

## About Z2K

1. The Zacchaeus 2000 Trust (Z2K) is a London-wide anti-poverty charity that promotes the improvement of living conditions on the basis of economic and social justice through the provision of evidence-based policy alternatives to government, and by direct engagement with the lives of the poorest and most vulnerable.
2. Z2K provides a generalist advice and casework service offering in-depth and long term support for people struggling on low incomes. This service primarily focuses on those facing debt as a result of: over and under-payments of benefits; benefit sanctions; unmanageable debt repayment arrangements; bailiffs; utility bills; Council Tax liabilities; rent arrears; and most other debt-related matters. Z2K also offers support in the form of non-legal representation at Tribunals, County Courts and Magistrates, and supports and trains other organisations to do the same.
3. Z2K opposed the abolition of the discretionary Social Fund and its replacement by a localised system of welfare assistance because we feared it would lead to a postcode lottery in the effectiveness of this key part of the social security safety net. In defence of their policy, Ministers have repeatedly stated that, *"The nationally-run Community Care Grants and Loans were poorly targeted and failed to help those most in need,"* and yet they have failed to provide any meaningful evidence for this assertion.
4. At the time of the abolition of the discretionary Social Fund, ministers gave assurances that all the funding previously allocated to it would be spent on Local Welfare Assistance. Not only has that now proved not to be true, ministers attempted to slip out news of this complete cut in funding in the small print of the local government funding settlement over the Christmas period. We applaud those who challenged this decision in the courts and who have now forced the Government to undertake this very belated and inadequate consultation.

## Question 1: Do you have a preference for options 1,2a,2b,3a,3b or 4?

5. Z2K supports option four of the consultation. We believe that if local authorities are to continue Local Welfare Provision (LWP) schemes in 2015/16 and beyond it is necessary to maintain a separate funding stream at current levels.
6. In our experience LWP, and the discretionary Social Fund before it, is essential for supporting low income individuals and families whose financial circumstances mean they are unable to manage unexpected or one-off expenditures.
7. We believe that the removal of current funding would mean many local authorities shut down or severely reduce the funding of their LWP schemes. This is evidenced by a Local Government Association survey of councils in September 2014 where three-quarters of respondents said that

they would be forced to either greatly curtail, or end, schemes if separately identified funding ceased.<sup>1</sup>

8. Options one, two and three in reality all constitute a cut to the current funding level. Local authorities have already faced four years of significant cuts and will see a further 13 per cent reduction in overall funding in 2015/16.<sup>2</sup> In this financial context pursuit of options one and two are likely to lead to the cessation of LWP in large parts of the country as, without statutory duty or proper funding, local authorities look to shut down their schemes as they attempt to meet the tough financial challenge these cuts have placed them in.
9. While we support the idea of ring fenced funding for LWP we cannot support option three. Top slicing the RSG to produce a separate ring fenced fund for LWP would undoubtedly ensure the continuation of LWP schemes. However to impose a ring-fence while cutting overall funding and LWP's dedicated grant will only serve place a huge strain on other vital services that support low-income families. In our opinion what is necessary is to ring-fence the existing dedicated LWP grant.
10. We are disappointed that none of the options proposed by the government in this consultation include the maintenance of a dedicated LWP grant. In our opinion this means the consultation is deeply flawed. Nowhere in the consultation documents is it mentioned that the £174m nominally allocated for LWA in 2013-15 has been withdrawn from local authorities funding.
11. Instead the entire consultation document dishonestly proceeds on basis that the current funding levels cannot be maintained unless financed by a cut in the RSG or elsewhere. In our opinion the omission of this option means this consultation fails to meet the common law requirement of procedural fairness as laid out in the recent Supreme Court case *R (on the application of Moseley (in substitution of Stirling Deceased)) (AP) v London Borough of Haringey*.

Question 2: If you have provided representations on option 4, how else would you propose delivering and funding local welfare provision? What evidence can you provide to support this?

12. As previously outlined we believe that LWP funding should be delivered through a dedicated ring-fenced fund as this is the only way to ensure the continuation, and improvement, of this vital safety net for low income individuals and families.

Question 3: What is the likely impact (and extent of any impact) on groups that display protected characteristics of the four options discussed?

13. There is abundant evidence that groups displaying protected characteristics are over-represented amongst recipients of LW. As such any option that reduces funds for LWP will

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<sup>1</sup> Local Government Association press release 'Councils urge Government to reconsider scrapping local welfare assistance fund' 6<sup>th</sup> October 2014 available at <http://www.local.gov.uk/media-releases>

<sup>2</sup> DCLG, *Key information for local authorities and non-domestic rates pools: final local government finance settlement 2014-15*

almost certainly disproportionately affect groups protected by equalities legislation in a detrimental way.

14. If councils are forced to scale back or discontinue their schemes as a result of lack of funding, it is hard to see how beneficiaries from protected groups will cope in times of need. They may have to turn to high cost credit, for example, but the cost of repayments will deepen their deprivation. Families will suffer acute stress, and experience ever more entrenched crises including increased risk of homelessness.
15. Options one and two put LWP at serious risk, and option three negatively affects other council services (which protected groups are also likely to use disproportionately). All three of these options therefore would have a large negative impact on protected groups. Maintaining ring-fencing the existing level of funding is the only way to protect provision for groups with protected characteristics.

Question 4: Do you agree that some impacts can only be assessed locally depending on the decisions made by individual authorities?

16. In order to properly assess the impact of LWP assistance spending it is necessary for local authorities to collect detailed information on the profile of applicants and how the funding has been allocated and spent.
17. Unfortunately in the absence of a clear steer from central government the information collect by local authorities varies greatly. Some have recorded detailed information while other have not. Even where information is recorded the lack of consistent categories can make it difficult to compare. This is clear from the government's own review of LWP which contains no analysis of who has received assistance from schemes in the first two years.<sup>3</sup>
18. Without accurate information on the characteristics and needs of recipients, both councils and central government will struggle to make informed decisions about the need for support.

Question 5: If your preference is for option 4, and you have proposed an alternative way of delivering and funding local welfare provision, please outline how this will adhere to the public sector equalities duty

19. As previously stated in response to question three we believe that protected equality groups disproportionately rely on LWP schemes. Option 4 is the only way to ensure the continued existence of LWP schemes and therefore maintain this vital source of support for equality groups.

Question 6: Do you agree this is the right timetable?

20. Z2K feels the timetable for this process is unrealistic and raises further questions about the soundness of this consultation. There are only 12 days between the closing date and the

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<sup>3</sup> DWP, *Local welfare provision review*, November 2014 available at [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/370775/2-local-welfare-provision-review-nov-2014.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/370775/2-local-welfare-provision-review-nov-2014.pdf)

Chancellor's Autumn Statement. We are doubtful that a proper analysis of the consultation responses can take place in such a short period.

21. Furthermore councils are already well advanced in their work on budget setting for 2015/16 and the decision on future funding for LWP should be mindful of this. Councils will struggle to manage a decision that negatively affects the funding they have for other services at such short notice. So as not to negatively impact local authorities and allow a proper assessment of the consultation responses we feel that a steady-state decision should be made to continue with the £174m funding for another year.