



HM Government

Local welfare provision in 2015-16: Consultation

Summary of responses

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1. Introduction

Background to proposal

1. In 2012, as part of wider welfare reform, the Government made the decision to replace the national Community Care Grants and Crisis Loans schemes, which had previously been administered by the Department for Work and Pensions, with localised funding so local authorities could be responsible for the support offered to meet the needs of their local communities. This followed criticism from the National Audit Office and Public Accounts Committee that these schemes had become complex to administer, they were poorly targeted, and were open to abuse. From April 2013 funding was transferred to upper-tier local authorities so they could tailor and deliver new local support as part of their existing services to their communities. This support is sometimes called 'local welfare provision', an umbrella term, or shorthand, used to describe the local schemes. However, this allocation was non-ring-fenced and the Government did not place any new duties, expectations or monitoring requirements on its use. Local authorities could spend as much or as little of the funding as they wanted, depending on their own local priorities.
2. From 2015-16, it was intended that local welfare provision would be funded from general grant to Local Government, instead of an identifiable sum being made available specifically for this purpose (albeit with no requirements on how it was spent). Local authorities would continue to decide what local provision to provide and at what cost, as they remain best placed to understand the needs of their local communities. Following legal challenge the Government agreed to make a fresh decision on how local welfare should be funded in 2015-16 after completion of the Department for Work and Pensions review¹ of existing provision, public consultation on funding in 2015-16 and consideration of the public sector equalities duties.
3. The Government consulted on a range of options, which are set out below, on how local welfare provision should be funded in 2015-16. This document summarises the consultation responses which have been analysed alongside the findings of the recently published Department for Work and Pensions review into existing provision.
4. The Government committed to making a decision based on this analysis in time for the Provisional Local Government Finance Settlement. Following completion of the above steps the Government identified an amount relating to local welfare provision in each upper-tier authority's general grant, totally £129.6 million nationally, at the provisional settlement on 18 December 2014. Ministers invited further representation on this aspect of the settlement as part of the

¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/370775/2-local-welfare-provision-review-nov-2014.pdf

routine consultation on local government funding that ran up to January 15 2015.

5. The consultation on the provisional settlement received a large number of responses which predominantly called for additional funding to be made available in order to maintain schemes and prevent costs increasing in other services, including preventing homelessness. Local authorities also highlighted financial pressures more broadly, in particular the costs of providing social care services.
6. In response to these representations the Government has now decided to allocate an additional £74 million to upper-tier authorities, to assist them in dealing with pressures on local welfare and health and social care. This will further help councils as they develop localised arrangements and enable them to continue to provide assistance to the most vulnerable people in their communities as well maintain their other frontline services.

2. About the consultation

7. The purpose of the consultation was to set out the Government's proposals on how local welfare provision could be funded in 2015-16.
8. The consultation ran for 6 weeks from 10 October to 21 November 2014 and sought views from local authorities and other interested parties. The Government believes that six weeks provided sufficient time for considered responses given respondents also had the opportunity to comment on how local welfare provision should be funded in 2015-16 through the Provisional Local Government Finance settlement 2014-15 and the Technical Consultation on the 2015-16 Local Government Finance Settlement.
9. This document summarises the responses to the six questions set out in the consultation document in the section: **Consultation questions**. It also includes a short summary of the response to the question posed in the consultation on the Provisional Local Government Finance Settlement, in which the Government proposed identifying an amount for local welfare provision funding in each upper-tier authorities budgets, totalling £129.6m nationally. See chapter 4.
10. The following methodology was adopted for the collation and analysis of consultation responses and submissions:
 - read the written responses to develop summaries and statistical breakdowns;
 - classified written responses and linked them to consultation questions;
 - recorded general trends and themes arising from the submissions.

General comments on the responses

11. The majority of responses came from campaigns run by Shelter and The Children's Society. These responses did not specifically address the questions put forward in the consultation, but called for the Government to continue to provide separately identifiable funding outside the Local Government Finance Settlement. Both campaigns expressed the view that families could fall into debt if schemes did not continue.
12. Other responses came from a variety of organisations including local authorities, individuals, and the Voluntary and Community Sector. The analysis and summary incorporates comments from all respondents.

Numbers and types of responses

13. 5603 responses were received in total. 5316 of these resulted from campaigns by Shelter and the Children's Society, eliciting 4352 and 964 responses respectively. There was a further 287 written responses from other

organisations. 44.3% of these were from local authorities; 32.4% from Voluntary and Community Sector organisations and 22.3% from individuals.

