

# DIRECTORY OF SOCIAL CHANGE

INFORMATION AND TRAINING FOR THE VOLUNTARY SECTOR

## **DSC response to HM Government Local Welfare Provision Consultation**

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## About the Directory of Social Change

The Directory of Social Change has a vision of an independent voluntary sector at the heart of social change. We believe that the activities of charities and other voluntary organisations are crucial to the health of our society.

Through our publications, courses and conferences, we come in contact with thousands of organisations each year. The majority are small to medium-sized, rely on volunteers and are constantly struggling to maintain and improve the services they provide.

We are not a membership body. Our public commentary and the policy positions we take are based on clear principles, and are informed by the contact we have with these organisations. We also undertake campaigns on issues that affect them or which evolve out of our research.

We view our role as that of a 'concerned citizen', acting as a champion on behalf of the voluntary sector in its widest sense. We ask critical questions, challenge the prevailing view, and try to promote debate on issues we consider to be important.

## DSC's interest in Local Welfare Provision

DSC recently completed research for its publication, *The Guide to Grants for Individuals in Need*. This publication provides information on charitable grants given to individuals from several thousand grantmaking charities. During the research process, we considered numerous sources of evidence provided by charities that make grants to individuals, including annual reports, direct correspondence and a survey.

We found that effects of the April 2013 abolition of the Social Fund have been sporadic, based largely on a charity's beneficial area or beneficiary group. Some had already adapted their own operations to accommodate the changes, notably in poorer areas, where local authorities have faced significant cuts to their funding and the need for statutory discretionary support is higher. Many grantmakers, however, were anticipating that they had yet to see the full effects of the reforms were realised, having only been implemented for little over a year.

We found that in some poorer authorities grantmakers were pursuing ways to fill the void left due to the absence of the Social Fund and the reduced financial weight of Local Welfare provision, using their own resources. Having underpinned statutory welfare provision since its creation, there is now evidence that charities are being forced to shoulder what were once statutory responsibilities as the options for emergency financial support for those who are most desperate become fewer.

As an advocate for a strong, independent voluntary sector, DSC feels that it is unacceptable for grantmakers to take on state responsibilities as well as their own; they have neither the resources nor the finances to replace the huge amount of statutory funding that has been taken out of the system, especially at a time when other welfare reforms and stagnating incomes are forcing people to the breadline. Coupled with the growing complexity of the cases they are faced with, in part due to local authority budget cuts and cuts to essential services, the expectation being placed on the sector is not realistic. At the very minimum, the current pace of reform needs to be slowed to allow local responses to develop and bed in adequately.

Below we respond to the questions posed by HM Government in the consultation on Local Welfare Provision held in October / November 2014.

## **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.**

DSC does not have a preference for any of the options that have been offered in this consultation. None of them appear to offer any substantive change in the current direction of travel. We believe that more could be done by central government in terms of how local welfare provision can be funded in 2014/15.

**Option 1**, which proposes that funding comes from existing local budgets, would not benefit or work for all local authorities. It is highly likely that in many or most areas there might be no provision at all, and areas with greater need would not receive higher levels of assistance. Existing budgets would be cut and there would be no ring-fencing around the separately identified funding through the Revenue Support Grant. This would lead to less protection surrounding welfare funding provision and would therefore have a damaging effect on those groups with protected characteristics in the local authority.

Local authorities could potentially prioritise certain aims and objectives that would not necessarily provide for the most disadvantaged. There are likely to be very poor people living in wealthier areas – they would likely suffer if the local authority did not prioritise any local welfare provision. A lack of ring-fencing and lack of definition around what the money could be used for would result in local authorities dipping into social care funds for concerns that were not directly related to local welfare provision.

**Option 2** proposes that there should be separate visibility of local welfare provision funding, which would mean that areas where funding would be spent would be clearer to the local authority. However, the Revenue Support Grant would not be ring-fenced which means yet again there is the potential for money to be redistributed towards local priorities that do not necessarily concern local welfare provision.

Although there is the potential for unitary and metropolitan boroughs to receive more funding from Government, there is no distinction between upper tier and lower tier functions and powers in these particular boroughs. This would mean that the money allocated would need to be spread across more services meaning that there is the potential for local welfare provision to receive less money due to lack of ring-fencing.

