

## **Big Local foresighting**

### **Feedback report**

January 2014

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## **Executive Summary**

This is a summary of a report about government reforms and what they may mean for Big Local areas. It focuses especially on the effects of public spending cuts and welfare reform, including poverty among people in work, reduced benefit entitlement and housing hardship. The report brings together government policy, national data and a modest series of conversations with Big Local reps.

### **Government reforms**

The Government's reforms of public spending, welfare and legal aid have created a complex picture of change across England. Amidst these reforms, northern urban areas and London appear to have fared worse than southern or rural areas.

In some Big Local areas community and voluntary organisations have responded with smart new ways to fund their work, organise it differently or join up with other organisations to make their resources go further. But the reality is that some organisations which currently help people most affected by the Government's reforms may not survive.

The likely effect of reform on individuals is complex and hard to untangle because some people may be affected by more than one of the Government's reforms e.g. a benefit being reduced as well as a service being cut. But it appears that those most at risk will be people claiming multiple benefits (e.g. Incapacity Benefit with Child Tax Credits and Housing Benefit) and they are likely to see their monthly income considerably reduced.

### **Areas affected**

There are Big Local areas in six of the seven worst affected English local authority areas in the UK and 38 of the top 50 in the UK as a whole. This includes 27 in the North and seven in London.

Across former industrial local authorities in the North, benefit recipients are more likely to be in receipt of multiple benefits. The multiple reductions across welfare support will especially affect people who rely on a mix of disability benefits, child tax credits, housing and council tax benefits. This will also happen in London but to a lesser extent. However, due to the cost of renting in London the benefit cap is expected to have an impact as it sets a limit on total benefits, reducing housing benefit when the limit is reached. The 'bedroom tax' (called so in many policy papers but, to give it its full title, the Under-Occupation Penalty) may compound this effect on those renting from social landlords. Council tax benefit changes are also likely to affect people who will be expected to pay a minimum charge.

As part of our research, we compared the profiles of three Big Local areas to the anticipated effects of the Government's reforms. We found that:

- Blackpool has high numbers of private renters combined with high levels of unemployment and high rates of disability benefits claims. In Big Local area Revoe this means individuals may find it hard to get by day-to-day.
- Knowsley has high numbers of renters from social landlords combined with high levels of unemployment but also high levels of disability benefit. In Big Local area Northwood this means the 'bedroom tax' may compound the effect of a reduced benefit income. Some people may find it harder to find the time to participate as a result.
- Newham has high numbers of residents likely to be hit by a combination of housing reforms, council tax benefit reforms and the benefit cap. In Custom House residents who work are also affected by low-paid temporary employment and zero-hours contracts and are likely to be in receipt of benefits. The combination of these suggests uncertainty about income is a major concern in Custom House.

## **Big Local**

Having looked at the reforms and where they are likely to hit overall, further investigation in our three case study areas suggested how residents are likely to respond at this stage in the Programme.

- Government's reforms, especially to welfare, are becoming visible in Big Local areas; but it is likely they are being addressed by residents in different ways and to different degrees.
- Early indications are that welfare reform feels too big for most areas to tackle; more probably residents will focus on more specific issues that they feel they can do something about.
- Our conversations tell us that local discussions about welfare reform and its effects, including fuel poverty, can be difficult for residents for reasons of shame and stigma, as well as attitudes nationally that distinguish between the 'deserving' and 'undeserving' poor.
- It is important that Big Local areas' activities are resident-led and that residents can proceed at their own pace. But Big Local reps need to have a thorough

understanding of the population so that they can be aware of what is not yet being addressed and how this might be tackled over the medium-to long-term.

- Sharing experience across Big Local areas as residents begin to address these issues will be important.

### **Getting people involved and keeping them involved in difficult times**

- The challenge of getting people involved, keeping them involved, and widening the numbers involved is sharpened where welfare and other reforms are biting.
- People's capacity to get involved may be affected by personal hardship; difficult times may have knocked their confidence; or there may be real or perceived prejudices against people who are out of work or going through other kinds of difficulty.
- Big Local areas often set up formal steering groups to help them organise their work. What we have learned is that people going through difficult times may need looser, more flexible ways to get involved.
- We are beginning to see some early indications that a focus on the local economy and employment may draw in residents experiencing hardship and make a contribution to tackling these issues.

### **Local Trust / Big Local**

Local Trust may like to consider how it will share the intelligence it accrues because of its national reach and what simple indicators of hardship might be helpful to Big Local areas to help them identify the issues and find local solutions to help.

# 1. Introduction

This report is about the way government reforms to welfare and public spending could affect Big Local. It sets out the findings of a study whose purpose was to enhance our understanding of the broader context in which Big Local is operating; to highlight the challenges and opportunities that the programme might be facing; and, to stimulate discussion about what to engage with and how.

It is important for Big Local to be aware of the impact these reforms are likely to have on Big Local areas. However, in highlighting the profound negative consequences that are generally thought likely, we need to avoid the tendency that has characterised previous area-based programmes to focus on deficits and disadvantage in a way that stigmatises these areas further. Big Local's focus on asset-based approaches reminds us that residents have many strengths that can be brought to bear in addressing the challenges they face. The aim of this report is to support Big Local areas in considering how they can anticipate the difficulties they may face and best use their resources to address them. We have addressed three questions:

1. What aspects of government reform could affect activities in Big Local areas?
2. What do our findings mean for Big Local areas and Local Trust?
3. What can we learn from the way other Programmes have reacted to austerity?

This report builds on earlier work by IVAR for Local Trust, particularly '*What's New and Different?*' which explored how Big Local will be 'new and different' from earlier community development initiatives. That report identified several lessons, including:

- Keep plans focussed without stifling ambition
- Recognise that external factors, as well as community capacities and aspirations, change over time (IVAR, 2013).

## 1.1 The context of this report

This report focuses on three Coalition Government reforms: changes to public sector spending, welfare reform and legal aid. These are the result of the 2010 Public Spending Review for the period 2010 – 2014. The report also considers the June 2013 Public Spending Review covering 2015 – 2016 and projections made for the period 2016 – 2018.

Commentators including the New Policy Institute report that the ‘*speed, scale and scope*’ of *the 2010 Coalition Government reforms* ‘*is unprecedented*’<sup>1 2</sup>, catching people who rely on services or welfare off-guard. Similarly, during research for Locality and the Joseph Rowntree Foundation, O’Hara found that:

*‘...everyone talked about the dread and uncertainty they felt as it became clearer with each passing week that multiple changes to the benefits system were to be introduced within months, and that local government cuts were going to affect services they regard as vital.’*<sup>3</sup>

This story has been repeated throughout the 18 areas O’Hara visited for Joseph Rowntree Foundation and Locality. It is also a story repeated by those living and working in Birmingham and London in a two year research project: ‘*Surviving Austerity*’ highlights the ‘*precarious*’ nature of both welfare and low-paid, temporary employment.<sup>4</sup>

Big Local is a 15 year programme that operates in 150 areas across England. Different areas are at different stages of engagement with the programme. Moreover, Big Local areas are diverse and may respond to factors in the external environment in different ways: the impact of the reforms in these areas could be as diverse as the ways in which the Big Local areas are capable of responding to them.

## **1.2 Structure of the report**

There are four main sections to this report:

Section (2) an overview of the literature on changes to public sector spending, welfare provision and legal aid;

Section (3) an analysis of government data on spending reform to examine how this national picture plays out at a local authority level;

Section (4) an illustration of the findings in sections (2) and (3) using three examples of Big Local areas where welfare reform is thought to be having a significant effect;

Section (5) a discussion of some of the implications for the Big Local programme.

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<sup>1</sup> Pratten (2013) Mapping the Cuts: Esmee Fairbairn Foundation p.3

<sup>2</sup> NPI (2013) The Problem with Welfare Reform <http://www.npi.org.uk/files/New%20Policy%20Institute/Black%20April%20-%20the%20problem%20with%20welfare%20reform.pdf> (Accessed 24/05/13)

<sup>3</sup> O’Hara (2013) Impact of Austerity: <http://locality.org.uk/projects/impact-austerity/>

<sup>4</sup>Coote, A (2013) Surviving Austerity: New Economics Foundation

Appendix 1 offers examples of how other initiatives from across the globe have addressed poverty or austerity.

## 2. Review of government reforms

This section briefly explores the detail of government changes to: 2.1 public sector reforms; 2.2 welfare reforms; and 2.3 legal aid reforms.