Table 1 below provides details of responses by types of organisation.

Type of respondent	Number of Responses	% of total responses
Voluntary and Community Sector	93	32.4%
Individual	64	22.3%
Local authority	127	44.3%
Other Government body	3	1%
Total	287	

3. Consultation questions

14. This section of the document summarises the responses that were submitted on each of the six questions posed in the consultation exercise.
15. The consultation sought the views of respondents on three different funding options in 2015-16 and their impact on protected groups. Options 2 and 3 were further subdivided into options a and b.
16. The consultation also included a fourth option which offered respondents an opportunity to make representations on a different approach to those set out in options 1 to 3.

Option 1 – Funding from existing local government budgets

17. Local welfare provision would be funded from within existing budgets, with no separately identified or ringfenced funding. Local authorities would have the flexibility to use available funds from Revenue Support Grant or other sources in accordance with local priorities.

Option 2 – Separate visibility of local welfare provision funding

18. The Government could publish a figure showing how much of each upper-tier local authority's Settlement Funding Assessment² would notionally relate to local welfare provision based on previous trends, through a line in the spending power supporting information table. There would be no change to the proposed settlement or the distribution of Revenue Support Grant³.

19. This could be done in two ways:

- a. **Option 2 (a)** in line with the Settlement Funding Assessment for 2015-16 proposed in the summer technical consultation.
- b. **Option 2 (b)** in line with the allocation of local welfare provision in 2014-15.

Option 3 – Topslice Revenue Support Grant to fund a section 31 grant

- c. **Option 3 (a)** in line with the Settlement Funding Assessment for 2015-16 proposed in the summer technical consultation.
- d. **Option 3 (b)** in line with the allocation of local welfare provision in 2014-15.

² Settlement Funding Assessment comprises, at a national level, the total Revenue Support Grant and the local share of Estimated Business Rates Aggregate for the year in question. On an individual local authority level it comprises each authority's Revenue Support Grant for the year in question and its baseline funding level uprated year on year in line with RPI.

³ Revenue Support Grant is Government grant which can be used to finance revenue expenditure on any service.

Option 4 – Other options for delivering and funding local welfare provision

20. The consultation sought the views of respondents on alternative options for delivering and funding local welfare provision and asked for robust supporting evidence for any proposals that implied additional funding over and above what is already provided to local authorities.

Questions on the funding options

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.

21. Of the 287 non-campaign responses, 221, or 77%, of respondents preferred option 4. The remainder was almost equally split between options 1, 2 and 3 (4%, 5% and 6% respectively), and 25 respondents did not indicate any preference.
22. Of those who chose option 2, 3 respondents chose 2a and 6 opted for 2b. 4 did not distinguish between the two.
23. Similarly, of those who chose option 3, 2 respondents chose 3a, 7 opted for 3b and 7 did not distinguish between the two options.
24. **Option 1** - All those who chose this option were from local authorities. Respondents agreed that option one enabled local authorities to set their own budget for local welfare provision and gave them the greatest flexibility on how to allocate funding.
25. **Option 2** – Respondents who chose option 2 were in favour of having a dedicated figure indicating how much each authority should allocate to local welfare provision whilst giving them the flexibility to best support the most vulnerable people in their areas. Many who chose this option indicated that they would prefer separate local welfare provision funding to be maintained in the first instance, but if this was not possible, then option 2 was seen as the next best option. In addition, some respondents also commented that this option maintains transparency.
26. Not all respondents made a further choice between options a and b. Those who did so chose on the basis of whether they felt that the way in which the final sum was calculated would be easy to understand compared with previous local welfare provision figures – with more respondents feeling that the figure calculated through option 2b would correlate more closely to the local welfare provision figure of previous years.
27. **Option 3** – 16 respondents (6%) chose option 3; they felt that this option gave local authorities the flexibility to use funds imaginatively to provide local support and the freedom for local authorities to design a scheme that met local priorities; whilst the ring-fencing element provided guaranteed protection for the most vulnerable at a local level.

