

Impact of cuts in London

The Coalition Government is committed to a programme of deep and immediate cuts in public spending in an attempt to reduce the UK's budget deficit. The Government claims that the cuts being made will be fair and progressive, and maintain that the most vulnerable will be protected. However our analysis of the impact of spending cuts on the ground suggests that even at this early stage, it is simply not possible to make such steep reductions in spending without hitting the most vulnerable.

Grant cuts across London

As part of the £6.2 billion in year cuts announced by the Government earlier this year, £1.166bn is being cut in Local Government spending across England through reductions in individual grants given to local authorities.

Research by London Councils¹ has shown that that London will lose around £74.3 million as a result of cuts to Area Based Grants (ABG). ABG's are given to councils to help support deprived communities. The amount of ABG each local authority receives is reflective of their individual needs and circumstances. But in applying the cuts to the ABG, the Government has not taken in to account the particular circumstances of the local area. Areas that are already badly off are therefore more likely to feel the impact of reductions in these grants. Research by London Councils shows that deprived boroughs like Hackney and Islington received massive cuts of over £8 million while affluent boroughs like Sutton and Richmond were cut by £2 million or less. (For full breakdown of ABG in London see Appendix A)

In total London Boroughs and the Greater London Authority (GLA) are set to lose at least £355 million in year as a result of this funding cut in Local Government- this is 30% of the national cut. The findings show that the combination of reductions in general Area Based Grants (ABG), funding for achieving Local Area Agreement (LAA) targets and through other funding streams like the Local Authority Business Growth Incentive grants (LABGI) and Housing Planning and Delivery grants, will mean that the capital's local authorities are set to lose £169.3 million. The Greater London Authority (GLA) is set to lose £185.6 million.

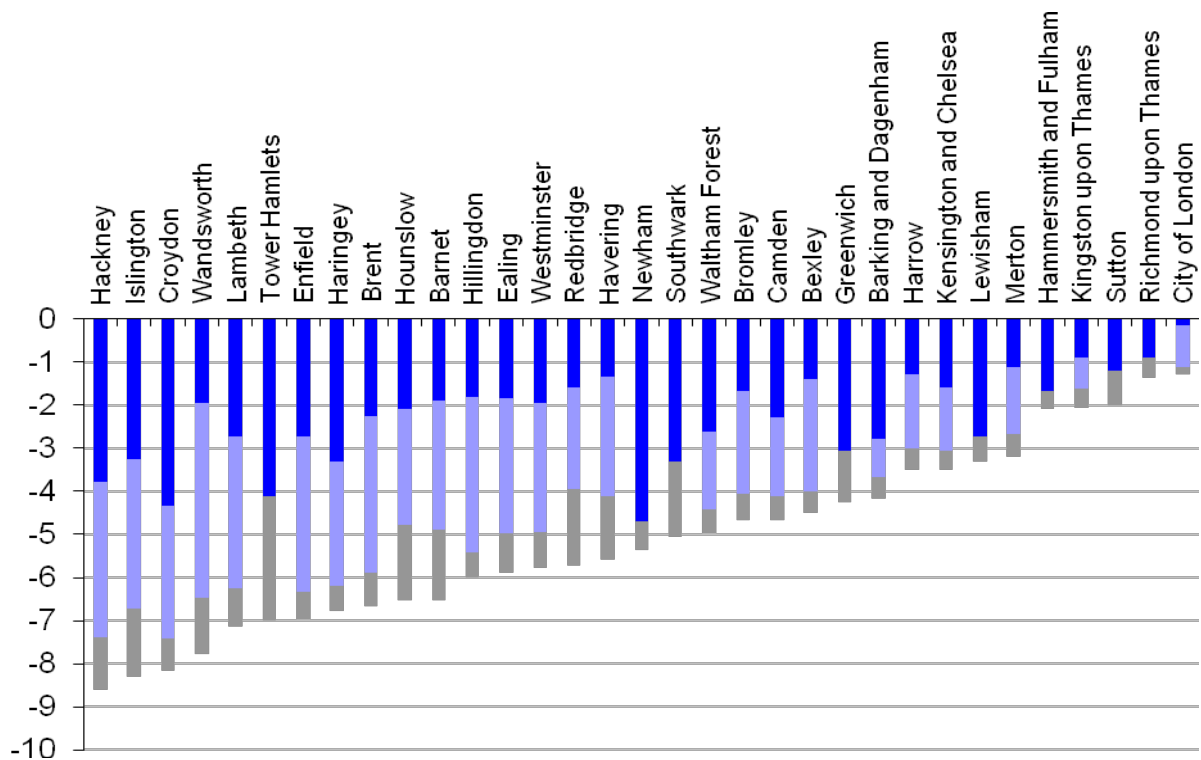
Summary of Cuts – Greater London Boroughs and Boroughs