### 2.1 Public sector reform

The 2010 Public Spending Review (PSR) implemented a series of cuts to public sector spending. The Guardian newspaper's Cutswatch series estimates that £42 billion of funding reduction includes areas such as local government services, housing, the NHS, children's services, adult social care, libraries, swimming pools and parks, and homelessness support.<sup>5</sup> These reforms have resulted in over 400,000 job losses in the public sector to employment levels last seen in 2001.<sup>6</sup> Whilst the 2010 PSR covers the period 2010-2014, the June 2013 PSR sets public spending for 2015-16. Further departmental reductions of 10% are expected to save £11.5 billion.<sup>7</sup>

Commentators are suggesting further cuts up to 2018. The Resolution Foundation claims government '*departments are already expected to be some 9% smaller on average in 2014-15 than in 2010-11 as a result of cuts in the 2010 Spending Review*'.<sup>8</sup> The Institute for Fiscal Studies (IFS) argues that there is an '*8 year squeeze*' on public finances, that '*by 2014-15 the spending power of English local authorities projected to be 12.2% below 2010-11 levels*' and '*a quarter of areas to see cuts of more than 15.7%*'<sup>9</sup> whilst the Esmee Fairbairn Foundation estimates local councils are to lose a third of their budget by 2015.<sup>10</sup>

Changes to local authority spending are disproportionately spread across England. In an analysis entitled '*Where is the axe falling?*' Rowena Crawford argues: '*...spending cuts are larger, absolutely and proportionally, in urban and poorer parts of England than in more*

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<sup>5</sup> Guardian (2011) What we know so far: <http://www.guardian.co.uk/society/2011/mar/30/public-spending-cuts> (Accessed 12/06/13).

<sup>6</sup> IFS (2013) 2015-16: the squeeze continues: [http://www.ifs.org.uk/docs/pre\\_spendinground\\_ce2013.pdf](http://www.ifs.org.uk/docs/pre_spendinground_ce2013.pdf) (Accessed 25/06/13)

<sup>7</sup> HM Treasury (2013) Spending Round 2013 . p.5  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/209036/spending-round-2013-complete.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/209036/spending-round-2013-complete.pdf)  
(Accessed 26/06/13)

<sup>8</sup> Whittaker (2013) Austerity after 2015: why the worst is yet to come  
<http://www.resolutionfoundation.org/blog/2013/Jun/20/austerity-after-2015-why-worst-yet-come/> (Accessed 25/06/13)

<sup>9</sup> IFS (2013) *ibid*

<sup>10</sup> Pratten (2013) Mapping the Cuts : Esmee Fairbairn Foundation p.7

*affluent rural and suburban districts. It also means cuts are larger in London and the northern regions of England than in southern regions*<sup>11</sup>

Areas with poorer residents (who are more likely to access council services) are experiencing the most severe cuts. Beatty and Fothergill concur and put it succinctly: *'As a general rule, the more deprived the local authority, the greater the financial hit'*.<sup>12</sup>

Despite much of the rhetoric associated with the 'Big Society', the slack may not be taken up by charities or voluntary and community organisations. Whilst local authorities reduce or cancel their in-house services, support for voluntary sector organisations is also likely to be adversely affected. The 2012 National Council for Voluntary Organisations Civil Society Almanac claims *'by the end of the spending review period 2015/16, the voluntary sector is forecast to lose £1.2 billion in government income each year, a cumulative total of £3.3 billion'* whilst *'low levels of resilience'* amongst voluntary organisations will mean the skills and services organisations offer will disappear from communities *'forever'*.<sup>13</sup>

## **2.2 Welfare reform**

Whilst public sector cuts may broadly affect what local agencies are able to offer as services, welfare reform is likely to directly affect the individual. The 2010 PSR and subsequent legislation made fundamental changes to welfare provision in six key areas. They are: (2.2.1) replacement of council tax benefit with council tax support; (2.2.2) A £26,000 total household benefit cap for those claiming out-of-work benefits; (2.2.3) the 'bedroom tax'; (2.2.4) the replacement of Disability Living Allowance (DLA) with Personal Independence Payments (PIP); (2.2.5) the introduction of Universal Credit; and (2.2.6) the up-rating of working age benefits to a fixed 1% instead of matching the consumer price index. According to Beatty and Fothergill, *'when the [2010] reforms have come into full effect it is estimated that [the changes to welfare provision] will reduce spending by almost £19bn a year'*.<sup>14</sup> Taking the 2010 PSR and the 2012 Autumn Statement, together HM Treasury estimates £21.6 billion will be saved in welfare spending between 2010 and 2015.<sup>15</sup>

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<sup>11</sup> Crawford and Phillips (2012) Local government spending: where is the axe falling?: Institute for Fiscal Studies. p. 124

<sup>12</sup> Beatty and Fothergill (2013) Hitting the poorest places hardest: CRESR p.124

<sup>13</sup> NCVO (2013) Civil Society Almanac 2012: <http://www.ncvo-vol.org.uk/news/civil-society/charities-hit-triple-whammy-financial-pressures-during-recession> (Accessed 06/06/13).

<sup>14</sup> Beatty and Fothergill (2013) Hitting the poorest places hardest: CRESR p.10

<sup>15</sup> HM Treasury (2013) *ibid*

The June 2013 Public Spending Review announced an extension to welfare reforms to save a further £350 million. These reforms are mainly targeted at jobseekers with an increase in conditionality, but they also include *'a cap on the country's welfare spending to improve spending control, support fiscal consolidation and ensure that welfare remains affordable'* overseen by the Office for Budgetary Responsibility.<sup>16</sup> The National Council for Voluntary Organisations argues that *'cutting these people's benefits will not inherently solve their problems. It will not reduce the overall level of demand for benefits.'*<sup>17</sup>

## 2.2.1 Council tax support

Reforms to council tax support will affect only working-age households and will move the cost of council tax benefit from central government to local councils who now must set a minimum level of payment. Research by the Joseph Rowntree Foundation claims that *'2.4 million low-income families will pay on average £138 more in council tax in the year 2013/14'*.<sup>18</sup> The New Policy Institute suggest 41 of 326 local authorities have set a minimum 20% payment level but *'it is uncertain how much will actually get collected'* across all local authorities. The uncertainty, which sets costs for collection against what is collected, will now be absorbed locally by council tax payers putting further stress on local authority budgets.<sup>19</sup>

The system is designed for local authorities to tailor support to households. However, as New Policy Institute suggest, *'where is the evidence to explain why disabled people in one area, say Huntingdon, should be treated differently under council tax support from similar people in next door Peterborough?'*<sup>20</sup> Tendring District Council in Essex has introduced, as of 1<sup>st</sup> April 2013, a 5 year residency requirement for qualifying for council tax support. This means it is harder for those in receipt of council tax support to relocate to within Tendring district. It may be that other councils follow suit.<sup>21</sup>

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<sup>16</sup> Ibid. p.8

<sup>17</sup> NCVO (2013) The new welfare cap: further analysis <http://blogs.ncvo.org.uk/2013/06/27/the-new-welfare-cap-further-analysis/> (accessed 01/07/13).

<sup>18</sup> Bushe et al (2013) The impact of localising council tax benefit: Joseph Rowntree Foundation p.1

<sup>19</sup> NPI *ibid*: p. 4

<sup>20</sup> *ibid*

<sup>21</sup> Tendring District Council (2013) Policy on Residency (occupation) requirements to Qualify for Local Council Tax Support in Tendring District Council's jurisdiction. p.2.

## 2.2.2 The Benefit Cap

The £26,000 maximum benefit cap will apply to those claiming out-of-work benefits. The total also includes child tax credit, child benefit and housing benefit, but not the majority of disability benefits.<sup>22</sup> It limits total benefits to £500 per week for couples and those with children, and £350 per week for single people. A Department for Work and Pensions impact assessment estimates the average loss will be £93 per week for a family.<sup>23</sup> The effect of the cap will be to limit benefits paid to larger families as housing costs take up a large proportion of the benefit: Joseph Rowntree Housing Trust explain that '*if your household income exceeds the limit, then your housing benefit payment will be reduced*'.<sup>24</sup> New Policy Institute suggest '*it might be more economical for [a] family to split up*', which may be seen as an unintended consequence of the fast pace of this reform.<sup>25</sup>

## 2.2.3 The Under-occupation Penalty or 'Bedroom Tax'

The 'under-occupation penalty' often referred to as the 'bedroom tax' is set at 14% for an under-occupied bedroom (25% for two rooms) in working-age households claiming housing benefit in social housing. This will affect around 29% of housing benefit claimants.<sup>26</sup> According to Housing Futures Network, 72% of these claimants are disabled or have a major health concern whilst 81% are jobless households.<sup>27</sup>

The 'bedroom tax' is designed to save HM Treasury around £930 million over the next two years.<sup>28</sup> To do so requires claimants to remain in their accommodation rather than move. There is some evidence this is happening. Research by Inside Housing claims 46% of tenants asked plan to stay and pay the charge, whilst 13% want to move but cannot due to a lack of suitable accommodation. Only 1% of social housing tenants have already moved to avoid the charge.<sup>29</sup>

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<sup>22</sup> <https://www.gov.uk/benefit-cap>

<sup>23</sup> DWP (2012) Benefit Cap (Housing Benefit) Regulations 2012: Impact assessment for the benefit cap. P.2

<sup>24</sup> JRHT (2012) Information Sheet: Benefit Cap. p.2 <http://www.jrht.org.uk/sites/files/jrht/uploads/12/09/Benefit%20Cap.pdf> (Accessed 16/06/13)