28. Most of those who chose this option did not all express a preference for either a or b. However, of those who did express a preference, most chose option 3b (44%) as they felt it would give a higher proportion of funding to the authorities who are relying on it most. One voluntary and community sector organisation (Rochford & Rayleigh Citizens Advice Bureau) suggested that money that is not spent by local authorities by the end of the financial year should go back to government, to ensure that the funds are spent by local authorities and are not absorbed into other projects.
29. **Option 4** – Of the 221 respondents who expressed a preference for option 4, 40% were local authorities and 34% were voluntary and community sector organisations. Many of those who chose this option did not accept the premise that local authorities had sufficient funding to continue provision of services funded by separate local welfare provision funding and/or they did not know how funding for local welfare purposes had been taken into account when setting the overall Local Government budget.
30. Respondents gave detailed examples of how local welfare provision funding had been used e.g. through funding food parcels, gas and electricity payments, essential items and clothing. Local welfare provision funding was used to provide furniture and bedding for tenants living in unfurnished accommodation, helping people retain flats and houses and cutting temporary accommodation costs paid for by local authorities. According to the Prison Reform Trust, local welfare provision had also helped ex-offenders to remain in their new accommodation, which in turn prevented some from re-offending. Some respondents were of the view that appropriate targeting of local welfare provision on those in need of particular support had helped some local authorities cut down on additional costs to other services, including the National Health Service. Further evidence of how local welfare provision has been used, drawing on consultation responses and the Department of Work and Pensions' review, is attached at Annex A.

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?

31. 221 non campaign respondents provided representations on option 4 to press the case for additional funding over and above what they already receive. Many of these respondents perceived that local welfare provision was being cut. Therefore, the majority felt that additional separate funding should be provided by the Government as under the current arrangements. A small minority felt that local welfare provision should be funded via a transfer from the Department for Work and Pensions resource Departmental Expenditure Limit (DEL) to the Department for Communities and Local Government, Local Government resource Departmental Expenditure Limit. Opinions were divided whether the funding should be ring-fenced or not.

- 32.** Other suggestions on how local welfare provision could be provided included transferring funding from the business rate tariff to areas with more significant economic challenges or using monies saved from sanctioning claimants.
- 33.** The evidence provided, however, did not indicate conclusively how much money should be provided for local welfare provision or indeed that this was needed over and above existing allocations. In fact some of the evidence from the consultation and the Department for Work and Pensions' review suggests that some of the funding was not needed or being spent on services that are already funded:
- According to information supplied by over 100 local authorities for the Department for Work and Pensions' review only 67 percent of programme funding was spent in 2013-14 with 87 percent forecast to be spent this year;
 - A number of respondents mention providing funding to people on benefit sanctions, or who have had their benefits reduced as part of other reforms. Councils already receive funding to help with the transitional effects of welfare reform and it could be argued that providing this funding to those who have been sanctioned undermines the intention behind it;
 - Department for Work and Pensions hardship funds are available, in certain circumstances, if a benefit payment has been stopped and a person does not have enough money to live on.
 - Some of the help described should be funded by other agencies (e.g. Work Programme or Jobcentres for employment support, and Department for Work and Pensions Budgeting Loans are available for people on benefits);
 - Some should be funded from other council budgets (e.g. Homelessness prevention and social care budgets, council tax support, public health).
- 34.** The current Department for Work and Pensions grant for England includes £144 million programme funding and £28 million for administration. There appears to be no clear evidence on the need for this administrative funding given the way the scheme has developed since it was localised in 2013. Councils say they have given a wide range of non-financial help, integrating this with other services already in place, and commissioning from the voluntary sector. Given the more efficient joined-up delivery models, the Government suggest that staff costs and other expenses of the kind usually covered by a new burdens assessment could reasonably be met from within local authorities' other general funds.

Questions on equalities impact

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

- 35.** The Government was keen to understand how the four options described above would impact on groups that display protected characteristics⁴ and the extent of any impact, bearing in mind that there could be impacts that could only be assessed locally by a local authority depending on the decisions made by that authority. Respondents were invited to submit their views and any supporting evidence.
- 36.** Of the 287 responses 165, or 57%, provided some information on the impact on protected groups.
- 37.** A number of organisations provided case studies on the impact, for example the Association of North East Councils highlighted a number of groups who have benefitted from welfare provision and for whom lack of funding would have an adverse effect. The Child Poverty Action Group provided a profile of those suffering from ill health or with disabilities who have been beneficiaries of local welfare provision.
- 38.** A full summary of the equalities impact can be found in the equality statement at Annex B. This outlines the evidence used by ministers when making their decision. It was based on consultation responses, intelligence gathered through the Department for Work and Pensions' review into current provision and general discussions with local authorities and other interested groups.

