



Local Government Finance Settlement 2015/16

Consultation response

1. Introduction

- 1.1. The Children's Society is a leading charity committed to improving the lives of thousands of children and young people every year. We work across the country with the most disadvantaged children through our specialist services and children's centres. Our direct work with vulnerable groups including disabled children, children in or leaving care, refugee, migrant and trafficked children, means that we can place the voices of children at the centre of our work.
- 1.2. The Children's Society run over 90 projects across England, including 43 children's centres, supporting over 23,000 children every year. We also host debt advisers in our children's centres who support families living in problem debt to resolve their debt or access local services.
- 1.3. We welcome the Government's announcement in the Draft Local Government Finance Report for England (2015-16) that separately identifiable funding of £129.6m is needed within the overall Revenue Support Grant as a step in the right direction to ensuring all local authorities to put in place effective local welfare provision schemes. We also welcome the specific question in this consultation on the local welfare provision, alongside the explicit acknowledgement that evidence will be considered supporting the arguments for funding for local welfare provision over and above existing budgets.
- 1.4. This consultation response will focus exclusively on the future of local welfare provision and therefore will only answer questions 1 and 7 of the consultation.

2. Summary of recommendations

- The funding for local welfare provision should be a dedicated ring-fenced funding stream, provided in addition to core grant funding for local authorities in 2015/16.
- Funding for 2015/16 should be provided in line with the allocation for 2014/15.
- The Equality Statement needs to consider the impact of the decision of Local Welfare Provision specifically.

- The information provided in the previous consultation on the future of Local Welfare Provision 2015/16 should be considered as evidence in the Equality Statement.

Do you agree with the Government's proposal that local welfare provision funding of £129.6m should be identified within the settlement by creating a new element distributed in line with local welfare provision funding in 2014-15?

3. Key points

- 3.1. The Children's Society welcomes the Government decision to retain dedicated funding for local welfare provision, as was the case since the localisation of the responsibility for local welfare provision from April 2013. However whilst this is a step forward from the position in December 2013 when the provisional local government finance settlement was first published, it does not go far enough to guarantee local welfare provision is in place for all vulnerable families and their children who face a crisis.
- 3.2. The Children's Society would propose therefore that this money should be a:
 - Dedicated ring-fenced funding stream
 - Provided in addition to core grant funding for local authorities in 2015/16
- 3.3. The allocation to local authorities is a vital safety net for families and children. The local schemes provide mattresses for families who cannot afford suitable furniture for their children, help families with heating their home if the family faces a crisis and cannot pay, and support domestic violence victims and their families to move into a safe and secure home.
- 3.4. Without an allocation from central government it is clear that many local areas will be unable to continue funding this vital emergency support. This is also supported by a recent survey from the Local Government Association (LGA) that found almost three (73%) of councils would either end or scale back their local schemes if the funding were abolished. Following the publication of the Local Government Finance Settlement 2015/16 for consultation, LGA analysis showed that the central government grant to run local services will fall by 3.7% in 2015/16, when the Better Care Fund (BCF) is included in full. Without including that element of BCF, which will not be spent on social care or commissioned by local authorities, the reduction is 8.8%. Savings of £2.6 billion will need to be found from council budgets for 2015-16.
- 3.5. Given this evidence base from local authorities, the current government proposal to have an unringfenced visible funding stream within the existing settlement is unlikely to result in consistent provision of a Local Welfare Assistance safety net across the country to support families in a crisis.
- 3.6. To date there have already been significant funding cuts on spending aligned to the localised elements of the discretionary social fund. The total funding for LWP has been reduced by £150 million (in real terms) compared with equivalent expenditure through the discretionary Social Fund in 2010¹. The Children's Society believe the level of funding

¹ The Children's Society: Nowhere to Turn <http://www.childrenssociety.org.uk/sites/default/files/tcs/nowhere-to-turn-final.pdf>. P.3

provided in 2014/15 is a vital form of support for children and their families and therefore are calling for the government to provide this funding in addition to the core grant on a ring-fenced basis to ensure it is spent on emergency support for the most vulnerable.