<sup>25</sup> NPI ibid p.9

<sup>26</sup> NPI ibid p.6

<sup>27</sup> Housing Futures Network (2013) The impact of cutting housing benefit on underoccupiers in social housing. p.2

<sup>28</sup> DWP (2012) Housing Benefit: Under occupation of social housing Impact Assessment p. 2

<sup>29</sup> Inside Housing (2013) Tenants choose to stay and pay bedroom tax [www.insidehousing.co.uk/tenancies/tenants-choose-to-stay-and-pay-bedroom-tax/6526324.article](http://www.insidehousing.co.uk/tenancies/tenants-choose-to-stay-and-pay-bedroom-tax/6526324.article) (Accessed 14/06/13)

## 2.2.4 Disability Living Allowance (DLA) and Personal Independence Payments (PIP)

DLA is a cash payment made to disabled and sick claimants to support mobility and care. In a report commissioned and compiled entirely by disabled people, Sarah Campbell argues *'DLA has kept costs down for Local Authorities and the NHS as it is used to purchase those services the state is not able to provide'* and DLA may also be put into the local economy through use of taxi services or food delivery costs.<sup>30</sup> It is to be replaced with PIP which requires a more stringent and more regular assessment. DWP *'expect around 500,000 fewer individuals to be in receipt of Personal Independence Payment by 2015/16 compared to what would have happened under DLA'*<sup>31</sup> saving an estimated 20% of expenditure.<sup>32</sup>

## 2.2.5 Universal Credit

Universal Credit will merge six benefits, including Housing Benefit, Child Tax Credit, Working Tax Credit, Jobseeker's Allowance, Income Support and Employment and Support Allowance. It is currently being piloted in Tameside in Manchester and will be rolled out across the UK between 2013 and 2017. The system as a whole, once fully implemented, may reduce expenditure for HM Treasury: The Department for Work and Pensions estimate *'in the long run around 2.8 million households would have notionally lower benefit receipt under Universal Credit than in the current system'*.<sup>33</sup>

Universal Credit will apply to both working and non-working claimants and be paid in a single monthly payment to one bank account. This may have a significant impact on women as secondary earners<sup>34</sup> and Oxfam highlight *'its potential to make the 'dependent' member of a couple (usually the woman) poorer'* because *'Household assessment assumes that money coming into the household is shared equally between couples, but research on intra-household allocation of resources suggests that this is not a safe assumption'*.<sup>35</sup>

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<sup>30</sup> Campbell (2012) Responsible Reform: A Report on the proposed changes to Disability Living Allowance. p.37 <http://wearespartacus.org.uk/spartacus-report/> (Accessed 12/06/13)

<sup>31</sup> DWP (2012) Disability Living Allowance Reform Impact Assessment p.9

<sup>32</sup> Ibid p.8

<sup>33</sup> DWP (2012) Universal Credit Impact Assessment p.3

<sup>34</sup> MacLeavey, J (2011) A 'new politics' of austerity, workfare and Gender? The UK coalition government's welfare reforms proposals *Cambridge Journal of Regions, Economy and Society* p9

<sup>35</sup> Veitch, J (2010) A Gender Perspective on 21<sup>st</sup> Century Welfare Reform *Oxfam* p.4-5

Payment will be based on income from the previous month.<sup>36</sup> Research by Policis states that 79% of social tenants consider monthly payments will make paying rent harder.<sup>37</sup> Gillian Guy of Citizen's Advice concurs: their research suggests *'90% of potential claimants are not ready to deal with this major change to their payments'* which will cause *'a breakdown in the system'*.<sup>38</sup> Child Poverty Action Group notes the changes to conditionality may make sanctions a more common occurrence. Of particular concern is *"in-work conditionality' where working claimants may be required to look for more work unless they are earning at least the minimum wage x 35 hours a week'*. Those that do not may be sanctioned.<sup>39</sup>

## 2.2.6 Up-rating benefits to 1%

Working-age benefits are now limited to a 1% annual increase rather than matching the consumer price index, currently at 2.7%. This change is *'expected to result in savings of £1.1bn in cash terms in 2014/15 and £1.9bn in 2015/16 in cash terms'*.<sup>40</sup> In examining the effect of up-rating, The Institute for Fiscal Studies report that *'Of 2.8 million workless households of working age, 2.5 million will see their entitlements reduced by an average of about £215 per year in 2015 – 16. Of 14.1 million working-age households with someone in work, 7 million will see their entitlements reduced by an average of about £165 per year'*.<sup>41</sup>

## 2.3 Free legal advice

Legal aid reform is intended to reduce the burden on government of funding free legal advice, saving an estimated £220 million by 2018<sup>42</sup>. As Marjorie Mayo suggests *'Access to justice was central to the post-war Welfare State'* particularly so in disadvantaged areas in which advice agencies supported *'those who could not otherwise have access to legal*

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<sup>36</sup> IFS (2011) Universal Credit: Briefing Note 116 p.5

<sup>37</sup> Policis (2012) Optimising welfare reform outcomes for social tenants p.3

<sup>38</sup> Guy, G (2013) <http://www.guardian.co.uk/politics/2013/jul/08/universal-credit-fears-citizen-advice-survey> (Accessed 08/07/13)

<sup>39</sup> CPAG (2013) Universal Credit Factsheet p. 5

<sup>40</sup> DWP (2012) Welfare Benefits Up-rating Bill Impact Assessment p.1

<sup>41</sup> Hood et al (2013) The Effects of the Welfare Benefits Up-rating Bill n.p [www.ifs.org.uk/publications/6539](http://www.ifs.org.uk/publications/6539) (Accessed 03/06/13)

<sup>42</sup> MoJ (2013) Transforming legal aid: delivering a more credible and efficient system p.5

*services, as well as providing services to their surrounding communities, taking up test cases, providing public legal education and undertaking preventative policy work*<sup>43</sup>.

Changes from April 2013 include the removal of legal aid on welfare cases, debt matters, employment claims and rights, and restricted legal aid in housing cases and family and immigration cases.<sup>44</sup> Furthermore, the introduction of price competitive tendering for criminal legal aid will reduce the number of law agencies the government work with from 1,400 to 400.<sup>45</sup> The government's own estimates suggest 600,000 people will now be unable to access free legal advice.<sup>46</sup>

New methods of partnerships have developed between local authorities and legal advice organisations across wider areas; for instance 226 partnerships have been funded through £67 million from Cabinet Office and the Big Lottery<sup>47</sup> and The Barings Foundation has supported advice agencies through their Strengthening the Voluntary Sector programme<sup>48</sup>. The Law Gazette reports that legal advice organisations are also accessing alternative funding from foundations, private business and local authorities, as well as considering charging clients.<sup>49</sup> The development of new business models is one attempt to tackle more complex cases – for instance Nottingham Law Centre has partnered with a local GP consortium to provide debt management and mental health care as they often occur together.<sup>50</sup> The future for free legal advice is complex but according to the Low Commission *'innovation is already happening'*; on this they ask *'are there ways that we could embed information and advice about social welfare law in a wider range of community based organisations and in trusted intermediaries?'*<sup>51</sup>

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<sup>43</sup> Mayo, M. (2013) Providing access to justice in disadvantaged communities: Commitments to welfare revisited in neo-liberal times *Critical Social Policy* online only: p.4

<sup>44</sup>CAB (2013) Out of scope, out of mind Who really loses from legal aid reform

<sup>45</sup> MoJ *ibid* p.41

<sup>46</sup> Hodge (2013) Law centres: living on the edge [www.lawgazette.co.uk/features/law-centres-living-age](http://www.lawgazette.co.uk/features/law-centres-living-age) (Accessed 03/06/13)

<sup>47</sup>BIG (2013)

<sup>48</sup> Smerdon and Randall (2013) Future Advice: the Strengthening the Voluntary Sector grants programme : Barings Foundation

<sup>49</sup> Hodge (2013) Law centres: living on the edge [www.lawgazette.co.uk/features/law-centres-living-age](http://www.lawgazette.co.uk/features/law-centres-living-age) (Accessed 03/06/13)

<sup>50</sup> *Ibid*

<sup>51</sup> Low Commission (2013) Early thoughts of the Low Commission. Legal Action April 2013 p.17

## 2.4 Summary

- Government reforms of public spending, welfare provision and legal aid have created a complex picture of change in the UK.
- Northern urban areas and London have fared worse than southern or rural areas.
- The response from organisations may well be innovation, developing partnerships and changing how services are funded, but some organisations may not survive.
- The case for individuals is even more complex as the impact of multiple welfare reforms may have dramatic effects. Those most at risk are those claiming multiple benefits, e.g. Incapacity Benefit with Child Tax Credits and Housing Benefit.

## 3. The impact at local authority level

In this section we explore how government reforms may affect life at a local authority level using a comprehensive dataset which tallies welfare reforms against population in each of the 378 local authorities in the UK. This work provides a footprint of the reforms across the authorities, identifying trends and posing questions for the 150 Big Local areas. We first examine welfare reforms and public spending reforms related to housing before examining legal aid reforms.