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

- 39.** A number of respondents commented that impacts can only be assessed on a case by case basis and that a centralised approach was impractical. Some felt that data and information in relation to the impact felt at a local level was more readily accessible to councils. However, some respondents suggested that a single national monitoring framework could be created by the Government and used by local organisations as a means of assessment.
- 40.** A minority of respondents expressed that they felt it was the Government's duty to assess nationally the likely impact of a change to what was previously a national scheme. The Government did consider the equalities impact on protected groups when the nationally run community care grants and crisis loans were replaced with localised funding⁴. The assessment concluded that the reforms would have no impact for example on the success rates of applications on the grounds of gender, disability or sexual orientation. It also found successful access under the new arrangements may actually improve for some groups. The equality statement, at annex B, sets out the Government's analysis of the possible impacts of the various options as far as it is possible to do so.

⁴ As set out in the public sector equality duty in section 149 of the Equality Act 2010.

⁴ <http://www.parliament.uk/documents/impact-assessments/IA11-022BI.pdf>

41. It is important to note that whilst the Government sets the overall framework for Local Government funding, that funding is not the only source of income for authorities. In addition it is for authorities to make decisions on allocation of their resources. In exercising their functions, including when making policy and spending decisions, authorities are required to comply with the public sector equality duty. So in deciding whether or not to fund, or continue to fund, a service that (for example) offers opportunities to persons who share the protected characteristic of disability, the authority will need to have due regard to the need to advance equality of opportunity between those who are disabled and those who are not.

42. The Government still believes that local authorities, with their existing social care strategies and duties, are better placed to determine the support needs of local vulnerable people, including protected groups, than the old central and remote Social Fund system.

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.

43. Some respondents suggested that measures would need to be strengthened and improved to enable accountability and analysis of the effectiveness of local schemes. Some thought that improving reporting measures for local councils would ensure councils would support the most acutely vulnerable groups. A number of local authority respondents said that an initial Equality Impact Assessment was carried out on the introduction of local welfare provision, which are regularly reviewed and if a new scheme is introduced it will continue to be carried out in the future.

44. A number of respondents stated that they have existing working groups and forums that feed into Equality Impact Assessments. The Child Poverty Action Group suggested that the monitoring of local welfare provision schemes must be improved to “enable the public sector equality duty to be fulfilled in future”. In a similar vein, the Children’s Society recommended 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 on timetable for implementation

QUESTION 6 – Do you agree that this is the right timetable?

45. The majority of respondents who commented on this question felt that the timetable was acceptable although a small number felt that the timetable was too compressed.
46. It was generally recognised that any changes that needed to be made as a result of this consultation would be made as part of the Local Government Finance Settlement.

Other issues raised in the responses

47. A number of respondents also made links to the roll out of Universal Credit. It was perceived that the loss of local welfare provision would put at risk work carried out to support those Universal Credit claimants most likely to need help with the new system.
48. However, while the Government expect most people to be able to manage the changes to the way benefits are delivered under Universal Credit, the Government recognises that some people will need help. This could include understanding the new system, help with getting online, and help with managing on a monthly budget. The Government have therefore created 'Universal Support – delivered locally' (previously known as Universal Credit Local Support Services Framework). This support will be delivered in partnership with local authorities and will be funded by the Department for Work and Pensions. It is currently being tested in seven areas in England.

4. The Provisional Local Government Finance Settlement Consultation

49. The Department for Communities and Local Government published the Provisional Local Government Finance Settlement for English authorities for consultation on 18 December 2014. The consultation closed on 15 January 2015. It posed the following question on local welfare provision funding:

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

50. The consultation received a total of 12,568 responses related to this question, including 12,469 responses as a result of online campaigns. The campaigns were run by Crisis, 38 Degrees and Child Poverty Action Group. All called for funding to be reinstated to the level for 2013-14 and many wanted a specific ring fenced grant.
51. Of respondents who provided individual responses, the majority of respondents argued the previous level of funding should be reinstated. They argued that reducing the amount would mean that those in need might turn to payday lenders or cost the state more in the long run by committing offences, children being taken into care or increased house fires as the result of faulty appliances. Some respondents also argued that the amount available for local welfare provision funding should be ring fenced or provided as a separate grant to ensure the money is spent on those in need.
52. Many responses cited a recent survey by the Local Government Association which found that of the authorities that responded, 73% said they would either end or scale back their local welfare schemes if separate funding was ended.
53. Several respondents cited how they, or someone they knew, had used local welfare schemes and explained how the funding had helped them deal with an unexpected event recover from a crisis.
54. The consultation had a number of responses from furniture recycling social enterprises and charities. They outlined how they had formed partnerships with the local council to provide second hand furniture at reduced prices. Others highlighted how these projects also provide people with work experience which has led to formal work experience placements.
55. Of those who supported the proposal many felt the fact that an amount was identifiable within Revenue Support Grant was positive. Some also felt that because it is an identified amount of money but not ring fenced this gives local areas flexibility over how the money is spent.

