks are fulfilling a crucial role for those in crisis.

Currently, central government does not take an active role in supporting the work of food banks. With the abolition of parts of the Social Fund in April 2013, it falls to local authorities to make a decision whether to provide food banks with funding locally. The reductions in benefits that have contributed to this increase in food banks may have simply displaced the costs rather than reducing them.

### 3.1.3 Debt

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Publicity over the last year has focused on the impact of pay day lenders and their impact on poverty, however the debt challenges in London are broader than this issue. Figures from the Financial Inclusion Centre from 2010 show worrying levels of debt in London. The report was developed in conjunction with the Consumer Credit Counselling Service (CCCS), now known as Step Change Debt Charity. The figures from 2010 make alarming reading.<sup>16</sup>

- ◆ 8% of households in Great Britain (1.6 million households) spend more than half their incomes on total debt repayments with Londoners the most affected (nearly 1 in 10 of households). CCCS clients from London have the highest secured debt to income ratio at more than 12 times income.
- ◆ 8.9% of UK households are spending more than 25% of household incomes on unsecured debt repayments. The London region tops the league table for the highest proportion and number of households devoting more than 25% of incomes on unsecured debt repayments (10.2%).

- ◆ 10.5% of households in Great Britain (2.1 million) are in arrears on any debt, with 14% (2.8 million) reporting that debt is a heavy burden. Nearly 14% of London households reported being in arrears on any form of debt, with over 18% of London households reporting any debt is a heavy burden. The London region ranks as the most ‘debt vulnerable’ region both in terms of total debt and unsecured debt only.
- ◆ The proportion of households reporting debt worries has grown by 20% over the past year with the highest number in the North East and London. Some 45% of households now report that they struggle to make it to pay day.
- ◆ An analysis of CCCS clients’ finances shows that in most of the regions analysed, clients had on average only £10-14 left over at the end of the month (before debt repayments) so they are very vulnerable to even a small deterioration in financial circumstances. The London region again stands out as having large numbers of vulnerable households. The median budget surplus for London clients is £3. In other words, more or less half of clients from the London region have nothing left at the end of the month to service their debts. Similarly, the London region has the largest deficits – the 1st quartile deficit is -£144. This means that a quarter of London clients were living with a shortfall in their incomes of more than £150 per month.
- ◆ Only half of UK households have some form of bank or building society account. People from Northern Ireland and Inner London are least likely to have any savings.

A pilot scheme to develop an alternative, more affordable pay day loan product in London has been run by the London Mutual Credit Union.<sup>17</sup> The initial evaluation appears to demonstrate that the project has been successful – although not a solution to poverty, it provides a better solution than loan sharks and harsher, more expensive pay day loan schemes.

### 3.1.4 Unemployment and underemployment

Despite its overall prosperity, London’s unemployment rate is one of the highest in the UK – and has been consistently so since the early 1990s.

‘London’s Poverty Profile’ reported that 375,000 people were unemployed in London in 2012, up more than 40% since 2007. 190,000 people worked part-time but wanted a full-time job in 2012, nearly double the level in 2007. In 2012, 25% of economically active young adults in London were unemployed. This compares with 20% for young adults in the rest of England

and is around three times the rate for all economically active working-age adults in London.<sup>18</sup>

For a substantial minority in the UK, work is characterised by insecurity, uncertainty over hours, underpayment, a succession of short-term jobs, or a combination of these. Oxfam estimates that there are two million ‘vulnerable workers’ in the UK and report that decades of deregulation for employers mean that the UK now has the third lowest level of employment protection legislation in the OECD – below Greece, Turkey, and Mexico – and the highest number of zero-hours contracts in Europe.<sup>19</sup>

In addition, the proportion earning below the London Living Wage is increasing. A report by the Resolution Foundation in September found that 16% of Londoners earned below the London Living Wage in April 2012.<sup>20</sup> The TUC reported that there was a 6.6% decline in average salaries in London between 2007 and 2012, equivalent to an average of £41.01 a week.<sup>21</sup>

### 3.1.5 Housing and homelessness

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Demand for housing in London is outstripping the rate at which new homes are being built. This is placing huge pressure on London’s ability to house its 8.2 million residents – a figure that is predicted to rise to 9 million by the end of the decade.

Not enough new homes are being built to meet the current needs, let alone the expanding population. London First reports that the Mayor has an annual target to build at least 32,000 new homes a year, which has never been met, meaning that by 2020 there is likely to be at least 250,000 fewer homes than the city needs. In reality London needs in excess of 40,000 new homes a year.<sup>22</sup> A lack of housing supply is helping to contribute to London’s high house prices.

The London Tenants Federation reported that:

- ◆ The 2011-12 London Plan target for new and additional homes (that is after loss/demolitions have been taken into account) of all tenures was 32,210. The total delivered was 21,179 (66%).
- ◆ The target for delivery of new and additional so-called ‘affordable’ homes was 13,200 (41% of the total target); split 60% social-rented (7,920, down from the previous 10,675 target) and 40% intermediate (5,280, up from the previous 4,575 target).
- ◆ To meet need for social-rented homes in London (as identified in the 2008 ‘Greater London Strategic Housing

Market Assessment') it would require at least 50% of homes delivered to be social-rented. However, if the assessment had not assumed that homeless families placed in private-rented homes by their boroughs would be able to remain there, covered by housing benefit, the percentage increases to 76%.

- ◆ Of the total new and additional homes delivered in London in 2011/12, only 25% were social-rented homes, 62% were market homes and 14% were intermediate homes (59% of the London Plan target).
- ◆ The target for new and additional market homes was 19,004, however only 13,072 (69% of target) were delivered.<sup>23</sup>

There are insufficient levels of affordable housing for purchase in London, putting additional pressure on the private rented and (already inadequately low-level) social housing sector. The cost of housing has continued to rise during the recession in both the private and social rented sectors, with average rents at record highs. As a signifier of poverty and inequality, combined with welfare reforms and declining incomes, homelessness in London is increasing rapidly, particularly since April 2013, and showing no signs of slowing.

In London, the number of households accepted as being owed a main homelessness duty was 4,230 between April and June 2013.<sup>24</sup> This is an increase of 26% (from 3,350) as compared to the same quarter a year earlier, and accounts for 31% of the total for England. Conversely, the number of homelessness acceptances in the rest of England decreased by 3% from 9,520 during April to June 2012 to 9,230 during April to June 2013.

In London, the main reason for the loss of last settled home was the ending of an assured shorthold tenancy at 1,450 (34% of acceptances). This is an increase of 78% from 810 (9% of acceptances) in the same quarter last year. Crisis reports that the cause of this high level of homelessness from people in the private rented sector is the Local Housing Allowance cuts.<sup>25</sup> Caps on total amount of Housing Benefit claimable, especially in London, mean that for those reliant on Local Housing Allowance to make ends meet can no longer afford to pay the rent, and nor can they find anywhere cheaper to go. Crisis argues that welfare reform is forcing people to register as homeless.

The government anticipated that benefit reforms would control increasing rents, obliging landlords in London to charge within Housing Benefit cap levels. Instead, the majority of landlords appear to have abandoned the Housing Benefit sector altogether, preferring to exploit the huge demand for rented property in London's buoyant housing market from people who do not need, or are not eligible for Housing Benefit. This conclusion is supported by Crisis evidence, following their mystery shopper exercise in the south London borough of Lewisham in December 2012, in which they found that of 670 properties available, just 82 were available within affordable ranges for those claiming housing benefit. Of that handful, landlords or letting agents would let just six to claimants – just 0.9%.<sup>26</sup>

The result is spiralling homelessness as low-income private renters are forced to make way for renters who can pay more.

The supply of temporary accommodation in the private rented sector is falling in London at the same time as demand is rising. London Councils found that in the 18 months before March 2013, the number of homes London boroughs can access for temporary accommodation reduced by 20%. In addition, the national cap on housing benefit does not take into account the rising rents in London, caused by London's buoyant property market and high demand for all types of housing.

### Number of London households in temporary accommodation by quarter <sup>27</sup>



The number of households in England in temporary accommodation peaked at just over 101,000 in early 2005 and then fell in every subsequent quarter until the second quarter of 2011, immediately following implementation of reforms to Local Housing Allowance. London Councils has reported that



in March 2013 there were 55,300 households in temporary accommodation either pending enquiries into their application for homelessness or after being accepted as homeless; 40,230 (73%) of these are in London.<sup>28</sup>

These figures have continued to increase. 41,250 homeless households were in temporary accommodation in London between April and June 2013, up 9% on the same period last year.<sup>29</sup> Based on figures from 31 out of 33 London Boroughs, 11,513 homeless households were placed in temporary accommodation outside their borough. Although the majority were to other boroughs in London, 44 of them were moved more than 20 miles away across the city and 580 were placed outside London.<sup>30</sup> In 2012, 2,100 homeless families in London found themselves in inappropriate Bed and Breakfast accommodation.<sup>31</sup>

The number of people estimated to be sleeping rough in London increased by 13% in 2012/13 to 6,437 people.<sup>32</sup>

Where 'capped' households become homeless and require local authority sourced temporary accommodation, that rental loss is effectively transferred to the local authority as they must make up any shortfall in rent. London Councils estimates that, assuming an average loss of £105, as few as 15 additional monthly homeless acceptances per London borough could lead to an additional cost of £35 million per year in temporary accommodation costs alone in London.

It is difficult to take these statistics in isolation as homelessness has an impact on health, education, employment and relationships so the cumulative effects will be felt for years to come.

### **3.1.6 Legal Aid and advice services**

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The Legal Aid, Sentencing and Punishment of Offenders Act was introduced in 2012, introducing significant reductions to the scope of what Legal Aid will cover.

The Big Squeeze 2012 report included detailed information on the nature of the cuts to civil Legal Aid and advice services.

London has some of the greatest need for advice services due to problems of poverty, but will be the greatest loser of all regions from the cuts to civil Legal Aid. The 'Legal Advice Watch' report predicted that just under 77,000 Londoners will lose out on housing, employment, debt, welfare benefits and immigration advice.<sup>33</sup>

However, alongside cuts in Legal Aid, funding for important parts of the advice sector infrastructure has also been lost. The Legal Services Commission had previously supported a series of specialist telephone support lines for advice workers in public law, welfare benefits, debt, housing, community care, immigration and mental health. The lines acted both as a source of support for complex cases as well as a central point where emerging issues, such as systemic maladministration, could be identified. The loss of these phone lines leaves a significant gap.

Although the Public Law Project has specific support for London through the London Area Strategic Support Project<sup>34</sup> which is valued, this cannot hope to fill the size of the gap that is growing between need and supply of advice work and the developments necessitate changes to the ways that the voluntary and community sector supports service users.

### **3.1.7 Health, social care and health inequalities**

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The Health and Social Care Act 2012 introduced a number of key changes to the NHS in England. These changes commenced on 1 April 2013. The changes include:

- ◆ giving groups of GP practices and other professionals (clinical commissioning groups) ‘real’ budgets to buy care on behalf of their local communities;
- ◆ shifting many of the responsibilities historically located in the Department of Health to a new, politically independent NHS Commissioning Board (this has now been renamed NHS England);
- ◆ the creation of a health specific economic regulator (Monitor) with a mandate to guard against ‘anti-competitive’ practices; and
- ◆ moving all NHS trusts to foundation trust status.

In addition, other changes are also having an impact on social care.

The Independent Living Fund provided money to help disabled people live an independent life in the community rather than in residential care. Payments from the fund were used to employ a carer or personal assistant to give personal and domestic care or pay a care agency to provide personal care and help with domestic duties. However, the Independent Living Fund has been closed to new applications in 2013 and payments will stop altogether in March 2015. This is having, and will have, a significant impact on disabled people and carers, especially those that have seen cuts to services such as day centres and reductions in benefits.

As well as the impact of health and social care reforms, the overall economic and welfare framework also has an impact on health.

The Institute of Health Equity was asked by the London Health Inequalities Network to determine the likely effects of the recession and welfare reforms and how these might impact on health inequalities. In their first study published in June 2012,<sup>35</sup> IHE found that avoidable health inequalities related to socioeconomic deprivation exist between and within London boroughs. For example, male life expectancy ranges from 76 years in Islington to 85.1 years in Kensington and Chelsea and there are within-borough inequalities in male disability-free life expectancy of 18.1 years between the least and most deprived neighbourhoods within Kensington and Chelsea. The report suggests that health inequalities are likely to widen, with the following health effects likely:

- ◆ Increases in mental health problems, including depression, suicides and attempted suicide) and lower levels of wellbeing.
- ◆ More domestic violence (due to increased strain on families and relationships) and more homicides.
- ◆ Worse infectious disease rates, such as TB and HIV.
- ◆ Longer-term increase in mortality due to heart disease – commencing 2-3 years after increased unemployment, with effects persisting for 10-15 years.

The report identified that the key social determinants of health were employment, income and housing – which as the analysis in previous sections show, are all moving in negative directions.

The Institute of Health Equality developed an indicator set with boroughs in London that could be used to measure changes in health. Unfortunately the 2013 findings have yet to be published so could not be included here and official statistics are not yet available, but early indications from other sources suggest significant increases in people presenting with mental health problems, due to pressures of their economic position or cuts to services.

## 3.2

# Welfare reform: the impact in London

### 3.2.1 Summary of welfare reforms

There have been significant changes to the welfare framework since 2010 with more changes still to be fully implemented.

**Summary of welfare reforms from 2010 to 2016<sup>36</sup>**

Change	Affected	Implemented by	Timescale
Migration from Incapacity Benefit to Employment and Support Allowance	Incapacity benefit claimants	Jobcentre Plus	From 2010 to April 2014
National caps on Local Housing Allowance (LHA) depending on property size	All LHA claimants	Local authorities administering Housing Benefit (HB), until the introduction of Universal Credit	From April 2011 for new claimants. For existing claimants, on the anniversary of their claim. Nine months transitional protection is available to most claimants
Increases in non-dependent deductions	All LHA claimants with non-dependent living with them	Local authorities administering HB, until the introduction of Universal Credit	In April 2011, and again in April 2012 and 2013
Removing the £15 excess that LHA claimants could keep if their rent was below LHA rates	All LHA claimants	Local authorities administering HB, until the introduction of Universal Credit	April 2011
Setting LHA rates at the 30th percentile of rents in each broad rental market area rather than the median	All LHA claimants	Local authorities administering HB, until the introduction of Universal Credit	From April 2011
Shared accommodation rate applies to single tenants without dependent children up to 35 years old (rather than as previously those up to 25 years)	All HB claimants	Local authorities administering HB, until the introduction of Universal Credit	From January 2012

Change	Affected	Implemented by	Timescale
Increasing the number of hours to be worked for couples claiming working tax credit from 16 to 24 hours a week	Couples claiming working tax credit	HMRC	From April 2012
Up-rating LHA by the Consumer Price Index rather than by increases in rents	All LHA claimants	Local authorities administering HB, until the introduction of Universal Credit	From April 2013
Introduction of 'under-occupation' penalties in the social rented sector ('bedroom tax')	HB claimants in the social rented sector	Local authorities administering HB, until the introduction of Universal Credit	From April 2013
Localisation of the discretionary social fund	All local residents	Local authorities	April 2013
Localisation of council tax benefits	All local residents	Local authorities	April 2013
The benefit cap	Benefit claimants receiving over £350 (single people) or £500 (lone parents and couples) a week	Local authorities administering HB, until the introduction of Universal Credit	April 2013
Introduction of personal independence payment (replacing disability living allowance)	Working age disabled people receiving disability living allowance	Jobcentre Plus	April 2013 until 2016
Introduction of universal credit (replacing means-tested benefits)	Benefit and tax credit claimants	DWP, working with local authorities	October 2013 until 2017

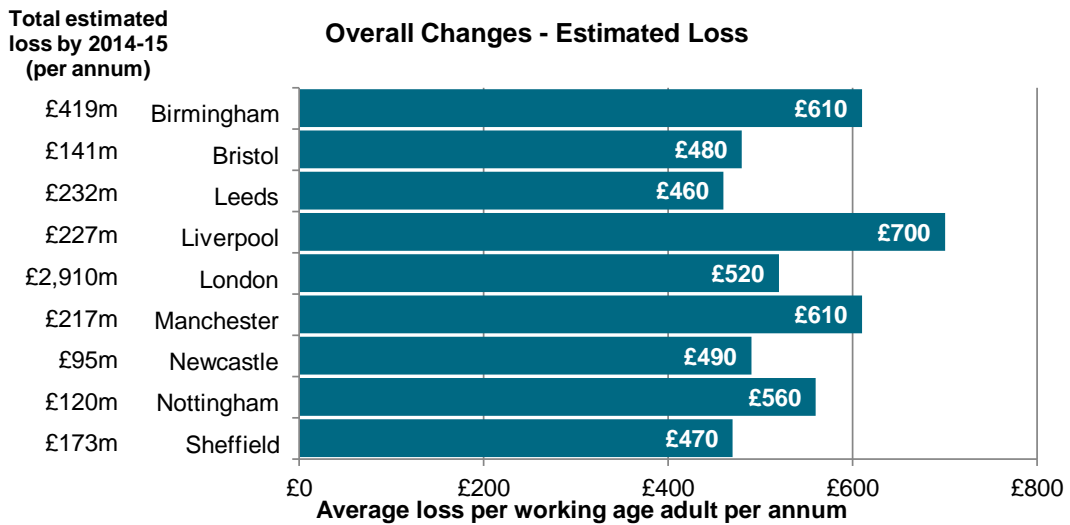
### 3.2.2 London vs other UK cities

Beatty and Fothergill have analysed the national and regional impacts of welfare reform in their 2013 study for the Centre for Regional Economic and Social Research.<sup>37</sup>

Using figures from this study, the following compiles the figures and analyses the impact in London compared to other Core Cities for context.

#### Overall changes by 2014-15

These are estimates, excluding Universal Credit implementation.

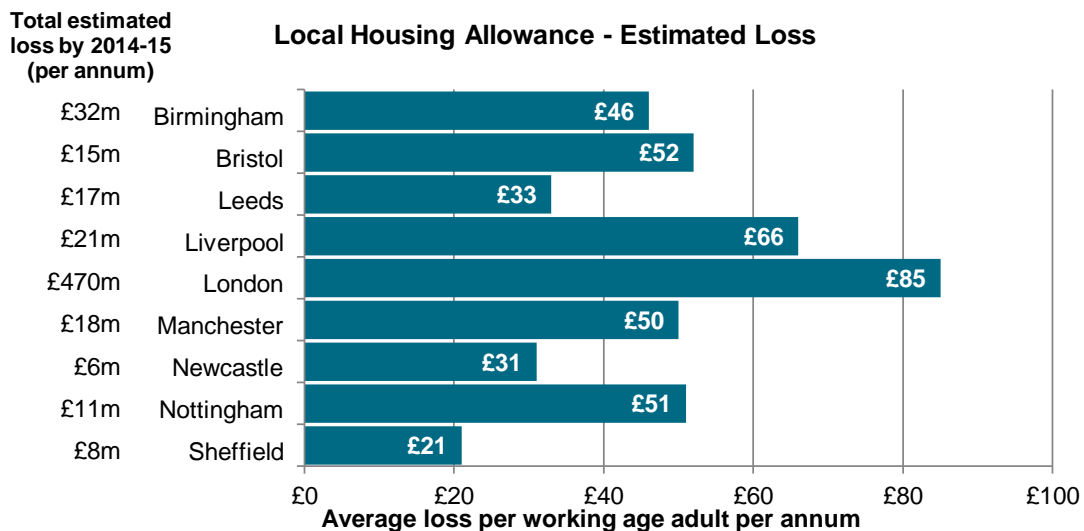


Overall Liverpool, Manchester and Birmingham are worst affected as measured by total loss per working age adult. The losses are affected by high housing costs, high levels of unemployment, lower paid work and high levels of disability. Most deprived local authorities are the most affected.

