



Everyday insecurity:

Life at the end of the welfare state

November 2012, Interim briefing

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nef (the new economics foundation) is a registered charity founded in 1986 by the leaders of The Other Economic Summit (TOES), which forced issues such as international debt onto the agenda of the G8 summit meetings. It has taken a lead in helping establish new coalitions and organisations such as the Jubilee 2000 debt campaign; the Ethical Trading Initiative; the UK Social Investment Forum; and new ways to measure social and economic well-being.



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Introduction

Welfare reform and public sector cuts are adding significant pressure to a system already buckling under the strain of growing demand and underfunding. This is leading to unsustainable human, social and economic costs.

For the past 18 months the new economics foundation (**nef**) has been working with people in some of the most deprived communities in Birmingham and Haringey to explore their experiences of the government's austerity measures and its ambitions for building a 'Big Society'.

Through more than fifty interviews with local people and organisations, and through peer research and capacity building workshops, we have been exploring:

- How people are experiencing the cumulative impact of welfare reform and public sector cuts in a time of recession;
- What the 'Big Society' means for people and communities in the context of this new austerity;
- What alternative strategies might do more to improve people's quality of life and their access to support and well-being.

In our last interim briefing¹ we showed how unprecedented cuts to the budgets of local authorities, and to those of voluntary and community organisations, risked undermining the ideals of the Big Society.² We showed how local authorities and voluntary organisations are experiencing a perfect storm of increased demand for services and reduced resources to provide much needed support.³ We documented how the cuts are being felt most acutely by some of the most vulnerable groups, including the elderly, those with disabilities and women. For many the ambitions and ideals of the Big Society seemed remote and irrelevant as their time and energy were consumed trying to make ends meet.

£88 million: cuts made to London Borough of Haringey's budget from 2011 to the end of 2013, half of which were made in the first year

At the time of our last interim report, the main driver of increased local demand for services was the economic recession; unemployment and debt were highlighted as particularly important issues in people's lives. Six months on, in this report, we show how changes to welfare are now exacerbating these underlying challenges and driving up demand for local services, as people's incomes fall and access to support, such as childcare and social care, is reduced. The combined impact of welfare reform and public sector cuts are adding significant pressure to a system that was already buckling under the strain of growing demand and underfunding. As a result, in the short-term, charities and communities are under growing pressure to step in where the state has withdrawn. In the long term social crises are likely to build up leading to unsustainable human, social and economic costs.

What we present here are some of the unfolding stories, testimonies and case studies of the people and groups living and working in an age of uncertainty and austerity. They speak of mounting challenges, growing social and economic costs, and the sober acknowledgement that the worst is yet to come.⁴

£274 million: cuts made to Birmingham City Council's budget from 2011 to the end of 2013, £212 million of which were made in the first year

Insecurity: the gathering social storm

The burden of reducing Britain's deficit is falling predominantly on people who get vital support from public services and welfare: the unemployed, low-income earners, the very elderly and the young, and – perhaps most of all – disabled people.

The scale and speed of the Government's deficit reduction programme is unprecedented. The aim of the Government is to shrink the national deficit within four years through spending cuts, which form an estimated 77 per cent of the reduction plan, and tax increases, which make up just 23 per cent of the proposed reduction.⁵

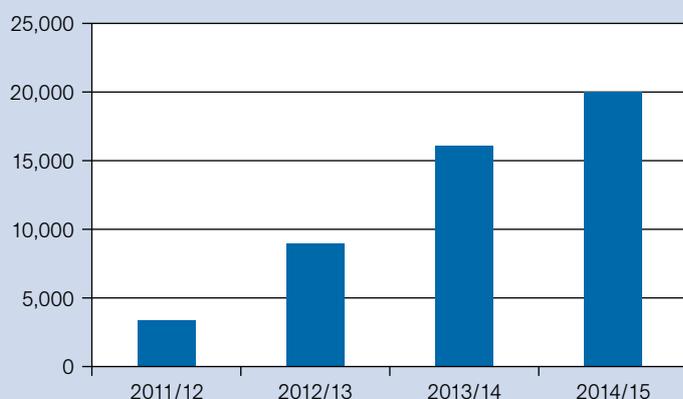
£8.9 billion cut from welfare spending by the end of 2012/2013⁶

As such Britain is experiencing the most significant period of spending reductions since the 1920s, ten years faster than the OECD recommends.⁷ Local government will bear the brunt of these cuts, averaging at 27 per cent, and in terms of relative spending power, poorer local authorities are being hit hardest.⁸

In 2010, the Government emphasised that through welfare reform and public service changes, "those with the broadest shoulders should bear the greatest load", while the most vulnerable and those with genuine needs would be protected.⁹ Two years later it appears that the opposite is true. The burden of reducing Britain's deficit is falling predominantly on people who get vital support from public services and welfare: the unemployed, low-income earners, the very elderly and the young, and – perhaps most of all – disabled people.

Day to day economic security is now being eroded in many areas. The notion of a social safety net is unraveling. Benefits are being reduced at a time of rising prices for essential goods and services; they are also becoming more conditional. To compound the growing income insecurity many people face, some of the most practical and vital public services – such as legal advice, crisis centres and care homes – are being cut.

Figure 1. How cuts to Social Security accumulate by 2015 (figures shown in £ million).¹⁰



Source: Child Poverty Action group

£18 billion estimated cut from welfare spending by the end of 2015, rising to an expected total of **£28 billion** by 2017¹¹

Box 1. Welfare Reform under the Coalition Government: the main changes

Universal Credit. This is a new single payment, to be launched from April 2013, for people who are unemployed or on a low income. It aims to simplify the benefits system by replacing several different income-related benefits: Jobseeker's Allowance; Employment and Support Allowance; Income Support; Child Tax Credits; Working Tax Credits; Housing Benefit. Although the government claims that the payment will increase many people's entitlements, in the longer-term approximately 1.7 million households will have lower entitlements than they would have otherwise and their entitlement will not rise each year in line with inflation.¹²

JSA Sanctions. From October 22, 2012 a harsher set of sanctions will be put in place for people who fail to comply with Job Seeker conditions. These include failing to attend an advisor meeting, not being available for work or failure to accept a job offer. The sanctions vary depending on the order of 'failure', from having benefits stopped for one month for lesser infringements up to a maximum of three years for continued refusal to comply.¹³

Benefits Cap. This is a cap on the total amount of benefits that working aged people can earn. The cap is set at £26,000 a year and will affect 56,000 households by 2013/14, with average weekly losses expected to be about £93. Large families and lone parents will be disproportionately affected.¹⁴

Housing Benefits. There have been a number of changes to housing benefits that reduce the amount of people eligible for support and the amount of support people can claim. The most important changes include: introducing a cap on how much people can claim based on the size of their home; setting Local Housing Allowance (LHA) rates at the 30th percentile in each area, down from the 50th percentile, effectively reducing the number of affordable homes for people on benefits; raising the age at which people can claim the Shared Accommodation Rate from 25 to 35, making it very hard for people under 35 to live alone on benefits.

