Written evidence submitted by London Borough of Camden [FSR 115]

1. Summary

1.1. Local government has traditionally been forced to embrace the logic of the reductive funding model, lobbying for greater ‘fairness’ within the current system. Camden’s view, however, is that a radical departure is needed from the discourse which currently surrounds the way money is allocated and spent. We know that the true value of public services cannot be measured solely through a needs-based analysis of population metrics, but should be based on a full evaluation of how they impact the communities that use them.

1.2. Situated at the heart of Inner London, Camden is defined by its social and economic mix. Our diversity is our strength but, as a borough, we must also contend with spiralling levels of inequality. Communities across the UK are confronting this reality, but its effect is most pronounced in the capital, a situation compounded by London’s cost of living and a desperate shortage of housing. Camden Council has also received over £130 million less in 2019/20 than it did in 2010/11, £169m when inflation is considered, from our government grant. Camden’s 22 square kilometres are home to over 250,000 people (2017 estimate), a population which roughly doubles during the day when visitors, workers, and tourists are taken into account.¹ These figures include some of the richest and poorest communities in the country, living side-by-side.

1.3. To meet the complex challenge this environment presents, in the last decades, the Council has developed an interventionist approach to delivering services focused on prevention and effective, early support. In pursuing this work, we have chosen to play a proactive role in the lives of our citizens, challenging growing attempts to reduce the role of local government to a list of statutory requirements.

1.4. In Camden, we have sought to make the most of the powers and resources still available to local government to act on our ambitions. Our experience serves to show the benefit of giving Councils the flexibility to try new things. The Government’s vision for the future of local government funding, however, fails to acknowledge this evidence and risks embedding the disparities present in the existing system further.

Why an alternative is needed

Matthew

If Matthew continues to grow up in poor housing, if his mother cannot find work, and if crime increases in his community, then we know Matthew cannot achieve everything he should. The cost of this must be considered, with local government funded accordingly by acknowledging both the human and financial cost of not fulfilling such potential.

1.5. Our sector finds itself at a critical moment. It is clear that Camden will lose out as a result of proposed changes to the local government funding model, in common with other urban areas across England where poverty is most acute. Recent research by the University of Liverpool suggests that the Council will receive £103 less per resident every year under the MHCLG’s Fair Funding proposals.² There is, however, a wider

¹ https://opendata.camden.gov.uk/download/9m7e-5qyt/application/pdf
point to make regarding the scope of these measures. In Camden’s view, they represent a missed opportunity to innovate.

1.6. There is broad consensus that the current system is broken. For central government, the solution remains a refreshed funding settlement still derived from an overarching formula of relative need. Taking a narrow assessment of the end cost of provision, these plans follow almost a decade of cuts to Councils’ core funding, adding to the difficulties many local authorities experience in seeking to expand their ability to do more than provide only basic services. The Government’s growing reluctance to confirm funding allocations for periods longer than 12 to 18 months exacerbates the issue, fuelling uncertainty which prevents Councils from developing the long-term strategies needed to drive real improvement.

1.7. As a Council, we are no longer willing to continue to work within the confines the government set us. We are working to develop an alternative proposition drawing on our knowledge of what works, taking the potential of people and place as its starting point. Our intention is to provoke a broader debate around the future of public sector funding.

2. **The power of Prevention and Early Intervention**

2.1. The Government’s reductive approach deprives Councils of the freedoms and flexibilities they need to really make a difference. But Camden has developed strong evidence to show that prevention and early intervention approaches can not only improve the services which people receive, but also generate significant cost benefits as well.

2.2. Across Adult Social Care (ASC), the Council is moving away from a deficit-based model of care to an asset-based model that recognises people’s strengths. Our ‘Supporting People, Connecting Communities’ programme works to reduce or delay the need for statutory services through an emphasis on prevention, service integration, and personalised support. Through Family Group Conferencing, we facilitate opportunities for individuals to come together with health professionals and their networks of friends and family, to collaborate, question diagnoses, change assessments and plan care arrangements. In helping people to lead better, more fulfilling lives, the Council has been able to pioneer this work whilst still saving over £16 million pounds in ASC expenditure between 2015/16 and 2018/19. As a result:

- The number of Camden children entering care is low – the 19th lowest number of children by population in the country in 2018. The number of looked after children as a percentage of the borough’s total population has reduced by a third since 2014. This is against a prevailing upward trend for England as a whole.
- Across the 1,000s of Family Group Conferences we have supported, 21% of cases where potential kinship carers have been identified and family support plans are created to safely prevent children from being placed in long-term public care, which ultimately have proven to be successful in supporting better outcomes for those children.
- We have now also trained local residents in the methodology under a volunteer scheme called Full Circle. This provides a different way of getting ‘help’. When people are having a tough time with something, things feel more manageable when people come together to help. Full Circle is a rewarding experience that makes a real difference to people’s lives by drawing on their own strengths together with the compassion of people who want to help them.

