



Local welfare provision in 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 this consultation on the future of Local Welfare Provision (LWP). It is crucial that this consultation constitutes a 'fresh decision' in line with the judicial review settlement.

2. Summary of key points

- 2.1. The Children's Society would like to recommend an "option 4" - an alternative option to the three proposed by the government. The Children's Society would propose this should be a:
 - dedicated funding stream
 - provided in addition to the core grant funding for local authorities in 2015/16.
 - This should be provided in line with the allocation for local welfare provision in 2014/15.
- 2.2. For the purposes of this consultation response when reference is made to Option 4 this is the option being discussed.
- 2.3. The abolition of dedicated funding for LWP has the risk of pushing the families of the 3.7 million children living in poverty further into poverty and families further into problem debt.
- 2.4. The Children's Society are concerned that options 2 and 3 will put at risk other services for children and young people. As a minimum however, The Children's Society believes dedicated funding for LWP is crucial to safeguard the welfare of children living in poverty and families facing an unexpected crisis in their lives. Option 1, which would eliminate all identifiable funding for local welfare provision, would have a disastrous impact for the most vulnerable families and children across England.

Question 1: Do you have a preference for options 1, 2a, 2b, 3a, 3b or 4? Please explain how you have come to this view

- 3.1. The Children's Society is supporting Option 4 of the consultation.

- 3.2. The allocation to local authorities to provide local welfare assistance schemes 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. Without an allocation from central government it is clear that many local areas will be unable to continue funding this vital emergency support.
- 3.3. This is also supported by a recent survey from the Local Government Association that found that almost three quarters (73%) of councils would either end or scale back their local schemes if the funding were abolished. In this context option 2 is likely to lead to discrepancies across the country as to whether vulnerable children have the support they need.
- 3.4. The UK's welfare system has for some time recognised that benefit levels do not allow claimants to build up financial reserves which would enable them to manage unexpected or one-off capital expenses. Whether through supplementing the basic scale rates (1948-1979), single payments (1979-1988), the social fund (1988 –2013), or local welfare provision (2013-2014), support has been given since the inception of the welfare state to help those on low incomes manage unexpected or additional costs.
- 3.5. With projected rising levels of child poverty there remains a clear need for this vital support and dedicated 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 £500¹. 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, meaning age is once again an indicator of need and as a protected characteristic and with the growing need of many families living in poverty or in low income working families the abolition of ring-fenced or additional funding would push many of these families into the hands of pay day lenders.
- 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 2010². The Children's Society believe the remaining funding is a vital form of support for children and their families and as such are calling for option four. Our proposal for this option is described in response to question 2 below.
- 3.7. The Children's Society believe this option is the best way in which to ensure all children and their families in need will be able to receive support in an emergency, without withdrawing other vital support delivered at the local level for children in poverty and their families. Based on the average national claim for the discretionary elements of the Social Fund being £124 the allocation for English local authorities of £172m would have been enough to support 1.4 million people in England. The Children's Society's priority is that this vital safety net for vulnerable families is able to be maintained.
- 3.8. We recognise that one way of ensuring LWP receives dedicated funding is through ring-fencing a budget line and we are glad to see that the government is considering this possibility as part of its consultation (option 3). However, option 3 proposes to create a dedicated fund simply by top-slicing the Local Authority Revenue Support Grant (RSG) and subjecting this to a ring-fence. While this would provide effective protection of local

¹ 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

² The Children's Society, 'Nowhere to Turn' <http://www.childrenssociety.org.uk/sites/default/files/tcs/nowhere-to-turn-final.pdf> p.3

welfare assistance, The Children's Society remain concerned about the unintended consequences of this option for children living in poverty and early intervention services. Councils are currently half way through a scheduled 40 per cent cut in funding from central government and analysis from the Local Government Association shows that 60 per cent of councils are considering some degree of service reduction in 2015/16 to help meet the budget gap³.