Employment Support Allowance (ESA). Incapacity Benefit is being phased out and replaced by Employment Support Allowance (ESA) for those deemed eligible for continuing support. People who are assessed to be eligible for ESA will either be placed in the Work Activity Group (WRAG), which has a one year time limit for those on contributions-ESA, while they prepare for work or, in the cases of the "most disabled and terminally ill", will be supported unconditionally.¹⁵ Those who are assessed as being fit for work will be moved on to Job Seekers' Allowance (JSA). So far data on those reassessed before July 2011 show that 34 per cent of people who have been reassessed have been placed in the Work Related Activity Group (WRAG) and 37 per cent have been moved onto JSA.¹⁶

Disability Living Allowance. From April 2013 the Disability Living Allowance (DLA) will be replaced by Personal Independence Payments (PIPs) for claimants of working age. This will involve an assessment similar to the Work Capability Assessment and will focus on people's medical disabilities, rather than the social barriers that constrain their lives and make living more expensive for disabled people. Although the change has been framed as a reform rather than a cut, the government plans to reduce spending by 20 per cent through PIPs and there are fears that it will not adequately meet the needs of disabled people, particularly those with lower level support needs.¹⁷

Child benefits and tax credits. A number of changes will combine to reduce the amount of support available to parents looking after children. These include: the abolition of universal Child Benefit; reduced entitlements to Child Tax Credits; and new rules concerning people's eligibility and a general 10 per cent reduction in the child element of the working tax credit.¹⁸

CPI uprating of benefits. From April 2011 the government began uprating benefits in line with the Consumer Price Index (CPI) rather than the Retail Price Index (RPI). The CPI is a lower index and does not include housing costs or mortgage interest payments. Over the long term people on benefits find that the gap between their income and inflation widens, making them worse off.

The unraveling of social security

The scope and complexity of welfare reform (see Box 1) and cuts to public services make it difficult to represent a complete picture of how the changes are affecting the day-to-day lives of different groups, especially as the majority of the cuts to welfare are yet to be enacted (see Figure 1).

Summaries and statistics are helpful up to a point. But they can't convey a full picture of how these reforms affect real people and communities. Only frontline experience and personal insights can do that. With this in mind, a useful place to start exploring the human impact of welfare reform is the local Citizens Advice Bureau.

Citizens Advice is a vital service, providing people with legal, debt and welfare advice and intervening to prevent people from reaching a crisis point. It also, as one advisor put it, acts as “the social weather vane of an area”, providing an overview of the challenges that people are facing in their daily lives.

670,000: number of people affected by the benefit cap; the average household will lose £83 a week and 11,390 will lose £150 a week^{19,20}

In Birmingham and Haringey demand for CAB services has risen dramatically over the past two years. In Haringey they estimate that demand has risen three-fold. In Birmingham, speaking just of the demand for help with reforms to disability benefits, a case worker noted: “in 2009, for the whole of the year, we had 472 appeals. In the first quarter of 2012 we are looking at 436”.

Unsurprisingly changes to benefits have become the main driver of demand at CABs. New rules and rates for Disability and Housing Benefits are of greatest current concern to people (see below for more on these changes) and the imminent benefit cap is a source of growing anxiety. These changes will affect disabled people disproportionately with 60 per cent of families set to lose part of their income. The DWP has listed Haringey and Birmingham as two of the hardest hit areas, affecting more than 1000 families in each place.²¹

These benefit changes risk pushing many people and families into debt as their incomes fall far below their outgoings. On average the majority of families affected by the cap – some 670,000 households – will lose £83 a week. A significant number are expected to lose as much as £150 a week. Weekly income reductions of this level cannot be planned for or sustained in the long term. As the CAB manager in Birmingham commented:

“Most people on benefits are going to get a 10% cut in their income, some maybe more, some maybe less... even people who are working, but on a low income, are teetering on the edge of debt. They are just about able to stay afloat. Any changes in their income will tip them over the edge. We have so many people who are at that point that actually even a delay in benefits for a week will send people over the edge.”

This is happening at a time when household debt is already a major issue:

“Debt advice demand has hugely increased. You wouldn’t believe the type of people the banks lent money to. Huge amounts of money to. People on benefits, unlikely to work again – there were no checks done about their capacity to pay back loans. To have your debt written off you must have debts of under £15,000. Disposal income, after bills, must be less than £50 a month. This is a mini form of bankruptcy... It stays on your record for five years... A few years ago people would have seen hope of paying debts, now they just want them struck off... I did a bankruptcy application for a couple a few weeks ago. They owed £70,000. They were lent every single penny after they became pensioners, living on benefits, on pension credit. No-one ever asked them how they were going to pay it back.” (Haringey CAB)

In addition to reductions and stricter eligibility criteria a number of legal and employment agencies we have spoken to have noticed a general shift towards a “harsher benefits regime”, as a result of which it seems “that more claimants are having their payments sanctioned – cut or stopped entirely – if they miss appointments”.²² This represents a broader shift in Government policy that seeks to devolve risk and responsibility to individuals, and away from the state. This can be particularly problematic for people who do not speak English as a first language or those who have multiple caring responsibilities and cannot always make allocated appointments. One independent employment advisor we spoke to, working in an area of particularly high unemployment in Birmingham, commented:

“We have clients, especially those who have language support needs, getting sanctioned for not being able to demonstrate they are looking for work. For

example we had a client who came in worried because she was being harassed by Job Centre Plus staff for not providing evidence that she was looking for work. That week she had got her seven year old to complete her paperwork. These clients aren't able to argue their case and are being pressured by Job Centre staff."

People with chaotic lifestyles are at great risk of losing out under benefits changes. Homeless people, for example, are more likely than most to depend on drugs and alcohol and this affects their ability to attend their appointments. It also makes it harder for them to find and stay in employment. As a result, many "will almost certainly start finding that their benefits are reduced or withdrawn because their chaotic lifestyles".²³

At the same time as the demand for services at CAB offices in Birmingham and Haringey is rising, funds are dwindling. Most CAB offices are funded through a variety of sources, the two main areas of financial support are the local authority and Legal Aid. In Birmingham, local authority cuts have reduced the CAB's budget for general, open access support from £600,000 in 2010/11 to just £285,000 from September 2011. This inevitably affects the quality of support that can be provided in the city.

"Reduction in funding has hit us, no doubt. We have had to reduce the hours that we are open... we are struggling. We have a £100,000 deficit going into 2012/13. Birmingham City Council don't have any more money... it's a limited service, capacity is reduced for generalist support. It's not that we don't do it, it's just that we don't do it as fully as we would like, or have done in the past."