### 3.1 Welfare and public spending reforms

Using datasets from HM Revenue and Customs, the Department for Work and Pensions and HM Treasury, Beatty and Fothergill<sup>52</sup> analyse ten welfare areas to explore the extent of housing and welfare cuts in each local authority. They are: (1) local housing allowance for private sector rent; (2) under-occupation penalty or 'bedroom tax'; (3) non-dependent deductions (where non-state-dependent household members' earnings contribute to calculations); (4) household benefit cap; (5) Council Tax Benefit reforms; (6) Disability Living Allowance reform; (7) incapacity benefit replacement with Employment Support Allowance; (8) child benefit freeze and withdrawal from higher earners; (9) child and working tax credit reductions; and (10) the 1% up-rating restriction. From these Beatty and Fothergill are able to estimate the cost per resident and total value of the withdrawal of welfare from communities.

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<sup>52</sup> Beatty and Fothergill (2013) Hitting the poorest places hardest: CRESR. Dataset at: [http://www.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/Welfare\\_Reform.xls](http://www.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/Welfare_Reform.xls) (Accessed June 2013)

The data allows us to sketch a picture of Big Local at local authority level and understand that a combination of factors may be affecting Big Local areas in different ways. The data is particularly relevant to Big Local. Of particular interest is that of the seven most affected English local authorities, Big Local has a presence in six, including the top three in the UK, whilst of the 41 English local authorities in the top fifty most affected, Big Local has 41 Big Local areas in 38 Local authorities.<sup>53</sup> There appear to be no Big Local areas within the 20 least hit local authorities.<sup>54</sup>

To illustrate how separate welfare reforms will impact together on a local authority, table 1 below offers an overview of how three local authority areas are affected by seven cuts. It also provides a national average for comparison. The areas are Newham in London, which is one of the most affected local authorities in London, Blackpool which is the number one most affected in the UK, and Knowsley which is the third most affected local authority.

**Table 1: Three local authorities in comparison**

| Local Authority   | LHA (private tenanted) Households affected | 'Bedroom Tax' (Social housing) Households affected | Benefit Cap Households affected | Council Tax Benefit Households affected | DLA Households affected | Incapacity Benefits Households affected | Child Tax Credit Households affected | Total Loss for area        |
|-------------------|--|--|---------------------------------|---|-------------------------|---|--------------------------------------|----------------------------|
|                   |  |  |                                 |   |                         |   |                                      | Loss per working-age adult |
| <b>Blackpool</b>  | 12,300                                     | 1500   | 210                             | 15300                                   | 2100                    | 5500                                    | 16100                                | £82 m                      |
|                   |  |  |                                 |   |                         |   |                                      | £914                       |
| <b>Knowsley</b>   | 3900                                       | 3800   | 110                             | 14800                                   | 2300                    | 6600                                    | 16200                                | £75 m                      |
|                   |  |  |                                 |   |                         |   |                                      | £797                       |
| <b>Newham</b>     | 11700                                      | 3300   | 1370                            | 26400                                   | 2200                    | 6100                                    | 34600                                | £127 m                     |
|                   |  |  |                                 |   |                         |   |                                      | £582                       |
| <b>UK Average</b> | 3558                                       | 1742   | 148                             | 6427                                    | 1318                    | 3304                                    | 11892                                | £50 m                      |
|                   |  |  |                                 |   |                         |   |                                      | £448                       |

Note: adapted from Beatty and Fothergill (2013) Hitting the poorest places hardest: CRESR

Both Knowsley and Blackpool are part of northern former industrial areas. Blackpool is also a seaside resort town which grew to prominence because of its proximity to industrial regions. They tell a broadly similar story of a combination of factors that act as multipliers –

<sup>53</sup> Ibid p.13

<sup>54</sup> Ibid

where an individual is claiming incapacity benefit they are likely to be claiming housing benefit and if they have children they are also likely to be claiming tax credits. The loss per working-age adult in Blackpool is nearly £1000 per year, whilst for Knowsley it is close to £800 per year. A difference to note is that whereas Blackpool households are mainly privately tenanted Knowsley households are evenly split between private and social housing. However, the number of Knowsley households affected by the 'bedroom tax' is more than twice the national average suggesting under-occupation in the social housing is an issue. Knowsley is the second most affected local authority in the UK for 'bedroom tax'.<sup>55</sup>

Newham is one of the most affected London local authorities.<sup>56</sup> London is chiefly affected through private or social housing reforms and council tax benefit changes as well as the benefit cap. 229,000 private rented properties will be affected by changes to the local housing allowance, generating a £470 million saving for HM Treasury that will have to be met mainly by housing benefit claimants.<sup>57</sup> The benefit cap will be introduced throughout 2013 and is already being piloted across the UK. It will affect 26,600 households in London, and the top 20 most affected local authorities in the UK are all in London due to the inclusion of housing costs within the benefit cap. Those that exceed the cap have their housing benefit reduced.<sup>58</sup>

## 3.2 Summary

- Across northern former industrial local authorities changes to benefits will have a multiplier effect. Benefits affected are mainly disability benefits and tax credits, as well as changes to housing benefit and council tax benefit.
- In London the benefit cap will have a strong impact on mainly privately rented properties. Council tax benefit changes are also likely to have an impact.
- Big Local may provide a barometer for these effects in both London and the north with its heavy presence in both.

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<sup>55</sup> Beatty and Fothergill (2013) *ibid* p. 21

<sup>56</sup> *ibid* p. 13

<sup>57</sup>) *ibid* p. 19

<sup>58</sup> JRHT (2012) Information Sheet: Benefit Cap. p.2 <http://www.jrht.org.uk/sites/files/jrht/uploads/12/09/Benefit%20Cap.pdf> (Accessed 16/06/13)

### 3.3 Free legal advice

If public sector cuts and welfare cuts are most likely to hit northern former industrial areas and London, what can be said of changes to social welfare law funding – legal aid?

Research by the pressure group *illegal* and the University of Warwick<sup>59</sup> asked 417 social welfare law workers about the prospects for their sector. Analysing the data geographically identified a north south divide of legal advice service changes, much like public spending cuts and welfare cuts.

Table 2, below, examines responses by type of service and geographic region. In bold (their emphasis) it highlights that over 50% of workers in the north felt their service would ‘*completely close*’ by the end of 2013. Although less than a quarter of respondents were from the south west, 20% of respondents’ agencies had already ended specialist advice, whilst in the midlands nearly a quarter of advice workers felt their service ‘*could close between 2013 -15*’. This raised “*concerns about the creation of ‘advice deserts’ in areas of the UK*”.<sup>60</sup> The impact on London is also considered. Strikingly London legal aid-funded advice services are also projecting large changes brought on by government reforms.

**Table 2: The Impact of Legal Aid Cuts on Advice services in the UK**

|                              | East<br>England | East<br>the South<br>and<br>London | The<br>Midlands | North<br>England | South<br>West<br>England | Scotland | Wales | Total |
|------------------------------|-----------------|------------------------------------|-----------------|------------------|--------------------------|----------|-------|-------|
| Specialist Casework Reduced  | 3.0%            | 26.8%                              | 19.5%           | 32.9%            | 13.9%                    | 0.4%     | 3.5%  | 100%  |
| Could close between 2013-15  | 3.9%            | 24.0%                              | 22.1%           | 34.6%            | 14.4%                    | -        | 1%    | 100%  |
| Specialist casework ends     | 4.1%            | 19.4%                              | 17.3%           | 35.7%            | 19.4%                    | -        | 4.1%  | 100%  |
| Generalist advice reduced    | 2.4%            | 35.7%                              | 13.1%           | 35.7%            | 11.9%                    | -        | 1.2%  | 100%  |
| Reduced opening hours        | 1.9%            | 24%                                | 14.8%           | 44.4%            | 11.1%                    | -        | 3.7%  | 100%  |
| Very likely to close in 2013 | 3.9%            | 19.2%                              | 7.7%            | 50.0%            | 11.5%                    | -        | 7.7%  | 100%  |
| Total sample                 | 3.4%            | 31.2%                              | 16.7%           | 31.2%            | 13.4%                    | 0.24%    | 3.6%  | 100%  |

Note: adapted from Byrom et al (2013) *The State of the Third Sector*. Warwick University

<sup>59</sup> *illegal* (2013) <http://www.illegal.org.uk/> (Accessed 26/06/13)

<sup>60</sup> Byrom (2013) *The State of the Sector: The impact of cuts to civil legal aid on practitioners and their clients*. Centre for Human Rights in Practice, University of Warwick in association with *illegal* p.5  
[http://www2.warwick.ac.uk/fac/soc/law/chrp/projects/legalaidcuts/153064\\_statesector\\_report-final.pdf](http://www2.warwick.ac.uk/fac/soc/law/chrp/projects/legalaidcuts/153064_statesector_report-final.pdf) (Accessed 14/06/13)

The Guardian Cutswatch series has also been tracking where social welfare advice services have been closed or curtailed. Whilst this data is anecdotal and cannot provide a full account of closures and changes, it too highlights a north south divide.<sup>61</sup> We can visualise where advice services are affected when data is cross referenced with Local Trust's map of Big Local areas.<sup>62</sup> They include: Blackburn Citizens Advice Bureau no longer offering legal advice (Big Local area Shadsworth with Whitebirk); Rochdale City Council cutting £400,000 from its advice services: (Big Local area Kirkholt); Manchester City Council closing Manchester Advice: (Big Local area Collyhurst); Legal Services Commission cutting Scarborough Citizens Advice Bureau funding to give free legal advice to 50 places (from 363 last year): (Big Local area Barrowcliff); Warrington Law Centre closing after local authority funding was withdrawn to concentrate provision with local Citizens Advice Bureau: (Big Local area Westy); Legal Services Commission reducing funding for free legal advice but Leicester City Council offering £370,000 to provide a reduced service: (Big Local area St Matthew's estate); Ipswich Citizens Advice Bureau no longer offering free legal advice: (Big Local area North West Ipswich)<sup>63</sup>.