	GLA (£m)	London boroughs and City of London (£m)
Metropolitan Police Authority	£37.6	
Transport for London	£108.0	
London Development Agency	£40.0	
Area Based Grant		£74.3
Housing Planning and Delivery		£17.9
Local Area Agreement Reward Grant		£64.8
Local Authority Business Growth Incentive grants		£12.4
Total	£185.6	£169.3
Grand total		£354.9

¹ <http://www.londoncouncils.gov.uk/media/current/pressdetail.htm?pk=1084&showpage=-1>

London Councils is a cross-party organisation, funded and run by member authorities to work on behalf of them all, regardless of political persuasion. This analysis by London Councils was carried out to gauge the impact to the capital of the £1.166 billion cuts in funding for local government. The actual impact is greater as this research does not include the announcements that were made in the Emergency budget in June.

The chart below shows London's share of the 1.16bn local authority cuts by ABG, LAA Reward Grant.



Source: London Councils ²

Breakdown of Local Authority cut in millions

- Area based grant
- LAA Reward Grant
- Other grants

Further cuts to Local Government have been made as further announcements were made in the Comprehensive Spending review (CSR). Local Government funding saw a 7.1% reduction, which will amount to 28% over the next four years.

Local authority core funding from the Department of Communities and Local Government (CLG) falls from £28.5bn in 2010-11 to:³

- £26.1bn in 2011-12
- £24.4bn in 2012-13
- £24.2bn in 2013-14
- £22.9bn in 2014-15

Most authorities' cuts are significantly front-loaded to 2011-12 so the impact of the cuts will not just hit hard they will be felt immediately. In addition ring-fencing of all

² <http://www.londoncouncils.gov.uk/media/current/pressdetail.htm?pk=1084&showpage=-1>

³ <http://www.lga.gov.uk/lga/core/page.do?pageId=14461844>

Local Government Revenue Grants will also end from April next year, except for the Schools Grants and a Public Health Grant. The removal of ring fencing along with the 28% cut in funding announced has raised real fears that services for children and families will have to be sacrificed.

As more detailed information is still to follow on the detail of the cuts in the CSR, this report focuses on the impacts of the cuts announced prior to the Spending Review.

Wider cuts across London

The cuts to the ABG's are only one of a series of cuts that have been made by the Government, a large number of national cuts (including cuts in welfare and social security) that will deeply affect households across London have also been announced.

Housing Benefit (HB) changes

The changes in HB will hit London disproportionately as rental prices are higher in the capital. The main changes to HB announced in the Emergency Budget, are as follows:

- From April 2011 the maximum rates payable for people receiving HB and living in private sector rented accommodation will be capped at £250 a week for a one bedroom property; £290 a week for a two bed room property; £340 a week for a three bedroom property and £400 a week for a four bed property.
- From October 2011 the method of calculating the entitlement of private rented sector HB tenants will be changed from the 50th percentile to the 30th percentile of median local rents. This means tenants in receipt of HB will have access to the bottom 30 per cent of the market instead of the bottom half as at present.
- Other changes include the removal of the £15 weekly HB excess (which tenants can keep if they find a property that is below their benefit entitlement); from 2013, updating entitlements on the basis of consumer price index (CPI) rather than local rents; and, also from 2012, cutting HB by 10 per cent for people who have been out of work and claiming JSA for 12 months.

As Government cuts begin to kick in, many families living in boroughs in London will struggle, according to new research commissioned by housing charity Shelter⁴. Government cuts to LHA could force low income households in London to find a shortfall of up to £1,548 a month to meet their housing costs. Shelter's analysis shows that London is the hardest hit area in the country, with a three bedroom family household in Central London seeing a 51 per cent drop in the amount they receive, which will force them to find an extra £360 a week to remain in their home. Families in outer London will also be left with a shortfall of between £11.50 and £23.02 a week. Shelter is warning that the Chancellor's cuts could push many households over the edge, forcing thousands of Londoners to migrate to areas with the cheapest housing.

Shelter is also concerned about changes which will peg rates to a national measure of inflation rather than basing them on local rents. The changes mean that HB will not keep up with rising housing costs, a particular problem in London which has some of the most expensive rents in the country. Since 1999/2000 average rents in London have increased by 65 per cent while the CPI has increased by just 17 per cent.⁵

⁴ <http://media.shelter.org.uk/Press-releases/London-households-could-be-pushed-over-the-edge-by-cuts-to-housing-benefit-310.aspx>

⁵ <http://media.shelter.org.uk/Press-releases/London-households-could-be-pushed-over-the-edge-by-cuts-to-housing-benefit-310.aspx>