However, the figures are based on the number of working age adults and this masks the impact on individuals – particularly in London where there is great diversity between boroughs and within boroughs. For some individuals the loss of income is much, much, greater than presented here.

#### Housing benefit: Local Housing Allowance

Changes to the rules governing assistance with the cost of housing for low-income households in the private rented sector. The new rules apply to rent levels, ‘excess’ payments, property size, age limits for sole occupancy, and indexation for inflation.



Overall London is worst affected because of its high rents and high levels of the population living in private rented accommodation.

Other cities are less acutely affected by the Local Housing Allowance reforms because a higher proportion of their low-income households live in the social rented sector (council and housing association) or in lower-price owner-occupied property.

A London Councils study found that the welfare reforms are having the opposite effect on London's rental market compared to what was intended.<sup>38</sup>

The report shows that instead of falling as the government had hoped, rents increased on average £80 per month (9%) for private housing in the lower band of rented property since housing benefit reforms took effect in April 2011. During the same period homeless acceptances increased from 2640 to 3760 (42%).

With costs rising across London, families unable to afford central London rents are looking for alternatives. Boroughs at the edge of the city are home to more people claiming housing benefit and disruption is inevitable as housing supply dries up and rents increase. For example, private sector rents in Barnet went up £245 per month in the 18 months between March 2011 and August 2012, along with a 4% increase in the number of households in the borough who claim housing benefit. Without increases in local housing allowances, households renting privately are now more likely to face eviction due to rising rents, as section 3.1.3 on housing and homelessness has demonstrated.

## Housing benefit: Under-occupation/‘bedroom tax’

New rules governing the size of properties for which payments are made to working age claimants in the social rented sector (widely known as the ‘bedroom tax’).



Manchester, Liverpool and Newcastle are worst affected by the ‘bedroom tax’ as this has the most impact in the places where a high proportion of the housing stock is rented from councils or housing associations and there is a shortage of one- and two-bedroom social housing.

The data is likely to be an underestimate of the impact as recent evidence shows that people are unable to pay the additional rent not covered by LHA, due to the impact of previous reforms, and are therefore having to move. This is a particular challenge in London where the lack of affordable properties for people to move to mean increasing levels of arrears, or people downsizing to more costly properties in the private rented sector, reducing or eradicating the net savings from the policy.

An initial study from the University of York has found that assumptions made by the Department of Work and Pensions in its model to calculate savings was “flawed”. Though based on a sample of housing associations including those outside London, its conclusions are relevant more widely. The report argues that the financial savings generated by the ‘bedroom tax’ may have been significantly exaggerated, estimating that the controversial policy is likely to save £160m less in its first year than the projected £480m.<sup>39</sup>

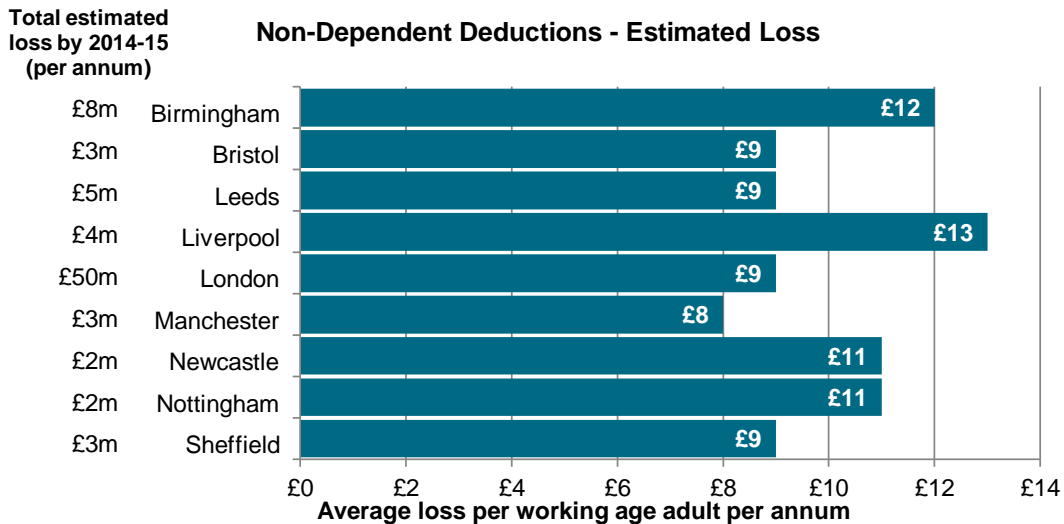
It is likely that the impacts of the under-occupation penalty have so far been mitigated, to a degree, by the use of discretionary housing payments, to help households to adjust to lower incomes



while they try to find more affordable properties. This provision is time-limited and impact of the reform will be more acute when this support is removed.

### Housing Benefit: Non-dependent deductions

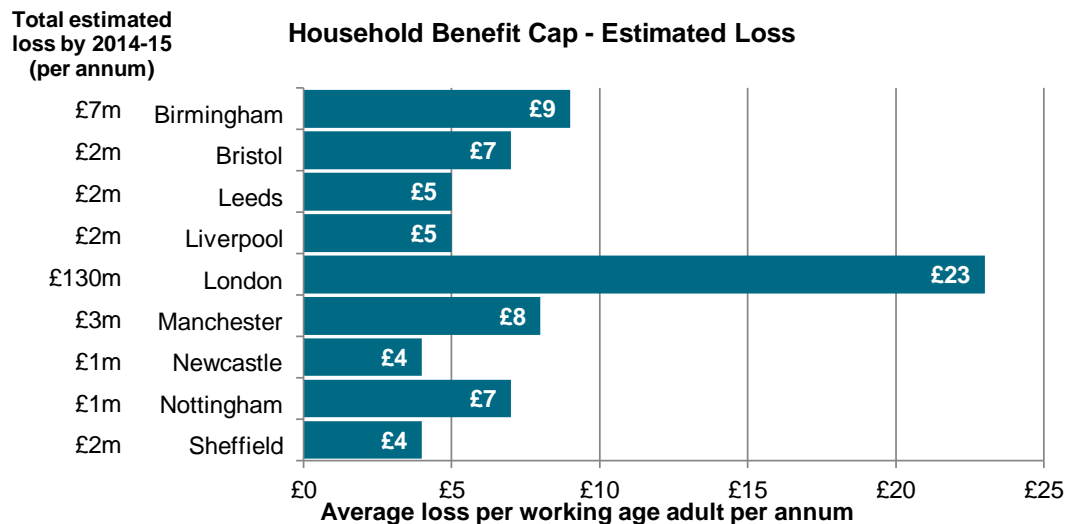
Increases in the deductions from Housing Benefit, Council Tax Benefit and other income-based benefits to reflect the contribution that non-dependent household members are expected to make towards the household's housing costs.



Liverpool and Birmingham are worst affected by non-dependent deductions but the variation between cities is much less than for the 'bedroom tax' and LHA changes. This reform impacts principally on areas with high numbers of people out-of-work, on benefits and claiming housing benefit.

### Household benefit cap

New ceiling on total payments per household, applying to the sum of a wide range of benefits for working age claimants.



The household benefit cap has much the greatest impact in London because rents are so high, particularly in the private sector.

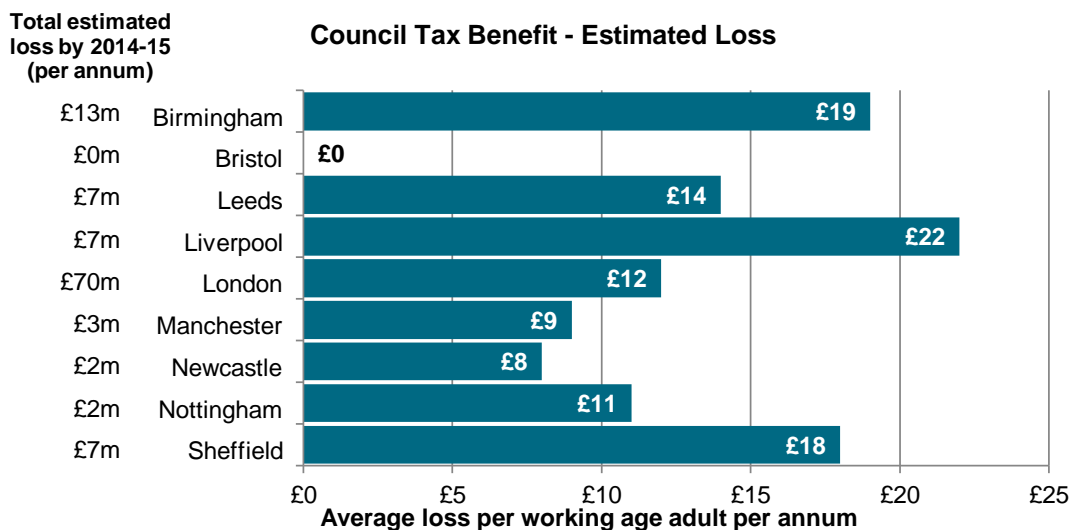
Research by the Centre for Economic and Social Inclusion on behalf of the Local Government Association projected that only 23% of households affected by welfare reform could be expected to take action (e.g. finding work or moving to cheaper accommodation) to mitigate the impact.<sup>40</sup> This is a national statistic likely to be higher in London where the study identified that the impact of the cap will be higher.

At a local authority level, the average impact of the benefit cap per claimant household are relatively evenly spread – with all regions except London seeing average losses between £1,500 and £1,650 per year. The reason for this is that the different impacts of different reforms largely balance each other out across the country – with larger impacts due to more people out of work and/or on low incomes in work in the northern half of the country balanced by far higher housing costs in the southern half of the country.

However the study found that in London the high benefit receipt and high housing costs combine to give very large impacts per household – with on average claimant household incomes lower by £1,965 per year. Excluding London, the average loss per household falls to £940 per year.

### Council tax benefit

Reductions in entitlement of working age claimants arising from 10% reduction in total payments to local authorities.



Liverpool is most affected by changes to council tax benefit, while Bristol is minimally affected. Some local authorities in England have chosen not to pass on the 10% reduction in council tax benefit, in whole or in part, absorbing the loss elsewhere in their budget. So the variations between cities partly reflect political choice, but also the fact that none of the reduction can be passed on to pensioner households, so the full burden of the adjustment has to fall on working age households. In the parts of Britain where the reductions have been passed on, and where there are large numbers of working-age claimants, the impact is, therefore, greatest.

### Disability Living Allowance

Replacement of DLA by Personal Independence Payments (PIP), including more stringent and frequent medical tests, as the basis for financial support to help offset the additional costs faced by individuals with disabilities.

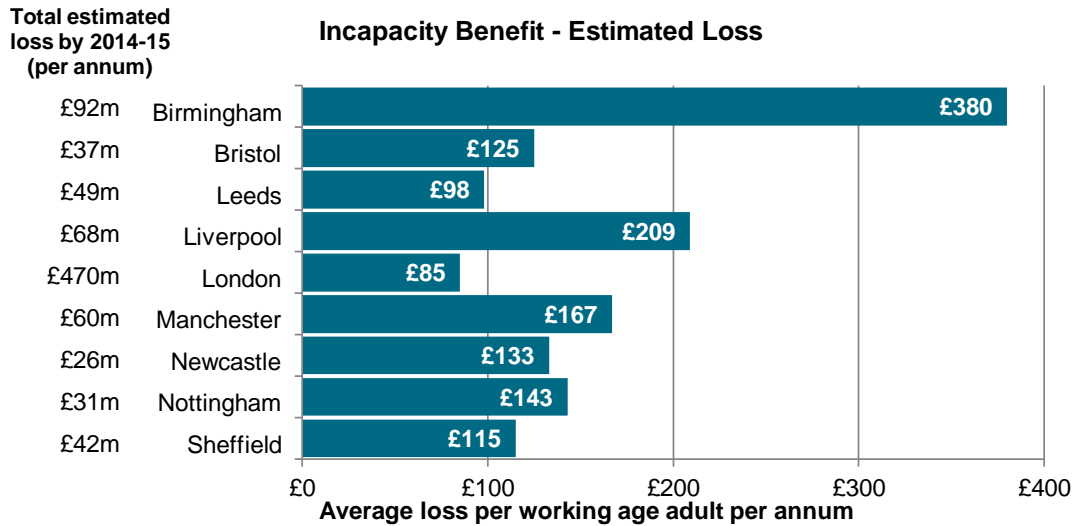


Liverpool and Manchester are most affected by changes to Disability Living Allowance with London least affected. The replacement of Disability Living Allowance (DLA) by Personal Independence Payments (PIP) impacts most on the places where the number of claimants is greatest. The big numbers are in Britain's older industrial areas, where sickness and disability benefits have provided long-term support for men and women with problems in finding and retaining employment in difficult labour markets.

It should be noted that it is not just the nature of the changes that are causing concern, but also the challenges with the way the assessments themselves are being applied. Concerns have also been raised that estimated figures are based on the disabled people themselves and underestimate the impact on carers.

## Incapacity benefit

Replacement of incapacity benefit and related benefits by Employment Support Allowance (ESA), with more stringent medical tests, greater conditionality and time-limiting of non means testing entitlement for all but the most severely ill or disabled.

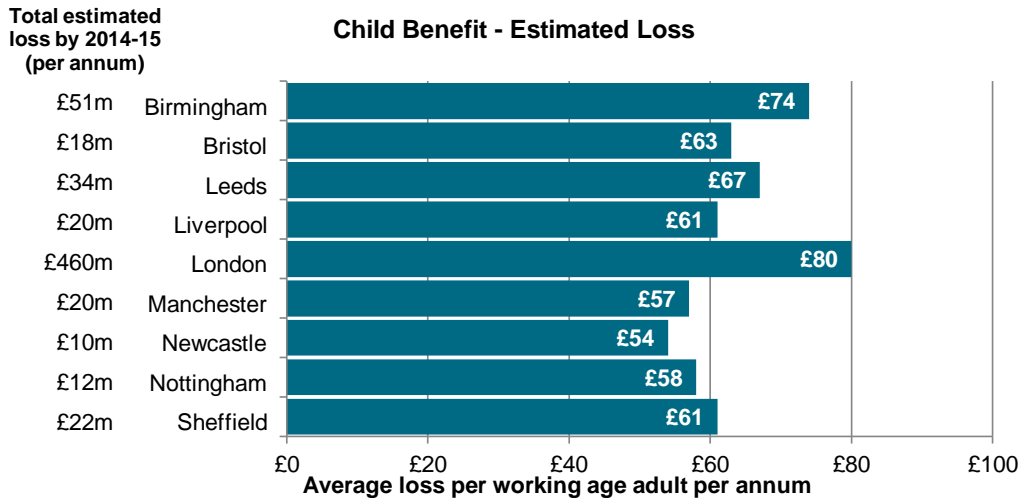


By far the most affected by changes to incapacity benefit is Birmingham, with London least affected. Across Britain as a whole, incapacity claimants are by some margin the largest group out-of-work on benefits, and the cuts to incapacity benefits – now called Employment and Support Allowance – are especially large. Much of southern England escapes lightly from these major cuts, which are concentrated on difficult labour markets in old industrial areas.

However, although there are lower proportions affected, there are still large numbers of people affected in London, with challenges around processes. Nationally, the number of ESA appeals more than doubled in the year to quarter 4, 2012/13.<sup>41</sup>

## Child benefit

Three-year freeze, and withdrawal of benefit from households including a higher earner.

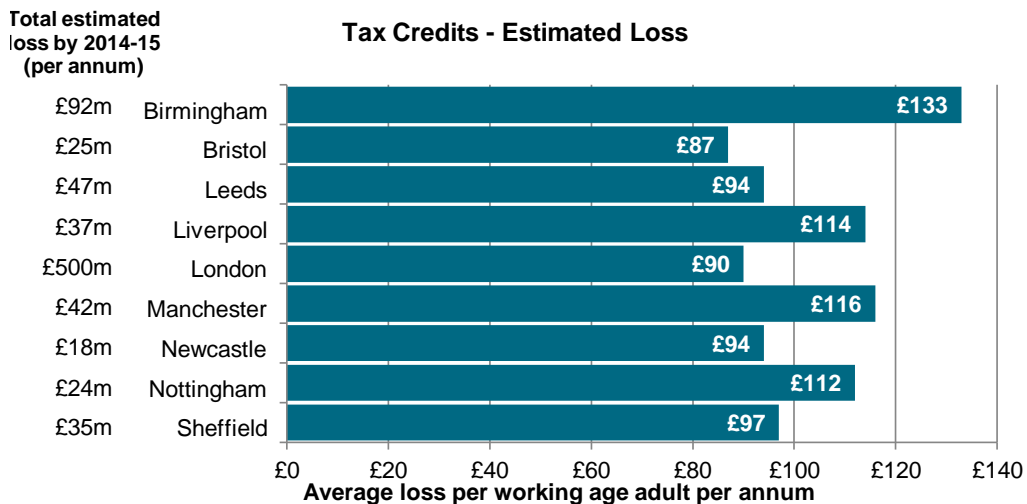


London is the city most affected by changes to child benefit and Newcastle least, although variation between cities is less than for other benefit changes. The three-year freeze in Child Benefit rates affects all claimants and the withdrawal of Child Benefit from households with a higher earner affects some households in most places. The biggest impacts are in the areas where there are substantial numbers of children and a high proportion of higher earners.

The cuts to Child Benefit are the only element of the welfare reforms that could be said to impact more on some of the most prosperous parts of Britain than on the poorest areas.

