

The Collapse of Crisis Support in England – GMPA Factsheet

Background

Until 2013 the government operated a crisis support scheme called the Discretionary Social Fund. This provided support to people through Crisis Loans and Community Care Grants (as well as Budgeting loans).

Community Care Grants supported vulnerable people to live independently, for example supporting people to establish themselves in their own home after a period of homelessness or a stay in residential care. Crisis Loans supported people facing a sudden financial crisis to cover the cost of household items and living expenses in the event of an unexpected incident such as a fire or flood.

Responsibility for Community Care Grants and Crisis Loans was devolved to 'top tier' local authorities in England from April 2013 onwards through new local welfare assistance schemes.

At the same time, central government funding for this vital support fell from £330 million in 2010/11 to £178 million in 2013/14.

Since then, while local authorities continue to be allocated some financial support for local welfare assistance schemes, as part of their overall funding settlement, all ring-fenced funding has ended.

There is no statutory duty on local authorities to run local welfare assistance schemes and there is no central government framework or guidance in place. Nor does central government monitor and evaluate the effectiveness of local schemes.

The result of this approach, at a time when local authority budgets have been under considerable pressure, has been a collapse of crisis support. Local welfare assistance schemes come nowhere near to replicating the level of support that was available through Community Care Grants and Crisis Loans.

Key findings

Analysis by Greater Manchester Poverty Action (GMPA) of local welfare provision in 131 out of 150 top tier local authority areas finds that:

- 22 (15%) local authorities don't have a scheme in place. This means there are 7.75 million people in England living in areas without access to local welfare assistance schemes.
- Local welfare provision is under threat in a further 29 local authority areas.
- The total budget for local welfare assistance schemes across England fell from over £64 million in 2015/16 to less than £47 million in 2017/18 (a fall of 25%).
- The amount spent on supporting people through local welfare assistance schemes in 2017/18 was 69% lower than the amount spent through Crisis Loans and Community Care Grants in 2012/13 (the final year of the Discretionary Social Fund).
- The number of awards made through Community Care Grants and Crisis Loans was over 1.3 million in 2010/11 and over 700k in 2012/13. This compares to a little over 161k successful applications for support through local welfare assistance schemes in 2017/18.
- In Greater Manchester, spending on crisis support in 2017/18 was £3.8 million. This is over £15 million lower than spending under Crisis Loan and Community Care Grant provision in 2010/11. The number of successful applications for support through local schemes in

Greater Manchester was 10,077 in 2017/18 compared to 123,220 Community Care Grants and Crisis Loan awards made in 2010/11.

- Funding for local schemes varies massively across the country. Liverpool City Council's local welfare assistance scheme had the largest budget in 2017/18 at £3.1 million. This compares to 16 local authority schemes that had budgets of £100k or less in the same year.
- Around two-thirds of local authorities do not provide cash grants or loans through their scheme. Instead support is in the form of vouchers, referrals and advice. This takes choice and control away from people in need.

What needs to happen?

The huge collapse in crisis support, at a time of rising homelessness, hardship and deprivation, and the failure of the government's hands-off approach means that a new approach to local welfare provision is urgently required.

GMIPA is calling on the government to:

- Provide annual ring-fenced funding for local welfare assistance schemes at least equivalent to that provided through the old Discretionary Social Fund, alongside a statutory requirement on local authorities to operate schemes.
- Provide guidance and a framework for the delivery of local welfare assistance that sets minimum standards whilst allowing local authorities to adapt schemes to meet local needs.
- Annually monitor and evaluate the effectiveness of local schemes.

At the same time, we're calling on local authorities to:

- Work with local voluntary and statutory agencies to maximise funding and increase awareness of local welfare provision
- Take a 'cash first' approach so that people in crisis can access loans and grants ahead of the provision of vouchers, food parcels and other handouts.

In combined authority areas we want to see:

- Discussion between metro mayors, statutory agencies including police, fire and rescue and health and local authorities on how to maximise local welfare assistance budgets and the impact of schemes. Considerations should include the introduction of common branding and uniform application and referral processes across city regions.

About GMIPA

GMIPA is a not-for-profit organisation based in Greater Manchester that works to address poverty across the city region. We convene and network organisations from across the public, private and VCSE sectors to foster collaboration and innovation and to maximise the impact of efforts to address hardship and deprivation across Greater Manchester. We carry out research and we campaign for changes in policy both locally and nationally so that the structural and systematic causes of poverty are addressed.

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