Similarly, research by London Councils⁶ has shown that 82,000 households across the capital will be at risk of losing their homes under the Government's HB changes. Those unable to keep up with their rents will either be made homeless, forced to move into overcrowded accommodation, or have to move to less expensive boroughs. With the London Landlord Accreditation Scheme (LLAS) they have also carried out a survey with landlords renting properties to HB tenants in London to explore the impact of the HB changes. The survey showed that very few would be prepared to lower their rents when changes come into effect next year. Approximately 60 per cent of landlords surveyed said they would not lower the rent by any amount if the tenant could not pay in full and almost all landlords said they would evict the tenant or not renew the tenancy at the end of the period should their shortfall in rent rises to over £20 per week.⁷

The London Weekly⁸ reports that for people living in one bed room properties, those in Westminster, Kensington and Chelsea and Camden will be worst hit with average annual losses of £3,796, £3,484 and £1,612 respectively.

They state that the cuts to houses of all sizes will affect:

- 5,060 households in Westminster
- 2,290 households in Kensington & Chelsea
- 2,940 households in Camden

According to figures collated by Westminster's Labour group⁹ and uncontested by the council, just 847 of the 5,439 families currently receiving HB in Westminster would retain their existing payments.

It is not just expensive areas in Central London that will be affected; according to the London Weekly¹⁰, the highest number of people affected in any borough is in Brent where 9,650 households will lose out. Hackney and Tower Hamlets are the second and third most deprived boroughs in the country and they will see 6,790 and 3,580 poor households losing money. Households in Tower Hamlets¹¹ may find themselves up to £118 a month worse off as a result of government cuts to local housing allowance. Hackney Housing Group¹² has condemned the cuts as they will mean "many more people made homeless, who if eligible to be housed, will join the 2,000 households already in Hackney's temporary accommodation, and if not may end up on the streets".

Further announcements regarding housing benefit were made in the CSR. New social tenants will face rents of up to 80% of market levels, an increase on current social rents; and people aged 25-34 will in future only receive housing benefit for living in a shared flat, rather than on their own.

⁶ <http://www.londoncouncils.gov.uk/housing/briefings/landlordsurvey.htm>

⁷ <http://www.londoncouncils.gov.uk/housing/briefings/landlordsurvey.htm>

⁸ http://www.thelondonweekly.co.uk/index.php?option=com_content&view=article&id=837:gary-smith&catid=89:london&Itemid=135

Local London news source

⁹ <http://www.lgcplus.com/lgc-news/planning-and-housing/benefit-cuts-could-force-thousands-from-westminster/5016501.article>

¹⁰ http://www.thelondonweekly.co.uk/index.php?option=com_content&view=article&id=837:gary-smith&catid=89:london&Itemid=135

¹¹ <http://www.eastlondonlines.co.uk/2010/09/east-london-lines-homes-bear-brunt-of-housing-allowance-cuts/>

¹² <http://www.eastlondonlines.co.uk/2010/09/east-london-lines-homes-bear-brunt-of-housing-allowance-cuts/>

Housing cuts

The Government prior to the CSR announced £450m of cuts to housing in 2010/11, which will threaten funding for 1,452 new homes in London, 522 of which are planned to be affordable homes. Of those, 186 would be homes for low cost ownership, 142 would be housing association homes for social rent and 194 would be new council homes.¹³

As expected further announcements were made in the CSR. The Government will spend £4.4bn on building social housing from 2011-15, down from £8.4bn over the previous three years, this is a 60% cut.

Commenting on the cuts to affordable housing in the CSR, London Councils' Executive Member for Housing, Mayor Sir Steve Bullock said: "London Councils has already warned that up to 82,000 households could become homeless in the capital as a result of the government's cuts to housing benefit next year..... It looks like London will now see a 52 per cent reduction in the number of new social homes that are built, with an estimated 4,990 new homes completed in the capital each year compared to a previous estimate of 10,356. This reduction will only deepen this crisis, leading to more people becoming homeless or having to leave their job and, quite possibly, the capital."¹⁴

Other Social Security Changes

National social security cuts will also have a significant impact on families in London:¹⁵

- *Abolition of the Child Trust Fund (CTF):* From January 2011-12, up to 126,000 new born London children will miss out on the CTF.¹⁶
- *Abolition of the Health in Pregnancy Grant:* It is estimated that 140,000 mothers-to-be in London were eligible for the Health in Pregnancy grant last year, who will now miss out on this £190 payment to all pregnant women.¹⁷
- *Scrapping plans to extend free school meals for children from low-income families:* This will affect over 100,000 London children and their parents.¹⁸
- *Freezing Child Benefit for three years:* This will hit over one million families with children in London.¹⁹ When Child Benefit is withdrawn for families with a higher rate earner even more families will face a cut.
- *The abolition of the Baby Element of Child Tax Credit.* This gives an additional £545 to families with a child aged below a year. In London there are 681,000 families with children receiving Child Tax Credit. Assuming a similar proportion to the national average - around 8percent - also received the Baby