## Tax credits

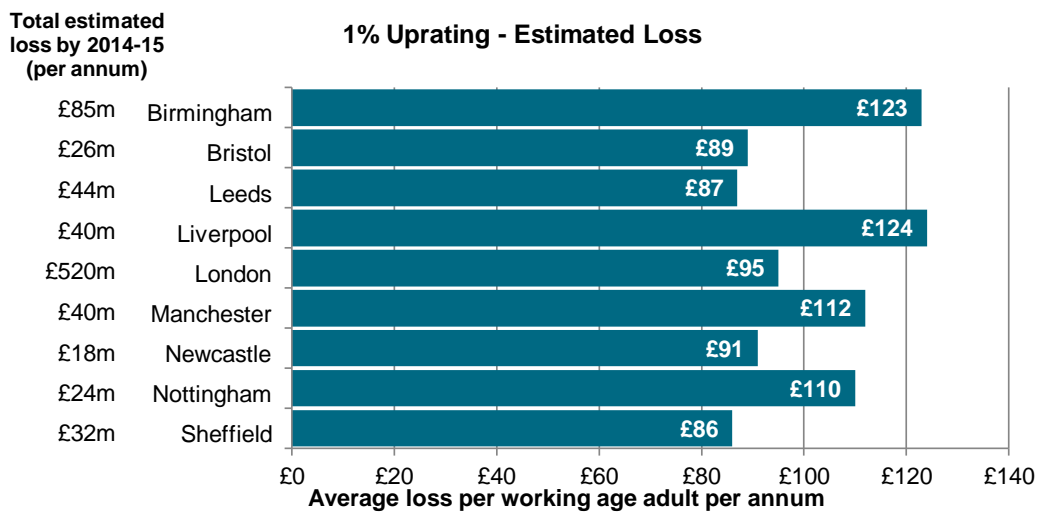
Reductions in payment rates and eligibility for Child Tax Credit and Working Families Tax Credit, paid to lower and middle income households.



Birmingham is also the city most affected by changes to tax credits. Child Tax Credit and Working Families Tax Credit are paid to lower and middle-income families, so the impact of reductions in eligibility and payment rates is felt most in the places where less well-off people live.

### 1% uprating

Reduction in annual up-rating of value of most working-age benefits.



Again, Liverpool and Birmingham fare badly from the impact of limiting the uprating of a wide range of working-age benefits to 1%, which inevitably impacts most where these benefits are claimed by the largest number of people. This means that places with high numbers out-of-work on benefits or with large numbers claiming Housing Benefit or in-work benefits are the ones hit hardest. 1% is below the increase in Consumer Price Index inflation rates and significantly below the inflation rates for food, housing and fuel.

## 3.3 Other Government policy affecting the VCS

### 3.3.1 Big Society

The Big Society vision of empowered local communities driving forward an agenda of social action and local ownership of public services has faced major challenges. The Big Society

agenda has always been broader than just the voluntary and community sector, but the promotion of non-state approaches to address significant social issues will have some focus on sector organisations, and official policy pronouncements have emphasised the potential contribution of the sector to the Big Society.

Many in the voluntary and community sector were sceptical (if not critical) and many viewed it as rhetoric, used as a foil to cuts. Third Sector Research Centre research highlights a number of competing narratives that provide more compelling responses to the Big Society agenda. Among other things, it was seen as confusing, challenged by the reality of everyday life and a contradiction in the face of public spending cuts. Some saw it as an illegitimate co-option of existing community and voluntary activities.<sup>42</sup>

The views of the sector are also echoed in the views of the public which were also negative. The majority of contributors did not believe that their communities have the capacity to take on sustained responsibility – none were confident about their communities being able to provide for all of their needs.<sup>43</sup>

New Economics Foundation (nef) reported that as people have become less economically secure, they have tended to turn inwards, focusing on just getting by from day to day, with no time or energy to connect with others or take local action.<sup>44</sup>

This has led to a general weakening of the “core economy” – a term nef used to describe all the unpaid time, caring, support, friendship, expertise, giving, and learning that underpin society and the formal economy. The Big Society vision relied on a strong core economy. But nef found that people’s time and capacity was increasingly stretched by reduced local public services, changes to working and child tax credits, and insecure, low-paid employment.

The Big Society project depended on people having disposable time and other assets, which have never been equally available to all. nef found in their study that the new austerity has widened inequalities and those who are poor and powerless have less time and fewer resources at their disposal. This makes it much harder to get involved in local activities, to take over local assets at risk of closure, or bid to run services, or develop neighbourhood plans.

The Big Society has gradually disappeared from public and political discussion. That’s not to say that there aren’t communities that have embraced the agenda and groups that

have taken over services such as libraries, but more often than not, this is happening in areas with greater social and financial capital and is contributing to the growing inequalities as disadvantaged communities are less able to participate in the agenda and maintain their services.

Local government cuts have all but killed the government's vision of a 'Big Society' and it doesn't appear to have had much impact on existing voluntary and community sector activities in London.

### 3.3.2 Localism

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The Localism Act 2011 gave neighbourhood groups new rights and powers to act on behalf of their community. Like the 'Big Society' above, it made the assumption that individuals have the capacities and willingness to volunteer on behalf of their communities to address community needs.

The act introduced community rights including:

- ◆ right to challenge
- ◆ right to bid for assets of community value
- ◆ right to build.

It also allowed for neighbourhood plans to be drawn up by neighbourhood forums or parish councils.

There are very few examples of the Act being used by communities in London. A pub in Southwark was listed as an Asset of Community Value<sup>45</sup> and the campaign to save the undercroft at Southbank for skaters is currently attempting to use it.<sup>46</sup> A new London Parish was approved by local referendum – Queens Park in Westminster<sup>47</sup> – and a few others in the pipeline. A number of area forums in London have been designated for Neighbourhood planning purposes.

It may be too early to assess the effectiveness of the community initiatives in London - Neighbourhood Plans have yet to be established and implemented. However, with limited resources available to forums, little scope to protect communities from social and economic change or address the crisis in affordable housing, it is unlikely that there will be any significant impacts of the Act in London. It is questionable whether you can have real localism without a buoyant local government finance system.



### 3.3.3 Public Services (Social Value) Act 2012

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The Public Services (Social Value) Act 2012 commenced in January 2013. The Act, for the first time, places a duty on public bodies to consider social value ahead of a procurement.

The Act applies to the provision of services, or the provision of services together with the purchase or hire of goods or the carrying out of works.

The wording of the Act states that the authority must consider:<sup>48</sup>

- ◆ how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and
- ◆ how, in conducting the process of procurement, it might act with a view to securing that improvement.

It also opens the door for consultation with stakeholders to better understand social value and improve service specifications, by specifying that the authority must consider whether to undertake any consultation.

This is the first time authorities have had to consider the social value of the services they commission. This has potential to open-up contracts to more voluntary and community sector providers – as many already demonstrate social value in their services.

It is early to see evidence of an impact from the Act, but Social Enterprise UK has anecdotal examples of it being used to open doors and prompt new conversations.<sup>49</sup>

### 3.3.4 Social investment

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In 2011, the Government published its social investment strategy and articulated its ambition for social investment to become the third pillar of finance for the sector, alongside traditional philanthropy and Government contracts and grants.

The agenda has been driven by the Government, which has strongly advocated this new form of funding. There has been a greater level of interest from newer social enterprises, as compared to more traditional charities. While it has the potential to be transformational for some organisations, it is not the panacea to the sector's funding challenges as some of the rhetoric suggests.

There has been an increase in supply (from Big Society Capital, the Big Lottery Fund and a number of trust funders and other

agencies) but demand from the sector has been lower than anticipated. There is some interest from new organisations and with some large organisations looking to make a step-change, including some innovative implementation, but overall there is a sense that social investment is talked about significantly more than it is actually used.

In its 'Managing in a Downturn' study, PwC found a low appetite for repayable and new forms of finance from charities.<sup>50</sup> Despite the fanfare around social investment, only 8 respondents to their survey had used social investment products and 79% hadn't considered it.

Some of the challenges for the sector are that investment and repayable finance options rely on being able to make profits from services that can be used to pay back the loan and not just fund other services. Many aren't able to charge enough for services due to the need to maintain affordability to the beneficiaries. For some organisations, contracts are not profitable at the price they are being offered – especially for small organisations competing with larger organisations that are subsidising bids with unrestricted funds from other sources and driving down costs. Only larger organisations can afford impact bonds that pay on results as they are unable to afford payment in arrears or absorb the risks of the model. Other organisations are reluctant to secure investment for forms of trading that might be outside their experience or skills set.

There is a risk that that models that use payment by results may push organisations towards the easiest to achieve results, rather than the beneficiaries with most complex needs, as well as encouraging a focus on short-term results, rather than long-term impact.

However, there are some schemes being implemented in London. Most notably, the London Homelessness Social Impact Bond, commissioned by Greater London Authority (GLA) with funding provided by the Department for Communities and Local Government and technical support from Social Finance, began operations in November 2012 and will run for three years. The GLA has commissioned charities St Mungo's and Thames Reach to deliver frontline services to a cohort of 830 entrenched rough sleepers in London. The services will initially be paid for by social investment, with government only paying on the delivery of specific outcomes, including: a reduction in the numbers of rough sleepers; moving people into settled accommodation; reducing A&E admissions; and getting people into employment.<sup>51</sup>

The Government recently completed a consultation on tax incentives for social investment to help to stimulate the market –

but more work is needed on the products themselves, particularly for greater accessibility for small organisations, if the usage is to become more widespread. Organisations that don't currently trade will need to review what they need to do to become 'contract ready'.

## 3.4 Cuts to Local Government spending in London

The government plans to achieve the majority of its deficit reduction programme through public spending cuts. Poorer people rely most on public services, and Oxfam estimates that spending cuts will hit the poorest tenth of the UK population 13 times harder than the richest tenth – with planned reductions to public services being equivalent to more than a fifth of their income being taken away. These cuts mean less health care, reductions in social care, and the loss of hundreds of smaller services such as counselling support, care homes, school crossing patrols, and youth clubs.<sup>52</sup>

### Changes in spending power to 2013/14<sup>53</sup>

Changes in spending power	2011/12	2012/13	2013/14
GLA - all functions	-2.9%	-4.1%	-1.5%
London boroughs incl. City	-5.3%	-3.9%	-1.0%

LVSC monitors spending cuts on a regular basis. In the London voluntary and community sector (VCS) funding cuts report April to September 2013, the national perspective was analysed.<sup>54</sup>

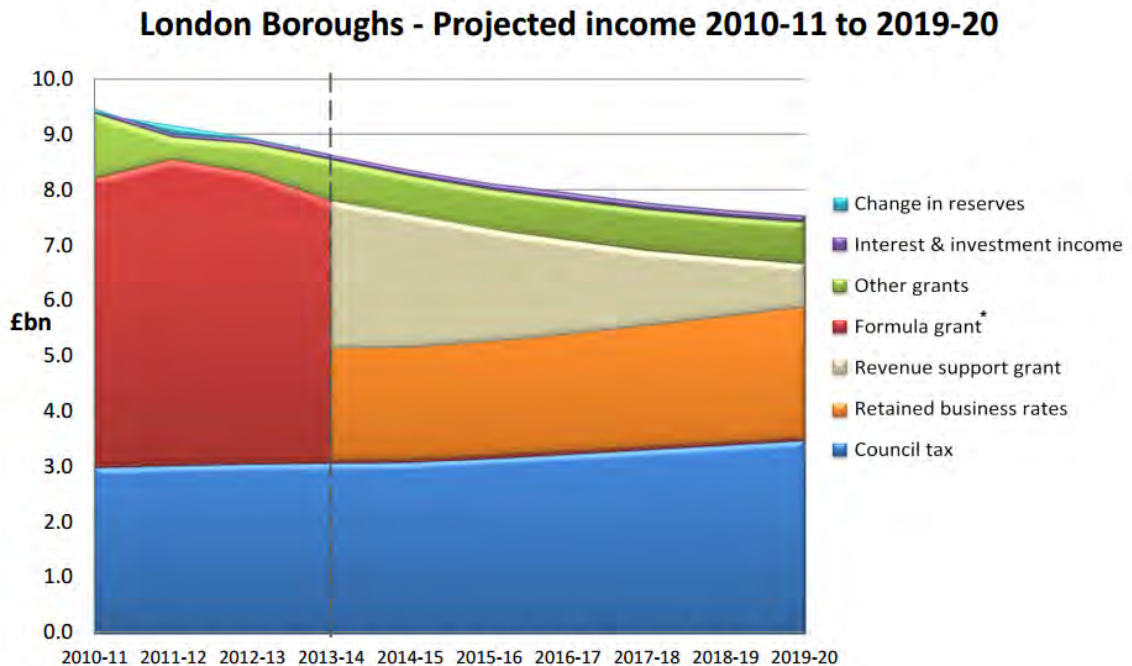
In the 2010 Spending Review, HM Treasury set out plans to reduce central government's funding to local authorities (excluding education, police, and fire) by 26% (£7.6 billion) in real terms over four years from £29.7 billion in 2010-11 to £22.1 billion in 2014-15. In addition, local authorities are facing constraints on their ability to increase the income they can raise locally. The National Audit Office estimates that, over the first two years of the Spending Review period, local authorities had reduced their spending by £4.6 billion in real terms, approximately half of the overall savings required by March 2015.

The Autumn Statement 2012 resisted intense lobbying to restrict the previously announced spending review reductions, and consequently local government funding was cut by an extra

2% (£445million) in 2014-15. Local government managed to avoid additional spending cuts in 2013-14 but overall, councils' 'spending power' would be 1.7% lower in 2013-14.

In London boroughs there was an overall decrease in spending power of 1.0% between 2012-13 and 2013-14. However, this was reduced to 0.7% (0.8% if the cuts to the GLA's budget in 2013-14 were included) when the new local authority allocations for public health funding were added to the total funds available. This compared with a greater 1.3% fall in spending power across England in 2013-14, but if 2013-15 figures were used rather than the single year, London's loss in spending power was 5%, compared with 4.7% nationally.

Finally in the autumn 2013 spending review, departmental spending limits for 2015-16 and 2016-17 were also announced. Local government will also face more severe cuts at the start of this period than other parts of the state, with the budget cut by 10% from £25.6billion to £23.5billion, and the council tax freeze extended for another year. Local government budgets face being reduced by up to 30% in overall terms over the next five years. London Councils has developed predictions for London Boroughs.<sup>55</sup>

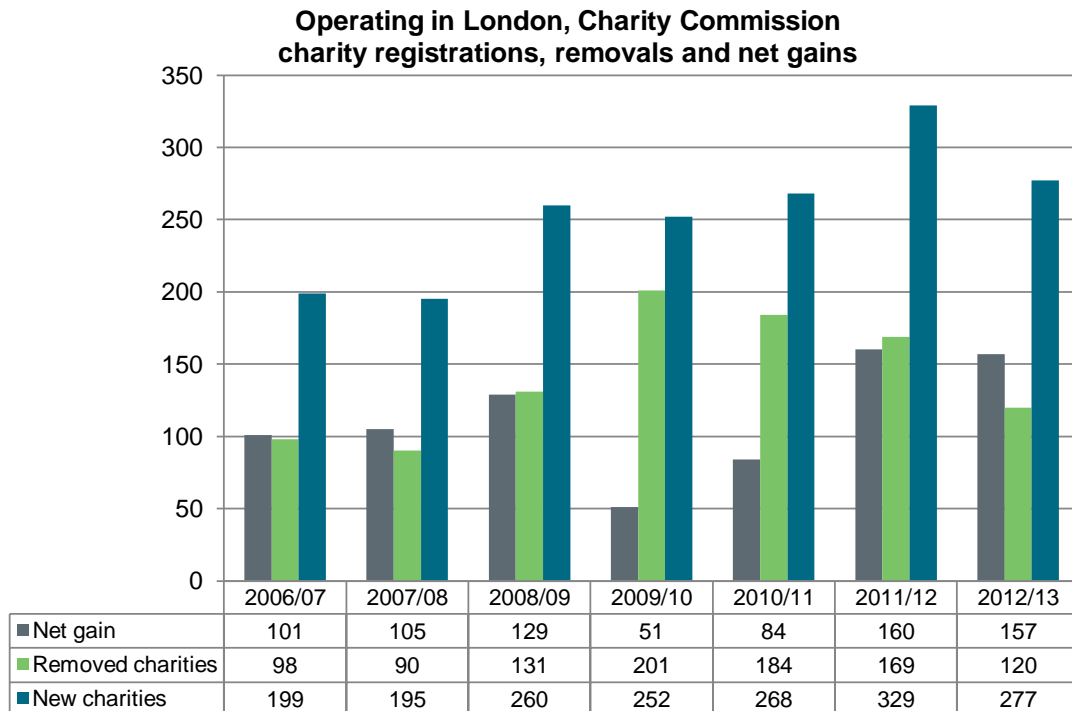


## 3.5

# Cuts to the voluntary and community sector in London

### 3.5.1 Charity Commission registrations and removals in London

Using the Charity Commission website, it is possible to search for the number of charities being registered and removed in each financial year throughout London. Although, many VCS organisations are not registered as charities, this provides an overview of what has happened to the charity sector in London since the recession began in September 2008. The chart below provides an illustration of total charity registrations, removals and net within-year gains in charities registered for the years 2005-06 to 2012-13.



In 2012-13, new charity registrations and removals decreased compared to 2011/12, resulting in a similar net gain. However, it is important to note that during the last 3 years there has been a significant increase in the number of Community Interest Companies (CICs), reflecting the pressures on traditional income streams and the growth of social enterprise. Unfortunately, it is not possible to separate out the London CICs from the overall register, but nationally there were 2055 new CICs registered in 2012/13, taking the number on the register to 7,670. The number of new CICs nationally in 2012/13 at 2,055 compares to 5,454 new charities registered during the period.

Given that 5% of new charity registrations are for organisations operating in London, if we expect that a similar number of CIC registrations are organisations operating in London then we can expect that just over 100 to be in London, and added to the 277 charity registrations represents an increase of registrations overall.

Analysis by NCVO on behalf of LVSC provides the following profile of voluntary sector organisations in London in 2012/13	
Number of Registered Charities	29,194
Staff of Registered Charities	281,160
Income of Registered Charities (£m)	£25,056
Number of Industrial Provident Societies (IPS)	387
Number of Community Interest Companies	1,107
Number of Companies Limited by Guarantee	14,577
Total number third sector organisations	45,265

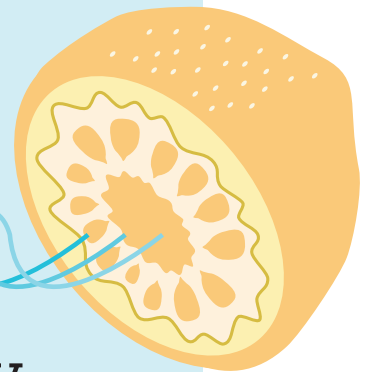
### 3.5.2 London Councils Grants Programme Cuts

There have been changes to many grants programmes in the past year, but the cuts to the London Councils Grant Scheme implemented in 2013 when the new grants round began, are particularly worth highlighting as the impact was so significant to the VCS in London.

The grants scheme has reduced dramatically year on year since 2010-11, when funding under the scheme was approximately £26m. Following a series of reductions, in 2013-14 only £8m was available under the scheme, representing a 70% cut in the period. As identified in the Big Squeeze 2012, the sectors proportionately hit hardest were arts and culture, VCS infrastructure and advice/legal/advocacy – with arts and culture, and advice/legal/advocacy losing all funding under the scheme.