The total national figure for local welfare provision for England would be decided by Government, however this 'one size fits all' solution would not take into account the separate needs of each local authority in terms of local welfare provision or the number of people living in the area with protected characteristics. It could result in local authorities who do not have as much demand as others for local welfare provision being allocated too much money. There would be no change to the Revenue Support Grant, however the option does not stipulate whether the grants would be ring-fenced. This would leave the grant up to the interpretation of individual local authorities on how it should be distributed and therefore local welfare provision could be left vulnerable in the face of other local priorities.

Providing two options on how funding would be allocated along with publishing draft introductory figures for funding only confuses the process and raises expectations. It is highly possible that the funding figures first stipulated could be changed once local authorities have agreed to this option.

**Option 3**, which proposes to top slice the Revenue Support Grant to fund a Section 31 Grant, is an illogical proposal. Section 31 expenditure has not been defined and consequently there is the potential for funding that has been taken from the Revenue Support Grant to be used as and when it is needed.

The Revenue Support Grant could be cut in favour of Section 31. This spending could potentially be wide ranging as there is no specific definition as to where the money could be spent, how it could be spent and who would be held accountable. There are certain circumstances where Section 31 could be legitimate, such as in the case of emergency funds needed because of flash flooding, however it seems that the funding could be allocated to anything at any time, which is fairly undemocratic and completely arbitrary.

Section 31 could result in some of the Revenue Support Grant being allocated to certain areas that are not deemed as local welfare provision. This would mean that groups, who are deemed as having protected characteristics, would be affected most with money being spent in areas that would not have a positive, or any, effect on them.

The Government has openly admitted in this option that it could 'claw back' funding that was not spent. The money would be clawed back and then redistributed somewhere else so local authorities would never see this money again. It could potentially lead to local authorities spending and investing money badly for fear of losing the funds to Central Government. This, in turn, could be more detrimental to local communities and groups with protected characteristics in the long run.

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

At a minimum, the Government needs to slow the current pace of change and disruption. Local areas are still adjusting to the abolition of the Social Fund, and the local programmes which are developing in its place need time to develop and bed in. When central government constantly changes the policy framework (and further cuts funding in an unplanned way) this results in inefficiency and blocks the development of innovative new solutions.

For example, in some areas there is coordination between local authorities, food banks and voluntary, community and social enterprise organisations to address the issue. The residual central funding needs to be maintained to give the opportunity to consider the impact of Local Welfare Provision and determine what this means for the future. From our research, we have found that a large number of grant-making trusts and charitable organisations are still waiting to feel the full effect of these changes.

More time should therefore be given for local authorities and other organisations to establish alternative models in light of the impact of the Local Welfare Provision model. The changes to welfare provision, along with budget cuts to local services, are having a detrimental effect nationwide, especially on those groups with protected characteristics, and have already changed the social welfare landscape noticeably. It has meant that along with local authorities and organisations, charitable organisations have had to maintain their support to people in poverty in the face of increasing need.

An alternative model that is currently being successfully implemented and could mark the foundations of a new option for Local Welfare Provision is the collaboration between the Cripplegate Foundation, an independent charity working in Islington and part of the City of London, and Islington Council who jointly run the Resident Support Scheme. The scheme was established in April 2013, after the changes to the Social Fund which meant that it was passed down to the local level responsibility to provide welfare for those most in need. Cripplegate Foundation continued the level of grants expenditure it previously offered through its Grants to Individuals programme and by aligning funds with the Council leveraged over £1.2 million in grants for Islington residents in its first year.

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

People who seek assistance from local welfare provision primarily do so because they are economically disadvantaged rather than because they display protected characteristics. However, certain protected characteristics appear to be more likely to experience financial hardship and are, as a result, more likely to require local welfare provision. Therefore, it is a given that any of the adverse effects of Options 1,2 or 3, as discussed above, would impact particularly these groups.

Our own research has identified two particular groups as increasingly likely to seek discretionary support. Charities that make grants to individuals have recorded increases in applications from working age people, and particularly those in their 50s and 60s. In a survey we conducted of grantmakers, The National Benevolent Charity described how *“They are the group most disadvantaged by the welfare system. Finding a job when you are in this age group is most difficult.”*

People suffering illness or disability have also been adversely affected in recent times. In our survey, Independence at Home stated the following: *“Public funding has been cut in health and social care services where all of our beneficiaries needs lie. Benefits are harder to obtain for those in genuine need and the Social Fund has been eroded.”* It is for these reasons we consider these protected characteristic groups as being most likely to require financial assistance and, as a result, most susceptible to any negative impact reforms to local welfare provision may entail.