¹³ http://www.london.gov.uk/media/press_releases_assembly_member/news-darren-johnson-%E2%80%99Cinsane%E2%80%9D-cuts-housing-confirmed-london

¹⁴ <http://www.londoncouncils.gov.uk/media/current/pressdetail.htm?pk=1207>

¹⁵ <http://www.leftfootforward.org/images/2010/09/ken-livingstone-london-cuts.pdf>

¹⁶ Source: <http://www.theyworkforyou.com/wrans/?id=2010-06-07c.100.h>

¹⁷ Source: <http://www.theyworkforyou.com/wrans/?id=2009-07-14c.285819.h>

¹⁸ Source <http://www.theyworkforyou.com/wrans/?id=2010-07-27b.10640.h>

¹⁹ Source http://www.hmrc.gov.uk/stats/child_benefit/chb-geog-aug09.xls

Element, then cuts to this will leave around 57,000 London families with children under the age of one worse off.²⁰

- *Sure Start Maternity Grant*: From next year this will only be available for the first child in a family. This means a £500 cut for low-income pregnant mothers, with more than 140,000 families set to lose out nationally it can be estimated that in London around 20,000 families will lose out.²¹
- *Changes in the way benefits are increased*: This was one of the biggest cuts to welfare in the emergency budget. The linking of benefits to the CPI rather than the RPI (which includes housing costs) will especially hit Londoners, as prices in London are higher. If the cost of housing rises at a faster rate in London than elsewhere and benefits exclude housing costs through the CPI link, then Londoners will be worse off.²² As we set out above, the benefits system will not reflect the faster increase in Londoners' housing costs.

The flat rate cap on benefits announced in the CSR will hit the poor in London the hardest as they struggle with higher costs than the rest of the country.

Voluntary Sector

London Voluntary Service Council (LVSC) report that London's charities and voluntary groups are already facing cuts at a London-wide level in the region of £50 million – a figure that doesn't take account of wider national grant cuts to the voluntary sector²³. The London-wide cuts of which LVSC is aware of include:

- *Cuts to local authorities that are passed on to charities and community groups*: for example programmes for people getting skills needed to find work have been affected in Ealing, Islington, Redbridge, and Hillingdon.
- *Cuts by London-wide organisations*: for example the London Development Agency has ended the £28 million London Opportunities Fund programme which funded voluntary and community groups to reach out to the most disadvantaged Londoners to help them move back into work. In addition, the £4 million Mayor's Incubator Fund (intended to help voluntary and community organisations win contracts to deliver to London's most disadvantaged people) has now been scrapped. London Councils is also consulting on a proposed 61percent cut (£16 million) to its £26.4 million London-wide grants programme (which focuses on tackling disadvantage and discrimination).
- *Cuts to national Government programmes*: for example Capacity Builders funding is due to end in March 2011. This currently invests about £3 million a year into London's voluntary and community organisations to ensure they are able to access high quality advice and support.

²⁰ Source: Figures *estimated* from Child and Working Tax Credits Statistics <http://www.hmrc.gov.uk/stats/personal-tax-credits/cwtc-apr2010.pdf>

²¹ Source <http://www.theyworkforyou.com/wrans/?id=2005-06-20a.3730.h>

²² Source <http://www.statistics.gov.uk/cci/article.asp?ID=1016>

²³ <http://www.lvsc.org.uk/>

Schools

The Building Schools for the Future (BSF) programme cancellation has hit London hard: out of the 715 schools that will no longer benefit from a rebuild this includes 170 run-down secondary schools in London. The worst hit boroughs are Ealing, Hillingdon, Hammersmith and Fulham, Hounslow, and Wandsworth.²⁴

This is at a time when the capital needs another 28,000 permanent primary school places by 2014/15 and demand for secondary school places will follow suit.²⁵

²⁴ <http://www.thisislondon.co.uk/standard/article-23853354-heads-blast-devastating-cuts-to-school-rebuilding-projects.do>

²⁵ <http://www.londoncouncils.gov.uk/media/current/pressdetail.htm?pk=1206>

Cuts in London boroughs

To get a picture of how the cuts are impacting on London boroughs we have looked at a selection of them. Children have been particularly hard hit. The TUC have previously reported²⁶ that the cumulative loss that children and families will have experienced by 2012/13 as a result of national cuts to services and benefits announced so far is just over 13 billion.

Southwark

Southwark's²⁷ contribution to the savings in Local Government equates to a £3.3 million reduction in the ABG. For Southwark, the biggest reduction in the ABG is for children's services with an overall in year reduction of £2.2million.