# 4

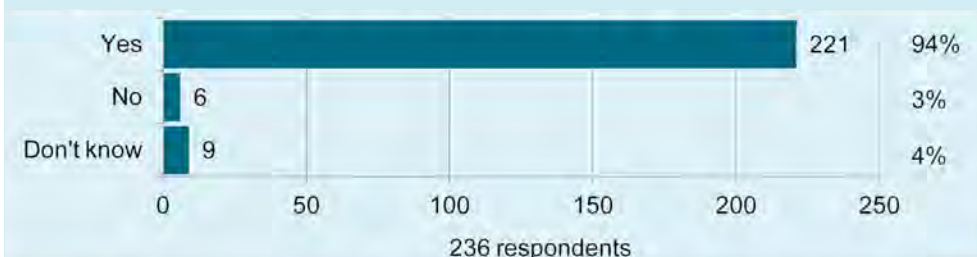
## Survey findings



### 4.1

## The economic and policy climate

### 4.1.1 Has the economic or policy climate affected the communities you work with over the last year (2012-13)?



94% of the 236 responders to the question said that the economic and/or policy climate has affected the communities with which they work over the last year.

#### Trends: Has the economic or policy climate affected the communities you work with over the last year?

2009	2010	2011	2012	2013
95%	97%	97%	89%	94%

This represents an increase from 2012 where there were a higher proportion of “don’t know” responses, perhaps reflecting uncertainty due to the high number of policies being implemented. 2013 figures represent an increase, but still not as high as 2010 and 2011 levels.

Respondents that reported that there had been an effect on communities were invited to provide additional information. There was great diversity in responses, but some themes arose more prominently:

- ◆ 122 respondents described the impact that welfare reforms and benefit cuts had had on the communities they worked;
- ◆ 32 focused on the increasing income inequality, rise in debt and homelessness caused by the economic climate and policy changes;
- ◆ 26 respondents made reference to challenges of unemployment, low wages, and work programme issues;
- ◆ 14 particularly highlighted the impact that the welfare reforms were having on anxiety and mental health of the people they supported;
- ◆ 59 respondents made references to the impact of cuts to services on the community that they support, especially advice services and legal aid;
- ◆ 55 respondents made references to the challenging commissioning and funding environment, particularly to the voluntary sector.

The following comments help to illustrate the range of issues raised.

*“Welfare Reform has had a huge impact, resulting in increased demand for the services of groups we support and represent. At the same time, the resources available to those same groups are reducing and are harder to access. Alongside this, measures to protect employment and to enable access to it by younger people are proving ineffectual. Low wages, zero hours contracts and unpaid placements are undermining local living standards. Many more people this year are struggling to pay bills and put food on the table, and often not paying the rent to do so.”*

*“Greater levels of debt, significant issues with the welfare systems, bedroom tax, increases in non-dependent deductions and total benefit cap, sanctions. Increased use of Food Bank. This winter many will have to choose between heat and eat.”*

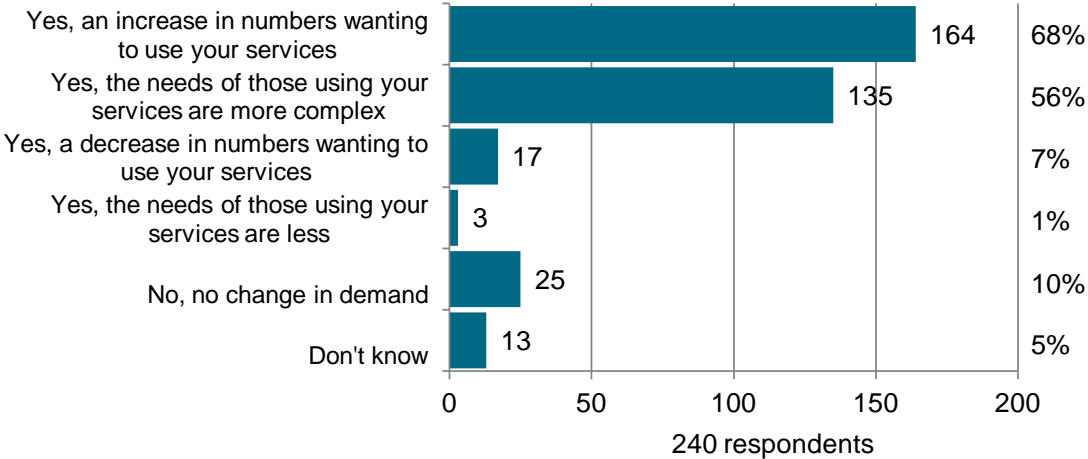


*“The increase in homelessness and rough sleeping continued, it is likely that the economic downturn was a factor in this increase. Caps on local housing allowance have made it harder for people to move out of our hostels and into private rented accommodation, especially in London. There is less choice with regards to location and our clients are having to consider moving into lower standard housing. The localised social fund has also led to variation in the support that our clients are able to access when moving into independent accommodation from our supported accommodation. The tougher Jobseekers Allowance and Employment Support Allowance sanctions regime has resulted in more of our clients being sanctioned. This has also meant that our staff have to spend more of their time supporting clients to appeal or deal with the effects of sanctions.”*

*“The cuts to local councils and charities has impacted on the services to Family Carers and the people they care for - less respite, less day care and a lot of services being charged for that were once free. Funding to services for single ethnic groups has been totally cut by the Government and there are no services being offered to fill this gap.”*

(Irish Community Services, Family Carers Project)

**4.1.2 Have you seen a change in demand for your services over the last year as a result of the economic or policy climate?**



Of those that reported decreased numbers of people wanting to use their services, the vast majority reported that this was due to people being unable to afford to pay for services, unable to afford costs of traveling to services or changes to funding criteria, rather than a decrease in need.

*“Because we are now having to charge for a lot of our services as a result of a loss of local authority funding, we are seeing a reduction in the numbers who can afford to use the services (particularly the playscheme) and those who do are usually from relatively affluent families, not the disadvantaged King’s Cross families that our organisation was set up to support.”*  
(Calthorpe Project)

**Trends: Has demand for your services increased this year as a result of economic or policy changes?**

2009	2010	2011	2012	2013
71%	68%	81%	66%	82%

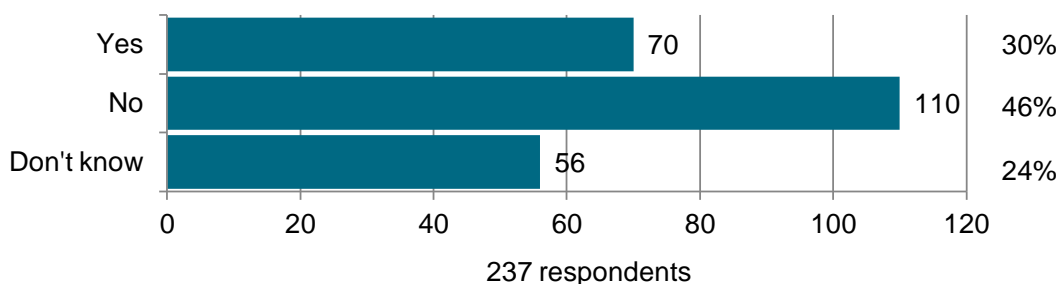
This is the highest proportion reporting an increase in demand for services over the past year since the survey began – and is an underestimate of need as it does not reflect those where demand has been impacted by new charges or organisational changes to eligibility criteria implemented previously that have reduced demand from service users. What is worrying is that for many organisations this is an accumulative figure, with some organisations having year on year increases throughout the 5 years.

*“Welfare reform, public sector funding cuts, and increasing costs of living are all driving up demand for our advice services in particular very significantly. We are presently running at over 20% above target on some services which is clearly unsustainable”*  
(Toynbee Hall)

*“We have had to close our waiting list as it has just become dangerously high to manage. People are in debt – DV [domestic violence] is increasing as tensions increase around debt and housing issues. Debt is on the increase and arrears.”*

## 4.2 Meeting changes in demand

### 4.2.1 Are you confident that you will be able to meet any increase in demand for your services in the coming year?



Infrastructure organisation were less confident of being able to meet demands than frontline organisations, with 55% of infrastructure organisations responding with no. Similarly, local organisations had a higher proportion of no responses at 62% - perhaps reflecting less diversity in income, which may increase the challenge of adapting to the changing environment. This compares to 41% of cross-borough and regional organisations and 39% of national organisations.

**Trends: Are you confident that you will be able to meet any increase in demand for your services in the coming year? “No” responses**

2009	2010	2011	2012	2013
80%	75%	77%	50%	46%

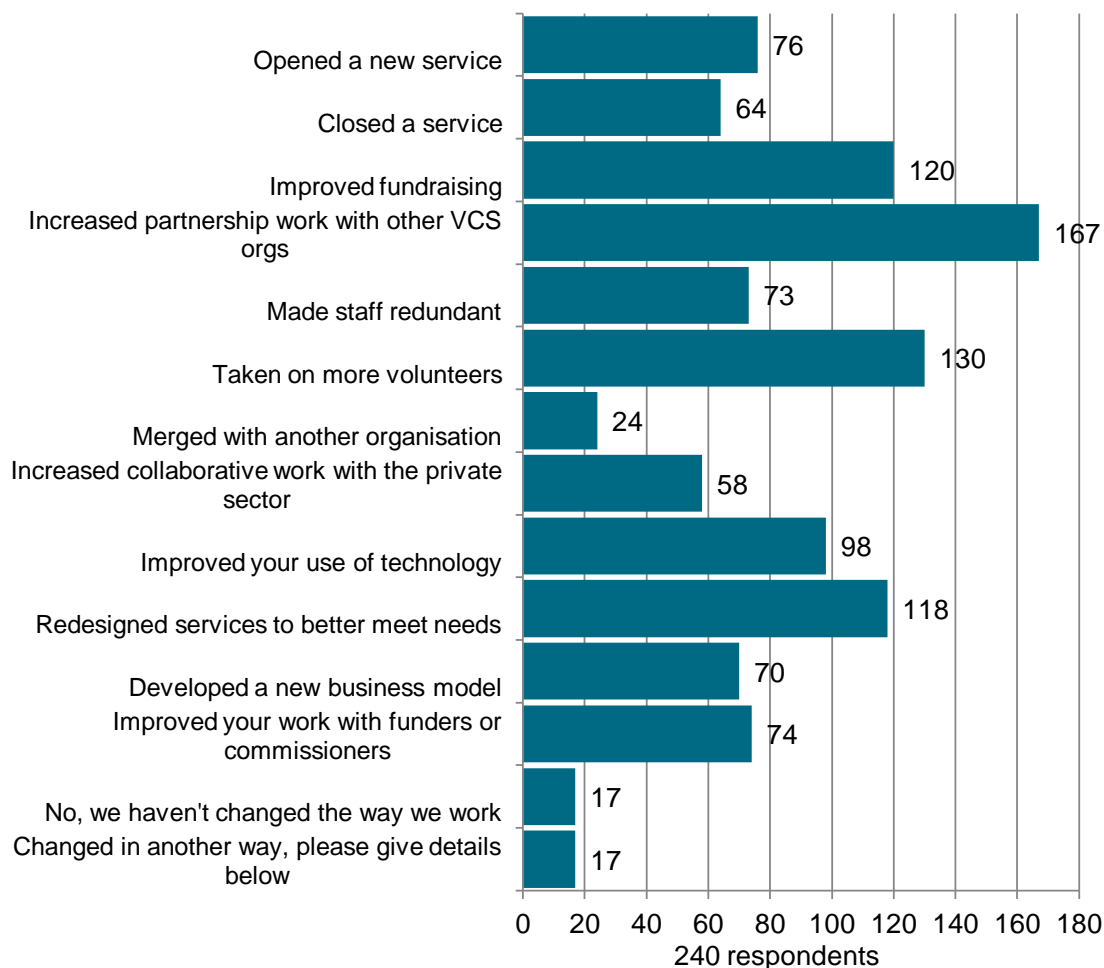
The proportion saying they will not be able to meet demand in the future has fallen to the lowest level in five years. This suggests that more and more VCS organisations are beginning to adapt to the year-on-year increases in demand for their services. However, it should also be noted that comments made in the survey, especially in response to the next question, suggested that some have narrowed the scope of their service in order to manage demands. While this may be unavoidable with cases of rising demands and reduced funding, there is a risk that some needs of beneficiaries will fall through the gaps or that the focus on urgent needs means that preventative work is inevitably deprioritised, storing up problems for the future.

*“Made changes, have had to withdraw services to lower category of crime, in order to accommodate the higher categories.”*

*“More crisis support rather than Advice e.g. referrals to Food banks- more clients seen at drop-in sessions than previously.”*  
(Greenwich Citizens Advice Bureau)

*“Offered a more localised service in a niche area, both of which make better use of our staff time and reduce travel costs.”*  
(Outside Chance)

## 4.2.2 Have you done any of the following to cope with changes in demand for your services?



Other ways that organisations specified that they changed included cutting costs by, for example, reducing staff hours, moving to a smaller office, reducing the level of services or reducing the focus of services (e.g. reducing the geographical areas or client groups covered). Some also specified that they have started charging for services. Other examples of actions taken included recruiting new specialist trustees, reviewing strategy and gaining qualifications to have increased credibility. A few respondents expressed changes that were likely to be unsustainable in the longer term, including staff working overtime, using reserves, or creating waiting lists.

<b>Actions taken to respond to user needs</b>			
<b>Action</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Improved fundraising	15%	60%	50%
Increased partnership work with other VCS organisations	51%	95%	70%
Made staff redundant	54%	39%	30%
Taken on more volunteers	56%	52%	54%
Merged with another organisation	0%	11%	10%
Increased collaborative work with the private sector	1%	23%	24%
Improved your use of technology	9%	36%	41%
Redesigned services to better meet needs	16%	39%	49%
Closed a service	51%	41%	27%
Developed a new business model	8%	50%	29%
Improved your work with funders or commissioners	2%	61%	31%

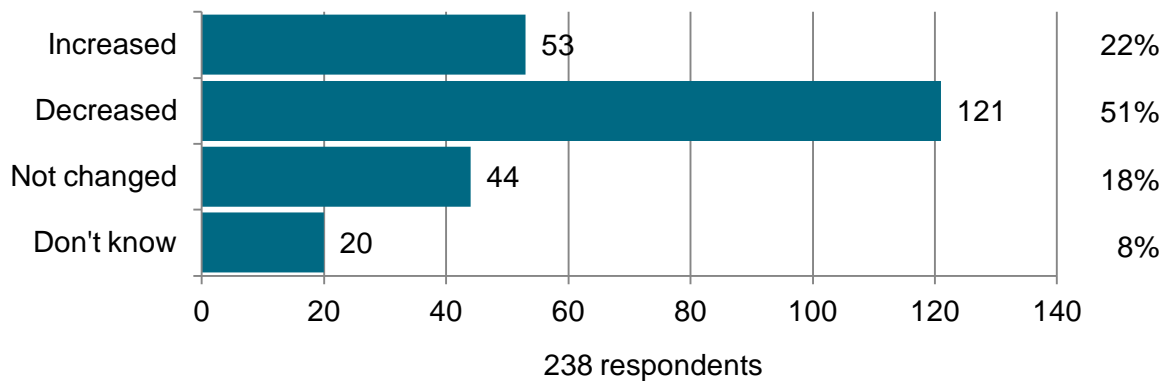
Although the categories used in the survey have changed slightly between years, actions taken in the year to 2013 were generally similar to actions reported in 2012, with decreases in areas where perhaps action had already been taken in 2012 or previously, such as redundancies, closure of a service, establishing partnerships and improving work with funders and commissioners.

<b>Trends: Has your organisation changed the way it works to cope with any changes this year?</b>				
<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
78%	93%	94%	90%	93%

The vast majority of organisations have continued to take action to adapt to changes. This suggests the flexibility and innovation of the VCS in striving to ensure that it can continue to meet the needs of users.

## 4.3 Income and reserves

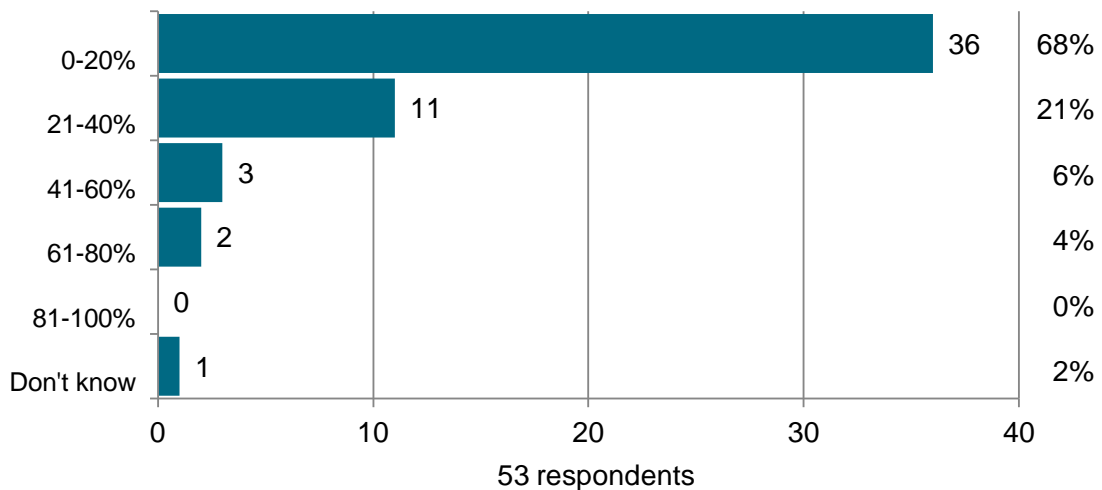
### 4.3.1 How has your organisation's overall income changed over the last year?



51% reported a decrease in overall income, compared to 60% in 2012.

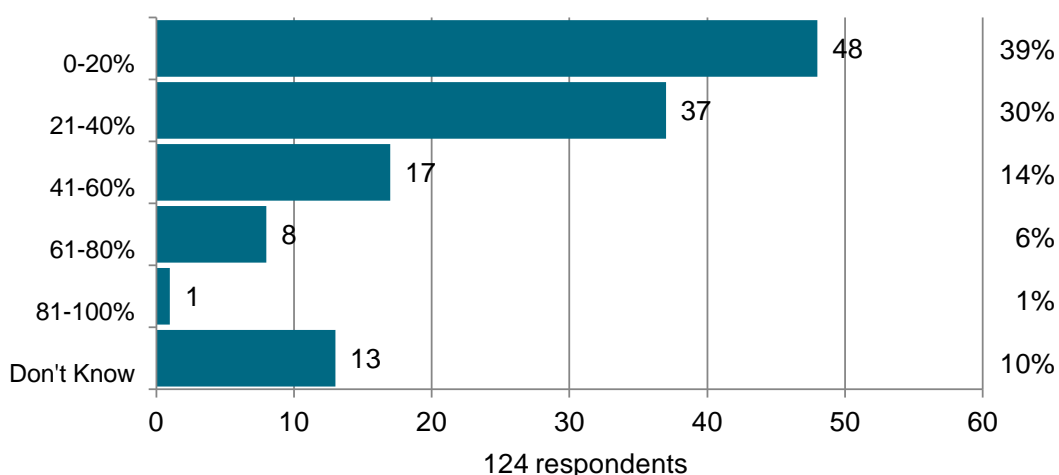
19% of local organisations reported an increase in income, compared to 33% of cross-borough and regional organisations and 27% of national organisations.