### **3.4 Limitations of the data in providing a national picture for Big Local**

We should be wary of drawing conclusions from national pictures for Big Local. The Warwick University report does not examine any closer than national regions whilst the Guardian Cutswatch data is not designed to provide a comprehensive overview. Likewise Beatty and Fothergill's dataset does not explore smaller areas than the local authority level and some Big Local areas are no larger than a few streets. Moreover, none of these datasets can tell us how the effects of the reforms are spread within a local authority area.

The Beatty and Fothergill dataset also does not take into account other initiatives which may have a positive impact. O'Brien notes the increasing complexity of local funding under the Coalition Government: '*With* LEPs [local enterprise partnerships, of which 39 replaced the Regional Development Agencies], *City Deals*, *Combined Authorities*, *City Regions*,

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<sup>61</sup>Guardian (2013) <http://www.guardian.co.uk/society/cutswatch/search/sector/legal> (Accessed 25/06/13)

<sup>62</sup> Local Trust (2013) <http://www.localtrust.org.uk/big-local/areas/> (Accessed 25/06/13)

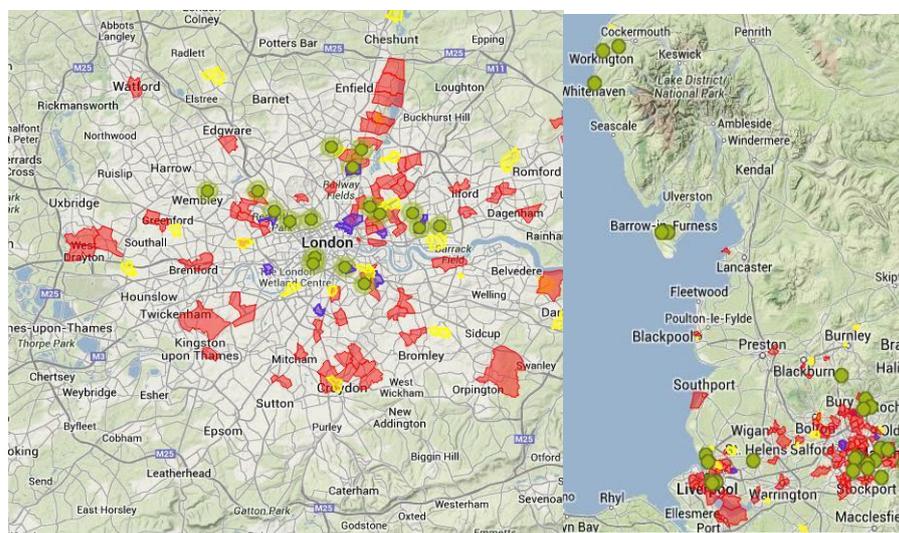
<sup>63</sup> Guardian (2013) <http://www.guardian.co.uk/society/cutswatch/search/sector/legal> (Accessed 25/06/13)

*Core Cities, Key Cities, Enterprise Zones and more all part of the growing lexicon of local growth, the landscape is increasingly cluttered'.<sup>64</sup>*

As an illustration, images 3 and 4 below, taken from [www.findyourinitiative.org](http://www.findyourinitiative.org), denotes just four funded community development projects in London and the North West. They are; (Purple) New Deal for Communities; (Green) Community Organisers; (Red) Community First; and (Yellow) Big Local. In some areas they overlap whilst in others they do not, with urban areas attracting more funding initiatives. Whilst each will have specific remits it demonstrates the 'clutter' of which O'Brien writes, particularly around urban areas.

London Initiatives (Image 3)

North West Initiatives (Image 4)



Within Big Local areas, organisations themselves may tackle welfare or social welfare law issues without Big Local's influence. For instance, in Knowsley (Big Local area Northwood), Wigan and Knowsley Housing Trust have already acted to re-classify 566 properties to ensure residents do not have to pay the 'bedroom tax', although this represents about 4% of their total 14,000 housing stock.<sup>65</sup> Similarly Leeds City Council has acted to re-classify 837 properties as have Nottingham (1000 flats re-classified as 1 bedroom and a box room)<sup>66</sup>. Other local authorities are looking into this.<sup>67</sup>

<sup>64</sup> O'Brien (2013) Where next for local growth policy? <http://www.theconversation.com/where-next-for-local-growth-policy-15605> (Accessed 03/07/13)

<sup>65</sup> Guardian (2013) Tenants Exempted from Bedroom Tax <http://www.guardian.co.uk/housing-network/2013/feb/26/tenants-exempted-bedroom-tax-reclassify> (Accessed 12/06/13)

<sup>66</sup> Guardian (2013) Leeds council tackles bedroom tax with semantic solution <http://www.guardian.co.uk/uk/2013/may/29/leeds-council-bedroom-tax-solution> (Accessed 12/06/13)

## 4. Illustrating our findings in three Big Local areas

In sections 2 and 3 above, we drew a national picture of how the welfare cuts may affect local authority areas. In this section we illustrate our findings with examples of three Big Local areas each of which appears to be affected differently by the government reforms.

The three Big Local areas were selected because they each appeared to be affected differently by the government reforms: Blackpool has high numbers of private renters combined with unemployment; Knowsley has high numbers of social renters combined with unemployment and high rates of disability benefit; and Newham has high numbers of residents likely to be hit by a combination of housing reforms, council tax benefit reforms and the benefit cap.

The Big Local area examples were developed in conjunction with the rep that works there. They are based on: in depth interview with the rep (and in one area a local community development worker); and a review of the area profile (if available) and/or national statistical data. Each area example was written up and sent to the rep who was invited to share and discuss it with residents. More details about how the examples were produced is provided in Appendix B.

This section begins with the three Big Local area profiles that illustrate the findings in sections 2 and 3. We end the section with a short discussion about the themes and questions that have emerged from the area profiles.

*A note about welfare reform, privacy and Big Local:* One of the things we learned from carrying out this exercise is that welfare reform is both affecting **how** Big Local works locally (e.g. some people not being able to find the time and energy to get involved) and is also showing up in some areas in **what** Big Local is doing locally (e.g. areas trying to tackle the problems caused by public services closing). Some of these issues are private, sensitive and difficult to talk about. Part of the rep's role is to create safe spaces in which to talk about difficult and complex issues but the Big Local process is in its infancy: as one rep we spoke to put it: *'I don't have a deep understanding of what's happening behind closed doors'*.

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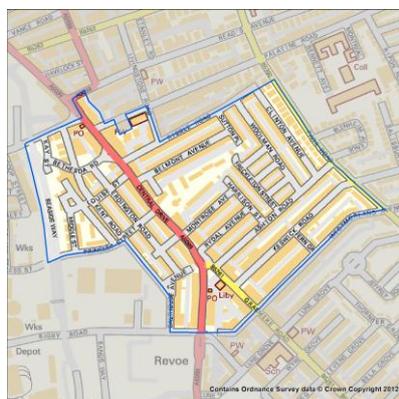
<sup>67</sup> Independent (2013) How to avoid paying bedroom tax <http://www.independent.co.uk/news/uk/politics/how-to-avoid-paying-your-bedroom-tax-get-it-reclassified-as-a-study-8636700.html> (Accessed 12/06/13)

## **4.1 Examples from three Big Local areas**

This section provides examples of three Big Local areas: Revoe in Blackpool, Custom House in London and Northwood in Knowsley.

## 4.2.1 Big Local in the coastal North West: Revoe, Blackpool

- The health of the local economy is seen by the steering group as vital to improving the wellbeing of residents.
- Residents are having difficulty getting by day-to-day and welfare reform may be part of this story.
- Participation in Big Local from all community groups is reliant on a receptive and reflective steering group.



Big Local launched in Revoe in Spring 2012. Revoe has a proud past evidenced in the Revoe Forever exhibition which includes images of Revoe past and present: Revoe was the schoolboy home of former England and Blackpool football captain Jimmy Armfield. The exhibition also details generations of families who have remained in the area.

