



Government Victory Strikes at the Heart of Welfare System & Means Poorest Could Fall Through the Cracks Say Charity Family Action

Commenting on the defeat of an amendment to ensure the devolved Social Fund for the most vulnerable groups was safeguarded Family Action Chief Executive Helen Dent said:

“We’re bitterly disappointed that the Government has failed again to stand up for the most vulnerable. The abolition of the Discretionary Social Fund strikes at the heart of our welfare system and takes away the final statutory safety net for families and individuals in crisis. It is not enough to rely on warm words from Lord Freud to safeguard funds for those fleeing domestic abuse and needing to set up home or young people leaving the care system and needing support to live independently.

Those who suffer in silence could fall through the cracks if cash strapped local authorities fail to set up adequate support systems and we know from our emergency Welfare Grants work that hard pressed charities will be swamped by a tide of misery if Government intentions for the fund don’t turn into local reality. We urge the Government to come back to this at Third Reading and ensure that money devolved to local authorities is protected so that it is spent on supporting the most vulnerable groups and comes back to this issue.”

Ends

For further information please call Anthony McCaul, Senior Media and Campaigns Officer on 0207 241 7632 or 0781 309 2040 or email Anthony.mccaul@family-action.org.uk

Notes to Editors

Clause 69 in the Welfare Reform Bill abolishes the discretionary Social Fund – Crisis Loans¹ and Community Care Grants – replacing them with a local system of support delivered through local authorities and the devolved administrations. These loans and grants are the final safety net in the social security system for the very poorest and most vulnerable in society.

Family Action and many other national organisations are seriously concerned the lack of safeguards in these proposals will leave people in acute need with no access to

¹ Except for Crisis Loans paid as an advance of benefits, which will continue to be provided by DWP. However, Crisis Loans paid to cover essential living expenses in a crisis will be abolished and localised.

emergency support. Our grants scheme is already overstretched and will be unable to cope with further increases in applications.

Key users of the discretionary Social Fund include:

- Women and children fleeing domestic violence who need funds to set up a new home;
- Disabled people who need adaptations to their housing to stop them going into expensive institutional care;
- Homeless people who secure a tenancy but have no money to buy basic items such as a cooker or a bed, or for rent in advance;
- Low-income families under exceptional pressure – such as an unexpectedly hospitalised child, or a bereavement.

Under the current proposals, local authorities will be free to divert the funding they are given to provide emergency support to other budgets, denying vulnerable people a desperately-needed emergency lifeline and forcing them to turn to illegal moneylenders or high-cost credit.

- Some local authorities themselves have admitted this is likely to happen. DWP research², published December 2011, found some were concerned that without protection the new funding would lack ‘identity, visibility and purpose’ and ‘be diverted to plug gaps in other budgets’.
- A joint letter from twenty national charities and campaigning organisations expressing concern at these proposals was published in The Guardian on 8 January. The text can be found on the next page.

Amendment 62JBA would provide some safeguards - obliging government to report on how the localised Social Fund funding is used and requiring the Secretary of State to satisfy himself that the funding will be spent on emergency support for vulnerable people.

Amendment 62JBA

**BARONESS LISTER OF BURTERSETT, LORD KIRKWOOD OF KIRKHOPE,
LORD BLAIR OF BOUGHTON**

After Clause 132 – insert the following new clause –

“Information sharing in relation to the Social Fund

Before sharing information regarding eligibility for services under section 69(3) of this Act, the Secretary of State shall satisfy himself that the Local Authority is intending to deliver these services in accordance with the purposes set out in the settlement letter that accompanies any payments made from the Consolidated Fund under section 69 and that arrangements have been made to report on the use of these payments.”

- Crossbenchers, bishops and Peers from all three parties have supported the protection of this localised funding in previous debates.
- DWP Ministers also accepted the spirit of the amendment. Lord de Mauley said “we are equally committed to ensuring this funding goes to help the most vulnerable” and Iain Duncan Smith said he believed councils had a “moral duty” to assist people. This amendment would help translate these statements into practice.
- The ‘settlement letter’ the amendment refers to will set out what the funding is used for and that it should address unavoidable need and those who face the greatest difficulty managing their income - although the Government currently has no plans to enforce these statements.
- The amendment follows the spirit of recommendation 25 of the CLG Select Committee inquiry into localism in welfare reform, which recommended monitoring spending on the social fund for the first five years of the new arrangements.

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.