### 4.3.2 How much (to the nearest 20%) has your income risen?



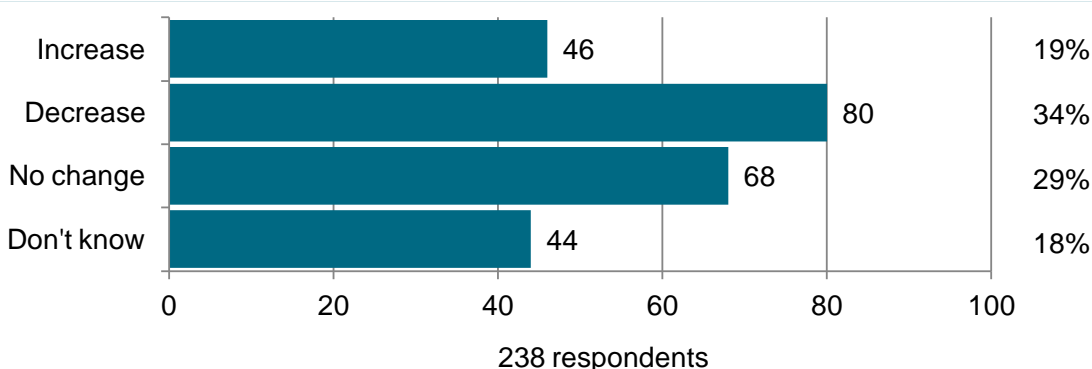
Of the 22% that reported increases in income, the majority reported increases under 20%, with 30% reporting an increase over.

### 4.3.3 How much (to the nearest 20%) has your income fallen?



Of those that reported a decrease in income, a higher proportion reported more substantial decreases with 50% reporting decreases of 20% or more.

### 4.3.4 What do you expect to happen to your overall income in the next year (2013-14)?

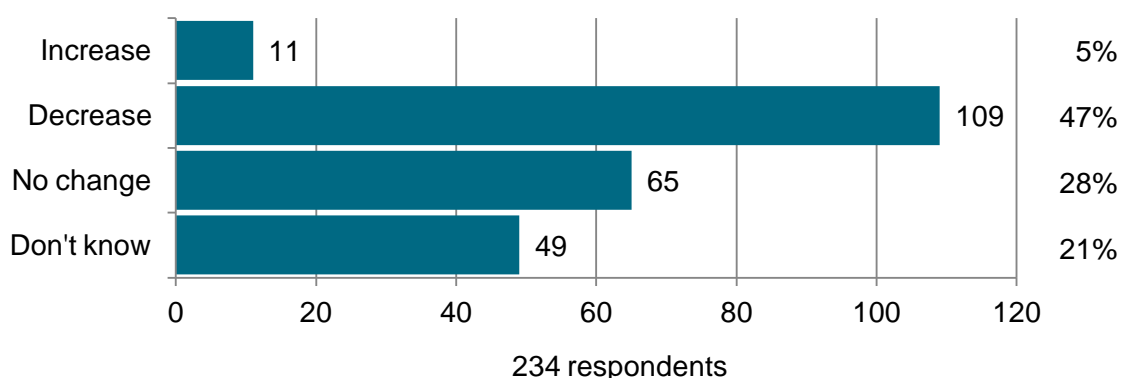


Echoing the response to the 4.3.1 on changes over the last year, a lower proportion of local organisations anticipated an increase in income over the coming year – 15% of local organisations compared to 22% of cross-borough and regional organisations and 27% of national organisations.

The majority of respondents were unsure of the level of increase/decrease to expect. 20 of the 26 (77%) of those specifying a level of increased income anticipated that it would be 20% or less, with the remaining 6 (23%) predicting increases of 20-40%.

34 of the 49 (69%) of those specifying a level of decreased income anticipated that it would be 20% or less, with 10 (20%) predicting decreases of 20-40% and 5 (10%) forecasting a decrease of 50% or more.

### 4.3.5 What do you expect to happen to your public sector funding in the next year (2013-14)?



Although the highest proportion reported an expected decrease in public sector funding, the proportions shown above are likely to have been skewed by organisations which receive no statutory income in the “No change” and “Don’t know” responses.

#### Trends: Expecting a decrease to public sector funding in the next year

2009	2010	2011	2012	2013
Not asked	53%	77%	53%	47%

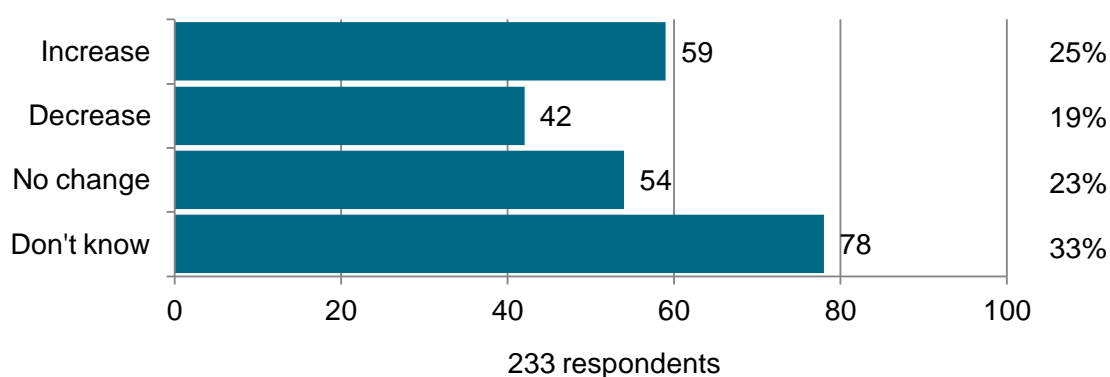
The lower proportions anticipating a decrease may indicate that by 2013, lower proportions of organisations are any longer in receipt of any statutory funding, in order for it to be available to be cut further.

The majority of respondents in 2013 were unsure of the level of increase/decrease to expect. 3 of the 6 (50%) of those specifying a level of increased income anticipated that it would be 20% or less, with the other half predicting increases of 20-40%.

28 of the 50 (56%) of those specifying a level of decreased income anticipated that it would be 20% or less, with 9 (18%) predicting decreases of 20-40% and 6 (12%) forecasting a decreases of 40-60% and 7 (14%) expecting 60% or more including 4 of those who specified expecting to lose their statutory income entirely.



### 4.3.6 What do you expect to happen to your funding from trust funders in the next year (2013-14)?



Trust funding had greater unpredictability in forecasts from respondents, perhaps reflecting increased competition in this area with the decline in statutory grants in recent years. Local organisations were less confident of increases in funding with 22% anticipating an increase, compared to 27% of cross-borough and regional organisations and 40% of national responders.

#### Trends: Expecting a decrease in funding from trust funders in the next year

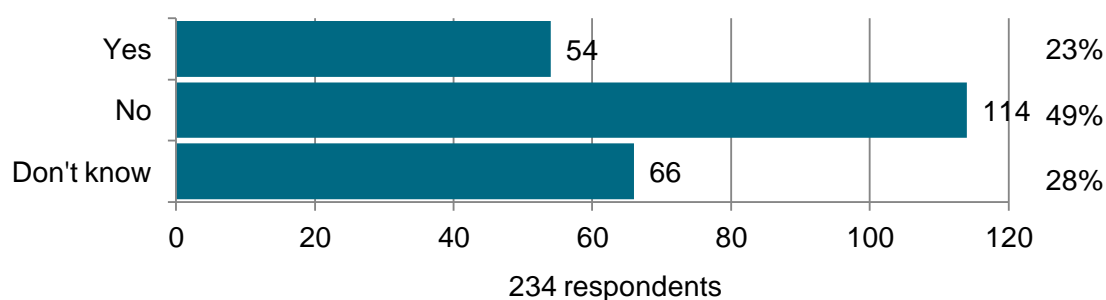
	2009	2010	2011	2012	2013
Not asked		38%	28%	26%	19%

A higher proportion of respondents expected an increase in the coming year than in previous surveys. This may be a result of giving levels recovering from the 2009 and 2010 dip caused by a decline in asset/endowment values, in addition to more proactive fundraising.

The majority of respondents in 2013 were unsure what level of increase/decrease to expect. 15 of the 23 (65%) of those specifying a level of increased income anticipated that it would be 20% or less, with the 6 (26%) predicting increases of 20-40% and 2 (7%) forecasting increases over 40%.

12 of the 21 (57%) of those specifying a level of decreased income anticipated that it would be 20% or less, with 4 (19%) predicting decreases of 20-40% and 3 (14%) forecasting a decreases of 40% to 60% and 2 (10%) expecting 60%.

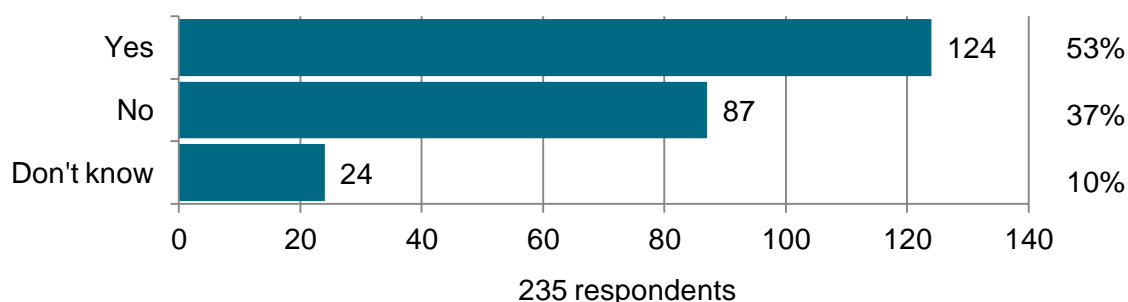
### 4.3.7 Do you expect to close services in the coming year?



23% reported that they expected to close services in the coming year, compared to 29% reporting in 2012. This lower level may partly reflect that more vulnerable services may have already been closed in previous years – although there is also evidence that organisations that faced difficulties last year are anticipating continued challenges – of the 63 organisations that reported closing a service last year, 21 (33%) anticipated closing a service in the coming year. This compares to only 19% of organisations that did not close a service last year.

Local organisations were more likely to anticipate closing services in the coming year with 28% of local organisations compared to 19% of cross-borough and regional organisations and 15% of national respondents.

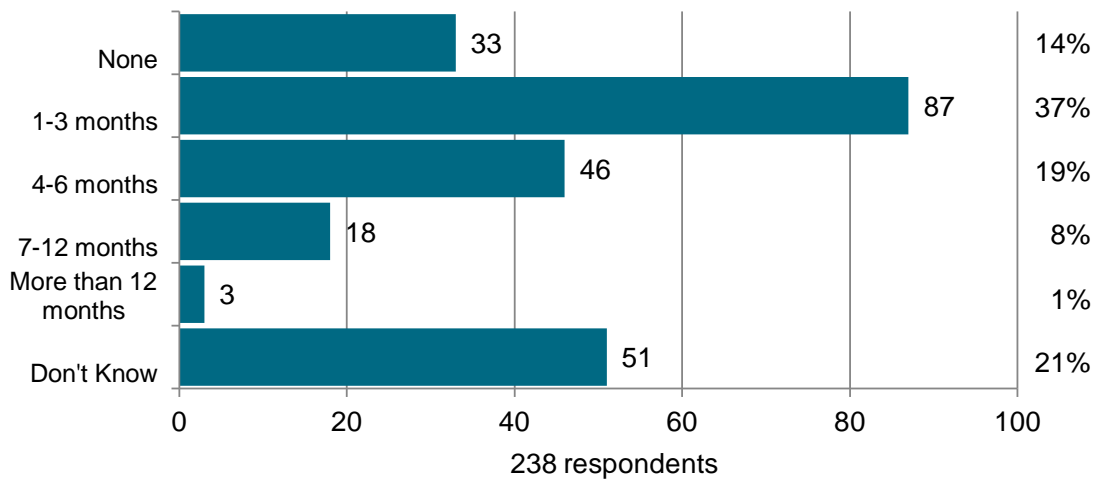
### 4.3.8 Have you used free reserves to cover running costs in the last year (2012-13)?



53% reported that they used free reserves to cover running costs in the last year, a similar level to the 54% that reported the same in the 2012 survey.

Local organisations were more likely to have used their reserves in the past year, with 59% of local respondents reporting using their reserves, compared with 52% of cross-borough and regional organisations and 49% of national organisations.

### 4.3.9 Approximately how much of your organisation's current expenditure do you have left in unrestricted reserve funds?

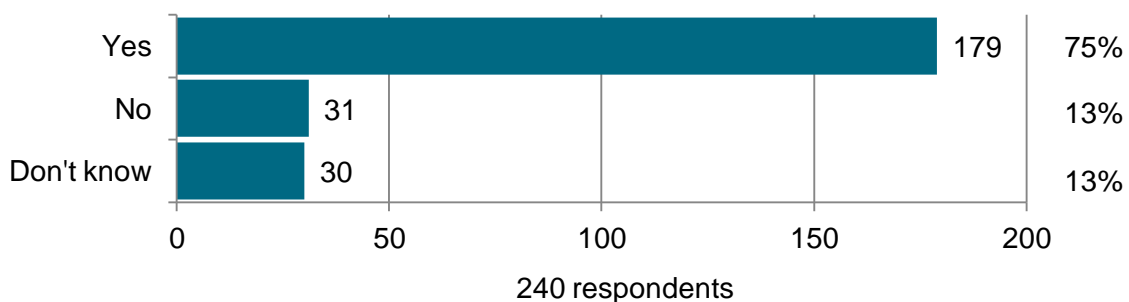


50% of organisations reported having 3 months reserves or less at the end of the year, including a worrying 14% reporting no reserves. These are similar to the levels reported by respondents last year at 53% and 15% respectively.

There were similar reserves levels between local and national respondents.

## 4.4 Impact of welfare reform

### 4.4.1 Has there been a welfare reform policy or change to benefits that has particularly affected those your organisation works with?



Examples were provided in the question of the 'bedroom tax', housing benefit cap, changes to council tax benefit, changes to tax credits, changes to child benefit, changes to the Social Fund, changes to disability benefits, changes to benefit entitlement tests and changes to sanctions applied to benefit claimants – however 176 responses were provided detailing the changes

that particularly affected people that the organisation works with. Areas that rated highly included:

Reform	No. of references
'Bedroom tax'	78
Housing benefit cap	71
Disability benefits	61
Changes to benefit entitlement tests	50
Changes to sanctions	49
Tax credit/universal benefits cap	43
Changes to council tax benefit	40
Social Fund changes	39
Changes to child benefit/tax credits	33

Other areas that were spontaneously cited included 20 around employability support services and Employability Support Allowance, Job Seekers Allowance and the work programme and 12 responses specifically related to the impact of legal aid changes on benefit claimants.

The impact of changes were wide ranging on individuals and organisations, but many pointed to the cumulative impact that the changes have had, increasing the level and complexity of needs. Issues were raised about the impact of the processes and the lack of advice, as well as the changes themselves. Several pointed to the stress caused and the impact on mental health of people they support.

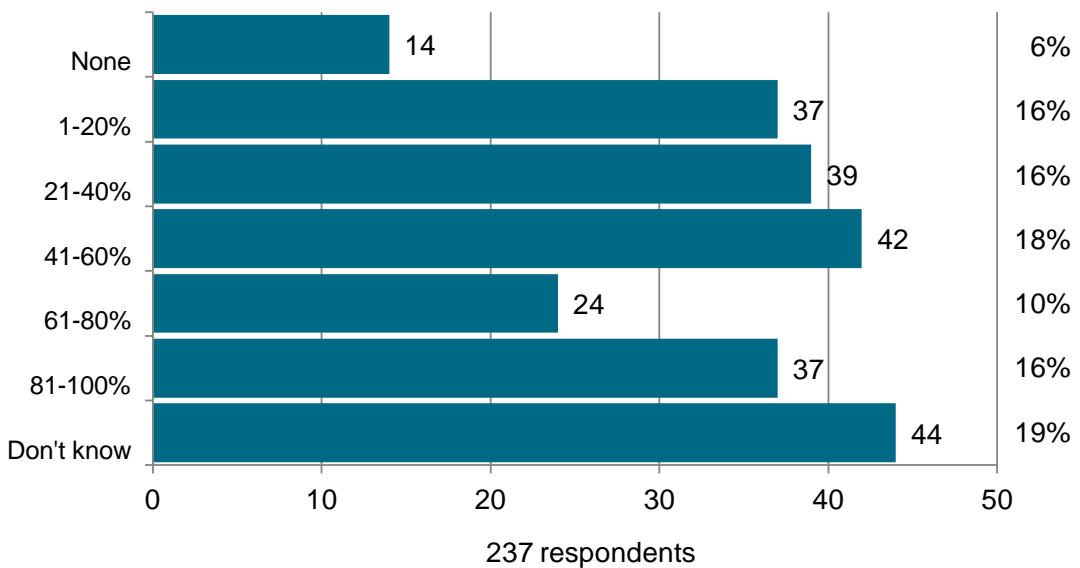
*“The increase in homelessness and rough sleeping continued, it is likely that the economic downturn was a factor in this increase. Caps on local housing allowance have made it harder for people to move out of our hostels and into private rented accommodation, especially in London. There is less choice with regards to location and our clients are having to consider moving into lower standard housing. The localised social fund has also led to variation in the support that our clients are able to access when moving into independent accommodation from our supported accommodation. The tougher Jobseekers Allowance and Employment Support Allowance sanctions regime has resulted in more of our clients being sanctioned. This has also meant that our staff have to spend more of their time supporting clients to appeal or deal with the effects of sanctions.”*

Several responders commented that the longer-term impact of the changes is as yet unclear – especially as the phased roll-out of some policies meant that they had been implemented shortly before the survey took place or yet to be fully implemented.

A few responders pointed to the confusion impacting their work in other ways:

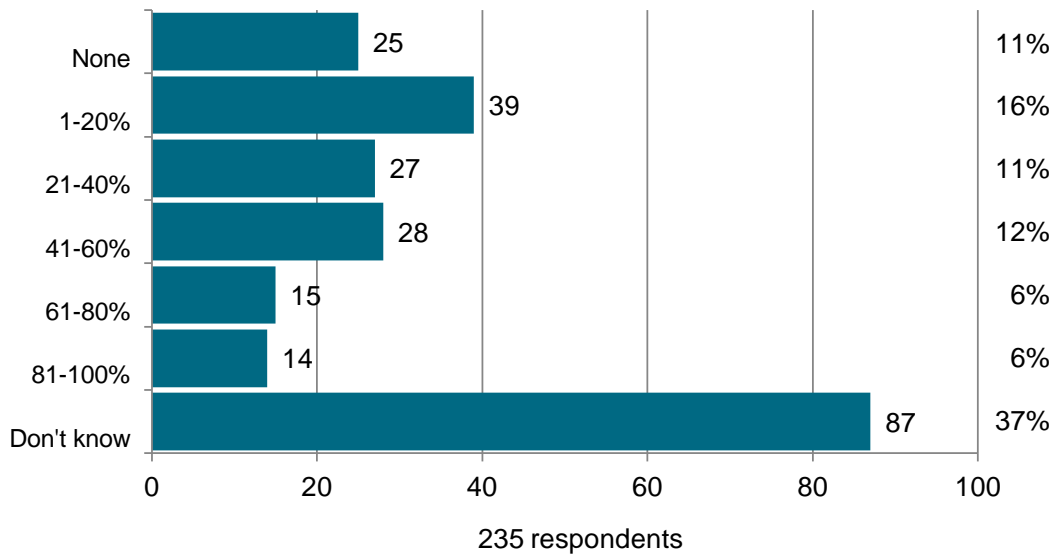
*“All of the above have affected our own volunteers’ ability to give their time - and without them, the service cannot run. However, it’s also led to confusion about volunteering, about what we do and a fear of volunteering in case they have their benefits stopped. Many potential volunteers don’t feel they can take the risk of volunteering in case they lose their benefits.”*

#### 4.4.2 Approximately what proportion of those your organisation works with have raised concerns relating to welfare reforms or benefit changes over the last year?