Further announcements have also been made to children's services from the (DFE). Reductions in grants to Children's services to around £2.45m include the following;

- Buddying Sure Start Grant Programme - 75 percent grant reduction (Buddying Programme developed to promote better working relationships between school and early year's staff.)
- Reduction in Training and Development Agency for schools (to be confirmed, estimate at 25%)

In total, Southwark will see grant income reduced by some £5.1m in 2010/11. Of the £2.45m total reduction in children's services revenue grants, the most significant is the £2.2m (equating to a 20 percent) reduction in the ABG. This grant is used to fund key children's services and activities such as: careers advice for young people; extended services and travelling to school initiatives; under- attainment, and healthy eating.

Where possible the children's services department has sought to re-direct other grants and hold vacancies to reduce the impact on front line services. However the council says reductions have been unavoidable.

Lewisham

In Lewisham²⁸, outside of the Dedicated Schools Grant Lewisham is currently in receipt of specific grants of £36.43 million and ABG of £36.37 million in 2010/11. It is in these areas that funding reductions are being made. Almost all the specific grants relate to schools and children's services. The largest single element of Lewisham's ABG is Supporting People²⁹ at £17.2m. A further £11.1m relates to areas which fall within Children and Young People.

²⁶ <http://www.touchstoneblog.org.uk/2010/08/children-and-families-face-around-13-billion-of-spending-cuts/>

²⁷ [http://moderngov.southwarksites.com/Published/C00000302/M00003331/AI00011025/\\$Impactof201011crossgovernmentsavingsonSouthwarkcouncil.docA.ps.pdf](http://moderngov.southwarksites.com/Published/C00000302/M00003331/AI00011025/$Impactof201011crossgovernmentsavingsonSouthwarkcouncil.docA.ps.pdf)

²⁸ <http://www.lewisham.gov.uk/NR/rdonlyres/72F29458-A374-43F8-8BC9-0AE48580071D/0/c0da69c1a5cf49f8a41437f624171d98Item5InYearBudgetReductions214July2010.PDF>

²⁹ Supporting People is a national programme, which gives the responsibility for the commissioning, funding, monitoring and reviewing of housing support services for vulnerable adults to local authorities.

The loss for Lewisham is £3.295m, a total of £2.735m of these reductions are to come from ABG areas, and the bulk of this affects children and young people.

Lewisham 2010/11 in year funding reductions³⁰

Revenue Grant Allocations for 2010-11 £'000

Department for Education Total (ABG)	2,268
Supporting People Administration (ABG)	175
Working Neighbourhoods Fund (ABG)	188
Prevent (ABG)	66
Home Office Total (ABG)	38
Area Based Grant Total	2,735
Local Authority Business Growth Incentive Scheme	425
Total In-year reductions announced 10th June	3,160
Specific grants – free swimming	135
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Total – In Year Funding Reduction for 2010/11	3,295

Croydon

Croydon Council³¹ is to make £2.1 million of cuts from its children, young people and learners (CYPL) budget. Although details of how the savings will be made have not yet all been revealed, the council has confirmed £162,000 will come out of its children's fund.

The £2.1 million CYPL cuts form part of the £5 million of savings the council has to make following central government's decision to cut back its £34.5 million ABG for this financial year. Peter Allen, Director of Together in Waddon which supports 250 local youngsters each year has been informed his group's grant from the children's fund, worth £29,380 a year, will stop in three months. He has also been told to expect to lose a further £10,000 a year, funded by the council's children's department, which is used to run an after-school club.³²

The Shadow Children's and Education Secretary's staff, calculated that with the £311 million being cut from the Department of Education ABG; for Croydon this could mean £223,000 being cut from youth services, £210,000 lost on support for disadvantaged children, £180,000 going from school improvements and £65,000 cut from teenage pregnancy projects.³³

Government cuts have also hit young people after the plug was pulled on schemes to revitalize playgrounds across the borough. Croydon had initially earmarked more than £440,000 in funding³⁴. The council says it is no longer in a position to proceed with developing nine play spaces. Only schemes where construction has already started are to be allowed.

³⁰ <http://www.lewisham.gov.uk/NR/rdonlyres/72F29458-A374-43F8-8BC9-0AE48580071D/0/c0da69c1a5cf49f8a41437f624171d98Item5InYearBudgetReductions214July2010.PDF>

³¹ <http://www.thisiscroydontoday.co.uk/news/Budgets-cut-children/article-2470589-detail/article.html>

³² <http://www.thisiscroydontoday.co.uk/news/Budgets-cut-children/article-2470589-detail/article.html>

³³ <http://www.thisiscroydontoday.co.uk/news/Government-making-cruel-short-sighted-savings/article-2343923-detail/article.html>

³⁴ <http://www.thisiscroydontoday.co.uk/news/Playground-revamps-fall-axe/article-2470782-detail/article.html>

Lalitha McLennan, of the Friends of Westow Park Group³⁵, says “I think it is very short-sighted of the Government to pull this money because at the end of the day it is going to create more social problems and cost them more money.”