5. The way forward - The Government's response

56. The Government would like to take this opportunity to thank all respondents who have taken the time to contribute to the consultation.
57. The Government were particularly mindful of the considered comments and views that respondents provided on the questions asked around equalities.
58. The Government has always been clear that councils are best placed to decide how best to support the needs of their local communities in contrast to a centralised and remotely administered grant and loan system. It remains the Government's view that local authorities should continue to do this, either separately or part of their range of other services in 2015-16 if they judge it a priority in their area.
59. The Government has analysed responses to its consultation on how local welfare assistance should be funded in 2015-16 and the responses to the consultation on the Provisional Local Government Finance Settlement. The Government have been looking at these alongside the Department for Work and Pensions' review and the equalities impact.
60. The evidence provided, however, did not indicate conclusively how much money should be provided for local welfare provision. In fact some of the evidence from the consultations and the Department for Work and Pensions' review suggests that some of the funding was not needed or being spent on services that are already funded:
- According to information supplied by over 100 local authorities for the Department for Work and Pensions' review only 67 percent of programme funding was spent in 2013-14 with 87 percent forecast to be spent this year;
 - A number of respondents mention providing funding to people on benefit sanctions, or who have had their benefits reduced as part of other reforms. Councils already receive funding to help with the transitional effects of welfare reform and it could be argued that providing this funding to those who have been sanctioned undermines the intention behind it;
 - Department for Work and Pensions hardship funds are available, in certain circumstances, if a benefit payment has been stopped and a person does not have enough money to live on.
 - Some of the help described should be funded by other agencies (e.g. Work Programme or Jobcentres for employment support, and Department for Work and Pensions Budgeting Loans are available for people on benefits);
 - Some should be funded from other council budgets (e.g. Homelessness prevention and social care budgets, council tax support, public health).
61. Furthermore, the Government has to consider the impact of providing additional funding on its deficit reduction plans which would also have consequences for the poorest and most vulnerable families. The Government's

credible deficit reduction plan has laid the foundations for a strong economic recovery, ensuring market confidence in the sustainability of the public finances, and keeping interest rates low. The best way to improve people's living standards and help households is sticking to a long term economic plan and getting more people back in to work. In this context, and because schemes have now been running for two years, the Government expects local authorities to be able to make some efficiencies in the way they deliver local welfare assistance.

- 62.** The Government committed to making a decision based on this analysis in time for the Provisional Local Government Finance Settlement. Following completion of the above steps the Government identified an amount relating to local welfare provision in each upper-tier authority's general grant, totally £129.6 million nationally, at the provisional settlement on 18 December 2014. Ministers invited further representation on this aspect of the settlement as part of the routine consultation on local government funding that ran up to 15 January 2015.
- 63.** The consultation on the provisional settlement received a large number of responses which predominantly called for additional funding to be made available in order to maintain schemes and prevent costs increasing in other services, including preventing homelessness. Local authorities also highlighted financial pressures more broadly, in particular the costs of providing social care services.
- 64.** In response to these representations the Government has now decided to allocate an additional £74 million to upper-tier authorities, to assist them in dealing with pressures on local welfare and health and social care. This will further help councils as they develop localised arrangements and enable them to continue to provide assistance to the most vulnerable people in their communities as well maintain their other frontline services.

ANNEX A: Local welfare provision – best practice

Summary

The consultation has supported the findings of the Department for Work and Pensions' review, published on 5 November 2014. It found that local authorities have used their funding to help people experiencing an unexpected emergency or crisis, or who need help and support to live independently in the community. Local authorities have used the funding to:

- Provide emergency support for vulnerable adults to move into or remain in the community;
- Help families under exceptional pressure stay together.
- Provide household goods (including furniture) to people fleeing domestic violence, care leavers or who had previously been homeless.

Many local authorities work in partnership with other agencies and have aligned support with existing services, e.g. with local credit unions, homeless charities or domestic violence charities.

This has led to the establishment of wide ranging models to deliver these services; some delivering wholly in-house using internal teams, some delivered wholly by external providers and others a combination of the two.