Cutting money to open access support also risks jeopardizing more tailored support for specific groups. This is because specialist advice given to people with mental health conditions, long term illnesses and impairments, or for people who have been in the forces, for example, are partly supported by the open access funding.

From April 2013, when Legal Aid reforms come into force, the Birmingham CAB, like many other offices in the UK, will lose its 30-strong Legal Services Commission (LSC) team.²⁴ As a result, specialist face-to-face support for some 4,000 people in Birmingham will be lost. Research by the LSE suggests that reducing eligibility for Legal Aid support will force growing numbers of people either to give up their legal cases, with obvious consequences for the equality of justice, or to look for other sources of advice, such as local authorities, trade unions and Jobcentre Plus.

However, the LSE notes that in the past where advice has been sought from these organisations, cases were more likely to end up in complex and costly litigation courts than if they had been dealt with by specialist organisations such as CAB:

"The implication is that if legal aid is cut, poorer people who currently consult expert services will need to turn to alternate services whose track record in avoiding court or tribunal is worse than that of the independent professional legal services".²⁵

Cuts to Legal Aid also risk undermining the more general support provided through independent legal advice centres. This is because the LSC teams, which have been working in places such as CABs, helped volunteers support people with less complex legal issues by providing training and ad hoc advice. The CAB manager in Birmingham fears that the loss of their 30-strong LSC team will result in a lower quality service overall, leading to fewer cases being dealt with efficiently and satisfactorily.

In Haringey the situation is not much better. Although the CAB is yet to have its core grant reviewed by the local authority, the fact that it has not been increased means that, with inflation, there is a financial shortfall each year in real terms. Over four years this represents a reduction of between eight and ten per cent. In addition, a lot of the smaller project based funding has been cut, which means that much innovative and preventative work has been stopped.

A false economy: the growing demand on housing and health services

Keeping people out of temporary accommodation and off the streets is more than a social and economic imperative; it is an economic necessity, potentially saving thousands of pounds per person per year.

Homelessness can have seriously adverse effects on an individual's health. Doctors often refer to the tri-morbidity of homelessness as people's physical and mental health deteriorates and their propensity towards drug and alcohol addiction increases.²⁶

Despite being less healthy than the housed population, homeless people are much less likely to access general healthcare, through GPs or open access surgeries for example. Instead, their access to health care is almost solely through hospitals and emergency services, such as A&E. Homeless people are over three times more likely to be admitted into hospital and will stay on average three times longer.²⁷ In short, homeless health care tends to be acute, prolonged and recurring. As a result it tends to be very expensive.

Evidence shows that since 2010 homelessness has been rising steeply. Nationally, in the past two years, homelessness has risen by 26 per cent so that there are now more than 50,000 homeless households in the UK.²⁸ In London there has been a 27 per cent rise in the number of people accepted as homeless since 2010²⁹ and a 43 per cent rise in the number of people sleeping rough – up to 5,678 in the last year alone.³⁰ Haringey has the sixth highest level of homelessness in the capital, and the council expects the situation to deteriorate in the coming months as unemployment stays high, the private rental market remains out of reach for many, and welfare reform and public sector cuts make a challenging situation worse.

6,900 homes will become unaffordable to families on housing benefits in Haringey because of housing benefit changes³³

Welfare reform and cuts to public services are likely to have a dual effect on homelessness in the capital. On one hand, changes to housing benefits such as Local Housing Allowance (LHA) rates, the Single Accommodation Rate, council tax benefit and Universal Credit are likely to increase the number of families at risk of homelessness, as rents become less affordable and the size of the private rental market available to low-income groups shrinks. This is leading to an increase in the pressure on temporary accommodation and Haringey council has suggested that, due to changes next year, up to 1,100 families could be made homeless in Haringey: *"the overall benefits cap will*

double the number of families that become homeless each year".³¹ Single people on housing benefits, most of whom are not automatically eligible for statutory accommodation, are likely to end up on friends' sofas, in charity shelters, or on the streets. In Haringey 846 single people will be affected, which is the highest number of all boroughs in London.³²

On the other hand, and partly as a result of this pressure, it will become harder and harder for people who have become, or who are already, homeless to move into stable accommodation. There are now fewer places available in temporary accommodation as the number of people per place increases, local authorities have less money to increase capacity: *"local authorities are pulling money out of [temporary accommodation], so the numbers of beds and places are being reduced"*. The result of this is that local authorities are under great pressure to limit the number of homeless people moving off the streets and into temporary accommodation. As Alex Bax, CEO of homeless health charity London Pathways, explains:

"It's an obvious budgetary pressure, if they accept someone it is a cost and it is clear that there is pressure downwards. Mid-ranking and junior local government officers are clearly being told 'if you can, reject. Wherever you can, deny people'... we have just received a 12-page letter from one local authority, accepting that the patient has priority need and is vulnerable... but deeming ultimately that, on balance, it is not their problem and that we should find another borough"

Supporting people to move from the streets to sheltered accommodation, and eventually into private, rented sector homes takes time, investment and expertise. Local authorities' cuts to homeless charities across London are reducing the quantity and quality of this support. In 2011 alone 58 per cent of homelessness projects reported funding cuts, often of up to 30 per cent.³⁴

A director of a London based homeless charity points to recent retendering by local authorities as a source of significant downward pressure on budgets and quality. He argues that, whereas in the past, services for homeless

20%: the amount by which council tax benefits will be reduced in Haringey, affecting 36,000 people

people were relatively well resourced local authorities are now in the difficult position of having to commission for greatly reduced services at much lower costs. Some local providers are being forced into a dangerous race to the bottom as contracts are being awarded increasingly on the basis of cost:

“We have seen some examples of tendering decisions being based on 90 per cent cost and only 10 per cent on quality. Previously, the ratios used would tend to be more evenly split - for example, 60:40, in favour of cost.”

He noted that there are risks involved in prioritising cost in this way and is concerned that quality will be compromised by some in a bid to win work. At its worst this race to the bottom can lead to serious risks for the local authority, for the provider and ultimately for the people they support.

“[W]e are seeing untenable risks being taken. On occasion we have turned down tenders because they are too much of a risk”.

The health impacts of these changes are likely to be significant if current increases in homelessness are not reversed and if the numbers keep rising, as is expected. Currently, because of welfare reform and public sector cuts,

more people are being made homeless and the pathways out of homelessness are being restricted. If newly homeless people are not helped to get back into stable accommodation quickly it is likely that their mental and physical health will begin to decline. This may not be noticed immediately by the NHS, except perhaps through an ‘increase in noise’ at A&E as rough sleeping increases and people become more vulnerable to physical violence. In the longer term however homelessness can lead to smaller health ailments escalating into dangerous and costly acute illnesses.

