



### **Family Action Challenges Government on Missing Millions**

- **Social Fund Abolition Masks £117 Million Cut to Crisis Loans for Vulnerable Families and Individuals**
- **Local Government Getting "Raw Deal" from Government**

Charity Family Action has today challenged Government to say what has happened to £117 million of support previously available through the Social Fund to families in crisis.

Family Action works with disadvantaged and vulnerable families providing practical, emotional and financial support across England. Family Action is a grant-making charity providing welfare and education grants to some of the most disadvantaged and socially isolated families when statutory funding does not meet the needs of these families. The charity also campaigns for better support and services for the poorest families and children.

Government plans to abolish the Social Fund and localise support through local authorities were discussed in Parliament late last week. There was cross-party concern for the proposals to slash crisis loans and give local authorities free reign on what to do with the funding. Family Action and other charities are concerned that localising the funding will mean that vulnerable families lose out and support is not targeted at those who will need it most. Family Action Chief Executive [Helen Dent](#) has said that the moves could see local authority offices becoming "centres of misery" as the most disadvantaged queue up to apply for help.

Concerns about the issue have been highlighted by all three main political parties. One Lib Dem peer Archie Kirkwood said in debate that he was "drawing a line in the sand" on the issue and wanted to see support for the most vulnerable ring-fenced.

Speaking on the proposed end of cash assistance from Local Authorities Lord Kirkwood said: 'My blood ran cold when I turned to page 27 [in DWP's consultation response suggesting local authorities could provide assistance in kind from food and furniture banks, rather than cash]... What sort of country are we living in where we have these sorts of rules? Is it "take it or leave it", living off the scraps from the supermarket when they clear the shelves at night.'

Baroness Hollis of Highham added: "If I had my way I would treble the money going into it because of its value to people. Indeed, the people who need it are not there because of financial mismanagement, let alone scrounging. They are there for the most part because of absolute, desperate, grinding poverty, having come out of care, prison or a refuge. They are the ones we seek to help."

Lord Freud promised to get back to peers on a number of points he couldn't answer in the debate. As part of the plans the Government are cutting crisis loan support by over 75%. Crisis loans are usually used for a variety of emergency situations when families face crisis such including financial emergencies, fires or floods and can be a lifeline for families on the edge. With £117 million missing from the planned devolution of funding local authorities are in danger of being short changed by Government, the charity warns.

Family Action Chief Executive Helen Dent said:

"The Government has a £117 million hole in its Social fund plans. This isn't peanuts but a substantial sum which helps ensure families in dire straits are supported.

"Crisis Loans are vital to families on the edge, as we know from our own welfare grants scheme which steps in when families have nowhere else to turn. This £117 million cut could pay for the cost and installation of 292,500 gas cookers following emergencies such as house fires or floods. These aren't just numbers, that's potentially 292,500 families able to give their children a hot healthy home cooked meal.

"Is local government going to roll over in the face of this raw deal from Government? They're being given the responsibility for supporting families in crisis but they are being short-changed with Government not providing adequate funds to enable them to carry this work out. Charities like us are not going to be able to make up a £117 million gap in funding."

"The result of this will be even more poverty as poor families in emergencies are driven into the arms of high cost lenders and pay disproportionate amounts of their small incomes on interest."

## **Ends**

For further information contact Anthony McCaul, Family Action's Senior Media and Campaigns Officer on 0207 241 7632 or 0781 309 2040 or by email at [anthony.mccaul@family-action.org.uk](mailto:anthony.mccaul@family-action.org.uk)

## **Notes to Editors**

### **About Family Action**

Family Action has been a leading provider and services to disadvantaged and socially isolated families since 1869. We work with over 45,000 children and families a year by providing practical, emotional and financial support through over 100 services based in communities across England. A further 150,000 people benefit from our educational grants and information service.

**Anonymous examples of families Family Action has helped with crisis loan applications include:**

Janice is a lone parent on Income Support with 2 children. She had a chip pan fire which damaged her cooker and it was condemned as unsafe. The family were surviving on ready microwave meals and take away food for several weeks before seeking advice. We applied for a crisis loan and this was paid on the same day, so a cooker could be purchased.

Sarah has suffered from mental health problems which include PTSD and Anxiety and Depression since the age of 10. She was diagnosed in late 2010. Sarah is a single parent as the result of domestic violence The grant application is to request a new cooker as many of her possessions were destroyed recently in a house fire. She has applied for social fund but was left with a shortfall for her new cooker.

Collette is currently lone parent who previously shared a flat with her long term partner for a number of years and during that period she and her children suffered abuse. She fled the family home and has now moved into a new property with her children. She previously applied for a crisis loan out of desperation but was refused due to outstanding debt. She hopes to settle into her flat properly and needs our welfare grant to purchase appliances without plunging into further debt. These basic items will improve their hygiene and help with preparing hot meals.

### **Debate on Abolition of the Discretionary Social Fund (Clause 69)**

<http://www.publications.parliament.uk/pa/ld201011/ldhansrd/text/111110-gc0001.htm>

### **Lord Kirkwood on the end of cash assistance from local authorities**

'My blood ran cold when I turned to page 27 [in DWP's consultation response suggesting local authorities could provide assistance in kind from food and furniture banks, rather than cash]... What sort of country are we living in where we have these sorts of rules? Is it "take it or leave it", living off the scraps from the supermarket when they clear the shelves at night.'

'I thoroughly and wholeheartedly support the proposition concerning ring-fencing.'

### **A Tory peer (Lord Brooke) intervened in favour of ring-fencing...**

...using an example from when he was Minister for Higher Education in the 80s. Un-ringfenced money his department provided to Liverpool Polytechnic was transferred by 'barefaced' Liverpool Council to the housing budget instead.

### **Good quote from Maeve Sherlock after pressing Freud on the funding cuts:**

'I am very grateful to the Minister. I just wanted to be sure that I understood for the record, that he is proposing to halve the amount spent on crisis loans for general expenditure as a result of this change. I thank him very much for that clarity.' [NB the cut is more than half because Crisis Loans for items and rent advance will also have to come out of the general expenditure pot in future]

**Archy Kirkwood was very clear he would vote in favour of a ring-fencing amendment at report stage:**

'I am willing to make concessions on all the other bits of this, but as things stand I am not prepared to concede on the independent review or ring-fencing... although it might affect my career prospects in future, I will continue to draw that line in the sand now.'