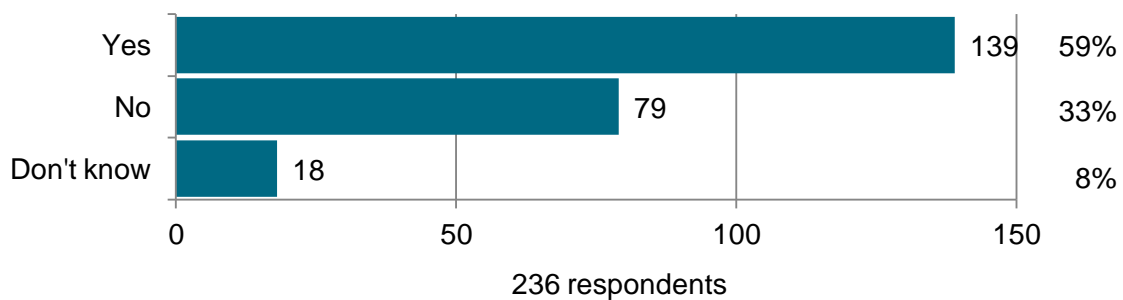
Excluding the “don’t know” responses which may include organisations unable to measure this area, 53% of organisations reported that over 40% of the people they work with raised concerns relating to welfare reforms or benefit changes.

#### 4.4.3 Approximately what proportion of those your organisation works with were unaware of welfare reforms or benefit changes that affected them until these were actually introduced?



This does not appear to be an area which respondents monitored so there were higher levels of “don’t know” responses. Excluding these responses, 39% of respondents estimated that over 40% of people they worked with were unaware of welfare reforms or benefit changes that affected them until these were introduced.

#### 4.4.4 Has your organisation changed the way it works to help support people affected and/or reduce the impacts of welfare reform or benefit changes?



Many of the responses provided echoed comments made in previous questions relating to changes made to meet demand – including revising services, fundraising and introducing fees.

Responses from frontline organisations were diverse and depended on the nature of the organisation. Common themes including skilling up staff and volunteers on the nature of the changes to be able to give better advice, focusing support to more acute needs and developing referral networks.

*“We’re introducing a crisis support service (issuing food bank vouchers and helping with charitable applications for example) along with three partner organisations.”*  
(Greenwich Housing Rights)

*“We have done a lot of training and we have employed a specialist in benefits and housing. We work very closely with two other services to meet the needs of clients. Our volunteers are also receiving constant training to update them on the changes.”*

*“We have increased the numbers of workshops and awareness raising seminars. We have increased our counselling and psychotherapy services. We are trying to deal with people’s fear and anxiety as much as possible.”*  
(Latin American Women’s Rights Service)

*“Set down boundaries, and advise people of other agencies and how to advocate for themselves as the need is overwhelming.”*  
(Brent Mind)

Of the 27 infrastructure organisations that responded to this question, the majority had adapted services including new resources to support groups, new training courses/seminars to brief people on the changes and additional referral information. Organisations have worked collaboratively to get specialist skills needed. Seven organisations (26%) have also engaged with research and campaigning activities to demonstrate the impact of the policies and influence decision makers.

#### **4.4.5 Please tell us of any additional help or support your organisation needs to address the impact of welfare reform. Who do you need this support from?**

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As you might expect, the most frequent response to this question related to funding needs with 55 comments in this area.

31 respondents made reference to meeting advice needs of their beneficiaries. This included the need for effective local centres to refer people on to (some made comments about CABs being unable to cope with demands), better training for DWP staff to have a more consistent service and more effective advice in job centres, and more legal aid and legal support – although more highlighted the need for advice and legal aid/support in response to previous questions. There were suggestions that outreach was needed, and a proper implementation programme:

*“We need an independent advice service willing to fill in forms rather than send people away with a piece of paper telling them how to complete the form themselves - many of our clients are illiterate and/or have mental health issues! We need an advice service to be knowledgeable and to care about the client - to do home visits and to attend tribunals. We need an advice service that is properly funded by local government.”*

*“There should be a community based and funded welfare reform implementation programme to support people through the change programme and to reduce the impact that welfare reform has on other areas of our service delivery, particularly in 2013/14. This needs to include better funding and provision of ESOL, employability support as well as information and advice.”*  
(Toynbee Hall)

28 respondents felt that the support needed was better research to evidence the impact of the changes and/or more co-ordinated policy work and lobbying activity to change the policies, including recommendations for specific policy changes.

*“In terms of legal aide the only effective response is a collective one that brings together evidence of impact from across the sector.”*

*“Collaboration to highlight the real impact of welfare reform to lobby government for change. Other housing/welfare/advice agencies.”*

*“LVSC can create a strong lobbying role within the sector in London enhanced by its work with other regional partners to have the impact of the reforms on communities and the sector recognised.”*

28 organisations suggested that the support needed was clearer guidance, resources and workshops/training on the reforms, including referral information. Some reported being overwhelmed by the volume of changes – especially as statutory providers responsible for implementation did not always seem clear.

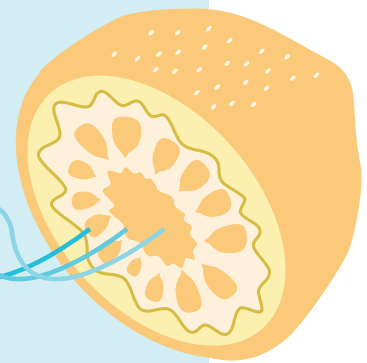
*“Regular update workshops from experts on the changes in welfare benefits, up to date & accurate information on how the changes are going to affect claimants. It is very difficult to keep up to date with the changes in benefits and get accurate information (government websites are usually out of date and inaccurate).”*

Four respondents suggested that their organisations needed more support from more volunteers.



# 5

## The key themes



This chapter provides a more in-depth picture of the impact of the economic climate and policy changes on Londoners, and the VCS including staff, volunteers and trustees. It develops LVSC's survey findings by themes.

In 2013 the impact on advice services remained a challenge, alongside rapidly growing welfare reform challenges and increasing poverty.

Voluntary and community organisations have shown resilience, commitment and flexibility in the face of rising challenges, but how far can the band stretch before breaking?

*“We have streamlined services to better meet the changing needs due to recent cuts. However, we are very aware that we cannot continue to provide all things to all people and plug the gaps other services used to provide - something will have to give at some point!”*

## 5.1 Impacts on Londoners

Although most communities served by the voluntary and community sector appear to have been hit by the economic climate and reforms in some way, feedback from the survey and reinforced by the other analysis and research outlined in Chapter 3 suggests that it is hitting the most disadvantaged hardest – people who are poor, young, old, disabled, carers, minority communities and combinations of those. The welfare state no longer provides a safety net to the most vulnerable in society, and it is increasingly difficult to enforce rights, even when they do exist.

Here are a selection of the comments made to illustrate the challenges:

*“Reduction in funding for adult social care has seen a re-assessment of everyone receiving a service. The eligibility criteria has been raised so many clients (learning disability) are no longer able to receive a service and people who are eligible are signposted to statutory short term services rather than community based activity. Some people have been affected by ‘bedroom tax’ and have had to be moved temporarily out of borough due to lack of appropriate accommodation an e.g. of that is an adult on the autistic spectrum is living in one room with his mother, can no longer travel to his activities independently and has to have an employed support worker to help him get to places - this has resulted in increased challenging behaviours. Personal independence payments have not been introduced as quickly as cuts in services have.”*  
(St Mary’s Secret Garden)

*“Housing caps and universal credit. All communities are impacted, but more often than not the most vulnerable and in particular families with young children. Families are disintegrating because of the impact.”*

*“Services available to disadvantaged young people are reducing leaving them unsupported. The impact of this could be lifelong for many.”*

*“The economic and policy climate has been devastating for Latin Americans in the UK. Lack of service provision and cuts in housing and in other areas have meant that there are more people below the poverty line, despite being in employment. This has increased the issue of in work poverty suffered by the Latin American community that are concentrated in the cleaning, catering and hospitality sectors. Cuts in legal aid have also been devastating.”*  
(Latin American Women’s Rights Service)

The economy, government policies, service cuts and welfare reforms have had a cumulative effect – with some communities being hit time after time – over time, and by multiple reforms and service cuts. With interlocking challenges, it is difficult for individuals to see a way out, and there are still reforms to be implemented, with planned cuts being introduced up to 2017.

*“Closure of the Independent Living Fund to new applicants - disabled people with high and complex support needs that were not already in the ILF system are finding that their care packages only assist with ‘survival’ care (washing, dressing, meal, cleaning) and not with any ‘quality of life’ support such as to enable them to participate (with they support needed) in community activities, including working and learning. Local policies have made it impossible for people with Personal Budgets (from Social Services for care) to use this flexibly to meet their care /support needs in a way that suits them best. In addition, welfare changes including move to PIP, the bedroom tax have increase poverty for people who, by nature of being a disabled person, have higher costs yet less financial wealth as a group.”*

(Action Disability Kensington and Chelsea)

*“Travellers have large families and therefore disproportionately in private rented accommodation with high rents. The shortage of housing, rise in rents to unaffordable ‘affordable’ rents, universal benefit and bedroom tax have put these families in housing crisis, many facing eviction. The requirement to become employed when jobs are scarce puts further pressure, as there is little support for those who are so disadvantaged by low literacy and by employers’ overt prejudice which brings about mental distress, disempowerment, and further economic crisis. There have been reports of Travellers who have been evicted looking for caravans as the only option is to go back on the road onto roadside camps.”*

(LGTU)

As well as the planned impact of the policies, the unanticipated consequences are detrimental. There are tensions between the policies and, as identified in the housing analysis in Chapter 3, some policies contain perverse incentives and heightened consequences, particularly in London. For example, the ‘bedroom tax’ encourages moves from social housing into smaller accommodation in private rented sector at a higher cost to the tax-payer. The Local Housing Allowance cuts and Housing Benefit Cap have increasing the number of people with rent arrears, so reducing the incentive for social landlords to invest in housing development and increasing evictions and homelessness.

The survey revealed that it is not just the changes that are problematic, but also the process for their implementation.

Awareness of the changes is low. 39% of respondents to the survey who were able to specify estimated that over 40% of people they worked with were unaware of welfare reforms or benefit changes that affected them until these were introduced. Several commented on the lack of clarity in communications and the confusion and anxiety being caused.

*“Child benefit changes has pushed more parents on to job seekers allowance. causing parents more stress, pressure and fear. They don’t understand how the system works. Impacting on single mothers especially. Universal credit and the bedroom tax is also causing concern amongst our community. People’s self-esteem and worth being eroded.”*

*“People are simply confused about the letters they are receiving and people with mental health and learning disabilities are really being sent from pillar to post!”*

*“There’s also been a marked increase in the number of people with mental health conditions - perhaps fuelled by economic difficulties. Lack of work and fear of benefit sanctions create additional stress and anxiety, and a lack of clarity in the information given by government organisations make this worse for people.”*

*“People are panicking thinking they are going to lose their homes and be ‘shipped out’ to places far from where they live now, or won’t be able to feed their families and have to use food banks. They want more advice on how the changes are actually going to affect them and what they can do to prevent these changes.”*

This echoes the research undertaken by Community Links on the impacts of welfare reform in the London Borough of Newham. It found that people knew very little about upcoming reforms with levels of awareness extremely low and misunderstanding common. Previous negative experience of changes to the benefits system led people to view any reform with extreme suspicion. People were sceptical that major reforms could be introduced without administrative delays and failings that have accompanied previous reforms, for example tax credits. People were suspicious of the motives behind reforms and suspected the impacts would be mostly detrimental to themselves, friends and neighbours.<sup>56</sup>

The other implementation challenges relate to the delays in payments, nature of assessments, the number and process of appeals and consequences of sanctions.

*“Work capability assessments have the biggest impact. The way they are conducted is a problem: many people are being denied benefits until they appeal. At the appeal stage almost all of the appeals are won. This process leads to stress, homelessness, more poverty and physical health detriments.”*  
(Positively UK)

*“We have seen an increase in the proportion of clients in crisis due to changes to breaks in their benefits (or sanctions applied to benefits), which has a knock-on effect on their ability to pay their rent and generally manage their finances.”*  
(Greenwich Housing Rights)

*“Most of the policies have had a negative impact. Worst one is the benefits cut where disabled people have to apply for benefits and then many refused but accepted on appeal and it causes massive stress.”*  
(Newham Stroke Club)

*“Fewer disabled people getting personal budgets; much longer time being taken for personal budgets to be approved; people waiting for longer for services; benefits changes plunging more people into poverty; some families can’t pay the additional charges for services, so are withdrawing their sons/ daughters from day services etc.”*

*“More and more people are being assessed wrongly for benefits entitlement, many more people who are deemed ‘Hard to Reach’ are suffering because of the PbR assessments.”*

*“Most families are in crisis. They are facing eviction, reduced income and no realistic likelihood of getting employment. The requirement for them to manage benefits, housing etc online leaves them completely helpless unless we help them/do it for them. The cuts in public services mean our staff spend twice as long contacting those agencies and twice the resources hanging on the phone. Although our philosophy is to support Travellers to deal with their own affairs, the task is genuinely becoming beyond them for the reasons above. The new benefit arrangements rely on agencies such as ourselves to make sense of / implement / field the distress of a completely unworkable system, which leaving humanity aside is inefficient, unworked out and blind to the realities.”*  
(LGTU)

Combined with the statistics in Chapter 3 that highlight the scale of the problems in London, these quotes make grim reading.

## 5.2 Impacts on London's VCS

It has been another tough year for London's voluntary and community sector. 27% of respondents reported that they closed services in 2012/13 and 30% of organisations made staff redundant in 2012/13. 51% reported decreases in income, with half of those experiencing substantial decreases of 20% or more. This is a particularly challenging context because 82% reported increases in demand for their support.

It is unsurprising that organisations have seen decreases in income. NCVO estimates the reduction in public sector funding to the voluntary sector over the spending review period (2010/11 – 2017/18) to be £1.7bn.<sup>57</sup>

The Big Squeeze 2013 survey also found that 53% of respondents used free reserves to cover running costs in 2012/13, with 50% of organisations having 3 months free reserves or less and a worrying 14% (more than one in ten) had no reserves.

Despite these high levels of service closures, staff redundancies and loss of funding in the VCS in London, this year's survey demonstrated that many were responding strategically to economic pressures. Increased fundraising and making better use of volunteers were common, but here is a selection of other responses:

*“Over the past 12 months we have focussed our effort on restructuring and re-engineering our information and advice services to better cope with increasing demand and to increase the scope and scale of advice work that is undertaken by volunteers. This has been successful in attracting some new funding and wider support. These changes involved some other staffing changes elsewhere. We have lost funding for some services entirely, including SAFE Exit our work with women in prostitution. We have also been working more collaboratively with the Council and RSLs and others to help mitigate the impact of welfare reform.”*

(Toynbee Hall)

*“Re-aligned workforce to meet changing patterns of demand; improved business efficiency by curtailing unnecessary services and supplies (in and out); renegotiated leases and supplier contracts to give cost-savings and greater flexibility.”* (HT Community)

*“We have tried to create a more integrated service with our stakeholders, so if residents cannot use our services we can signpost to local community and voluntary groups that can support them. Also to use digital media more to communicate with residents and highlight the importance of getting online.”*

*“To prepare for the increased demand for our services, we have reviewed our strategic plan to identify new business opportunities to meet the needs of the LGBT communities. We have developed partnerships with other voluntary organisations to protect our vital advice services and have started new projects to deliver tenancy support to LGBT people. We have also remodelled how we provide advice and support and introduced a new case management system which will allow for a more person-centred approach with remote accessibility to case files. We continue to negotiate for the protection of valuable supported housing projects for young LGBT people.”*  
(Stonewall Housing)

A number of organisations have changed their service – with some finding it beneficial to narrow their focus. This not only helps to manage demand, but can also reduce costs.

*“We are now offering a more tailored, localised service which has seen an increase in workshop bookings with much lower travel and staff time costs to venues. Funding has also been easier to secure as opposed to our former London-wide approach.”*  
(Outside Chance)

The Big Squeeze 2013 reflected the findings in the ‘Managing in a Downturn’ Survey.<sup>58</sup> Adapting to economic pressures and uncertainty has become the ‘new normal’, but the voluntary sector was continuing to take actions. ‘Managing in a Downturn’ found that:

- ◆ 21% of organisations had merged or were considering a merger to try and tackle economic difficulties (Big Squeeze – 10% had merged).
- ◆ 50% had taken steps to reduce wages. Of these nearly 1 in 3 had a restructure and a quarter had made redundancies (Big Squeeze – 30% redundancies).
- ◆ 63% said they had been negatively affected by Government spending policies.
- ◆ 82% said government policies to improve the sector had had a negative impact.

- ◆ 70% said they were expecting an increase in demand for their services (Big Squeeze – 82%).
- ◆ 69% had undertaken collaborative activity with others, most commonly in the form of joint programmes or services operations (Big Squeeze – 70%).
- ◆ 73% of charities are open to using reserves in the coming year (53% already used).

The challenges are by no means over. As mentioned in section 4.2.2, not all the changes implemented by organisations are sustainable – such as staff working voluntary overtime, using reserves or creating waiting lists. The increasing demand is set to continue, as will the statutory service and funding cuts and there are no easy answers. While some respondents were positive, there was also an a sense of increasing hopelessness in some comments about not having the power to help in the way that they would want to due to own finances or the current reforms.

*“What advice can we give to someone who has a £140 shortfall in their benefit income because of the benefit cap? They’re already in temporary accommodation provided by the local authority, so clearly they’ve been accepted as having housing needs in the past, so what can they do now? Impossible situations that are causing a huge amount of stress to people, often working families being affected now also.”*  
(Ealing Advice Centre)

Speaking truth to power is a vital role for third sector organisations with and on behalf of those they support. The sector’s valued position in the public eye could be used to play a more effective role in leading debates on pressing social issues, and even shaping public opinion and changing attitudes. However, the challenge is to coordinate the sector ‘voice’ – there are a plethora of reports on the impact of welfare reform with similar findings from the perspective of slightly different client groups, but no overall campaign which would provide a louder voice. What unites organisations in the sector on welfare issues is bigger than differences between them. The challenge is identifying an organisation with the capacity to coordinate the contributions of multiple organisations. The sector has come together for major campaigns on issues affecting the sector, most noticeably in the single campaigns on higher rate tax relief (Give it Back George) and currently around the Lobbying Bill. However, there is a need to do so now for issues of welfare reform and service cuts – not to protect sector funding, but to highlight the needs of the people the sector supports and works with. The current policy direction and implementation is unsustainable for communities and civil society in London, and it is important that decision-makers hear this clearly and loudly with an evidence-based campaign.