The cost of healthcare for homeless people is significant. In 2010 it was estimated (conservatively), from evidence collected in 2007/8, that the homeless population, then 40,500 strong, cost the NHS £85 million a year. This is the equivalent of £2,100 per person per year, which is 4.8 times the average cost for the non-homeless and eight times the cost for the non-homeless aged between 16 and 64 – the typical age range of homeless people.³⁵ If the 6,000 people made homeless in the last few years remain in insecure living conditions for a prolonged period of time, and if as predicted more people are added to that number in years to come, the NHS will incur substantial additional costs year upon year. Keeping people out of temporary accommodation and off the streets is more than a social and human imperative; it is an economic necessity, potentially saving thousands of pounds per person per year.

14,200 homes will become unaffordable to families on housing benefits in Birmingham because of housing benefit changes, leaving 23,300 homes available to rent for 34,500 who need somewhere to live³⁶

While the capacity of the CAB in both areas is reduced, local demand for their support is increasing and intensifying. A case worker said:

“When we open up this thing called gateway [open access provision that people can receive without making appointments] on a Monday, Wednesday and Thursday, anyone can come along, first come first served. There are numerous times when we have to turn people away. And they’ve been queuing since 7am. Some come at 6. Queuing down the road. It’s not nice to have to turn people away. People aren’t happy.”

What will happen in 2013, and beyond, as these vital support staff are cut? People will no longer have access to specialist advice for debt and benefits at a time when the complexity of welfare reform and its likely impact on thousands of people is being made more apparent. Many people who are eligible for support will no longer be able to access the advice that helps them get what they are entitled to. The entire notion of having some form of security has been eroded; people will be left without the support that would enable them to address their needs.

State benefits have rarely left people with any surplus after their basic needs are met. As a result, few claimant have any significant savings. This has left many people on benefits vulnerable to sudden financial expenses, such as when a boiler breaks, or when an expensive utility bill comes through. Some support for instances such as these was available through the Discretionary Social Fund. But from April 2013 Crisis Loans and Community Care Grants, both elements of the Discretionary Social Fund, will be abolished and replaced by local authority provision. These loans were designed to provide last resort support for people on low incomes in times of emergency, recognising that benefit levels “are too low to cover expenses for replacing household items, or managing unexpected urgent needs”.³⁷ Most often, disabled people, lone parents, pensioners and the unemployed have used these funds.

The Social Fund has been criticised in the past for being underfunded and often unfairly implemented, but it is still widely recognised as a necessary component of the welfare system.³⁸ The recent surge in demand for crisis loans and community care grants suggests its importance should not be underestimated, and that demand may grow in coming years (see Figure 2 for numbers in both Haringey and Birmingham).

In future, the DWP will provide grants to local authorities, who will then set up their own version of crisis loans and community care grants. In principle this might lead to more tailored and responsive support. However, the grants from the DWP will be pegged to 2005 levels and are unlikely to be sufficient; nor are local authorities obliged to provide these funds.³⁹ In the meantime, as April 2013 approaches, it seems that it is already becoming harder to access social fund support:

“There was never enough money in the social fund to begin with, we would claim a crisis loan for someone who ticks all the boxes, yet the budget is not there to pay them. [Now] unless you have got an advisor, you know really demonstrating the need, you don’t really stand a chance... it’s going to get messy... this is going to affect so many people” (Birmingham CAB advisor)

The growing demand for CAB services demonstrates how precarious life is becoming for growing numbers of people in places of deprivation, such as Haringey and Birmingham. When people seek out their services they are often nearing the edge of personal crisis. By cutting funding for legal, debt and welfare advice, along with the social fund, at a time when this support is in such high demand, the government risks compromising people’s abilities to meet their most basic needs, pushing them to seek out other forms of non-statutory support, such as food banks, which simply shifts the demand to another part of the system.

Welfare Conditionality

Perhaps the most serious, and certainly the most publicised, change to benefits has been the abolition of Incapacity Benefit and its replacement with Employment Support Allowance. Starting in 2008, and increasingly since 2010, disabled people in the UK are being moved from Incapacity Benefit, which does not require the claimant to undertake

The Hardest Hit: disabled people and their families

It has been estimated that, by 2015, disabled people will lose a total of £9bn in benefits.⁴⁰ The most significant changes that contribute to this figure are:

- the gradual phasing out of Incapacity Benefit and the migration of people onto Employment Support Allowance (ESA) or Job Seekers Allowance (JSA);
- the introduction of time limited support for all of those in the C-ESA Work Related Activity Group;
- the abolition of Disability Living Allowance and its replacement with Personal Independence Payments (PIPs);
- the abolition of crisis loans and Community Care Grants, and their replacement by locally provided alternatives.

In addition to this, disabled people are being adversely affected by significant cuts to local authority services. The majority of local services for disabled people are funded through Adult Social Care budgets. In the last two years a total of £1.89bn has been cut from these budgets.⁴¹ Meanwhile demographic pressures increase the costs of running these services by at least 3 per cent a year. By the end of the current term of government this will have caused significant funding shortfalls.⁴²

A recent report from the Joseph Rowntree Foundation found that many councils are responding to reduced budgets by restricting services, tightening eligibility criteria for care and support, reducing the numbers of people on personal budgets and increasing charges for service users. Only half of the authorities surveyed by the JRF had prioritised 'protecting the needs of the most vulnerable clients or communities' as a principle to guide their implementation of the cuts or re-designing of services.⁴³

In Haringey two day centres have now closed; the Woodside day centre, which supported elderly people to stay in their communities, and the Six8Four Centre, which provided a social environment for people with severe and enduring mental health issues. On top of this, six lunch clubs and drop-in centres have also been closed, affecting more than 700 elderly and disabled people in the borough. In the summer of 2012 the Alexandra Road Crisis Unit was decommissioned. This unit provided unique short term support for people with severe mental or emotional distress. It was able to look after eight people at a time and was used as an alternative to hospital admission.

