

Making the most of local welfare assistance schemes

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Background

In September 2018, Greater Manchester Poverty Action (GMPA) published research highlighting the collapse in crisis support for vulnerable people since the government scrapped the Discretionary Social Fund in 2013. Responsibility for the Community Care Grant and Crisis Loan elements of the fund were devolved to 'top tier' local authorities in England from April 2013 onwards through new local welfare assistance schemes.

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.

At the same time as passing responsibility for this support to local authorities, central government funding 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.

Current approaches

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. GMPA's research showed that local welfare assistance schemes come nowhere near to replicating the level of support that was available through Community Care Grants and Crisis Loans.

Local schemes tend to provide ad hoc support and operate differently from one local authority to the next. There is often very limited awareness of local schemes, with referral agencies bypassing them and directing people to voluntary sector lead provision.

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.

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.

Around two-thirds of local authorities in England 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.

This collapse in much needed support has had consequences for people at risk of the poverty premium. Rather than being able to secure funding from the state for a crisis loan or furnishing a home, people have been driven into the arms of high interest lenders.

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. Joining up local welfare assistance schemes with other provision, including voluntary sector lead provision, could ensure a more holistic approach to crisis support locally. Local welfare assistance schemes could partner with credit unions, food pantries and other initiatives that help tackle the poverty premium so that impact of funding for schemes is maximised.

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 like Greater Manchester, GMIPA wants 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.