Located on the edge of the town centre, it has a population of around 3,200 people and is part of the Bloomfield ward. According to the 2011 census, Bloomfield ward is principally a white population; other ethnic groups register below 100 per population group<sup>68</sup>. Housing is mainly private rented including a high volume of cheap privately rented accommodation for single person households (e.g. houses in multiple occupation and bed and breakfast hotels). Less than one third of properties are owned homes<sup>69</sup>. There are high numbers of people who are not economically active because they are retired, have a long term illness or a disability that prevents them from working. Revoe also has high levels of unemployment with much of the available work opportunities being insecure or unskilled. There is no advice agency in Revoe; it is thought that some residents travel to Blackpool town centre for advice.

Revoe has suffered a decline as a shopping destination: there is concern for the '*commercial vibrancy of the area*' because small businesses on the high street have

<sup>68</sup>

<http://www.neighbourhood.statistics.gov.uk/dissemination/LeadTableView.do?a=3&b=6499907&c=bloomfield&d=14&e=61&g=6379187&i=1001x1003x1032x1004&o=362&m=0&r=1&s=1380716522921&enc=1&dsFamilyId=2575>

<sup>69</sup>

<http://www.neighbourhood.statistics.gov.uk/dissemination/LeadTableView.do?a=3&b=6499907&c=bloomfield&d=14&e=61&g=6379187&i=1001x1003x1032x1004&o=362&m=0&r=1&s=1380716860656&enc=1&dsFamilyId=2505>

closed and been replaced by pawn shops and pound shops.

### **The welfare reforms and the work of the Revoe-lution**

The residents in Revoe have called their Big Local interim steering group, Revoe-lution. To date, Revoe-lution's focus has been mainly on how the local economy needs help to '*revive – well, stop dying actually, or be healed in some way*' rather than on the specific effects of welfare reform. The group has opened a shop to help promote Big Local and are talking to local organisations about the potential of Big Local to make a difference locally. The group has been successful in attracting local businesses, the local credit union and local bank manager. Business owners, for example, have attended meetings and discussed with the group ways to make Revoe a '*destination area*'. To achieve this some members of the steering group have been talking about social enterprise, funds for start-ups and starting a business forum. Social Enterprise Solutions are coming to a special stakeholder meeting focusing on social investment strategies. The group is now seeking to involve local voluntary organisations which have begun to understand Big Local's potential but have yet to get involved.

### **Insights for Big Local from the rep**

Based on the experience of supporting this and other Big Local areas, the rep made the following remarks about Big Local overall. While local residents may know about changes in national welfare policy, they may not know much about how these changes are affecting the local services and amenities in their area. In fact, in areas where local residents feel there is little they can do to tackle the effects of welfare reform, it can really help to break this down into specific local issues; this can help overcome a sense of helplessness across the community by thinking of issues as local issues not intractable national ones:

*'... the way the economy is explained in the media is that these things are happening to us as a society and there's precious little anyone can do about it. There are things you can do in your locality that can make a difference.'*

Similarly, this rep thought that Big Local areas that have problems with, say drugs, could feel overwhelmed. However if they approach these as local health issues this might help them to link with other organisations and also find ways to contribute to tackling the issue.

## 4.2.2 Big Local in London Borough of Newham: Custom House

- Engaging at street level in informal ways brings the opinions of transient residents to the table. These opinions may differ from those of other residents.
- The nature of employment, not just unemployment, needs addressing: low wages and in-work poverty is an issue.
- There are different models of enterprise to pursue, not just Star People awards.

Custom House lies in the London Borough of Newham and saw the launch of Big Local in 2011. It was traditionally a dockland area named after the first Custom House for the Royal Victoria dock but has suffered since the docks closed and is now in the top 5% of the most deprived neighbourhoods in London. This statistic has prompted a £3.7 billion investment into Custom House and the neighbouring Canning Town area, including new housing and increased employment opportunities to build on the development of rail links such as the Docklands Light Railway and the legacy of the 2012 Olympics.<sup>70</sup>

According to Census 2011 data, social housing forms the largest tenure type in the area, with Newham Council being the majority landlord: of the 4852 dwellings in Custom House, 1265 are council rented and 744 are other social landlords; 1184 are privately rented; 1471 are owner occupiers; with 52 households living rent free.<sup>71</sup> The population of Custom House is very diverse, with the largest groups according to the 2011 Census being White; English/Welsh/Scottish/Northern Irish/British and then Asian/Asian British; Indian and then Black/African/Caribbean/Black British; African.

Low income is a concern as there are high levels of unemployment and under-employment, as well as rising numbers of people on zero-hours employment contracts and temporary contracts.

### **The welfare reforms and the work of the People's Empowerment Alliance of Custom House (Peach)**

The People's Empowerment Alliance of Custom House is the Big Local partnership in

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<sup>70</sup> <http://www.newham.gov.uk/Pages/ServiceChild/Regenerating-Canning-Town-and-Custom-House.aspx>

<sup>71</sup>

<http://www.neighbourhood.statistics.gov.uk/dissemination/LeadTableView.do?a=3&b=6501285&c=Custom+House&d=14&e=7&q=6334617&i=1001x1003x1004&m=0&r=1&s=1380191549918&enc=1&dsFamilyId=2505>

Custom House. It has a three-tier system that ensures residents are able to be involved, even transiently. An advisory board of interested parties including the local church and local authority advise a residents' panel, made up of representatives from 'street groups' named literally after streets in the Big Local area. The residents' panel is the decision-making body whilst the street groups work to engage and represent views. The street groups are able to engage with residents informally and transiently, including those for whom regular meetings may be difficult. As such the panel and street groups are made up of a broad mix of professional and non-professional workers and non-workers, including people who are unemployed or retired.

A trusted 'community organiser' acts at the interface of these groups, for example explaining the detail of the 'bedroom tax' to elderly residents concerned about getting into rent arrears; and working with Crossrail on opportunities for people locally.

PEACH has identified a relationship between community cohesion and housing and a problem with low income, temporary employment and zero-hours contracts. As such they have four priorities: jobs and education; housing; safety on the streets; and health. Amongst the first activities they have undertaken include developing a workers' cleaning co-operative – they are pursuing this 'group' model rather than an 'individual' social enterprise model and are beginning to discuss whether their model will work for UnLtd and their Star People awards. Other projects created: parents' education courses at local schools; a residents housing pack that encourages shared tracking of housing issues such as repairs; and a residents' charter to address behavioural issues.

### **Insights for Big Local from the rep**

The area has developed its partnership through strong connections with other community development agencies such as Citizens UK. Their focus is on very local issues, separate from the regeneration agenda in the area, and the result of a listening campaign. These issues are topical in the national debate: the numbers of people in in-work poverty has overtaken out of work poverty according to the Joseph Rowntree Foundation<sup>72</sup> whilst zero-hours contracts have also come under scrutiny.<sup>73</sup>

The rep suggests the partnership feel the area has received little benefit from previous programmes including the 2012 Olympic Games development programme. This, the rep

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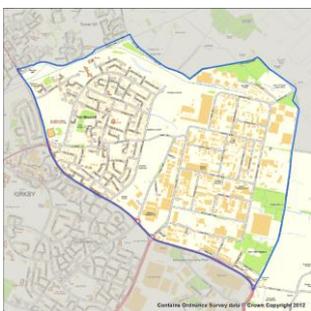
<sup>72</sup> <http://www.jrf.org.uk/blog/2012/11/work-poverty-outstrips-poverty-workless-households> [Accessed 14/07/13]

<sup>73</sup> <http://www.unitetheunion.org/news/research-uncovered-growing-zero-hour-subclass-of-insecure-employment/> [Accessed 04/10/13]

suggests, means the partnership has chosen to focus on issues of quality rather than quantity – for example, the quality and allocation of housing; and low pay or insecure contracts. Looking ahead at the Big Local programme overall, the rep suggested that money management, related to the personalised monthly budgets under Universal Credit, will become a topic to tackle when the new benefit system is introduced.

### 4.2.3 Big Local in the industrial North West: Northwood in Knowsley, near Liverpool

- The knowledge and contacts of steering group members brought the issue of welfare reform to the table.
- Women's involvement is a concern; the hardest groups to involve may need particular support.
- Developing relationships with other organisations can contribute to alleviating the effects of welfare reform.



Northwood in Knowsley was one of the first Big Local areas to be announced in 2011. It is a 1960s housing estate with a population of around 7,200 which is virtually all white British.<sup>74</sup>

The estate is in a good state of repair with some new build homes provided by Knowsley and Wigan Housing Association. Over a third of local housing stock is owned by the housing association with the rest privately rented or

owned. Northwood has a primary school, a large secondary school and a newly improved shopping centre. There is green space across the estate and it is home to the Kirkby Unemployed Centre which acts as a community centre for Northwood.

Much of the area is in the 1% most deprived communities nationally. Around one half of the population are classed as workless with most of these claiming disability allowance, claiming jobseekers allowance, or lone parent benefits.<sup>75</sup> Computer access on the estate is an issue; the school has reduced its IT budget to replace and repair computers.