Disabled people in Haringey are concerned that with all of these cuts to services, they will be left with fewer and fewer places where they can go for support:

£1.89 billion cut from local government social care budgets in the last two years⁴⁵

24% of disabled adults had their support reduced in 2011, even though their needs were the same or had increased⁴⁶

"If you get a successful direct payment or personalisation decision you then have to choose services to purchase with that money. Because of cuts to services and voluntary sector, as it stands at the moment you could be given a budget and have nowhere to spend it. At the moment in Haringey you can only choose the in-house services, which are being reduced already. It seems like a bit of a closed circle". (HDFC member)

Disabled people in Haringey and across London have also been affected by cuts to the Taxicard scheme. Taxicards provide subsidised taxi rates to 90,000 disabled people in the capital to help keep them mobile. In January 2011 the number of journeys people could make on the scheme was reduced to just one return trip a week, the fares increased from £1.50 to £2.50 and the maximum distance that people can travel on the taxi's meter was reduced by £2. This has left disabled people with higher prices and shorter and fewer journeys, increased social isolation, and an additional financial burden.⁴⁴

"Essentially they did a triple cut... It was for people with no other means of transport. Some people used it for hospital – some people argued why should the local authority pay, the NHS should. But a big cut's been made to hospital transport budgets, people can't make their appointments." (HDFC member)

Figure 2. The increased demand for Crisis Loans in Haringey and Birmingham

Crisis Loans					
Haringey			Birmingham		
2005/2006			2005/2006		
Applications	Awards	Average Award Value	Applications	Awards	Average Award Value
1,720	1,100	£53	4,190	3,050	£60
2009/2010			2009/2010		
Applications	Awards	Average Award Value	Applications	Awards	Average Award Value
5,810	4,010	£52	51,2210	36,120	£53

The increased demand for Community Care Grants in Haringey and Birmingham

Community Care Grants					
Haringey			Birmingham		
2005/2006			2005/2006		
Applications	Awards	Average Award Value	Applications	Awards	Average Award Value
2,660	1,350	£569	16,070	9,540	£461
2009/2010			2009/2010		
Applications	Awards	Average Award Value	Applications	Awards	Average Award Value
3,580	1,550	£556	19,550	9,110	£485

These tables demonstrate the extent to which demand for crisis loans and community care grants has risen between 2005 to 2010. The extent to which this demand is based on acute need is contested between the DWP and leading poverty charities.⁴⁷

700,000: the number of people expected to be affected by the time limiting of contributory ESA by 2016, losing on average £51.85 a week⁴⁸

work-related activities, to Employment Support Allowance or Job Seekers Allowance, which for many people means they are obliged actively to seek employment. There are two streams of ESA support: a non-work related stream, for those who are assessed as being unable to work because of severe impairments, and the Work Related Activity Group (WRAG) for those the government believes could, with support, enter paid employment, despite their impairments. Some IB claimants, who are not thought to face significant barriers to employment, may be moved on to JSA.

Under this new system, thousands of disabled people have had to undergo a Work Capability Assessment (WCA) to determine their level of disability and whether or not they are fit for work. The WCA has been consistently criticized by professional bodies and citizens' groups. In March 2010, the Citizens Advice Bureau reported: "Bureau advisers have expressed grave concern at the number of people unexpectedly being found fit for work."⁴⁹ More specifically, their research found that:

- seriously ill people are being subjected to the Work Capability Assessment;
- the assessment does not effectively measure fitness for work;
- assessments are being rushed, assumptions are being made without proper exploration, inaccurate recording is commonplace and there is a poor understanding of mental health problems.

In Birmingham the majority of the CAB's work has shifted to making appeals on behalf of disabled people who have been deemed fit for work. Their appeal success rate is around 80 per cent – providing an insight into the systematic failings of the WCA.⁵⁰ Unfortunately however, although people are often relieved to have their out

of work benefits reinstated, many suffer during the lengthy appeal processes. The manager at Birmingham CAB explained:

“When appealing you get the same amount that you would do on Job Seekers’ Allowance, you could wait for 12 months... People are on disability benefits for a reason, they have a disability and it costs more money [to live] than your average person. It has a huge effect on their ability to stay well, to stay independent, to engage in their community. A lot of people talk about losing 10, 20 or 30 pounds a week. If your income is £300 a week you might cope, but if your income is only £80 a week then that’s a third gone that you can’t plan for. You can’t just reduce your outgoings. What you reduce is your travel and your food and those are the things that keep you healthy. Once that money is reduced you might have to wait 12 months... slowly your mental health, even if you didn’t have mental health issues, can decline. People get worse over that 12-month period... We are making poorly people, more poorly.”

To complicate things further for disabled people, in October 2010 the government announced that contributory ESA (C-ESA) for those in the WRAG would be time limited for one year. If after one year those in this group have not been supported into employment they will lose their entitlement to C-ESA. They will then be moved onto income related (means tested) ESA if they are eligible, which is to say if they or their partner have an annual income or savings of less than £7,500 a year, or JSA if they are not. JSA is less generous and obliges people to undertake work related activities such as the work programme. In May 2011, commenting on this policy in the House of Commons, Chris Grayling admitted that he “expected 94 per cent of WRAG claimants to take longer than 12 months to find employment, and also confirmed that the decision to set the limit at 12 months ‘certainly has a strong financial dimension to it’”.⁵¹

270,000: *estimated number of public sector job losses as of March 2012*⁵²

Similar conditions are soon to be rolled out to all those claiming out-of-work benefits. Under the proposed plans for Universal Credit, due to be implemented in 2013, benefit claimants will be obliged to comply with strict workfare conditions. Job advisors will be in a position to compel job seekers to undertake a month of unpaid full time work. If for any reason claimants cannot, or will not, comply with these measures, they risk having their benefits removed for three months in the first instance, six months in the second instance and three years after that.

600,000: *number of public sector job losses expected by the end of 2016*⁵³

Benefits are being made less supportive and increasingly conditional, on the ground that people should be better off on wages than on benefits. However, this approach does not address whether there are suitable jobs available for people, or whether people are in a position to take up job opportunities where they exist. Instead, it is assumed that people can find work wherever they may be, or else move to where there are jobs. This ignores the costs and risks involved, such as losing touch with social networks, the expenses of moving and the danger that only short-term or part-time work is on offer.

Living on the edge: Jim's story

The word that Jim uses to describe his life at the moment is “precarious”. For the past few weeks Jim has been anxiously awaiting the results of his Work Capability Assessment which could almost halve his weekly budget from £130 to just over £71 a week.

Jim has suffered from a psychiatric behavioural disorder ever since he can remember. Although he rejects the medical label he has been given, he explains that he regularly struggles with depression, anxiety, paranoia and low self-esteem. At the age of 21 he began drinking heavily and taking drugs. This began a long standing struggle with addiction, a “*way of coping and escaping*”. Over the next twenty years, Jim has found it impossible to stay in stable employment, education or training. He has tried and failed to complete university three times and has moved between various short term jobs, settling eventually for a warden's post at a shelter in London. In 1998, at the age of forty, he suffered a major stroke – “*a subarachnoid haemorrhage*” – that left him temporarily immobile. He has been unable to work since.

Jim now lives off £112 of Incapacity Benefit (IB) and £18 Disability Living Allowance (DLA). He also receives full Housing Benefits on his £100 per week flat in Turnpike Lane, and full Council Tax benefit, worth about £73 a month.

