



**Crisis Briefing on the Social Fund and homelessness for Lords Report stage of the Welfare Reform Bill
January 2012**

'There is no way to dress this up - winding down the Social Fund will be catastrophic for vulnerable people. This support is often all they have to help them stabilise their lives'

Voluntary sector agency, East Midlands

The Social Fund (SF) covers a range of payments available to people on low incomes to help with emergency or one off expenses. Some SF payments are to become part of Universal Credit whilst others, namely Crisis Loans (CLs) and Community Care Grants (CCGs), are to be abolished entirely and replaced with a discretionary system of localised assistance.

There are no guarantees that similar support will be available to the vulnerable people who need it. The funding devolved to local authorities will not be ring-fenced, and there will be no statutory duties attached. This risks the money being used for other purposes, as has happened with the huge cuts to Supporting People we have seen in some areas since the removal of the ring-fence. Conversations the DWP has had with local authorities show that many fear the money being diverted to other budgets, and indeed some favour a ring-fence to avoid this happening¹.

The Social Fund is a vital part of the welfare system and acts as a lifeline to homeless people and others who are particularly vulnerable such as victims of domestic violence. Please attend the debate on the Social Fund, expected to take place on **Wednesday 11th January** and raise this issue.

Homelessness

Crisis is deeply concerned about the impact that these proposals will have on homeless people moving into independent, settled accommodation.

CLs are granted to cover immediate financial needs, including paying rent in advance when moving to a new property, and CCGs can be used by vulnerable people moving to a new home from accommodation where they received care to help purchase furniture, electrical goods and so on.

Private Rented Sector (PRS) access schemes, which support vulnerable people into private accommodation for example by providing rent in advance and ensuring that properties are of a decent standard, use CLs and CCGs in their work. Crisis has 15 years experience in supporting PRS access schemes and has recently been awarded £10 million from the DCLG to assign to individual schemes. This is a clear sign of the Government's intention to extend the use of the PRS to house vulnerable and other low income households.

- Recent research by Crisis (summary attached) shows that 94% of housing advisers working in such schemes say that CLs and CCGs are vital or

¹ DWP, *Local authority fieldwork summary report* (2011)

important to their work. 69% use CLs to fund rent in advance, and 87% use CCGs to furnish new properties.²

- Without access to these types of payments, such schemes will find it harder to help people into stable housing.
- One survey respondent said that ‘Crisis Loans are absolutely vital in enabling clients to source rent in advance.’ Another fears that the changes will ‘make it next to impossible to place those receiving state benefit into the private sector, leaving many families homeless.’

Although Universal Credit budgeting loans may be available for rent in advance, CLs will be abolished before the introduction of UC and it is likely to be some time before the new system is fully and reliably operational. Discretionary Housing Payments will also be available, but these are likely to be extremely stretched given the considerable cuts to Housing Benefit and single homeless people may not be considered a priority.

We also have concerns over the delivery of the new system by local authorities. There will be no guarantee of a mechanism by which people who are refused support can appeal the decision. At present, there is an error rate of 54% in CCG decisions. Although this highlights that the current system is imperfect, it also shows how important it is for people to have the right to challenge decisions.

The localised provision is likely to be largely provided through adult social services. However, many people who need the support that the SF offers, such as homeless people, will not be clients of social services, and so may struggle to access appropriate help. Administering the SF will also place an extra burden on already often over stretched social services.

With homelessness rising and Housing Benefit cuts starting to bite, there will be more people needing support to move into new accommodation. If the SF is to be abolished, the Government must ensure that there remains a system of cash payments available to help vulnerable people resolve their homelessness.

Amendments

An amendment has been tabled for Report stage calling for ringfencing of the money devolved to local authorities. It is expected to go to a vote on Wednesday 11th January. **Crisis strongly supports this amendment** and urges all peers to attend the debate and vote in favour.

Crisis also supports amendments which prevent local connection criteria from being used to refuse support to vulnerable people, require DWP to monitor and report on spending for the first 5 years and delay the abolition of CLs and CCGs until after the implementation of Universal Credit.

² Crisis Survey of Housing Advisers on the Social Fund (2011)



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