Local authorities have also developed many methods to facilitate payment of provision. Some use cash-based systems (for both grants and loans) with payments being made electronically to a bank account or kiosk in a local shop. Others use alternative payment methods including pre-paid cards; vouchers; travel cards; provision of furniture/equipment; and food parcels or vouchers or via a foodbank.

What is provided?

As you would expect with each local authority designing its own model, what the provision is used for varies although there are some common themes:

- Food
- Utilities
- Travel
- Clothes
- White goods
- Household items

A number of areas have formed partnerships to bulk buy items, negotiate discounts with large retailers or provide a full installation service of white goods. Since white goods and beds are most commonly requested buying in bulk has reduced costs.

Pre-paid food gift cards with some major supermarkets have also been provided, with some areas negotiating a discount on the cash face value of the cards.

A number of the local authorities also use the provision for rent in advance; making the link to preventing and reducing homelessness as well as speeding up tenancies by being able to provide household goods.

Who has been helped?

Each area will have its own criteria but most include some or all of the following:

- Be resident in the local authority area or been placed in another area by the local authority
- Resident in the country for at least 6 months.
- 16 years old or over
- Frail elderly (for example, reliant on carer(s), not independently mobile, suffering from dementia)
- Disabled
- Chronically sick
- Terminally ill
- Leaving institutional or residential care or undergoing resettlement
- Pregnant
- Responsible for children or young people
- A carer
- Suffering domestic abuse/fleeing domestic violence
- People being treated for severe and enduring mental illness
- Families under exceptional financial pressure
- People who are homeless or rough sleepers
- People moving to supported accommodation / independent living
- People who are leaving prison or detention centres
- People with alcohol or drug issues
- People with learning difficulties

Partnership Working

Several local authorities work in partnership with local Credit Unions or the Money Skills Agency (or similar service) to help educate claimants to budget in the longer term; sometimes only granting an award after the claimant had received advice from them.

Some places have established a referral route to the provision through social landlords who are trained and have access to an online system to make applications on behalf of their tenants. Some local authorities have also made the link to other areas of their core business, e.g. preventing homelessness.

Other examples include working in partnership with:

- Citizens Advice Bureaux (CAB)
- Children's Centres
- Social Services
- Homeless charities/agencies
- Domestic Violence charities

Accessing support

How claimants access the provision varies. Some accept on-line applications only, where others provide either telephony based system, a face to face system or a combination of these routes including postal applications. For online applications some local authorities provide access to computers or support from their Welfare Reform Advisers, whilst others encourage applications to be supported by the claimants support worker.

Local authorities have developed innovative approaches to facilitate payment of provision. Whilst a few use cash based systems (for both grants and loans) with payments being made by BACS, faster BACS or by PayPoint. Other Local Authorities use alternative payment methods, including:

- Cash via pre-paid cards
- All Paid cards (a card credited with a certain amount that can be used to buy goods or withdraw cash)
- Clothing vouchers
- Supermarket vouchers or on-line shopping delivered direct to the individual
- Top up credit/pay point vouchers for utilities
- Food banks
- Travel cards
- Household items via a voucher system direct with the supplier
- Furniture, household and white goods provided directly by various organisations/contractors, with some contractors providing an element of choice through “vouchers”
- Several source “recycled” or “pre- loved” household items through external contractors

ANNEX B: Local welfare provision in 2015-16 – equality statement

In 2012, as part of wider welfare reform, the Government made the decision to replace the national Community Care Grants and Crisis Loans schemes, which had previously been administered by the Department for Work and Pensions (DWP), with localised funding so local authorities could be responsible for the support offered to meet the needs of their local communities. This paved the way for the delivery of new local provision. The rationale for this change was that the national Social Fund scheme was not working as intended and had become complex to administer, was poorly targeted and open to abuse. The Government believes that local authorities, with their existing social care strategies and duties, are better placed to determine the support needs of local vulnerable people, including protected groups, than the old central and remote Social Fund system.

In 2013-15 this provision was funded through an unringfenced grant from the Department for Work and Pensions to upper-tier local authorities. The Government has to decide how local welfare provision should be funded in 2015-16, based on a review⁵ of current provision and a consultation⁶ published in October 2014.