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2 [https://dblalex.carto.com/builder/4beddbf7-bcee-454a-a941-00d3120dc779/embed](https://dblalex.carto.com/builder/4beddbf7-bcee-454a-a941-00d3120dc779/embed)
2.3. In 2018, Camden’s Systems Thinking team worked alongside colleagues delivering frontline services to reform the way we work with our tenants. Following a successful pilot project, the Council is rolling out a ‘neighbourhood’ model of housing support across the borough as part of its comprehensive Landlord Review. Ten new dedicated teams will be embedded within communities, working holistically on issues around rent and money management, property repairs, and community relations. Based on our test data, we expect this approach to lead to increased support for tenants, whilst reducing resource and administrative costs, and safeguarding revenues for Camden. The initial results from the test area show:

- Lower rent arrears and higher levels of tenant satisfaction. The number of residents wanted to move again within the first year of their tenancy has reduced from 15% to 8%.
- A 75% reduction in the number of officers involved in moving tenants in and out.
- A halving of the length of time properties are empty.
- Lower numbers of repairs. Only 1 of 18 properties improved through our in-house voids services required a repair within three months, compared to 78% of properties under the previous system.

2.4. Since 2014, the Council has undertaken its greatest housebuilding drive in a generation. By harnessing our own resources, Camden has committed to invest over £1 billion in its flagship Community Investment Programme, delivering more new council housing than any other local authority in London to date without costing the taxpayer a penny. Through use of Discretionary Housing Payments, we are topping up the housing benefit some residents receive to enable them to stay in their own homes, reducing the need for more expensive interventions across the broader welfare system.

2.5. These interventions are evidence of what can be achieved, even against a backdrop of consistent reductions in funding to Councils from Central Government, making the most of the resources we receive and delivering value for money.

3. Measuring the true cost of delivering Public Services

3.1. Policies which fail to address the human cost of poverty, by contrast, are often guilty of creating false economies. The negative consequences of wasted potential in blighting people’s lives is clear. Even from the point of view of public finance, however, the full repercussions are staggering.

3.2. The Joseph Rowntree Foundation’s 2017 report Counting the Cost of Poverty in the UK, illustrates this with a clear correlation between higher levels of deprivation and increased service delivery costs. In establishing that poverty costs the public sector around £69 billion a year, the research showed that roughly a quarter of all hospital and primary care health costs can be attributed to deprivation, a figure that increases to 40% for early years provision and 60% for family services. Child poverty alone is estimated to cost the UK £29 billion per year, measured in increased health and education costs, lost earnings and tax receipts, and higher government spending on the benefits system.

3.3. Fair Funding is only likely to make the situation worse, replacing an existing formula which adjusts to levels of deprivation by allocating 20% more resources to the most disadvantaged councils in favour of a system that provides the same funding per head across the country, regardless of differences in need.

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3 https://www.jrf.org.uk/report/counting-cost-uk-poverty
3.4. Research from Liverpool University\(^4\) illustrates how the Government’s analysis also dramatically underestimates the true cost of inequality and the extra money required to support the most disadvantaged communities. MHCLG’s estimate is that socioeconomic deprivation only accounts for 4% of variation in historical spend, sourced from an NHS England report based on analysis of total, and not per capita, spending on foundation services. However, comprehensive analysis of data taken before the introduction of austerity shows that the true figure is ten times higher – roughly 40%. As a policy, it is self-defeating.

4. **What we are doing**

4.1. Camden has responded to Government consultations in 2017 and 2018, working with London Councils, Central London Forward and the LGA to highlight the disproportionate impact of Fair Funding on urban areas where levels of deprivation are greatest. Cllr Georgia Gould, the Leader of the Council, wrote to the Secretary of State, the Rt. Hon. James Brokenshire MP, together with Cllr Nickie Aitken, the Leader of Westminster, in November 2018. In February 2019, Cllr Gould subsequently met with Rishi Sunak MP, the Parliamentary Secretary of State for Local Government to further press the case for reform.

4.2. In our submission to the Government’s consultation, the Council highlighted the need to properly consider the costs which local authorities face, particularly in the capital, by readjusting the Area Cost Adjustment to look beyond the cost of leasing premises to fully consider measures such as the price of land. We asked the MHCLG to adopt a more realistic model of deprivation based on analysis of people’s income *after* housing costs. We have been clear that the Government’s emphasis on *sparsity* – designed to provide added support for service delivery in rural areas – is based on the flawed assumption that lower population density always leads to increased costs, whilst ignoring the fact that cities have faced the brunt of recent cuts. In arguing for greater powers to tackle these issues ourselves, whether through reform of the business rates system, or the introduction of an Overnight Stay Levy designed to mitigate the effects of mass tourism, our consistent emphasis has been on the need for Councils to be given greater freedoms to develop local policy solutions, building flexibilities into the system that enable us to make best use of our resources.

4.3. We are now commissioning a strategically-focussed academic partner to work with us to apply rigour and independence to strengthen our view. Analysis will focus on the opportunity to fund the public sector to maximise the impact we can have, based on the opportunity of people and place, focussing on prevention and early intervention to ensure that the services we provide on behalf of our communities are tailored to the needs and ambitions of our citizens, whilst also creating added value for the economy as a whole.

*June 2019*

\(^4\) [https://betterhealthforall.org/2019/02/18/local-government-funding-review-how-can-we-better-help-the-areas-that-need-it-the-most/]