Waltham Forest

The table³⁶ below shows how it is proposed to amend Directorate budgets in order to reflect the loss of £2.6m in the Area Based Grant in 2010/11. This again shows that children’s services have been hit hard.

The original and revised 2010/11 Revenue Budget

	Budget	ABG reduction May 2010	Revised Budget
Adult Social Care	76,763,700	198,500	76,565,200
Chief Executive	34,200	0	34,200
Children & Young Peoples Services	76,686,300	1,688,800	74,997,500
Environment and Regeneration	51,385,600	333,900	51,051,700
Finance	6,770,000	0	6,770,000
Governance and Law	235,100	0	235,100
People, Policy and Performance	1,744,100	0	1,744,100
Corporate Expenditure	11,357,300	382,200	10,975,100
Total	224,506,100	2,603,400	221,902,700

A total of 16 schools in Waltham Forest are set to miss out as a result of the cancellation of BSF. The schools affected are: Belmont Park and Brookfield House, Chingford Foundation, Connaught School for Girls, George Mitchell, Heathcote, Highams Park, Holy Family Technology College, Joseph Clarke, Lammas, Leytonstone Business and Specialist Enterprise School, Norlington Boys, Rush Croft Sports College, Tom Hood, William Morris, Willowfield.³⁷

Julia Mainwaring, headteacher of Belmont Park School in Leyton, which was due to receive more than £3 million to expand the school, called the situation "really sad".

She said: "We are always over-subscribed. As a special school we are not like mainstream that has a September intake ... We have 56 pupils on the roll and were hoping to take capacity to around 64.... It's not fair on children with a disability who cannot come here because we've not got the capacity...It's vital for us and is really sad for parents and their children." ³⁸

On the 21st of October, the council has agreed to slash budgets as the authority prepares to lose £65 million over the next four years - about 25 per cent of funding. Every council department will be affected by the cuts, which Labour warn will be a “horror story” for many people in the borough, and at least 316 public sector jobs are expected to go. ³⁹ Further details are yet to follow.

³⁵ <http://www.thisiscroydontoday.co.uk/news/Playground-revamps-fall-axe/article-2470782-detail/article.html>

³⁶ [http://www1.walthamforest.gov.uk/moderngov/Published/C00000335/M00002318/\\$\\$ADocPackPublic.pdf](http://www1.walthamforest.gov.uk/moderngov/Published/C00000335/M00002318/$$ADocPackPublic.pdf)

³⁷ http://www.guardian-series.co.uk/news/wfnews/8256067.WALTHAM_FOREST__Schools_respond_to_BSF_cuts/

³⁸ http://www.guardian-series.co.uk/news/wfnews/8256067.WALTHAM_FOREST__Schools_respond_to_BSF_cuts/

³⁹ http://www.guardian-series.co.uk/your_local_areas/8466447.WALTHAM_FOREST__Heated_debate_expected_on_cuts/

Brent

In Brent a similar story of the impact of cuts on children and young people emerges⁴⁰. As part of the in-year reductions, the savings being made in Brent include four central posts in Connexions; a reduction of £400k in the budget for positive activities for young people; some reduction in the grant allocation to the specialist child and adolescent mental health service; and cutbacks in the school improvement service.

In addition as a result of the cancellation of the BSF, for Brent this has resulted in a loss of £85 m for rebuilding four schools – Alperton, Queens’ Park, Cardinal Hinsley and Copland.

City Of Westminster

There have been substantial in-year specific grant reductions in Westminster⁴¹. The following table shows the grant reductions announced so far. It shows that the Council has lost £5.7 million of grants: £4.2 million of revenue spend and £1.5 million of capital funds.

In-year grant cuts in Westminster⁴²

	Original Allocation £	Grant Reduction £	Revised Allocation £
Dept. for Education Total (Area Based Grant – ABG)	6,217,517	1,556,105	4,661,412
Supporting People Admin (ABG)	201,682	201,682	0
Working Neighbourhood Fund (ABG)	722,467	71,023	651,444
Prevent (ABG)	287,830	83,671	204,159
Home Office total (ABG)	518,497	40,275	478,222
Local Authority Business Growth Incentive grants	383,247	383,247	0
Local Area Agreement Performance Reward Grant	3,005,548	3,005,548	0
Housing and Planning Delivery Grant	404,074	404,074	0
Total Grant Reductions	11,740,862	5,745,626	5,995,236

Early years establishments in Westminster have been told they are facing immediate cuts to funding aimed at helping disadvantaged children. Two of Westminster's maintained early year's establishments, which admit a proportion of children designated as 'in need', face cuts of around £90,000 to funding this year.⁴³