The consultation set out three options for distributing local welfare provision via the Local Government Finance Settlement. These were:

1. No change to existing published Settlement Funding Assessment allocations.
2. Separate visibility of local welfare provision, i.e. publish a figure showing how much of each upper tier local authority's Settlement Funding Assessment would notionally relate to local welfare provision through a line in the spending power supporting information table.
3. Topslice Revenue Support Grant to fund a section 31 grant.

The consultation also invited suggestions for a fourth option to provide additional funding outside the local government settlement if there was evidence to support this.

The Department for Work and Pensions considered the equalities impact on protected groups of the decision to abolish the previous national scheme⁷. This concluded that the reforms would have no impact for example on the success rates of applications on the grounds of gender, disability or sexual orientation. It also found successful access under the new arrangements may actually improve for some groups. For reasons unknown older people were less likely to apply to the Social Fund. A locally targeted system could address that. The Government did not know why certain ethnic groups were less likely to receive an award under the old scheme. Again, locally targeted provision could improve chances of success. In line with the broader principle of giving local authorities more freedom and flexibility and because there were no new duties or ringfence, the Government stated at the time of the reform that it did "not intend to monitor the impact of the policy". This was now the responsibility of local authorities in England and the devolved administrations in Scotland and Wales.

⁵ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/370775/2-local-welfare-provision-review-nov-2014.pdf

⁶ <https://www.gov.uk/government/consultations/local-welfare-provision-in-2015-to-2016>

⁷ <http://www.parliament.uk/documents/impact-assessments/IA11-022BI.pdf>

The decision on funding in 2015-16 requires further careful consideration in the light of the duty on public bodies under section 149 of the Equality Act 2010. This paper sets out the evidence used by ministers on equalities when considering the options from the consultation. It is difficult, however, to predict the full impact that different methods of funding local welfare would have on protected groups because the Government does not nationally collect data on who has benefited from the existing local schemes, and it would depend on local decisions on who to help in 2013-15, and whether to change this in 2015-16 in the light of changes to the way it is funded.

It is also important to note that whilst the Government sets the overall framework for local government funding, that funding is not the only source of income for authorities. They are also supported through Council Tax and locally raised and retained fees and charges, as well as through receipt of a range of specific grants. Total spending power for English local authorities is expected to be £49 billion in 2015-16. Net Current Expenditure, for English authorities as whole, excluding education services, was £74.7 billion in 2009-10. Authorities expect to spend £78.9 billion in 2014-15.

In addition it is for authorities to make decisions on allocation of their resources. In exercising their functions, including when making policy and spending decisions, authorities are required to comply with the public sector equality duty. So in deciding whether or not to fund, or continue to fund, a service that (for example) offers opportunities to persons who share the protected characteristic of disability, the authority will need to have due regard to the need to advance equality of opportunity between those who are disabled and those who are not.

Therefore, the impact of not providing additional funding for local welfare provision beyond that provided in the general grant will ultimately depend entirely on decisions to be made by the local authority as to local welfare provision and as to all other services. That is the point of the reform, consistent with the Government's localism agenda.

Furthermore, not proceeding with necessary deficit reduction would also have consequences for the poorest and most vulnerable families. The Government's credible deficit reduction plan has laid the foundations for a strong economic recovery, ensuring market confidence in the sustainability of the public finances, and keeping interest rates low. The best way to improve people's living standards and help households is sticking to a long term economic plan and getting more people back in to work.

However, consultation responses, intelligence gathered through the Department for Work and Pensions' review into current provision, and our general discussions with local authorities and other interested groups indicate that there could be an impact on four groups displaying protected characteristics that are over-represented amongst recipients of local welfare provision (and prior to April 2013, the social fund) if local authorities decide not to continue their schemes:

- Age - local welfare provision has been used by many areas to prevent children being moved into care and some local authorities said it was the only way available to them to 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.

- Disability - Under the previous national scheme disabled people were a significant beneficiary population of social fund provision. They accounted for 32.4% of Community Care Grants expenditure and 18.5% of Crisis Loans in 2012-13. People with disabilities, long term health and mental health conditions remain over-represented amongst local welfare provision applicants.
- Race - While no data appears to be available on the ethnicity of local welfare provision recipients, it is logical to assume that minority groups are over-represented in the beneficiary profile. Local welfare provision is often designed to help those on very low incomes, and black and minority ethnic-headed households are at a higher risk of poverty than non- black and minority ethnic -headed households. The latest data shows, for example that the poverty risk for minority-headed households ranges from 25-44 percent compared to 15 percent for non-black and minority ethnic -headed households.
- Sex/Gender - Many councils have stated that they receive large numbers of applications from women and identify women fleeing domestic violence as a critical group supported by the provision: domestic violence was recorded as an issue in 18 percent of the cases in Solihull in 2013-14 for example.

