



UPDATE OF POLICY NOTE ON LOCAL WELFARE ASSISTANCE SCHEMES

1. Introduction

This short note updates our policy note of May 2014 which provided information about local welfare assistance schemes (LWAS) which support those on low incomes in England with emergency or crisis costs.¹ It has been prepared in light of the recent government announcement that it will make a fresh decision on how schemes will be funded in 2015/16. This new decision will be made by the time the Local Government Finance Settlement is published in December 2014.

2. What is a local welfare assistance scheme (LWAS)?

The UK's social security system has long recognised that benefit levels do not allow claimants to build up financial reserves which would enable them to manage unexpected or one-off expenditures. As a result, for many years additional public funds have been provided to assist those on low incomes with such costs.

In April 2013, the discretionary Social Fund which had performed this function for many years was disbanded and key elements of provision were 'localised'. As a result, responsibility for community care grants and crisis loans for general living expenses was given to local authorities in England (and the devolved authorities in Scotland and Wales).² Each local authority was tasked with designing a LWAS to provide broadly comparable support to residents.

In practical terms LWAS cover the costs (or provide directly) essentials such as beds and cookers for those leaving institutions or fleeing domestic violence; provide goods for people with disabilities to help with independent living; enable families to replace broken white goods and essential furniture; and enable vulnerable individuals to afford food and heating.

3. How are LWAS funded?

For 2013/14 and 2014/15, dedicated funding was provided to councils for the LWAS in England from DWP via DCLG, of £174.7 million and £172.1 million for each respective year.³ There were few strings attached to

¹ See <http://www.cpag.org.uk/content/policy-note-local-welfare-assistance-schemes> for background on the history of LWAS, analysis of user groups and additional information

² Unless otherwise stated this note refers only to local welfare provision in England.

³ DCLG, *Change in spending power: final local government finance settlement 2014 to 2015*, February 2014

this funding: no duty was placed on local authorities to provide equivalent support to the Social Fund and the funds were not ring-fenced. As a result, provision over the first year and a half of operation has been variable.

Late in December 2013 DCLG published indicative figures for local government finance settlements in which it suggested that local welfare provision would receive no funding from 2015/16 onwards.⁴ In early January 2014, DWP announced that 'from April 2015, local authorities will be able to offer this support [LWAS] from within their general fund', intimating strongly that DWP's grant to DCLG to fund LWAS would cease from that point forward.⁵ This decision was confirmed by Ian Duncan Smith at the Work and Pensions Committee in February 2014.⁶

However, this decision was legally challenged and in September 2014, following settlement of the judicial review, the government committed to making a fresh decision on how LWAS would be funded.⁷ This new decision will be informed by a review that commenced summer 2014, a consultation, and consideration of equalities duties, and will be made in time to inform local government settlements due in December 2014.

4. What next for LWAS?

At a time when local authority budgets are facing unprecedented pressure, expecting local authorities to run LWAS from their general funds puts these schemes at tremendous risk. A number of local authorities have already disbanded their schemes, and additional councils have said that they would not continue schemes from their general funds.

It is hard to imagine how vulnerable families and individuals would manage unexpected need and crisis expenditures in the absence of LWAS: borrowing or turning to charitable support seem to be the only plausible responses. Given this, CPAG recommends that:

- The government continue to provide dedicated funding for LWAS for 2015/16;
- This sum be ring-fenced or, in the absence of a ring-fence, that stronger guidance be given to local authorities as to how they discharge funds for LWAS.

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⁴ DCLG, *Change in spending power: provisional local government finance settlement 2014 to 2015*, 18 December 2013

⁵ Local government Chronicle, "Crisis loan funding axed", 3 January 2014

⁶ Department for Work and Pensions Annual Report and Accounts 2012-13, HC 867 3 February 2014

⁷ <http://www.cpag.org.uk/content/lwas-intervention>