- 3.7. With projected rising levels of child poverty there remains a clear need for this vital support to be guaranteed across all local authorities. Dedicated additional funding for Local Welfare Assistance Schemes is a crucial means to support many vulnerable families who are unable to budget for these unexpected expenses. A recent survey of 2,000 families found 46% do not believe they could afford to pay an unexpected expense of £500². Parents with dependent children are less able than adults without children to keep spending within income limits, due to the greater pressure that children put on household resources. Families with children are 'closer to the edge' financially. The abolition of ring-fenced or additional funding, as proposed in the current settlement, would push many of these families into the hands of pay day lenders.
- 3.8. The Children's Society think the funding should be provided in line with the allocation for 2014/15. There are currently 3.7 million children³ living in relative poverty in the UK and this is projected to rise to 4.6 million by 2020⁴. The rising levels of child poverty show that many children are facing levels of disadvantage in many areas of their life and with rising levels of child poverty the programme funding for Local Welfare Provision should not be reduced.
- 3.9. The need for a ring-fence, in this case is also clear. The need for an effective safety net of last resort is vital to provide emergency help to very vulnerable families and children in crisis situations. This is especially necessary given the growing struggles many the families we work with face, evidenced in particular through the growing use of food banks. The growth in food banks also shows the growing need for this crisis support⁵. In addition the overall combined proportion of household incomes spent on food, housing and utilities increased for households in the bottom income decile from 31% in 2003 to 40% in 2012 – the largest increase across the entire income spectrum⁶.
- 3.10. By ring-fencing this allocation emergency support would be guaranteed for families facing a crisis but would not significantly restrict local autonomy as local authorities would still have freedom to decide how they spent their allocations to best meet local need.

Recommendations:

- The funding for local welfare provision should be a dedicated ring-fenced funding stream, provided in addition to core grant funding for local authorities in 2015/16.
- Funding for 2015/16 should be provided in line with the allocation for 2014/15.

² The Children's Society: The Debt Trap Exposing the impact of debt on children
http://www.childrenssociety.org.uk/sites/default/files/debt_trap_report_may_2014.pdf

³ Households below average income survey, Department for Work and Pensions, 2012-13

⁴ <http://www.ifs.org.uk/bns/bn144.pdf> p.24

⁵ The Trussell Trust now have over 420 food banks in 2013/14, rising from under 50 in 2008/09.
<https://foodpovertyinquiry.files.wordpress.com/2014/12/food-poverty-feeding-britain-final.pdf>. P.13

⁶ <https://foodpovertyinquiry.files.wordpress.com/2014/12/food-poverty-feeding-britain-final.pdf>. P.12

Do you have any comments on the impact of the 2015-16 settlement on persons who share a protected characteristics, and on the draft Equality Statement?

4. Equality Statement

- 4.1. The Draft Equality Statement as stands does not adequately consider the evidence available to enable a considered decision on the future of Local Welfare provision. In particular it does not reference the wealth of information provided in the previous consultation on the future of Local Welfare Provision regarding the impact of the current decision on groups with protected characteristics.
- 4.2. It is disappointing to see that the identified funding for local welfare provision is not addressed at all in the policy streams listed in the draft Equality Statement. This is crucial to include given the evidence that groups displaying protected characteristics are over-represented amongst recipients of LWP (and prior to April 2013, Crisis Loans for Living Expenses and Community Care Grants through the Discretionary Social Fund), for example the impact by age, disability and gender is outlined below.
- 4.3. The draft Equality Statement also needs to include as evidence responses to the consultation on Local Welfare Provision in 2015-2016. Currently these are not listed in the sources of evidence.
- 4.4. The strength of support for additional funding for Local Welfare Assistance is clear. Over 5,000 supporters responded to the consultation on Local Welfare Provision in 2015-16, 1,064 from The Children's Society and 4,114 from Shelter calling for dedicated funding in addition to the local government finance settlement to guarantee this vital safety net is in place for all families. Campaigners from The Children's Society subsequently contacted 125 individual MPs.
- 4.5. Other sources of evidence cited in the draft Equality Statement include survey evidence from the LGA. The LGA survey of local authorities on the impact of abolishing funding for Local Welfare Provision is however not referenced in the evidence. This survey found that without funding three quarters of local authorities would either end or scale back their schemes and this would have a detrimental impact on groups that display protected characteristics and should be considered when taking the final decision.
- 4.6. There is an acknowledgement within the draft Equality Statement that the cumulative effect of reductions in Revenue Support Grant, changes in distribution, business rates retention and other changes in funding of individual authorities, **including on local welfare provision funding**, and the council tax referendum principles, may result in services being stopped, scaled back or re-shaped. There is also the acknowledgement within the draft Equality Statement that these reductions in services will have a greater impact on residents who share a protected characteristic. Therefore the government should ensure that the vital safety net for families, children and other vulnerable residents to turn in an emergency is guaranteed through a ring-fenced funding allocation in addition to the Revenue Support Grant.

- 4.7. In addition to the funding proposal, in order to adequately assess the effectiveness and impact of local welfare provision reporting measures need to be strengthened to enable accountability and analysis of the effectiveness of local schemes.
- 4.8. There has been extensive evidence provided by The Children's Society, other charity partners, local authorities and the Local Government Association (LGA) on the impact of any decision that reduces funds for local welfare provision is likely to disproportionately affect groups protected by equalities legislation. This evidence is provided in responses to the previous consultation on Local Welfare Provision in 2015-16⁷ and is repeated in this consultation response to provide evidence for the Equality Statement for the final Local Government Finance Settlement.
- 4.9. In particular, this consultation response wishes to draw the government's attention to three groups with protected characteristics – age, disability, and gender - which the evidence shows are likely to be significantly affected by the current decision to provide only visible funding for LWP and not in addition to the Revenue Support Grant. This is likely to lead to some vulnerable residents having no place to turn in an emergency.