Despite his relatively modest weekly income of £130 per week, Jim describes himself as being one of the “privileged” ones: “*at the moment I am bit special on incapacity benefit*” he says, thinking of his ex-wife who, on £71 per week Job Seekers' Allowance, often goes hungry. “*At least I can eat reasonably well*”. Jim is aware, however, that his situation is unstable and his “*privileges*” may soon be taken away. Two weeks ago he received “*the letter*” from the Department of Work and Pensions, making him aware of his impending assessment to be moved off Incapacity Benefit and onto Employment Support Allowance or Job Seekers Allowance.

“I had a growing realisation that my time had come for reassessment. That has caused a lot of unease and stress... especially because of the unfairness of it... I am £40 - £50 better off a week on my benefits and DLA, it's a lot of money to lose”

Jim feels that he has little reason to be hopeful. Two of his friends, both of whom have mental health issues, have lost their IB and DLA after assessments. One of them has successfully appealed against the decision but the stories he has heard from Benny, a friend with bipolar disorder, still give him cause for concern:

“he described [the assessment] to me as shameful. The person [assessing Benny] wouldn't tell him what his profession was. [Benny] told them that he has bipolar and asked if they knew anything about it. They didn't... they couldn't answer any of his questions. He had this awful, traumatic experience at the interview”

If, like his two friends, Jim is deemed “fit for work” he will be moved on to either the Employment Support Allowance (ESA) or, worse, the Job Seekers' Allowance (JSA). If he is moved onto JSA, Jim will not only lose half of his weekly income; he may also be compelled to undertake ‘mandatory work activity’ for up to 30 hours a week for a

four-week period. He will then be obliged to take any job that he is offered, or risk having his benefits cut completely.

Jim is keen to stress that he is not against working. He has enjoyed taking on greater responsibilities at his local AA and NA meetings, including chairing some of the sessions. But with his mental ill-health, criminal convictions and lengthy time out of the employment market, he feels his chances of finding work are slim. Even if he does find work, he worries that he will be unable to stay in the job for any prolonged length of time. His depression and anxiety make his life inherently unstable and he is unable to predict from day to day how he will be feeling. One day he will feel ok, “*almost like I am a fraud*” for not working, and on others he cannot leave the house. Jim has made several attempts to find employment since his stroke, taking part in a number of training courses. None has been successful. “*I'll often go and do a course and just start panicking, I'll want to be back at AA*”. He now fears that if he is placed on forced training schemes like the Work Programme he will just be “*polishing CVs til I die*”.

On the day that we spoke Jim's financial situation had been further complicated by an unexpected turn of events. His daughter, Alice, had dropped out of college and decided to move out of her mother's home and in with Jim.

“[i]t's lovely that she wants to live with her dad, I've always loved her but I sort of messed up her early years... but it is a financial worry”

Like her dad, Alice suffers from depression and anxiety. At its worse this manifested itself in a life threatening eating disorder and she has struggled ever since. While living with her mother and studying at college, she was eligible for child benefits of about £60 per week. Now she has dropped out of college, at 19, Alice receives nothing. With a medical assessment she may be eligible for out of work benefits, but Jim fears that, because mental health is so poorly understood, she will be put on JSA. He is concerned she won't be able to cope with all of the pressures that will entail.

Even if she can access out of work support it is likely to be three months until her first payments come through. In the meantime Jim's £120 will have to do for two people. As a result, Jim explains that he will have to dip into his £500 savings. For a long time he has been reluctant to do this, seeing that money as his last safety net in case of an emergency – “*like if the fridge packs in*”.

Jim's livelihood, and that of his daughter Alice, is now contingent on the results of an assessment he knows to have been deemed “*unfit for purpose*” by several medical professionals and MPs. The assessment will be conducted by people without specialist knowledge and medical training, and who may well lack understanding or empathy for his condition. His life, in the past often unstable and chaotic, has never been so “*precarious*”.

At breaking point: who bears the burden of the cuts?

The expectation that people can fill the gaps left by statutory provision is unrealistic and will further entrench inequalities.

As the size of the state is cut back, the relationship between government, civil society and the private sector is being re-shaped in line with the vision of a 'Big Society'.

Central to this is the notion that government has become too big and that greater efficiency will be found by looking to people, voluntary organisations and private companies to deliver public services. Our work has shown that the ambitions and ideals of the Big Society are being undermined by the impact of the government's austerity measures. Far from supporting the development of a flourishing civil society, public spending cuts are weakening civic capacity while passing the responsibilities for the welfare of people and communities onto the narrowing shoulders of community organisations, families and – inevitably – women. There is also widespread suspicion of the term 'Big Society' as people see it as a cover for the cuts and the withdrawal of vital support. The expectation that people can fill the gaps left by statutory provision, particularly the type of specialist expertise we have been describing, is unrealistic and will further entrench inequalities between different areas (such as high and low income areas) and between groups (particularly between men and women, and those who have a higher and lower numbers of dependents).

Charities and communities are fighting a growing fire

Our previous research has shown how charities and community organisations are facing a perfect storm; demand for their services is rising at a time when sources of funding are drying up and their organisational capacity is being stretched to breaking point. As state support becomes patchier, small community and voluntary sector organisations are being left with more gaps to fill. Without formal support many now rely on philanthropy or on their own resources and reserves to meet people's needs. Charities are operating within an increasingly competitive market, and much grant funding is being replaced by competitive tenders for delivering services. They will need to increase their capacity in order to compete with bigger providers that have dedicated marketing and bid writing teams, at a time when many smaller charities are already merging staff functions and roles. In the long-term this will be unsustainable and will force organisations into making difficult decisions about who they can and cannot continue to support. Many will cease to exist at all. Countless informal community organisations, which have no access to public funds, are finding that the demand for their support rising.

£77 million: *estimated total of cuts to Voluntary and Community Organisations to date*⁵⁴

One of the clearest examples of this comes from the Highway of Holiness, a small church in Tottenham with a predominantly low-income immigrant congregation. Every night the church, a warehouse unit in an old industrial park, becomes a makeshift homeless shelter, sleeping between 40 and 50 men with nowhere else to go. Some of the men who come to the church for shelter are referred by public services, including NHS hospitals. On the day that we visited, Pastor Gyasi received a telephone call from a doctor at UCLH – one of London's largest hospitals. The doctor was looking for someone to provide aftercare for a Polish man who needed cancer treatment. The hospital could not look after the man themselves, bed space is at a premium, and no local authority would take

him. The Highway of Holiness was a last resort as one of only two places in London that would shelter anyone regardless of their immigration status. Pastor Gyasi was reticent; the church's facilities were rudimentary and “no place for a sick man to convalesce”, but he had little choice. If he didn't offer to take him in, the Polish man would have been refused the treatment.