A source from one of the establishments, said, **“It's an appalling situation. There are going to be massive cuts in services for vulnerable children which could destroy early**

⁴⁰ [http://www.brent.gov.uk/stratp.nsf/Files/LBBA-275/\\$FILE/Brent_Childrens_Partnership_minutes.pdf](http://www.brent.gov.uk/stratp.nsf/Files/LBBA-275/$FILE/Brent_Childrens_Partnership_minutes.pdf)

⁴¹ <http://webcache.googleusercontent.com/search?q=cache:2kSd-wsL5RkJ:www3.westminster.gov.uk/newcsu/cabinet/2010/28%2520June%25202010/Rpt%2520Re%2520Financial%2520Strategy%2520Update%252028%2520June%25202010.pdf+city+of+westminster+financial+strategy>

⁴² <http://webcache.googleusercontent.com/search?q=cache:2kSd-wsL5RkJ:www3.westminster.gov.uk/newcsu/cabinet/2010/28%2520June%25202010/Rpt%2520Re%2520Financial%2520Strategy%2520Update%252028%2520June%25202010.pdf+city+of+westminster+financial+strategy>

⁴³ <http://www.nurseryworld.co.uk/news/1022587/Council-cuts-will-destroy-provision-disadvantaged-children/>

intervention and preventative work in our area. There will be almost no free daycare places for disadvantaged children.”

Pauline Trudell, vice-president of the National Campaign for Nursery Education, said: “The scale of Westminster's cuts will effectively destroy the early year’s provision they should be most proud of. It also runs counter to the most recent Government pledge to treat as a priority the measures that most directly affect attainment for the poorest pupils.”

Councillor Paul Dimoldenberg, leader of the Labour group in Westminster, said

“The [Government] said these initial cuts would be about reducing waste....But now we find out they have targeted children for the most savage cuts.”

Enfield

Enfield Council is set for £6.8m of cuts which includes cuts to a range of grants including a £2.7m cut to the ABG. Frontline services such as education will also be hit.

Finance cabinet member Andrew Stafford said “£6.8m of budget cuts will have to be made to funds for measures to tackle unemployment, education support, children’s services, vulnerable adults and community safety.”⁴⁴

The areas affected include a cut to children’s services projects of £2.181m. The table below⁴⁵ summarises the in year saving proposals by service area for Enfield.

In-year cuts in Enfield

Amount to be cut	£m
Education, Children Services and Leisure total grants	2.181
Environment and Street Scene total grants	0.187
Place Shaping and Enterprise total grants	0.650
Health and Adult Social Care total grants	0.267
Local Area Agreement (Chief Executive)	3.600
Total departmental savings	6.885

The areas include:

- **Education, Children Services and Leisure total grants:**
 - 85,000 cut from the connexions programme
 - 37,000 cut for training activity in relation to healthy school agenda
 - 65,000 cut in positive activities for young people programme
 - 47,000 (24 percent) reduction in youth opportunity fund

⁴⁴ http://www.enfieldindependent.co.uk/news/8254963.Council_braces_itself_for__6_8m_cuts/

⁴⁵ [http://governance.enfield.gov.uk/Published/C00000107/M00006548/\\$ADocPackPublic.pdf](http://governance.enfield.gov.uk/Published/C00000107/M00006548/$ADocPackPublic.pdf)

- **Local Area Agreement:**
 - 40,000 cut in childhood obesity project
 - 30,000 cut in pathways to a new career programme
 - 25,000 cut in training for employment
 - 7,000 cut in Enfield jobs net
 - 64,000 (100 per cent cut) in hospital alcohol liaison service
 - 156,000 cut in funding for community development workers
 - 11,000 cut in school based community support

Enfield Council is also extremely concerned and disappointed that the Building Schools for the Future programme has come to an end.

Council Leader, Doug Taylor, said: **“This is a real blow for the children of Enfield. We have a growing primary school population and it is essential that we lay the firm foundations for their future now....We also had plans for the Pupil Referral Unit which needs rebuilding to provide good conditions for pupils who need extra learning and behaviour support.....BSF would have brought £101m of investment to the borough of Enfield, not only creating superb, inspiring schools, but also contributing to the local economy providing work for contractors”**.⁴⁶

Edmonton MP Andy Love has highlighted the devastating cuts to housing benefit, and the effect they will have on households in Enfield. It is estimated that 9,090 LHA recipients will suffer from losses of up to £65 a week, or £3,380 a year. At least 370 of these recipients in the boroughs are pensioners.⁴⁷

There is also concern that private firms could lose £40million of trade as Enfield Council stops spending in the local economy as a result of the cuts. That is the stark warning from council leader Doug Taylor; he has cautioned workers to brace themselves for the potentially devastating impact that cuts in the council’s expenditure will have on the borough’s private sector – much of which relies on council contract work. Many thousands of electricians, printers, heating engineers, care home workers, plumbers, flooring companies and cab drivers rely on council contracts, with the trade between the authority and the private sector estimated as being at least £40million.⁴⁸