Expectant mothers may also have recourse to local schemes if they are on a low income and have limited access to other support, though there is little evidence available on this.

Through the consultation local authorities have stated that the practical implication of moving local welfare provision into an already decreasing level of Revenue Support Grant for 2015-16 would have the potential to impact on their capability to continue with separate local schemes.

It has been suggested by respondents to the consultation, though it is not possible to know for sure until and if it transpires, that if local authorities decide to not continue their provision people with protected characteristics may have to turn to high cost credit and the cost of repayments will deepen their deprivation; families could suffer acute stress, and experience more entrenched crises; and though grant-giving charities or food-banks may be able to fill some of the gaps these organisations themselves have expressed concern about their ability to meet increased demand. However, Information from local authorities for the Department for Work and Pensions review suggests there is less demand for assistance in some areas.⁸

In light of the above, it is difficult to say but reasonable to consider, in summary, that a number of protected groups could be impacted by a decision not to provide additional funding for local welfare provision above and beyond that which would otherwise be

⁸ The underspends set out in Annexes D and E in the review suggests less demand
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/370775/2-local-welfare-provision-review-nov-2014.pdf

provided through the general grant and if local authorities decide not to continue their schemes.

However, should authorities maintain their current levels of support but cut services elsewhere it may also be that those with protected characteristics are impacted because of reductions to funding of other services. The nature of any such impact is, however, almost impossible to predict, because it will depend on how local authorities choose to allocate funds.

However the individual options on how local welfare provision could be funded in 2015-16 are considered to have a varying likelihood of impacting on protected groups:

- Option one gives the most freedom and flexibility to local authorities by not identifying any amount for local welfare provision. Under this scenario 74% of schemes surveyed by the Local Government Association have said they will close or scale back their schemes meaning those in protected groups are highly likely to be impacted.
- The likelihood of impact is lower under option two as the funding is identifiable so there could be local pressure for schemes to continue. However, in relation to this option authorities still indicate they will have to scale back, so some impact is expected.
- Whilst protecting local welfare provision by ringfencing the budget, option three could negatively affect other council services that would have a negative impact on protected groups who disproportionately use services. As above, any such negative impact is difficult to predict, but should be taken in to account.
- The fourth option would appear to give rise to the lowest adverse impact on protected groups but it should be noted that there may still be an adverse impact. The degree of impact will depend on how much additional funding is made available, i.e. the adverse impact will be greater if only a small proportion of the current amount is provided.

It should also be noted, however, that the Local Government Finance Settlement is itself subject to extensive equality impact assessment. The equality impact assessment for the 2014-15 settlement set out possible mitigation of the impact of the broader reductions in Revenue Support Grant, including protections for the most grant dependent authorities embedded in the baseline; a lower limit to reductions in spending power; increased funding support services to scattered populations; support for funding relating to protected groups and funding protections within business rates retention.

It is likely that these mitigating factors in relation to the Local Government Finance Settlement will also constitute mitigations on the impact of any decision that is made on local welfare provision, since they relate to safeguards which have a protective effect on persons with protected characteristics who may be beneficiaries of local schemes.

It is therefore not possible to predict how the proposed changes for 2015-16 will impact on specific protected groups as this will be dependent on the decisions made at a local level on the allocation of funding to particular local services.

The way forward

The Government committed to making a decision, based on analysis of the consultation responses, the Department for Work and Pensions' review and this equality statement, in time for the Provisional Local Government Finance Settlement. Following completion of the above steps the Government identified an amount relating to local welfare provision in each upper-tier authority's general grant, totally £129.6 million nationally, at the provisional settlement on 18 December 2014. Ministers invited further representation on this aspect of the settlement as part of the routine consultation on local government funding that ran up to 15 January 2015.

The consultation on the provisional settlement received a large number of responses which predominantly called for additional funding to be made available in order to maintain schemes and prevent costs increasing in other services, including preventing homelessness. Local authorities also highlighted financial pressures more broadly, in particular the costs of providing social care services.

In response to these representations the Government has now decided to allocate an additional £74 million to upper-tier authorities, to assist them in dealing with pressures on local welfare and health and social care. This will further help councils as they develop localised arrangements and enable them to continue to provide assistance to the most vulnerable people in their communities as well maintain their other frontline services.

ENDS