4.10. Age – protecting children through Local Welfare Provision

- 4.11. LWP provides vital support for families in an emergency. In the last year from when funding is available at the national level (2012/13), 53.6% of community care grants were awarded to families under exceptional pressure⁸.
- 4.12. Unless local authorities are provided with a separate **additional** funding stream or ring fenced funding many of these families will be unable to receive support in an emergency.
- 4.13. Whilst systematic data on families is no longer collected (and therefore challenges the validity of the equality information upon which the government is making this decision) it is fair to assume that children remain a key beneficiary group under LWAS.
- 4.14. A recent report from London Councils also highlighted numerous cases of families benefiting from Local Welfare Support Schemes, including several where the schemes had been used to prevent children being moved into care due to neglect⁹
- 4.15. Research conducted by The Children's Society¹⁰ looking at the support provided for homeless young people (aged 16-20) found that of 226 local authorities, 81 (36%) of local authorities spontaneously referred to local welfare assistance schemes as one of the only ways they could support young people who needed to get basic furniture to set up a home of their own. This group includes care leavers, children aged 16 and 17 and

⁷ The Children's Society's response to the Government consultation on Local Welfare Provision in 2015-16. <http://www.childrenssociety.org.uk/sites/default/files/u251/Local%20Welfare%20Assistance%20schemes%20-%20Consultation%20response%20FINAL.pdf>

⁸ Annual Report by Secretary of State for Work and Pensions on the Social Fund 2012/13 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/209379/DWP_Annual_Report_on_the_Social_fund.pdf p.50

⁹ London Councils: 'Local Welfare Provision – One Year on' <http://www.londoncouncils.gov.uk/policylobbying/welfare reforms/resources/welfareprovision.htm>

¹⁰ This research will be published in February 2015.

young adults. This reference to LWP came unprompted and shows the importance of this scheme in providing support for children and young people when there is no other support available.

4.16. Disability – protecting disabled children and children living with adults with a disability through Local Welfare Provision

- 4.17. A Children's Society report published in 2011 found that, at that time, four in ten disabled children in the UK were living in poverty – 320,000 children. Of those 110,000 experienced severe poverty¹¹.
- 4.18. For children with disabilities, the impact of poverty can be particularly severe. These children face additional costs, such as larger heating bills, higher travel costs and a wide variety of other needs – as broad as the types of disability that can affect them.
- 4.19. Without the additional support they need, such children may end up both deprived of material items and without the safety net of LWP, available and guaranteed in all local authorities across the country, many of these children will have nowhere to turn. Therefore, The Children's Society are calling on the government to reinstate the funding as additional to the Local Government Finance Settlement and move it to a ring-fenced allocation.
- 4.20. It is also clear from national social fund data that disabled people were also a significant beneficiary population of social fund provision. Data shows that people with disabilities accounted for 32.4% of Community Care Grants expenditure and 18.5% of Crisis Loans in 2012/13¹². This is compared to census data showing that 8.5% of people living in England and Wales have their day-to-day activities limited a lot due to either a long-term health condition or a disability¹³. It is therefore clear that disabled children and disabled parents are at risk of being disproportionately affected by any decision to abolish dedicated funding for LWP.
- 4.21. The case studies below show the impact having a disabled parent can have on children living in poverty and how many of them have turned to their LWP in times of need.

¹¹ The Children's Society: 4 in every 10 Disabled children living in poverty
http://www.childrenssociety.org.uk/sites/default/files/tcs/4_in_10_reportfinal.pdf

¹² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/209379/DWP_Annual_Report_on_the_Social_fund.pdf

¹³ Census Data, 2011. http://www.ons.gov.uk/ons/publications/re-reference-tables.html?newquery=*&newoffset=25&pageSize=25&edition=tcm%3A77-286348

Case Study: Islington Council

Ms Osbourne is a single parent who has a physical disability that causes mobility problems. She did not have anywhere to store her clothes and those of her child. As a result, their clothes were stored in boxes that Ms Osbourne found difficult and painful to access to search for items of clothing. Ms Osbourne's bed base was broken and unstable, posing a physical risk to her when getting in and out of bed. Ms Osbourne also has to take a series of medicines at specific times throughout the course of the day. She had nowhere safe and convenient to store her medication. A grant was awarded totalling £495 to cover the cost of two wardrobes, one for Ms Osbourne and one for her child, a chest of drawers, a bed, and a bedside unit for Ms Osbourne to store her medication. Ms Osbourne said these few basic household items made a real difference to her everyday life.