#### **The welfare reforms and the work of Northwood Interim Steering Group**

The welfare reforms are addressed in the draft Big Local Northwood plan (not yet complete) which may be at least partly because some members of the reference group have connections with or are involved in their trade unions. Issues the group is aware of

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<http://www.neighbourhood.statistics.gov.uk/dissemination/LeadTableView.do?a=3&b=6504536&c=northwood&d=14&e=61&g=6348942&i=1001x1003x1032x1004&o=362&m=0&r=1&s=1380720104515&enc=1&dsFamilyId=2575>

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<http://www.neighbourhood.statistics.gov.uk/dissemination/LeadTableView.do?a=3&b=6504536&c=northwood&d=14&e=61&g=6348942&i=1001x1003x1032x1004&o=362&m=0&r=1&s=1380720104515&enc=1&dsFamilyId=2521>

include personal debt, loan sharking and the impact of the 'bedroom tax'. They have also become aware of rising domestic violence locally and are promoting Knowsley Domestic Violence Support Services through their website. The use of foodbanks appears to be on the rise, thought to be in part when someone has a 'hiccup' in their benefit payments.

The rep is aware of some residents who are especially affected by the multiple welfare reforms and who do not have the energy or time to get involved in Big Local. It appears that this may be particularly the case for women who feel they have to focus on their families.

In tackling the issues the rep explained the group have developed connections with other agencies. These include Merseycare NHS Trust, the local RSL Knowsley and Wigan Housing Association, unions, the local authority, and the local credit union. Social enterprise is an issue the reference group will attend to at a later date, although the rep explains that UnLtd's involvement in the area through the award manager has been '*brilliant*'. The reference group activities and UnLtd's are seen as separate entities.

Other initiatives locally include: the registered social landlord offering advice on the 'bedroom tax'; Groundwork has helped clear the local fishing pond; there is a woman's allotment project; and young people have dedicated support through various agencies. Kirkby Unemployed Centre runs daily advice sessions on the welfare changes and these are supported by the Big Local team through their website.

### **Insights for Big Local from a rep**

The rep, a long standing community development worker, explains he '*doesn't see the anger of the period in the 1980s*' and asks why people aren't marching for poverty. Perhaps, he suggests, the extent of the welfare reforms hasn't been felt fully yet. He predicts a rise in mental health issues and he questions the cost of this to the local NHS compared to the cost of implementing the 'bedroom tax'. He also predicts a rise in domestic violence due to the multiplier effect.

He also wonders whether the new era of online benefits will create problems for residents who are not IT literate.

## 4.2 Themes and questions that might benefit from further exploration

The purpose of this section is to illustrate the findings set out in sections 2 and 3 so that we could begin to understand what welfare reform might look like in Big Local areas. We have only looked at three Big Local areas out of 150 but even these three illustrations have thrown up some questions that we could now ask of other areas.

### ***Too early to say?***

The reps we spoke with suggested that even where areas had begun to engage with welfare reform and what it might mean for residents (e.g. concerns about loan sharks), they might not yet have developed the capacity to do something about it or indeed the awareness that they could do something about it. It was too early to say how welfare reform and its effects would be reflected in an area's Big Local vision, profile and plan, therefore. Reps were aware that residents could be doing more:

*'Many reps are I am sure struggling with the challenge of getting residents to move beyond a shopping list of ideas e.g. keeping streets cleaner, despite evidence around levels of poverty.'*

However, past experience of area-based programmes suggests that many community groups will start out by tackling issues that are immediate and they feel they can do something about. Gaining the confidence to tackle bigger issues is likely to take time and support from Big Local. It will also take time for the effects of welfare reform to show. In the meantime, reps said that progress will be affected by broader issues affecting the Big Local programme more generally: pockets of cynicism, where residents feel they have been let down by past programmes, resentment where people feel they are being unfairly treated, and conflicts based on misunderstanding.

### ***Partnering with others***

In the three Big Local areas we looked at to illustrate this study, we found several examples of residents choosing to link up with a specialist organisation so that they could tackle a local health or housing issue. For example, working with a local GP consortium because they were *'starting to see some of the negative health impacts of WR [welfare reform] especially around mental health & debt'*; or joining up with the local authority and Citizens Advice Bureau (which acts as the locally trusted organisation) to find ways to address local housing problems.

### ***Getting involved and staying involved in difficult times***

The reps we spoke to suggested that the issue of welfare reform is known and that some residents can see the connection between the effects of the reforms and Big Local. But it is hard to know what kinds of hardship exist locally ‘*behind closed doors*’ because:

*‘... people who struggle with poverty are often reluctant to share this with others, especially their neighbours, and I have heard residents express how “it’s their fault” etc. many times. It is hard for residents to raise their heads above the parapet’*

The notion of the deserving and undeserving poor was thought to be a barrier to residents discussing the direct effects of welfare reform in their Big Local meetings. One example of this was reactions to what happened at a Big Local event:

*‘... people were coming in for the free food on offer, shared their ‘visions’ and stayed for more food! This was frowned upon by some of the steering group members but was clearly a sign that there are hungry families living in the area’.*

Making a distinction between the ‘deserving’ and ‘undeserving’ poor has a long history in Britain – going back to the medieaval Poor Laws and the Victorian workhouse. It is a distinction that has surfaced again in current policy discourse, with reference to ‘scroungers’ and ‘strivers’ and ‘the nature of the life you lead’ and, it has to be said, has been fanned by sections of the press. Yet, statistics show the flaws in this simplistic distinction. The Joseph Rowntree Foundation has for example, shown that there are more families in in-work poverty than in out-of-work poverty – the real problem, they suggest is low wages and temporary work, not an unwillingness to work<sup>76</sup>. The Office for National Statistics also suggests that since 2008 over 1 million workers do not have the work they want.<sup>77</sup>

The Director at the Institute for Public Policy Research, Nick Pearce, suggests that tackling poverty requires a long-term collective approach.<sup>78</sup> Poverty may be better addressed locally if authorities ‘*engage people politically as agents in their own individual and collective advancement*’. Through a collective investment in something they share, such as the area

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<sup>76</sup> Collingwood (2010) In-work poverty outstrips poverty in workless households <http://www.jrf.org.uk/blog/2012/11/work-poverty-outstrips-poverty-workless-households>

<sup>77</sup> ONS (2012) <http://www.ons.gov.uk/ons/rel/lmac/underemployed-workers-in-the-uk/2012/sty-underemployed-workers-in-the-uk.html>

<sup>78</sup> Pearce, N (2013) The Coalition has already abandoned the Child Poverty Act [www.leftfootforward.org/2013/05/the-coalition-has-already-abandoned-the-child-poverty-act](http://www.leftfootforward.org/2013/05/the-coalition-has-already-abandoned-the-child-poverty-act)

they live in, residents may bring about real transformation for both the individual and the collective. Armed with an understanding of how these issues are playing out at local level, Big Local thus has a real opportunity to offer an alternative to the divisive, victim-blaming approaches to poverty that too often prevail.

## **5. Implications for Big Local: for discussion**

In this concluding section we begin to consider what our findings mean for Local Trust and Big Local. The next step will be to jointly consider what, practically, these findings mean for the management and delivery of Big Local as well as whether and how the findings can be made useful and relevant to people in Big Local areas. Below we discuss five themes:

- Big Local values
- Big Local and national trends
- Employment and local economy
- Big Local plan
- Participation

### **5.1 Big Local values**

In carrying out this study we had to confront one of the cornerstones of the Big Local programme: this programme takes an asset-based approach to enabling change in local areas driven by what residents want and are capable of bringing about. Our study was about the consequences of welfare reform for Big Local areas. This necessarily drove us towards a 'deficit' agenda. But the two do not have to be incompatible. Big Local areas are likely to be areas where some of the harsh realities of austerity Britain are most evident. Understanding and confronting these and how they reverberate locally will be essential if residents are to identify local needs and take action in response to them. But this does not detract from the fact that the potential to make a difference depends on the assets, strengths and local knowledge that local residents have, working with others to make their areas an even better place to live.

### **5.2 Big Local and national trends**

National data about the effects of welfare reform indicate that Big Local areas are situated in six of the seven worst affected English local authority areas in the UK and thirty-eight of

the top fifty in the UK as a whole<sup>79</sup>. It is thought that, across northern former industrial areas, changes to welfare benefits will have a 'multiplier' effect on people. This relates especially to people who rely on disability benefits, tax credits, housing and council tax benefits. In London, the benefit cap is expected to have a major impact on those renting privately and the 'bedroom tax' on those in social housing. Below we discuss the relationship between the effects of welfare reform, participation in Big Local and the issues being addressed in Big Local areas. Here we note that Big Local areas cannot directly affect national policies and decisions but that there are opportunities for Local Trust to play a role in policy influence on behalf of Big Local areas.

In addition to some thinking about the Big Local pathway (e.g. how the plan relates to the profile), Local Trust may like to consider what future intelligence it is likely to accrue simply because of its national reach and the way Big Local areas coincide with some of the areas most affected by government reforms. In addition, it may be useful to consider what simple indicators might be helpful to Big Local areas wanting to understand how residents are affected without intruding on their privacy. Possibilities might include: areas asking housing providers about rent arrears, numbers using a food bank or schools being asked about children taking up free breakfast club opportunities or coming to school hungry.