## 5.2.1 Local and wider area VCS organisations

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Responses to the Big Squeeze 2013 suggest that, as with the 2012 survey, negative impacts are being experienced more by local VCS organisations than VCS groups working over a wider area.

- ◆ 62% of local organisations were not confident of being able to meet increases in demand for services over the coming year compared to 41% of cross-borough and regional organisations and 39% of national organisations.
- ◆ 19% of local organisations reported an increase in income over the past year, compared to 33% of cross-borough and regional organisations and 27% of national organisations.
- ◆ 15% of local organisations anticipated increases in income over the coming year, compared to 22% of cross-borough and regional organisations and 27% of national organisations.
- ◆ 28% of local organisations anticipated closing services in the coming year, compared to 19% of cross-borough and regional organisations and 15% of national organisations.
- ◆ 59% of local respondents reported using their reserves in the past year, compared to 52% of cross-borough and regional organisations and 49% of national organisations.

Several organisations expressed concerns about national organisations competing with them to deliver services in their local area or smaller organisations struggling to meet the requirements of tenders. There is a perceived shift to larger providers and an accompanying perception that the commissioning environment is putting greater pressure on smaller organisations which are being ‘squeezed out’.

*“The present economic policies do not favour small organisations. There is a feeling that a lot of efforts are made by policy makers to suffocate small valuable organisations just to make the prime organisations more and more comfortable”*

*“Better opportunities to access funding a fairer funding for smaller organisations who do very good work but are squeezed out because of corruption and nepotism.”*

*“Money is tight as we are a small charity, small ones are forgotten. Fundraising doesn’t help much. Negative impact from funders.”*

(Newham Stroke Club)

*“Funding for organisations who are addressing homelessness and isolation is harder for small local groups to get - seem to be bigger groups with less local connections/knowledge getting funded.”*

*“Reduction of funding for Local Authority has reduced number of grants & other funding for voluntary & community groups. They have concentrated funding/support on a smaller number of larger groups. Although this shift was primarily pre-2012-13, small groups continue to be shutout. Any expectations of sub-contracting or trickle down from larger groups has not been backed up by an facilitating action. The LA is now moving from SLAs to commissioning (tendering), thereby further excluding smaller groups and putting additional pressure on larger groups. The transfer for Public Health fully into the LA has moved another pot of money further from local groups. Whilst the PCT/NHS might not have been good at commissioning VCOs, they were getting better, now the Public Health money seems be being held in the LA as a way of balancing their own budgets. All of this means that diverse or isolated residents are less likely to receive services tuned to meet their needs.”*

*“We have huge difficulties working with the borough and NHS commissioners because they desire to only work with big organisations. We are struggling as they reject those who are not part of a consortium. The local CBS is unsympathetic and it is acting as a competitor. Commissioners are trying to squeeze out small organisations especially the black and ethnic minority organisations.”*

*“The government needs to give the money to small organisations who help people. The big fatcats get the money. Something has to be changed or we will be left in the cold. They should support us to support the community. We are trying to help people but they are not funding us so I don't know how much longer we will be able to continue.”*

*“Could the system use their time for better things other than thinking of creating policies that will kill small decent organisations just to favour their allies- the big guys.”*

*“We were expecting that Big Society will provide funding for small front line organisations, it did not materialised. At best it meant working with volunteers who can even refunded for their transport cost.”*

*(CORECOG)*

### 5.2.2 VCS fees

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No specific questions were asked about social enterprise or trading, but due to the squeeze on the sector income, a number of organisations (both frontline and infrastructure) have had to start charging for services which were previously free, with mixed success:

*“We have recently had to start charging for our summer play scheme because of cuts to our local authority funding. However, the number of children attending has got fewer and fewer because their parents just cannot afford it. We have had to develop a whole range of income generating activities but while we are hiring out the football pitch to corporate companies, that means it is not available to disadvantaged children & young people (many of whom don’t have gardens or access to green space) from King’s Cross.” “...The council has cut our funding and forced us to charge for services at precisely the time when our users are less and less able to pay for these.”*  
(Calthorpe Project)

*“We attempted to charge members for the services but they could not afford this so it did not work. We attempted to create a childcare course which was successful at the beginning but then was unsuccessful.”*

*“The cuts to local councils and charities has impacted on the services to Family Carers and the people they care for - less respite, less day care and a lot of services being charged for that were once free.”*  
(Irish Community Services, Family Carers Project)

*“Many of the local community and voluntary groups that book space in our community centres for events and activities over the summer didn’t this year due to lack of funding.”*

*“We charge some clients for some services to generate income to subsidise other advice provision.”*  
(Hillingdon Law Centre)

This may be a growing theme in the future.

### 5.2.3 VCS infrastructure

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Sixty-two infrastructure organisations responded to the survey, with the largest number being local. The main area where there were large differences to responses overall was that infrastructure organisations were less confident of being able to

meet increases in demands in the coming year. This appears to be partly due to reductions in funding in previous years and increasing demands from frontline organisations, needing support for the challenges they face, often reaching the support organisation with more complex needs.

*“Groups wanting support are often in a much more serious state with increasing demands for their services and reduced resources, as well as increasing uncertainty about future funding. The number of groups wanting our support is also increasing. This looks set to continue for several more years.” (LVSC)*

*“We are seeing an increased number of agencies seeking support on understanding and working with people affected by the welfare reforms, including housing issues, tackling funding crisis for their organisations, finding ways to enter consortia (but finding it impossible to compete), understanding how they fit into the new health streams with care and commissioning groups.” (Irish in Britain)*

*“An increased demand for support for organisations, an increased demand from the media to tell the story of what is happening and an increased expectation to understand a wide range of issues that have an impact on families living in poverty in London.” (4in10)*

Some examples of good practice were identified among support providers:

*“Entered partnerships with vcs organisations with a specialist remit but where our generic strategic and development experience can be utilised.” (Enfield Voluntary Action)*

*“Joint delivery with other organisations. Sharing project staff for particular initiatives. New fundraising strategy which includes competing for commercial strands of money and not grants.” (Council for Somali Organisations)*

*“We have a set of strong relationships and have been running a commentary on the equality gap as it widens and deepens locally. Groups benefit from the research and evident so continue to come for fundraising mentoring forums etc. seems to us that our local sector has become stronger because of all of these threats. Our job is to keep leaders hopeful and we do ok. We are fortunate that we have a council that is very prepared to listen. We are overwhelmed by work and our capacity is very stretched, but have seen some amazing partnerships develop in the last 2 years.” (Kensington and Chelsea Social Council)*

*“Closer collaboration with universities, use of academics and students as voluntary contributors.”*

*“We have produced a pack, distributed to over 850 clients and community organisations, which outlines the various changes and provides fact sheets and template letters for people to claim exemptions, and other benefits which might mitigate the impacts; we have introduced a form filling clinic to assist people in making initial claims; we have a programme of going out and meeting with community groups to talk to their users to help answer questions and ensure people can make informed choices. We are about to launch a programme to train “welfare benefit first aiders” and to extend the form filling clinic model.”*  
(Islington Law Centre)

*“We are building the campaigning capacity of DDPOs to raise concerns about cuts and the impact they are having on disabled people. We have also strengthened the range of business and financial capacity building support we are offering to DDPOs so they can survive and continue to provide essential services to their disabled members and users.”*  
(Inclusion London)

*“Introduced a lightweight easy access introductory workshop to improve speed of access to our range of services, and support better, faster decisions about whether to commit to working with us”*

#### **5.2.4 Volunteering**

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The Cabinet Office reports that proportions of people volunteering in London increased substantially between 2010/11 and 2012/13.<sup>59</sup> The number of people who formally volunteered at least once during the year increased from 32% to 42%. The proportion volunteering at least once a month increased from 19% to 27%.

No specific questions were asked about volunteering in the Big Squeeze 2013, but several organisations reported increased numbers of unemployed people wanting to volunteer as a potential way in to employment, however a few also reported confusion in this area or that people could no longer afford to volunteer.

*“I work within a volunteer centre. The changes that seem to have had the biggest effect at the moment are changes to benefits including universal credit and the bedroom tax. Increased sanctions and unclear advice on how and when people can volunteer and what they can do have left lots of people confused about how they can give their time. In terms of the economy, we have seen an increased number of people being referred to us from Jobcentres and work programmes.”*

*“Cuts in welfare and increased rents are making peoples living conditions very difficult and I have heard volunteers/students talk about taking part in medical research to cover basic living costs.”*

*“As an organisation we rely on volunteers. Volunteers that would generally not of had to work are being forced back into employment due to their economic circumstance.”*

*“We are manned by volunteers and fewer are coming forward as they are feeling the pinch themselves.”*  
(Santé Refugee Mental Health Access Project)

There are tensions between the needs of the individuals and the organisations hosting volunteers:

*“Increasing numbers of residents looking for Volunteering roles, especially volunteering that will help with employability. Whereas groups are still looking for ‘traditional’ volunteers committing for the long-term.”*

*“Lots of people want to volunteer but are unrealistic about the opportunities out there. Organizations are more reliant on volunteers than ever before but are unrealistic unimaginative about the volunteering opportunities that they are offering.”*

There were also challenges with volunteering roles becoming more demanding and many organisations reported needing additional training for their volunteers:

*“The pressure at our Reception Desk in the most deprived part of the borough is so great staff are afraid that it will soon become impossible to recruit and retain volunteers at this bureau.”*

*“Increasing demands on our volunteers as no funds to pay staff.”*

The usual issues of funding for supporting volunteers arose, with frustrations that they are still being considered “free”.

*“We have more people wanting to volunteer but NO funding to support us in delivering this service. More young people want to get involved in volunteering but again NO funding. More people with disabilities are being encouraged to volunteer - to help them become ‘job ready’ but again NO funding to support this activity.”*

## 5.3 Advice and legal aid

Advice services have been under pressure for a decade, but more so now than ever. Significant cuts were reported in previous Big Squeeze reports and outlined in Chapter 3. Cuts to advice services contributed to increased demand in other areas. Advice work is preventative and can be more cost effective – but it is harder to measure and being undervalued in face of pressing needs.

Key funders, notably the Legal Services Commission, have created considerable change. Higher unemployment and other factors resulting from the recession are pushing up demand for debt and other crisis advice. The shrinkage of local government services is changing provision and where people look for help. The radical change in welfare benefits is creating additional needs for advice to understand and enforce rights – particularly in the light of weak assessments with high proportions overturned at appeal. There is a vacuum which the sector is trying to fill but without adequate funding or support. Legal aid cuts have been made to the most marginalised.

Advice work and support is diminishing when it is needed most. Here are a selection of comments in response to being asked if there was any additional help or support their organisation needs to address the impact of welfare reform or raised spontaneously in other responses – but there were significantly more of this nature. Many frontline non-advice organisations were advocating for resources for advice services instead of for themselves:

*“We usually refer debt/financial/welfare related queries to the CAB as an independent advice service, but the CAB is finding it increasingly hard to operate due to the large demand. Improving their resources would be a great way to support our service users.”*

*“We need some good welfare advisors from a funded advice agency. We need social services/voluntary sector help for our more vulnerable tenant/members”*

*“We could do with having an expert advisor providing support to our families and users on changes to benefits and to help them ensure they are claiming all that they are entitled to. We currently do not have enough space to offer this service within our building. Infrastructure VCS could help to better link us with VCS organisations offering free benefit advice.”*

*(Calthorpe Project)*

*“Demand has increased a lot as a result of users having additional cases and more complex needs and less organisations been available to provide services for them because they have been forced to downgrade or close. We are finding it hard to cope for demand at our drop in and we have had to fund some of our services from reserves. The most affected area is advice services. It is the most demanded area and the area that it is harder to secure funding for.”*

*(Latin American Women’s Rights Service)*

*“We need an independent advice service willing to fill in forms rather than send people away with a piece of paper telling them how to complete the form themselves - many of our clients are illiterate and/or have mental health issues! We need an advice service to be knowledgeable and to care about the client - to do home visits and to attend tribunals. We need an advice service that is properly funded by local government.”*

*“We need CCG’s to contribute to advice services as the link between health and advice is a clear one. The local authorities to bring back legal aid especially as the changes they are introducing is causing more and more cases to end up in courts!”*

*“We would like a lot more support with giving benefits knowledge/ knowing who to refer people onto to receive benefits advice. For example, we can refer people onto the citizens advice bureau but they are very stretched and do not have all of the information so widening their resources or making more organisations like this with benefits advice is needed.”*

*(Positively UK)*

*“Additional advice time, perhaps support from pro-bono lawyers.”*

*“More legal, housing and benefit advice especially those subject to domestic and gender based violence.”*



*“We need access to more specific and specialist knowledge and advice. This will enable us to support and advise people in navigating through the changes that have taken place, helping them to understand what’s going on and to give them information. This could come from the council or CAB or partner organisations who specialise in that sort of work. Some kind of surgery and information giving workshops to empower local people are needed- so people know what options they have, how to take charge of their own lives, and where they can get help if something is critically impacting their lives.”*

*“Changes to legal aid have affected the women accessing our services dramatically. Fewer women are able to access aid, placing further strain on their legal proceedings and causing many women to remain trapped in abusive relationships.”*

The nature of advice needed is becoming more complex:

*“Welfare reform plus cuts in legal aid has increased demand, they don’t know where to go for free advice. It is more complex as they now have multiple issues that we need to tackle.” (Wandsworth Citizens advice Bureau)*

*“Cuts elsewhere in advice sector placing increasing demands on our services; legal aid changes meaning people can’t access free legal advice; restrictions on entitlement & changes in law & policy meaning people increasingly confused and disoriented, and needing more time and intensive casework to unravel cases.”*

*“We offer Advice and Guidance, and the demand is increasingly for support to deal with crises in housing, debt and benefits. Before we were able to offer more advice in employment and training etc. but have needed to become increasingly responsive to crises.”*

Some organisations have had to move in to advice provision even though it is outside their experience due to lack of provision for their client groups:

*“The rise in complex needs is in some part due to the age of our client group. Some clients have also been seriously affected by changes to welfare benefits, others are extremely worried about heating costs. We relied on an advice worker from an advice service to provide our advice on welfare benefits but they have suffered loss of funding too and have reduced their service to us. We have had to send staff on (expensive) training courses to enable them to help our clients. We lost our council funding which meant us having to streamline services and reduce our staff team and are not well placed to pay for training nor replace our existing services with a welfare benefits advice service.”*

*“Due to the retraction of services from Local government and less funding to community groups, more residents are turning to their housing provider for help and support. Also there is a direct relationship with less income there will be in more rent arrears therefore creating a homeless situation over time. The organisation had to diversify the staff structure and create a financial inclusion team, welfare reform officers, employment and training officers.”*

*“More women are seeking advice given the cuts in legal aid. We are now delivering more advice line sessions to try and respond to the demand which has in turn increased pressure on our fundraising team to fund this.”*

## 5.4 Housing and homelessness

The evidence provided in Chapter 3 demonstrates the disproportionate impact of Government welfare reform, and in particular of Housing Benefit, in London with evidence that homelessness is increasing in the capital. The figures and research suggest that ultimately these reforms will cost more than is saved in reduced payments.

Housing issues and homelessness came up frequently in response to a number of questions and have been referenced in the Impact on Londoners section above. It is not just the economic climate itself that is leading to the increased levels of homelessness in London, but the challenges of the welfare reforms and their application, including sanctions, which have been a consistent theme throughout. It is clear that attempts to keep rents and Housing Benefit costs down through the ‘bedroom tax’, reductions in Local Housing Allowance, benefits cap etc. have not had the intended effects and are contributing to increased arrears and homelessness.

*“Our client group (which is private and social housing tenants, homeowners and the homeless) has been particularly affected by the welfare reforms. This has led to an increase in rent and mortgage arrears and a sharp increase in the numbers of clients needing help with debt, benefits and housing issues. Our client group has also been affected by the Localism Act, and in particular changes to local authority homelessness duties and allocations procedures.”*  
(Greenwich Housing Rights)

*“The increase in homelessness and rough sleeping continued, it is likely that the economic downturn was a factor in this increase. Caps on local housing allowance have made it harder for people to move out of our hostels and into private rented accommodation, especially in London. There is less choice with regards to location and our clients are having to consider moving into lower standard housing. The localised social fund has also led to variation in the support that our clients are able to access when moving into independent accommodation from our supported accommodation. The tougher Jobseekers Allowance and Employment Support Allowance sanctions regime has resulted in more of our clients being sanctioned. This has also meant that our staff have to spend more of their time supporting clients to appeal or deal with the effects of sanctions.”*

## 5.5 Poverty and inequality

Over the ten years to 2011–12, the number of people in in-work poverty increased by 440,000. In the same period the number of pensioners in poverty fell by 110,000 and the number of children in workless families in poverty fell by 170,000. Now 57% of adults and children in poverty are in working families.<sup>60</sup>

Chapter 3 demonstrate the extent of poverty due to spiralling living costs, shrinking incomes and benefit reforms. More respondents made reference to having to get involved in alleviating poverty or providing crisis support:

*“A lot more people have hardships, we have to refer lots more people to food banks, we started a drop-in as people were feeling isolated, there are difficulties with living allowances, lots more people have been requesting our help and advice with benefits even though this is not the role of our organisation.”*  
(Positively UK)

*“More of our clients, who are LGBT people facing homelessness, are accessing food banks, our own hardship fund and the THT Hardship Fund, for which we are referral agents. In the past 18 months we have distributed £6,030 of THT grants to 35 people.”*  
(Stonewall Housing)

*“Clients have less money in their pockets, are worrying over payment of bills and some are getting into debt. Changes to disability benefits and work related benefits are having the biggest impact on our older client group.”*

The impact on local economies was also noted by some, increasing the downward spiral:

*“Welfare reform has made people homeless, increased debts, caused despair. Local shops suffering knock-on effects of customers’ reduced spending power.”*

## 5.6 Employment and skills

Increasing levels of unemployment and underemployment in London were outlined in Chapter 3, and echoed in responses to the Big Squeeze 2013. As with the 2012 report, the Work Programme continues to be seen negatively, especially combined with new sanctions and assessment processes mentioned above in the Impacts on Londoners section.