Case Study: Salford Council

Caroline Devine, a 55-year-old disabled grandmother from Salford, who cares for her three young grandchildren on weekends under their care order agreement, was helped by Salford Council's local welfare assistance scheme after a fire destroyed the contents of her flat.

Following the fire, her grandchildren couldn't understand why they couldn't stay at their Nana's flat – they would cry and appear to be very confused, especially the younger ones. Caroline felt terrible for the children and felt that she was abandoning them and letting them down.

In the immediate aftermath of the fire Caroline was given shopping vouchers to buy basic essentials including toiletries and a change of clothes. She was also given a food parcel to keep her from going hungry. Caroline was forced to move into temporary accommodation – a hostel – for several months while her flat was fixed and cleaned and when she was finally able to return home to an empty flat she was helped with the costs of a bed, chest of drawers and a fridge. The support she received has enabled her to resume her caring responsibilities for her grandchildren at weekends. Caroline says without help from the scheme she would have had to resort to taking out loans, which she fears she could ill-afford. "I really don't know what I would have done," she says. "This fund really is important for people who are struggling."

4.22. Gender – protecting lone parents and victims of domestic violence and their families through Local Welfare Provision

4.23. Finally, women are likely to be disproportionately impacted by any cut to LWP. Data on the gender of recipients is not available systematically at the local level and this needs to be improved. However, the prevalence of families with children, and lone parents in the profile of discretionary social fund recipients is suggestive. 26.9% of Community Care Grants and 13.1% of Crisis Loans under the national Social Fund were awarded to lone parents¹⁴ and children in single parent families are nearly twice as likely as children in

¹⁴ Annual Report by Secretary of State for Work and Pensions on the Social Fund 2012/13
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/209379/DWP_Annual_Report_on_the_Social_fund.pdf p.50

couple families to live in relative poverty. Over four in every 10 (42 per cent) children in single parent families are poor, compared to just over two in 10 (23 per cent) of children in couple families¹⁵. The number of lone parents who are female is 92%, 8% are male¹⁶, therefore not providing dedicated funding for LWP will disproportionately affect women.

- 4.24. It should also be noted that many councils identify people fleeing domestic violence as a critical group supported by LWP. One in five women have been victims of domestic violence compared to one in ten men¹⁷. Solihull Council conducted analysis of cases of Community Care Grant¹⁸ awards between Jan – March 2014, 18% were victims of domestic violence¹⁹.

Case Study: A council in the north west

Anna* experienced extreme domestic violence at the hands of her violent partner. Her children witnessed this. Following the incident the couple split up but Anna received threats on her life, verbal abuse on social media and the violent ex-partner would not leave her alone. Anna moved with her young family, a daughter 7 and a son 5, and went to a family court to get an injunction so her ex-partner was not allowed near her or her children. Through a local women's Aid charity Anna and her family were granted a residency order, moving out of temporary accommodation into a new property. Her children experienced nightmare because of the trauma they had experienced. Through her local welfare assistance scheme Anna was awarded a home package to help her establish a life with her young family after this incident. This included receiving a fridge freezer and carpets for her children's room. Anna describes the last six months as being the worst part of her life, and only now, in part due to the support of local welfare assistance is able to get back on her feet and support her children.

*Name has been changed to protect identities.

Recommendations

- The Equality Statement needs to consider the impact of the decision of Local Welfare Provision specifically.
- The information provided in the previous consultation on the future of Local Welfare Provision 2015/16 should be considered as evidence in the Equality Statement.

5. Conclusion

¹⁵ Households below average income (HBAI): 1994/95 to 2012/13, Table 4.14ts. Department for Work and Pensions, 2014

¹⁶ Households below average income (HBAI): 1994/95 to 2012/13, Table 4.14ts. Department for Work and Pensions, 2014

¹⁷ Domestic Violence, sexual assault and stalking: Findings from the British Crime Survey, Sylvia Walby and Jonathan Allen <http://www.avaproject.org.uk/media/28792/hors276.pdf>

¹⁸ Solihull's Local Welfare Provision scheme break down analysis of awards into Community Care Grants and this figure refers to the local scheme in place in Solihull council

¹⁹ Update on local welfare provision <http://eservices.solihull.gov.uk/mgInternet/documents/s6785/Appendix%20C.pdf>

- 5.1. The evidence presented in the consultation response shows that the current government proposal of visible funding within the core grant allocation would be unlikely to lead to consistent provision of Local Welfare Assistance across the country.
- 5.2. The Children's Society are therefore calling for a dedicated ring-fenced funding provided in addition to the core grant funding for local authorities in 2015/16. This should be provided at the level of funding for 2014/15.
- 5.3. The above evidence regarding equalities shows that not providing the funding in this recommended way would have a greater impact on residents who share a protected characteristic under the Equality Act 2010.

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