The lack of ring-fencing in Option 1, as explained in the response to Question 1, could jeopardise the amount of funding spent by local authorities on local welfare provision and, therefore, make it more difficult for those seeking help to receive the assistance they need. As stated above, those groups that display protected characteristics, people in their 50s and 60s and people with disabilities, being more likely to require assistance, could see their options for a financial lifeline reduced.

Option 2, with its ‘one size fits all’ approach, could be detrimental to those served by local authorities with higher levels of need for public services, and particularly those groups with protected characteristics.

Of all the options, Option 3 holds the biggest danger for protected characteristics, and in particular, disabled people. Top-slicing the Revenue Support Grant could reduce the amount of funding available for services such as social care that people, and particularly those who are disabled, depend upon. In areas where there is a high level of requirement for social care, local authorities could see potential funds reduced in favour of a Section 31 grant exclusively for local welfare provision which, for various reasons (as described in the DWP’s Local Welfare Provision Review), may not be spent entirely. Any act in ‘clawing’ back unspent local welfare provision funding would essentially short change disabled people and others who rely on social care services.

#### **Question 4: Do you agree that some impact can only be assessed locally depending on the decision made by individual authorities?**

Yes, to an extent. Any assessment of impact cannot be approached by a 'one size fits all' approach and local authorities are in a better position to understand the impact on local people and particularly protected characteristics under their authority.

However, it isn't clear what 'some' impact refers to. Whether many local authorities would have time and resources to spend completing an impact assessment at a time when they are faced with funding cuts would be a concern, especially if the areas for which they would be responsible are not clearly determined.

Furthermore, the proposal that impact should be determined based on the decisions made by individual authorities overlooks other important factors. As Options 2 and 3 admit, "For many authorities the order of magnitude of the notional funding would be the same under both options, but for some the differences would be significant" – the spectrum of factors affecting different local authorities is simply too broad and impact would vary considerably under each option. For poorer authorities, where there is a greater need for statutory financial support, which are faced with accommodating some of the largest reductions in public expenditure, the impact would, regardless of decisions made by the local authority, be more acute than in an authority whose residents have less need for welfare support.

It is true, however, and evident in the DWP's Local Welfare Provision Review, that local authorities prioritise local welfare provision differently and, therefore, have different approaches to its operation, the effects of which undoubtedly vary. Although, the success of any decision would only be relative to the factors affecting a particular local authority.

For a snapshot of the impact of local welfare provision reforms, particularly where protected characteristics are concerned, trends in the charitable grantmaking sector can be considered. The sector is in no position to carry out impact assessments – but having underpinned statutory discretionary support, the sector is placed to witness the fallout from local welfare provision reforms, particularly where protected characteristic groups are concerned. However, the resources of grantmakers have become ever more strained in the wake of welfare reforms and economic factors, and some grantmakers, such as Cripplegate Foundation in Islington, have adapted their own operations in a bid to lessen the impact the Social Fund's erosion.

#### **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 you will adhere to the public sector equalities duty.**

A different option to 1-3 (i.e. an option 4) should involve giving local authorities and local areas more time to put together alternative models which accommodate both any new changes and prioritise those people who are most vulnerable which, as we have seen, is likely to include certain protected characteristics. Given more time, local authorities may be able to consider partnerships with other agencies (grantmakers, foodbanks etc.) to produce a pragmatic model, which ensures that those most vulnerable would be able to access the emergency support they require. A rushed process would only lead to a less productive model and there is a likelihood that individuals displaying the protected characteristics stated above would struggle to access the support they need.

## **Question 6: Do you agree that this is the right timetable?**

The timetable proposed is extremely tight. We would question whether the Government will give due consideration to responses to this consultation in the period between 21 November and the Autumn Statement on 3 December.

Further, depending on the option pursued under Question 1 above, this timetable may be an issue for local authorities to restructure and implement the distribution of funding. It would appear that local authorities are still adapting their approach to implementing operations following the abolition of the Social Fund, if the Local Welfare Provision Review is to be considered. For many, the process of developing a model for LWP is still ongoing, and for those whose models have been implemented, it is likely to early to tell their effectiveness. Depending on the path which is opted for, most local authorities would be forced to reconsider their implementation of discretionary support and, as the review shows, this can take a lengthy period of time.