*“...measures to protect employment and to enable access to it by younger people are proving ineffectual. Low wages, zero hours contracts and unpaid placements are undermining local living standards. Many more people this year are struggling to pay bills and put food on the table, and often not paying the rent to do so.”*

*“Refugees: no statutory employment services has created panic and chaos, with refugees desperately looking to escape from jobcentre insistence that they immediately find a job, with no reference to the specific barriers that most refugees face, such as having no UK references or experience.”*

*“Our beneficiaries are restricted benefits and ex-offenders are asked to do things and apply for jobs they cannot do and then money suspended. The mandating of prisoners on release to go to work programme but the services are appalling and told they cannot help them which makes them re-offend.”*  
(A Fairer Chance)

*“Lots of our clients don’t want to work in any sector but want to volunteer in a chosen sector instead. This means they are not seen as actively seeking work and therefore they are losing benefits. We see this happening a lot.”*

*“The idea that people have to take any job offer is pushing our clients into situations that they don’t want to do and this negatively affects their drug and alcohol problems. Our service users often want to volunteer in the area that they are interested in so get experience but this often leads to being denied welfare as they are seen as not pursuing work. If they are volunteering to get into a role they want that should be seen as a positive thing rather than taking benefits away because they haven’t taken the first job that comes along.”*

## 5.7 Health and social care

Although no specific questions were asked about health and social care in the Big Squeeze 2013 survey, concerns were raised by a number of respondents, particularly in relation to mental health issues. A selection of comments are below, but there were also a high number of responses that commented on the stress and anxiety that welfare reforms were causing that could lead to even more mental health concerns.

*“Health and Social Care Policy. Personalisation agenda leaves older and disabled people more in danger of abuse, especially financial abuse and neglect. Increasingly contracts are becoming more demanding in terms of monitoring data and do not provide adequate finances for quality face to face services.”*  
(Manor Gardens Welfare Trust)

*“Cuts to benefits are causing lots of stress. Staff are attending tribunals with people. The new ESA benefit is causing people with mental health great stress. People carrying out the surveys and making the decisions don’t understand people with mental health. They say you look fit and healthy you can work without taking the psychological impact into account. This has had a major impact on the communities we work with.”*  
(Redbridge Respite Care Association)

*“Our users are young people, who have been affected in terms of high numbers not yet in employment or training. Huge impact on their finances and scale of young people in debt. Higher numbers at risk of homelessness. All of which has also led to higher demand for support around coping mechanisms - such as self harm, alcohol and drugs - as well as worrying issues around depression and anxiety.”*

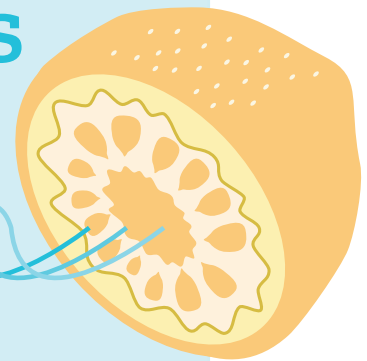
*“We are seeing more and more people volunteering as unemployment increases but many of these people have mental health problems which are made worse by the current public funding and benefit cuts.”*  
(Calthorpe Project)

*“Increase in more complex mental health users with no support from statutory services - often not known and now nearer retirement age and statutory services not willing to provide any services.”*

*“Statutory services being cut has led to less community psychiatric nurses and social workers. They are keen to write people off, give them to us (and then write them off). Referrals from statutory organisations have risen because of this (though there has always been a high demand for our services). The needs are lots more complex because there are lots more people coming through with drug and alcohol problems, forensic histories, and coming out of long term psychiatric care into medium and low support. Nearly everyone now is a complex case.”*  
(Redbridge Respite Care Association)

# 6

## Conclusions & recommendations



### 6.1

#### Conclusions

Economics is too often discussed in terms of growth and GDP, but our real concern should be about individuals, families and communities. The country may be in growth, but the quality of life for the most disadvantaged is getting worse and will continue to worsen as debt levels increase. The recent welfare reforms are a dysfunctional solution for the current challenges in London and make the cycle of poverty, and the increased costs associated with this, inevitable.

The poorest families already face high inflation, high unemployment, stagnating wages and the triple whammy of benefit cuts, service cuts and advice sector cuts. There are heightened consequences in London where the welfare reform impacts are being driven by chronically high rents in the private rented sector. In London we are seeing shameful growing inequality, with worsening long-term impacts and increasing long-term costs to individuals and the state.

Being in paid work is no longer a protection against crisis, because so much of the work available locally is low paid or insecure, and wages fail to keep up with living costs. Households juggling bills and debts to get by hover desperately close to crisis. Even a relatively small change in income or a delay in wages or benefits being paid can trigger meltdown because the margins

of financial survival are so tight. Few have savings or assets to draw on when crisis hits. The safety net is becoming increasingly fragile and families are falling through to destitution.

It is not just the impact on Londoners by each individual reform, but the cumulative impact of the economy and reforms taken together creating a series of interlocking challenges. Those made vulnerable by previous reforms have been pushed in to crisis. In addition to the financial impact of benefit changes themselves are the problems caused by the processes for implementation and sanctions applied - confusion and fear are adding to problems, combined with reductions in advice services and legal aid meaning people are not always getting the support that they need. This has knock on effects to other services, including social care and health.

There are tensions between policy intentions and actual impacts: perverse incentives are a common theme, with unintended consequences – for example, the ‘bedroom tax’ and the caps on Local Housing Allowance have not stabilised rents and reduced the Housing Benefit bill, but in a really short period of time have increased arrears and homelessness, with much higher costs to individuals and the state than had been anticipated. The policy changes will have a long tail – the real impact is yet to be felt. The impact of the reforms have been underestimated as some areas have been looked at in isolation, and individuals and families affected are only part-way along the downward spiral that the combination of factors has created.

Communities are affected as well as individuals. Research shows that the most deprived areas are being hit hardest by cuts. The loss of benefit income, which in some cases is large, will have knock-on consequences for local spending and thus for local employment, which will in turn will add a further twist to the downward spiral.

The voluntary and community sector is facing increased demand for services, increased complexity of needs and more queries for which there is no remedy. Many organisations have lower funding, access to fewer specialist advisors, increased reliance on generalists and volunteers and in some cases, fewer organisations to refer people on to when people present with issues outside their skills, experience and capacity. Individuals feel helpless and organisations frustrated at not being able to satisfactorily resolve issues in the current framework, so rather than early prevention, some find themselves offering a sticking plaster at a later stage in the cycle. This is more costly for individuals, the sector and the state. This crisis support provided by the sector is essential in a civil society with the state safety net disappearing.



This is not helped by the political and media climate which has recently often seen the most disadvantaged as ‘benefit scroungers’, despite the majority of people receiving benefits actually working, looking after young children or pensioners. There is also an increasingly hostile environment for the voluntary sector with criticisms in a number of areas, including about campaigning – crystallised in statements from MPs at the Public Administration Select Committee in the review of the Charities Act, arguing for increased restrictions on charity campaigning and also in the more recent challenges in the Lobbying Bill currently being debated in Parliament.

Despite the rhetoric of the Big Society, the voluntary and community sector is stuck in the middle again, with decreased funding and facing challenges outside its control to resolve. Policymakers are asked to consider more carefully the implications policies have had, and will have, on society and civil society, and funders and commissioners are asked to consider the consequences of a smaller and less diverse VCS and what this will mean for the most disadvantaged Londoners, social cohesion and equality.

The Big Squeeze 2013 results suggest that London’s VCS organisations are continuing to adapt and innovate in order to try to meet the growing needs of Londoners, but it is hard to see how they can continue to develop to meet the rapidly increasing needs if these financial and policy pressures continue in the years to come. The cumulative impacts on Londoners and VCS organisations mean that there is little flexibility to rise to new challenges and it is difficult to see how this conundrum of growing needs and decreased income will be resolved.

## 6.2 Recommendations

### 6.2.1 ... for London’s voluntary and community sector

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Frontline VCS organisations should:

- ◆ Continue to improve partnership working, develop local networks and formalise signposting and referral routes to advice and other services, to help manage demand for their services.
- ◆ Build on current good practice to work with local authorities to build dialogue and work on joint solutions to dealing with interlocking welfare reforms, including through strategic use of the Local Support Services Framework.

- ◆ Join, collaborate with and support existing networks of advice organisations (such as the London Advice Forum, the Black Advice Network, Advice UK, Law Centres Network and Local Advice Providers Forums which exist in many boroughs), to ensure service users can access high quality information on what is changing, how and when.
- ◆ Advocate and campaign against reductions to advice services – as the need and impact is relevant to all sub-sectors.

### 6.2.2 ... for LVSC and VCS infrastructure organisations

LVSC should:

- ◆ Develop a partnership of infrastructure organisations to lead on implementing the recommendations of this report.

LVSC and VCS infrastructure organisations should:

- ◆ Work together to create a more co-ordinated response to the welfare reforms, escalating poverty crisis and service provision, advice and legal aid cuts. This should include:
  - building a strong evidence base on the impact of cuts and reforms in London,
  - developing a coherent, collective campaigning voice on behalf of disadvantaged Londoners, and
  - developing effective advice and information resources for service users and staff.
- ◆ Share information to ensure frontline organisations are informed about the progress of legislation that may impact their work, such as the Transparency of Lobbying Bill, Judicial Review Reform Consultation, and progress on current or planned reviews of the Public Sector Equality Duty and the Human Rights Act.
- ◆ Signpost frontline organisations to existing clear, practical guidance on what the welfare changes mean and where they can access updates.
- ◆ Provide guidance to resolve uncertainty about the impact of volunteering on benefit entitlements.
- ◆ Provide support across London to assist with strategic thinking about local and regional collaboration and merger.
- ◆ Develop new sources of funding for the sector, such as from corporate sources.

- ◆ Influence London policy makers to prioritise work on understanding and combatting the impacts of the cuts on Londoners, in particular the disproportionate impact on equalities groups.

### 6.2.3 ... for funders and commissioners

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Funders in London should:

- ◆ Work together to develop a coordinated funding strategy, identifying gaps in funding and commissioning activity to fill those gaps. Particular attention should be paid to advice services, building on good practice such as public legal education, collaboration with non-advice services and work to improve the efficiency of advice services.
- ◆ Take account in any funding strategy of the vital role of infrastructure organisations to provide support to frontline organisations in dealing with increased demands and reduced resources.
- ◆ Consult VCS organisations in developing funding and commissioning processes to ensure that social value is adequately considered, and that smaller organisations with local knowledge and connections are not excluded from delivery.
- ◆ Add their voice, research and influence to sector campaigns highlighting the impact of policies on London communities.

### 6.2.4 ... for policy makers

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The Government should:

- ◆ Review estimates of the cumulative impact of welfare reforms and service cuts, particularly on groups protected under the Equality Act 2010.
- ◆ Take a holistic approach looking at central and local costs and implications across all departments, including long-term impact on health.

The Mayor of London should:

- ◆ Carry out an equalities based analysis consistent with his public equality duty, examining the cumulative impact of these changes on Londoners, then use his influence with the Government to mitigate these impacts.
- ◆ Secure greater investment in building homes which are affordable to Londoners.

The Mayor and local authorities should:

- ◆ Work together to review funding for advice services, and develop a strategic solution to the need to advice services, affordable for all, across London.
- ◆ Ensure the London Living Wage is paid across the GLA group, local authorities and their supply chains.

The London Enterprise Panel should:

- ◆ Increase its focus on reducing inequality, in-work poverty and early preventative action, and
- ◆ Support this work by appointing a VCS representative on to the Panel.
- ◆ Adopt ambitious targets to increase uptake of the London Living Wage by employers.

The London Health Board and the London Health Inequality Network should:

- ◆ Build upon the London recession indicators to undertake an assessment of their impacts on the mental health and wellbeing of Londoners, and whether spending cuts by central Government have driven increased spend on local services.

The Mayor's Office for Policing and Crime should:

- ◆ Undertake an assessment of the impact of these changes on levels of crime, and on whether spending cuts by central government have driven increased spend on local services.

# Appendix 1

## List of respondents

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Survey respondents who gave permission to be named in this report included:

- 1st Place Children & Parents Centre4in10
- A Fairer Chance
- account3
- Action Acton
- Action Disability Kensington and Chelsea
- Action Space
- AdviceUK
- AECHO
- Age Concern Ravensbourne Ltd
- Age UK London
- Age UK Westminster
- Anchor House
- Aston-Mansfield
- Asylum Support Appeals Project
- Back On Track Housing
- Bail for Immigration Detainees
- Balham Pensioners Centre
- BANG Ed
- Barnet Voice for Mental Health
- BAWE (British Association of Women Entrepreneurs)
- Beanstalk
- Bosnia Herzegovina Community Advice Centre
- Brent Mind
- British Red Cross
- Brockley Tenants' Co-operative Ltd.
- Bromley by Bow Centre
- BTEG
- CALM - Campaign Against Living Miserably
- Calthorpe Project
- Camden CAB Service
- Cardboard Citizens
- Carers Lewisham
- Central African Organisation
- Centre for Armenian Info & Advice
- Choices (London) C.I.C Ltd
- Citizens Trust
- Community Barnet
- Community Links Bromley
- Confidential and Local Mediation (calm)
- The Connection at St Martin's
- CORECOG
- Council of Somali Organisations
- The Cranfield Trust
- Croydon Voluntary Action
- DASL
- deafPLUS
- Disability and Social Care Advice Service
- Disability Camden (DISC)
- Drop the Tag
- Ealing Advice Service
- Emma Russel
- Employability Forum
- Enfield Voluntary Action
- ESE-OGHENE ASSOCIATES
- FCFCG London
- Fitzrovia Neighbourhood Centre
- Friends of Capital Transport Campaign
- Gateway Care Services
- Greenwich Citizens Advice Bureaux Ltd
- Greenwich Housing Rights
- Hackney Playbus
- Hackney Refugee Forum
- Harrow Equalities Centre
- HAVCO
- HBV Enterprise
- Healthwatch Redbridge
- HECA Ltd
- Herpes Viruses Association
- Hillingdon Association of Voluntary Services (HAVS - CVS & VC)
- Hillingdon Law Centre
- Home-Start Westminster
- Hounslow Race and Equalities Council
- Housing Justice
- Hoxton Hall
- HT Community
- Inclusion London
- Independent Disability Services
- Innisfree HA
- IRAQI ASSOCIATION
- Irish Community Services, Family Carers Project
- Irish in Britain
- IROKO Theatre Company
- Islington Law Centre
- Islington Refugee Forum
- JAMI
- Just Space
- Kensington and Chelsea Social Council

- Kentish Town Community Centre
- Kingston Churches Action on Homelessness
- Laburnum Boat Club
- Lasa
- Latin American Women's Rights Service
- Law Works
- LBI
- Lee Valley Regional Park Authority
- LGTU
- Lifeforce Global Academy
- London Environmental Educators Forum
- London Training and Employment Network
- London Voluntary Service Council
- The Manna
- Manor Gardens Welfare Trust
- Meridian Women Association
- My Voice London
- Neighbourly Care Southall
- New Citizens Voice
- Newbridge Foundation
- Newham Stroke Club
- Newlon Fusion
- Off The Record Youth Counselling
- Croydon
- Old Oak Housing Association
- Older Feminists Network
- Olmec
- Options4Change
- Outside Chance
- Partnership for Young London
- Pecan
- PHASCA
- Phoenix Futures
- Pilotlight
- PLUS
- Poetry in Wood
- Ponders End Community Development Trust
- Positively UK
- Praxis Community Projects
- Pursuing Independent Paths
- Quaker Social Action
- Race on the Agenda
- REAP
- Redbridge Carers Support Service
- Redbridge Indian Welfare Association
- Redbridge Respite Care Association
- Redbridge CVS
- The Red Sea Community Programme
- Regard
- Respond
- Richmond and Kingston ME Group
- Richmond Council for Voluntary Service
- Rights of Women
- RSPCA Central and NE London branch
- S AND DA LTD
- Santé Refugee Mental Health Access Project
- SCAMPS
- SCVS
- SHARE Community
- SimpleGifts
- Social Action for Health
- The Society of Fulham Artists and Potters
- South London CVS Partnership
- South West London Law Centres
- Southside Rehab Ltd
- Southwark Irish Pensioners Project
- Southwark Muslim Women's Association
- St Giles Trust
- St Mary's Secret Garden
- St Mungo's
- Stifford Centre
- Stonewall Housing
- Sustainability4Youth
- Talking Matters
- Thomas Pocklington Trust
- Tower Hamlets CVS
- Toynbee Hall
- Transform Housing & Support
- Urban Partnership Group
- Victim Support
- VOICE OF CARER
- Voluntary Action Camden
- Voluntary Action Islington
- Volunteer Centre Hackney
- Volunteer Centre Kensington & Chelsea
- Volunteer Centre Tower Hamlets
- Walworth Garden Farm
- Wandsworth Citizens Advice Bureaux
- West London Mission
- West London YMCA
- Woman's Trust
- WOPF
- YouthNet

Thank you all, and also all the other organisations and individual project and service managers who took the time to complete the survey. We hope that allowing you to respond confidentially has helped more people to provide detailed answers to the questions, during what this report shows, is a difficult and uncertain policy and funding climate.

# Appendix 2

## Acknowledgements

### Our respondents

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We would like to express our sincerest thanks to all the London VCS groups who responded to this year's Big Squeeze survey. We are very grateful that you took the time to share some of your expertise and tell us some of the issues you are facing, as we realise that for most organisations funds are stretched and staff and volunteers are busier than ever.

Thank to Lifetimes Wandsworth for your support.

### Our funder

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Thank you to Trust for London for supporting this work, and enabling us to publish this research for the past five years.

### LVSC

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The 2013 survey was designed and implemented by Alison Blackwood, and we thank her warmly for her leadership during the entire Big Squeeze campaign. Analysis and this report were written by an external associate, Tania Cohen, on behalf of LVSC.

Many thanks to members of LVSC staff who supported the development of the survey and recommendations, marketing and communications, and editing of the report:

Tim Brogden  
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Deborah Gold  
Steve Kerr

Julia Mlambo  
Chloe Roach  
Eithne Rynne  
Chris Taylor

# Appendix 3

## About LVSC

### What we do

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The voluntary and community sector (VCS) makes a huge contribution to the lives of Londoners, providing a range of services and support to the capital's diverse communities.

LVSC brings together London's voluntary and community sector organisations to learn and share best practice and to create a co-ordinated voice to influence policy makers on issues affecting Londoners.

LVSC's vision is of a vibrant and sustainable city where the lives of Londoners are enhanced through voluntary and community action.

### Our aims

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- ◆ To be a central resource for knowledge and policy for the London voluntary and community sector;
- ◆ To act as a collaborative leader for London's voluntary and community sector;
- ◆ To enable the voluntary and community sector to best deliver for Londoners.

London Voluntary Service Council (LVSC) is the collaborative leader for the VCS in London. We bring together London VCS organisations to learn and share best practice and to create a co-ordinated voice to influence policy makers and statutory partners. We provide up-to-date support services for VCS groups around their business, policy analysis and influence and training for those working in the sector.

### Our strategic objectives are to:

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be a central resource for knowledge and policy for London VCS; act as a collaborative leader for London's voluntary and community sector; and enable the voluntary and community sector to best deliver for Londoners. Poverty, equality, health and climate change are the crosscutting themes throughout all of our work and this report specifically addresses the issues in London around the first three, with implications for the last.



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