### **5.3 In-work poverty, unemployment and economy**

Work, business and enterprise all feature prominently in the national and local data that we have collected and analysed for this report as well as the Big Local annual learning review 2013. Clearly poverty is not new – although it appears to have been sharpened and heightened by the reforms – but Big Local areas will see people being affected by in-work poverty, housing hardship and tightened incomes as well as other national policies that are beyond their influence. Some interesting examples of people locally tackling these effects already exist and local enterprise may have a role to play. These findings suggest that the current prominence being given to local economy and enterprise make sense. They may raise questions about where enterprise support is needed and about what role Local Trust / Big Local can play in relation to the relief of unemployment.

### **5.4 Big Local plan**

This report has discussed the potential effects of welfare and other reforms on Big Local areas. In some areas, these effects are already being reflected in the community profile that each Big Local area produces but it is not clear how far this is the case and to what

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<sup>79</sup> Beatty and Fothergill (2013) p.13

extent the needs identified are yet being translated into priorities and proposed actions in Big Local plans. We recognise that Big Local is about helping people identify issues that matter most to them, gain skills to address them and ultimately feeling that their area is an even better place to live. Based on our findings we anticipate that the effects of welfare reform, in many Big Local areas, are likely to be a really big issue to address if only people will speak about it, but that this may take time.

Our findings suggest that it will be important to find ways to open up productive conversations about the effects of welfare reform locally that avoid shame and the Big Local rep, UnLtd's award managers and Local Trust can be instrumental in raising these questions and offering potential solutions which can be reflected in the plan.

## 5.5 Participation

As part of this report, we used our analysis of national and local data with three examples of Big Local areas thought to have been especially affected by welfare and other reforms. Although welfare reform was the theme, we nonetheless found that our analysis brought us back to **the immense challenge and critical importance of getting people involved, keeping people involved, and refreshing who is involved in Big Local**. Getting and keeping people involved during difficult times is hard. Our initial findings suggest that it is likely to be especially difficult to engage people who are struggling to make ends meet and who may, in a climate where poverty seems often to be associated with 'scroungers' and 'skivers' be wary of putting their heads above the parapet. This needs more exploration but, based on the modest analysis that we have carried out, examples may include women with children being less likely to take part when pressures on family life are high. Taken together, our findings suggest that the concept of a Big Local partnership needs to be supplemented by ideas and suggestions about how to offer a variety of ways for people to be involved that combine the formal and the informal: including the notion of a network, ideas about distributed leadership, opportunities for street groups or topic groups, or working with dispersed groups that might not immediately 'join up' to a Big Local partnership. Some partnerships already have such structures and arrangements in place. Our findings suggest that finding ways to share their experiences and learning across all 150 Big Local areas would be beneficial.

## **Appendix A: UK and International examples of tackling poverty and hardship through a community development model**

It is not just within the UK that community development initiatives attempt to tackle the influence of external factors on a local area. For many countries this involves thinking about alleviating poverty, whilst in others it is about enabling residents to work in partnership with local government and business. These examples highlight the complex nature of community development, using examples taken from across the globe. Solutions to local problems were found in partnership working with business, with local government and through self-help.

Some of these examples are taken from a series of International case studies collected by Arnaud Riegert in 2011 for the Office for Civil Society<sup>80</sup>, and others are collected elsewhere.

### **Çigdem, Turkey: 1998 to date (<http://www.govint.org>)**

Keywords: community cohesion; infrastructure; membership scheme; local identify; self-help

Çigdem is a new village in rural and coastal north eastern Turkey. Since 1998 residents have used informal neighbourhood leaders, called *muhtars*, to motivate on local issues and talk to the authorities. In this instance, a discount membership scheme gave money off in local shops, making an annual fee for 400 members a worthwhile investment. The fee in turn provided funds for other activities, including litter picks, recycling, refurbishing buildings and encouraging volunteering.

The impact improved community cohesion, particularly against a background of weak governance; the authorities eventually took the initiative seriously and began dialogue; money was kept in the local community and re-invested in community activities.

### **City of Yarra, Victoria, Australia: 2010 to date ([www.bsl.org.au](http://www.bsl.org.au))**

Keywords: employment; community trust; community safety; social enterprise

Rising crime and unemployment was addressed through the creation of a social enterprise that took over a local government contract for security and concierge services in this urban

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<sup>80</sup> [http://www.academia.edu/462272/International\\_examples\\_of\\_Big\\_Society\\_initiatives](http://www.academia.edu/462272/International_examples_of_Big_Society_initiatives) [Accessed 10/10/13]

part of the wider Melbourne area. The social enterprise offered public housing tenants 12 months employment and training in security work (and from which 80% moved onto other paid work). An apprenticeship scheme was also started.

The impact restored community trust and increased income in the area due to new skills and increased social capital. Issues of local poverty were mitigated.

**Bogra, Bangladesh: 2005 to date** ([www.danonecommunities.com](http://www.danonecommunities.com))

Keywords: poverty; working with business; employment; health

A joint venture between Danone food and Grameen social enterprise bank has built a factory that sells vitamin-enhanced yoghurt (*shokti doi*, or energy yoghurt) to treat malnourishment in Bangladesh. The factory buys ingredients locally and employs 500 *shokti ladies* to sell cups of yoghurt door-to-door for around 5 takas (1 takas = 1 new pence). An average seller sells enough yoghurt to make around 70 takas per day, nearly matching an average male daily wage.

The impact has improved health in young people and given families a stable income. The model is to be rolled out with 50 more factories across Bangladesh.

**Toronto, Canada: 1998 to date** ([www.torontodollar.com](http://www.torontodollar.com))

Keywords: complementary currency; sticky money; funding long-term projects; local identity

The Toronto dollar is a 'complementary currency' to Canadian dollars, accepted in over 150 shops to buy goods, and, for shopkeepers, to pay a part of staff wages. When Toronto dollars are 'bought' they are equivalent to 0.9 Canadian dollars with 10 cents going to a projects fund.

The impact since 1998 is that \$110,000 has been distributed to wellbeing projects from the project fund in Toronto. Money is also more likely to stay within the local area.

**Chicago, United States: 1934 to date** (<http://www.chicagoareaproject.org>)

Keywords: indigenous participation; legitimacy from within; poverty

The Chicago Area Project uses a Neighbourhood Council model made up of 100% residents who informally consulted residents through conversation and group meetings. The Council sets the agenda, mapped initiatives in local areas, calling on expertise only when needed.

In its first phase during the 1930s it demonstrated that legitimacy for reform came from within and that poverty is best alleviated by community organising and not through treating individual cases. Issues of poverty were also considered as inextricably linked - employment to housing to health - and need to be treated as such. It continues these values today.

**Wales, UK: 2001 – 2012**

(<http://wales.gov.uk/docs/dsijg/publications/comm/110913evalreporten.pdf>)

Keywords: capacity building; cohesion; local identity; employment; working with authorities

The Communities First programme in Wales across 142 deprived areas (20% of the Welsh population) sought to improve living and working conditions for residents through capacity building and developing a sense of local identity. This was achieved by investing in community workers who with residents highlighted local areas of concern, especially child poverty, employment and training. This encouraged better targeting of services by authorities.

The impact was to improve community capacity, skills and employability but failed to tackle child poverty as its multi-dimensional nature meant partnership working amongst authorities and services which proved difficult.

## **Appendix B: Process for creating three area examples**

Areas were selected based on their presence at and near the top of the worst affected local authorities in the UK. Those chosen offered slightly different reasons for their selection so that different aspects of welfare reform would be covered, and that different geographical areas would also be covered; coastal, London and regional urban.

The process for compiling the profiles involved interviewing the reps for each profile area. This interview sought to understand the context for Big Local in that area and how the areas were seeking to respond to the effects of welfare reform. Interviews were conducted over the phone and took between 30 and 50 minutes.

Each interview was typed and emailed to reps to check. Reps were also asked to check with their Big Local areas for veracity. The rep for Custom House put me in touch with the Custom House community organiser for this purpose. The rep for Revoe edited the document and then forwarded the document to residents asking them to reply directly to me. We received no reply from Revoe residents, and no reply from the rep in Northwood or the residents. We interviewed the community organiser at Custom House and included her observations.

Where claims about the area were made, such as opinions on housing tenure, these were checked with available resources. Only Northwood had a community profile available and this was used. Otherwise, datasets for local areas were checked using publically available neighbourhood statistics:

Northwood: <http://www.northwoodbiglocal.co.uk/who-lives-in-northwood/> and [www.neighbourhood.statistics.gov.uk](http://www.neighbourhood.statistics.gov.uk)

Custom House: [www.neighbourhood.statistics.gov.uk](http://www.neighbourhood.statistics.gov.uk)

Revoe: [www.neighbourhood.statistics.gov.uk](http://www.neighbourhood.statistics.gov.uk)

What we get from this process is three particular views of three Big Local areas. The profiles by no means seek to provide anything more than an overview of some of the issues under discussion in this paper and how those involved in the areas see these being addressed through Big Local, either through activity now or prospectively.