£1.2 billion: estimated total of cuts to Voluntary and Community Organisations from 2010 – 2016⁵⁵

On Tuesdays the church provides open access youth services at the Bruce Grove Youth Centre. Such universal, open access evenings are extremely rare since Haringey's funding for youth provision was cut by 75 per cent. It is funded solely through the contributions of the church congregation. As Pastor Alex Gyasi comments “it is a good thing for society to help each other.” But over the long term this is not a sustainable model. Not only are the numbers of homeless people rising, but the church is eating into its financial reserves. “We do the best that we can, but we don't have enough resources to cope with this... if they want us to step it up and really fill the gap that has been created by the withdrawal of statutory provision, then we should have some help”.

The ‘core economy’

The human or ‘core economy’ refers to everyday things people do as they care for each other, bring up their children, look after elderly friends and relatives, and sustain different kinds of friendships. It also refers to wider social networks and activities in civil society. Since these resources are shaped by economic and social structures, the core economy is also the site where inequalities and social conflicts are played out and maintained. Thus, to promote social justice in the short and long term, policy-making needs first to recognise and value individual and social resources and, second, to change the ways that the unequal distribution of resources, work and time reproduce social and economic divisions and inequalities.

Counted on, but never counted

Cuts to public services and welfare reform also risk placing an unsustainable burden of care on individuals and families who, more and more, have to step in and look after children and relatives at the same time as doing paid work. As formal support is withdrawn while demand for care rises it is likely that a growing strain will be placed on the core economy (see box), with women most likely to be left picking up the pieces.

200,000 couples will lose up to £74.34 a week in working tax credits⁵⁶

With cuts to social care services and reductions in benefits and tax credits for carers and parents, the formal infrastructure of support that used to help people balance paid and unpaid work has been substantially reduced for many, and removed entirely for some. This is most apparent in the numbers of people who are now giving up paid positions in order to care full time for their relatives. In the UK one in seven paid employees is a carer, and one in six people who juggle paid and unpaid work are now reducing their paid hours or giving up their jobs altogether.⁵⁷ Carers often pay for the care needs of the person they care for out of their own incomes, and over half of all carers in the UK are in debt because of their caring responsibilities. Fifty two per cent of carers cut back on food to make ends meet.⁵⁸ As social care budgets are reduced this can only get worse. It is likely to force more and more carers out of paid work and into increasingly insecure caring roles.

Similar difficulties face working parents with young children. Over the last twenty years much emphasis has been placed on the need for affordable, local childcare

and other support mechanisms (such as tax credits) to enable parents to work while raising young children. Today, changes to child care contributions made by the government, most notably through reductions to the child care element of the working tax credit, and cuts to child care provision locally (Haringey for example no longer offer publicly funded child care), mean that parents must rely on, and pay more for, increasingly expensive private child care. This will require difficult decisions about whether either or both parents can continue to work full time or at all.

In all likelihood it is women who will end up doing the bulk of this care work. Women still do two hours more unpaid work a day than men; mothers take on as much as three-quarters of childcare during the working week.⁵⁹ Women are also the main recipients of Carer's Allowance, making up almost three quarters of all claimants. Unsurprisingly, women are more likely to fall into the 'sandwiched carer' category, juggling paid work alongside responsibilities for their children and elderly relatives. For many, an immediate effect of this added burden is the emotional stress, decreased well-being and financial impact of added caring responsibilities. At a more systemic level, as the Fawcett Society warns, a potential knock-on effect of this *"will be to limit women's opportunities to work and engage fully in public and political life – including positions of power and influence"*.⁶⁰

The cuts to public spending and welfare are increasing the pressure on the core economy. This strain places an additional burden on many families who are already struggling to cope, and will reduce the time and resources people have to maintain a good quality of life. It will also intensify existing social inequalities between people, places and communities by making welfare dependent of personal resources and time, neither of which are equitably distributed across society. Areas such as Haringey and Birmingham, which are among the most income deprived in England, will be particularly hard hit. To support and grow the core economy, employment policies, income support, childcare and family support must be re-shaped so that they complement, value and nurture human and social resources, instead of undervaluing and undermining them.

800,000 elderly people in need of care currently go without any formal support⁶¹

Life in the Squeezed Middle: Zahira's Story

Life is not just getting worse for those who are out of work. The difficult choices and trade-offs once faced by a minority as a daily part of meeting their basic needs are now being felt by an increasing number of people.

Those in work and out of work face rising costs of living, decreasing real incomes, and – for many - an additional burden of care for their extended families. This is the story of one working family from Birmingham, which shows what the combined impact of the recession and current policy can be.

“So many people are in this situation you know, I have a professional job and to think I live like this... it's crazy. The government is always encouraging people to go back to work, “work pays” and all that, but I actually feel that they just make it difficult. I feel like I am being penalised for going to work.”

Zahira is a working mother from Aston in Birmingham. She works at a national charity helping people with mental health issues. Yet, life for Zahira, her husband and daughter has never been harder, and things are getting worse.

Zahira and her family fall into the category of ‘working poor’, or the ‘squeezed middle’. This is a growing portion of the population who, despite being employed, are struggling to cope with the combined effects of the rising cost of living and the Government's austerity programme. In addition to having to pay more for daily essentials, such as food, energy, insurance bills and travel, Zahira has been affected by cuts to child tax credits and by having to make higher contributions towards her pension:

“The financial climate generally has had a big impact of my ability to buy the basic things, like groceries... But for me one of the biggest issues in the new financial year has been the changes to the tax credits, the child element of the tax credits.”

Not long ago the majority of Zahira's childcare needs were covered by the child element of the working tax credit. In April of last year however the amount that she was eligible for fell from £50 per week to just £10 per week. Since April 2012 she has received nothing. In a place like Birmingham this makes it very difficult to work and look after children, particularly during the summer holidays: *“Child care here is very difficult... The difficulty really comes when they start going to school and in the holidays. I have found it hard to find places in my local area during the holidays. That is why I have to go through a child minder. There are not enough venues; they are not local or reasonably priced”.*

Because of a lack of publicly funded childcare places, Zahira has to turn to private provision. This can be very expensive and of varying quality, which she worries may affect her daughter's early years: *“after-school care was not just about me being at work, it was also about her development as a child, getting to know other kids, getting involved in activities and sports, it was all good”.*

Without support for the cost of childcare, and with a lack of local and affordable places, Zahira has struggled to combine work and home responsibilities. As she explains: *“not working has crossed my mind a few times... maybe my income would be lower, but I am struggling now – so why am I working and struggling?”* For now she has decided to stay in work and has reduced her hours and changed the times at which she works to fit around her daughter's schedule. Where she would once work four full days a week, she now spreads her time over five days. This means that she can drop her daughter off at school or at the child minder's in the morning and pick her up in the early afternoon.