Doug Taylor said: **“We always look to work with local businesses. It’s good for Enfield’s economy, jobs and the council. Obviously the government cuts will have an impact on the amount the council can spend.”**

The TUC has also made the argument that cuts will impact on the private sector and that it will be private as well as public sector jobs that are lost as a result of spending cuts. TUC analysis shows across the UK, 38 percent of public expenditure goes directly to the private sector. All together the private sector gets £236 billion of custom from the state equivalent to more than £4,000 a year for every UK adult.⁴⁹

⁴⁶ http://www.enfield.gov.uk/news/article/185/bsf_cuts_are_a_real_blow_for_our_children

⁴⁷ <http://www.andylovemp.com/news/press-releases-news/news.aspx?p=102176>

⁴⁸ <http://www.enfield-today.co.uk/news.cfm?id=34803&headline=Private%20local%20firms%20face%20a%20%20C2%A340m%20loss%20as%20council%20cuts%20out%20contracts>

⁴⁹ <http://www.tuc.org.uk/economy/tuc-18425-f0.cfm>

Conclusion

The impact of the cuts in Local Authority Grants show that spending reductions so far have been about far more than about reducing waste, front line services have been affected. The analysis also shows that the cuts have been especially harmful for children and young people - this group have been particularly affected by the cuts agenda.

Other national cuts are also affecting London. In particular, the impact of the changes in Housing Benefit disproportionately impact on London due to higher rental values; and the flat rate cap on benefits announced in the CSR will hit the poor in London the hardest due to higher housing costs than the rest of the country.

Future years will also see further substantial cuts as a result of announcements announced in the CSR last week. TUC⁵⁰ and IFS⁵¹ research has also shown that the cuts will hit the poorest hardest. Evidence from cuts to date shows that these research findings are already becoming reality.

⁵⁰ <http://www.tuc.org.uk/economy/tuc-18705-f0.cfm>

⁵¹ <http://www.ifs.org.uk/projects/346>

Appendix A

London's share of the £1.16bn cuts

	Area Based Grants	LAA reward grant	Other grants (provisional or estimated)	Total
	(£m)	(£m)	(£m)	(£m)
Hackney	-3.792	-3.590	-1.237	-8.618
Islington	-3.250	-3.466	-1.580	-8.296
Croydon	-4.347	-3.070	-0.746	-8.164
Wandsworth	-1.940	-4.529	-1.308	-7.776
Lambeth	-2.740	-3.500	-0.906	-7.146
Tower Hamlets	-4.124	0.000	-2.875	-6.999
Enfield	-2.736	-3.600	-0.631	-6.967
Haringey	-3.309	-2.874	-0.583	-6.765
Brent	-2.249	-3.634	-0.777	-6.659
Hounslow	-2.095	-2.682	-1.749	-6.525
Barnet	-1.892	-3.000	-1.620	-6.512
Hillingdon	-1.814	-3.601	-0.576	-5.991
Ealing	-1.832	-3.136	-0.933	-5.901
Westminster	-1.953	-3.006	-0.820	-5.779
Redbridge	-1.593	-2.343	-1.786	-5.721
Havering	-1.332	-2.787	-1.455	-5.574
Newham	-4.687	0.000	-0.660	-5.347
Southwark	-3.297	0.000	-1.750	-5.047
Waltham Forest	-2.603	-1.824	-0.547	-4.975
Bromley	-1.669	-2.375	-0.629	-4.673
Camden	-2.294	-1.819	-0.547	-4.660
Bexley	-1.401	-2.600	-0.511	-4.512
Greenwich	-3.045	0.000	-1.200	-4.246
Barking and Dagenham	-2.785	-0.879	-0.508	-4.173
Harrow	-1.291	-1.705	-0.516	-3.512
Kensington and Chelsea	-1.576	-1.490	-0.430	-3.496
Lewisham	-2.735	0.000	-0.562	-3.297
Merton	-1.112	-1.565	-0.520	-3.197
Hammersmith and Fulham	-1.678	0.000	-0.417	-2.095
Kingston upon Thames	-0.905	-0.725	-0.424	-2.055
Sutton	-1.197	0.000	-0.810	-2.007
Richmond upon Thames	-0.906	0.000	-0.457	-1.363
City of London	-0.155	-0.953	-0.177	-1.285
GLA - all functions	0.000	0.000	0.000	0.000
London Boroughs	-74.335	-64.753	-30.247	-169.334
London Region	-74.335	-64.753	-30.247	-169.334
England Total	-451.021	-125.000	-589.958	-1165.979