- 3.9. Funding for councils for 2015/16 scheduled to be reduced by a further 13 per cent and therefore The Children's Society are calling for Option 4 in response to this consultation, but would like to see as a minimum a dedicated funding stream for Local Welfare Provision maintained. However, all options are preferable over option 1, which would eliminate identifiable funding for local welfare assistance altogether.

Question 2: If you have provided representations on option 4, how else would you propose delivering and funding local welfare provision? What evidence can you provide to support this?

- 4.1. The Children's Society recommends that the government should fund provision for Local Welfare Assistance Schemes in addition to the core grant funding for local authorities in 2015/16.
- 4.2. The Government should consider providing this funding through a Section 31 grant from DWP in recognition that local welfare assistance schemes provide a vital part of the social security system. However The Children's Society wishes to avoid being prescriptive in our consultation response as to where the money should come from but think it should be maintained to at least a similar level to that provided for 2013/14 and 2014/15.
- 4.3. In addition to this, reporting measures need to be strengthened to enable accountability and analysis of the effectiveness of local schemes. Whilst it is clear that many local authorities have put in place innovative local schemes to meet local need and are spending their full allocation, we recognise that some councils have underspent their allocation. Based on The Children's Society's work and meetings with a number of local authorities this may be due to a number of reasons:
- Poor advertising of local schemes due to concerns about the number of applicants who may apply to the scheme
 - Putting in place eligibility criteria which prevents low income working families from accessing local schemes and requiring, in some cases, long periods of continuous residency to access local schemes
 - Concern about the sustainability of funding leading to some councils 'rolling over' money to try and prolong the sustainability of their local schemes
- 4.4. Improving reporting measures for local councils would ensure all councils are supporting the most acutely vulnerable residents and children in their area.

Question 3: What is the likely impact (and extent of any impact) on groups that display protected characteristics of the four options discussed?

- 5.1. There is abundant 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). As a result, any option that reduces funds for LWP is likely to disproportionately affect groups

³ Local Government Association: 'Under Pressure: How councils are planning for future cuts'
<http://www.local.gov.uk/documents/10180/5854661/Under+pressure.pdf/0c864f60-8e34-442a-8ed7-9037b9c59b46>
p.5

protected by equalities legislation. 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 any cut to LWP support.

5.2. Age – protecting children through Local Welfare Provision

5.3. 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 in exceptional pressure⁴. 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. Whilst systematic data on families is no longer collected (and this is in and of itself an area for improvement as discussed in our response to question two), it is fair to assume that children remain a key beneficiary group under LWAS.

5.4. 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 neglect⁵.

5.5. Research conducted by The Children's Society 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 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.

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

5.7. 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 experience severe poverty⁶.

5.8. 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.

5.9. Without the additional support they need, such children may end up both deprived of material items and without the safety net of LWP many of these children will have nowhere to turn.

5.10. 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

⁴ 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

⁵ London Councils: 'Local Welfare Provision – One Year on'

<http://www.londoncouncils.gov.uk/policy/lobbying/welfare-reforms/resources/welfare-provision.htm>

⁶ 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

in 2012/13⁷. 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.

- 5.11. 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.

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."

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

- 5.13. 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

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

parents⁸ and children in single parent families are nearly twice as likely as children in 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 families⁹. The number of lone parents who are female is 92%, 8% are male¹⁰, therefore not providing dedicated funding for LWP will disproportionately affect women.

- 5.14. 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 men¹¹. Solihull Council conducted analysis of cases of Community Care Grant¹² awards between Jan – March 2014, 18% were victims of domestic violence¹³.

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.

- 5.15. Option 1 in the consultation puts LWP at very serious risk, whilst option 2 still risks schemes being heavily reduced.
- 5.16. Whilst protecting LWP, option 3 would negatively affect other council services that would have a negative impact on protected groups who disproportionately use services.