However Zahira's new working pattern has meant that she now has less time to look after her elderly parents; *“Friday I used to keep for looking after my parents: doing their shopping, taking them to any appointments, you know at the hospital or opticians – that sort of thing. Sort things out around the house, do cooking. That has gone because I now have to work over five days. That has had an impact. I feel guilty for not being able to provide as much for them. They struggle to get to places now. Neither can drive, my mother cannot speak good English so I need to translate. Often I now have to do this over the weekend, so it eats away at my free time, the time I could spend with my family, with my child, you know.”*

Zahira is also concerned that all of this may affect her career and future employment opportunities; *“Sometimes it has an impact on work, on your working life and career. I can only make meetings in the morning for example. The image you have at work is affected. You know what I mean... It has an impact on your career. I have been in my job for three years, sometime soon it will be time to move on. But I'll need to find somewhere with child friendly hours, you know, somewhere that is local so I can get to school and pick up my daughter. It narrows the places you can apply for and the roles that you can get.”*

The cumulative impact of the rising cost of living, reductions to child tax credits and an increase in her pension's contributions has meant that Zahira has had to cut back on spending – often making significant personal sacrifices; *“I'll be honest, I need an upgrade on my glasses, but I won't go, because it's going to cost £200. I try not to go to the dentist. I have to limit looking after my health, because I cannot afford it. If you are not at work a lot of those things are paid for you. I'm not saying people that need help shouldn't get help, but people who are at work, earning about £16/17k, they are penalised. We are just managing to live really. Our joint wage just goes on running the household – petrol is going up, insurance is going up, gas and electricity, council tax, mortgage, all our money goes on that. At the end of all that there is nothing.”*

She has had to change where and how she shops to save as much money as possible. But, as she is finding out, economising can be time consuming and tiring, meaning that she has less time to do the things that she enjoys and has reason to value – like baking with her daughter or enjoying the weekends. *“Food is a big one, I am shopping more at places like Aldi and Farm Foods – they sell a lot of frozen foods, like Lidl and Iceland – as opposed to buying occasional nice things from Marks and Spencer’s (laughs) I don’t even go near M&S now! With shopping I will go to a range of local shops to find the cheapest things. On my way here I saw tomatoes for 40p whereas usually they would be 90p – so it’s about keeping my eye open for that sort of thing. Sometimes it can be tiring and manual, it adds more time to the shop. Whereas before I would go to ASDA or TESCO, now I am going to lots of places, I am going to buy things that I know are cheaper in six or seven different places.”*

Zahira’s story shows how difficult it is becoming to manage work alongside care responsibilities at a time when the cost of living is increasing, and families’ incomes are shrinking. The government’s austerity measures are not gender neutral: they are hitting women harder than men. Today, for example, women are more likely to lose their jobs and see their wages stagnate as public sector work employment is scaled back dramatically. Women are also more vulnerable to welfare reform and cuts to public services because they rely on these more than men. Meanwhile the unpaid work that women do – more on average than men – is increasingly essential and expanding, yet being taken for granted: counted on, but never counted.

Conclusions

It is two years since reforms to welfare and cuts to public services were announced in George Osborne's Comprehensive Spending Review (CSR). Though the full impact will not be felt for some years, it is now possible to glimpse how life will change for many people in England's most deprived communities as a result of these changes.

Two years on from the CSR, life is growing more and more precarious for a growing proportion of the population. As public services and benefits are cut and made more conditional, people are being pushed to the edge. In the short term there is increasing pressure on crisis services and the core economy; in the long term there are likely to be negative impacts on people's capacities and functioning, increasing social inequalities and diminishing prospects for a socially just future.

Our work has so far revealed three high-level issues facing public services:

- the offer of social security is being eroded, leaving people with less support at a time when it is most clearly needed.
- services have been reduced, but the demand for these services hasn't gone away. In fact, changes across multiple services and benefits are intensifying needs and making demand more widespread and urgent.
- responsibility for social welfare is moving away from the state to individuals, small groups and charities. For many, this means increased financial demands and greater informal caring activity. In the long term it is likely to widen social inequalities.

The stories and experiences we have documented in this report point to a fourth issue, which we will explore and document further over the coming months. The cuts, while positioned as a means of reducing the deficit and increasing efficiency, are a false economy. The reductions being made in public spending will not deliver the promised efficiencies over the medium to long term because the need for services is increasing, and will result in a build-up of intensified demand on our most acute and costly services. This problem is systemic. It is already being seen in the rising costs of support for families made homeless and sheltered in temporary accommodation, and by the rising demand on GPs' and A&E services as social care services are cut.

Our research shows that, as a result of the cuts an increasing number of people are out of work and unable to meet their basic needs, or in work but experiencing a deterioration of working conditions and living standards. It suggests that, in the medium term (three to five years), the following changes are likely to occur:

- incomes fall for all people receiving benefits, while the cost of living continues to rise;
- homelessness grows as reductions in housing benefit affect more people;
- personal debt proliferates, alongside a mushrooming of pay-day loan companies on high streets across the country;
- access to advice and support services, including legal aid and debt advice, is severely reduced leaving many people powerless to improve their own circumstances.

- there will be more social polarisation and widening inequalities between poorer and more affluent areas, as changes to housing benefit push people out of higher rent areas.
- many groups of people, including the elderly and disabled, suffer from social isolation and insufficient support as services are cut. This will lead to declining physical and mental health, and rising demand for NHS services.
- a growing burden of care falls on women as access to childcare and social care is reduced.
- many community and voluntary sector organisations close down.

One of the main challenges faced by those making cuts has been the speed and scale of change. There are better solutions that are more strategic and sustainable. Instead of salami slicing existing services, the entire system of public services must be re-examined. It will be important to consider how the current system reacts to needs and builds up acute services, instead of investing upstream in policies that prevent those very needs arising.⁶²

As we chart the impact of austerity measures in Birmingham and Haringey, we are exploring what strategies might be used to support local people to meet their shared needs and improve their well-being. Through a series of capacity building workshops, we are working with local people and organisations to address some of the challenges they face and to support the development of new innovations. The workshops cover a range of topics, including:

- identifying local assets, opportunities and resources to increase community capacity;
- new opportunities emerging from from the Big Society agenda and the Localism Act;
- radical localism: examples of grassroots activism;
- new funding streams for community based organisations;
- new approaches to delivering public services, including time banking and coproduction;
- developing local entrepreneurship and supporting people to develop their ideas for start ups, micro enterprises and social enterprises in areas of economic disadvantage;
- methods that organisations in the voluntary and community sector can use to demonstrate their impact, and to compete more effectively in an increasingly competitive environment.

Over the next six months we will continue to monitor changes in Birmingham and Haringey, and to compile a final set of findings, to be launched in June 2013. We will report back on how, if at all, people in these communities have been able to make the most of the Big Society, and how their lives are changing as the complex picture of change evolves.

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