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

¹⁰ ONS: Lone parents with dependent children (2012) <http://www.ons.gov.uk/ons/rel/family-demography/families-and-households/2011/sum-lone-parents.html>

¹¹ 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>

¹² 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

¹³ Update on local welfare provision

<http://eservices.solihull.gov.uk/mgInternet/documents/s6785/Appendix%20C.pdf>

5.17. Option 4 is therefore The Children's Society's preferred option and based on the evidence above would, in our assessment, do the most to protect and safeguard this safety net for the most vulnerable children and families.

Question 4: Do you agree that some impacts can only be assessed locally depending on the decisions made by individual authorities?

- 6.1. This consultation concerns the national funding for LWP. It is therefore crucial that central government and the lead departments (Department for Communities and Local Government, Department for Work and Pensions and HM Treasury) conduct enough consultation with local authorities and groups representing vulnerable claimants before taking a decision on funding for 2015/16 for Local Welfare Assistance schemes.
- 6.2. Councils will make individual decisions on LWP yet this will undoubtedly be driven by the decision taken in the outcome of this national consultation – the decision on funding and the strength of steer they are given as to how these funds are to be spent. An assessment has been made on the feasibility of local authorities to continue to fund LWP without a dedicated central government funding stream. The findings from the Local Government Association survey showed that almost three quarters of local authorities (73%) would either end completely or scale back their scheme should the funding no longer be provided. This information needs to be considered when taking a national decision on the future of LWP.
- 6.3. The local schemes had been in place for less than two years prior to the publication of the provisional Local Government Finance Settlement in December 2013. The Children's Society works with over 23,000 children a year. Many of the families we work with will not have the financial means to save for an unplanned emergency. It is vital these families have a local support scheme they can apply to receive support to prevent, in some cases, outright destitution.
- 6.4. Whilst many local authorities have reported annually on their local schemes, this information has not been collected at the national level and therefore national government is unable to effectively review the impact of the three outlined options on those residents with protected characteristics under the Equality Act. It is vital this information is available.
- 6.5. The Children's Society's research found that a third of parents (33%) have borrowed money over the last 12 months to pay for essentials. At this point, credit was being used not to pay for large, one-off expenses but for basics such as food and household bills. This evidence shows the national need for a safety net for families and provides evidence to support option 4.

Question 5: If your preference is for option 4, and you have proposed an alternative way of delivering and funding local welfare provision, please outline how this will adhere to the public sector equality duty.

- 7.1. The evidence provided in response to question 2 details The Children's Society's views that our proposal under option 4 will be the most effective way to ensure that vulnerable groups are able to access support during times of need and that public sector equalities duties are fulfilled.
- 7.2. There are currently 3.7 million children¹⁴ living in relative poverty in the UK and this is projected to rise to 4.6 million by 2020¹⁵. The rising levels of child poverty show that many children are facing levels of disadvantage in many areas of their life.

¹⁴ Households below average income survey, Department for Work and Pensions, 2012-13

¹⁵ <http://www.ifs.org.uk/bns/bn144.pdf> p.24

- 7.3. The evidence presented in this consultation response of growing need shows that additional funding is needed in addition to the announced local government finance settlement. The Children's Society would recommend putting in place reporting measures for local authorities on the profile of claimants to ensure any such decision going into 2016/17 is built on a robust evidence base of need, ensuring that the most vulnerable residents in society are protected.

Question 6: Do you agree this is the right timeline?

- 8.1. Councils are already well advanced in their budget setting for 2015/16 and The Children's Society have spoken to a number of local authorities who are not proactively communicating their scheme to ensure money is available into the next financial year to provide sustainability for local provisions. Councils will struggle to manage a decision that negatively affects the funding they have for other services at such short notice.
- 8.2. The administration funding and set up costs to establish LWP schemes in local authorities across England was £59,841,352. The schemes established by local areas have, as is the case for all new local schemes, taken time to establish themselves and The Children's Society think ending the dedicated funding for councils after less than two years of the schemes being in operation will put many children in poverty at greater risk.
- 8.3. The government should also provide clarity as to how LWP will be funding from 2016/17. Funding uncertainty has had a detrimental impact on many schemes.

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