

Event report

Members meeting

The funding landscape

A perfect storm: London's advice services

18.01.2012



Second in a series of meeting to review and analyse changes in the funding of the voluntary and community sector in London

HOSTED BY

VENUE

Kristina Glenn, chair of London Funders, welcomed members to this second meeting on the impact of funding and policy change in London. The first was in late 2011 on services for children and young people. The topic of advice had also been identified by funders as an area of concern, for multiple reasons – key funders, notably Legal Services Commission, creating considerable change; higher unemployment and other factors resulting from the recession pushing up demand for debt and other crisis advice; the shrinkage of local government services creating patterns of change in provision and where people look for help; and the radical change in welfare benefits that had already started. All of these would rapidly increase the scale of need, especially in London.

Kristina thanked Mazars LLP for hosting this event, and she encouraged funders present to take advantage of expert speakers and opportunities for discussion and shared thinking, as the afternoon progressed.

The impact on London's families and communities of looming changes in welfare benefits and housing benefit

Alison Garnham, Chief Executive, Child Poverty Action Group

Alison set out some of the main elements of benefits changes but first she reminded funders of the context in which change is happening. The poorest families already face high inflation, rising unemployment, stagnating wages and the triple whammy of benefit cuts, service cuts and advice sector cuts – with more to come through limits to legal aid. CPAG's work includes a lot of work with advice services to strengthen their capacity to help families and they are therefore aware of how tough it is for these services, with more change and cuts to come.

Alison argues that rising child poverty will be the major social policy issue in the next decade (see the Institute for Fiscal Studies [report](#) published in early January 2012 which predicts the largest sustained rise in child poverty in a generation). Child poverty steals children's life chances, argues Alison: by limiting children's potential; poverty reduces the skills available to employers, and impedes economic growth. A [Joseph Rowntree Foundation study in 2008](#) made the economic rather than the moral case about poverty, concluding that

"Child poverty costs the country at least £25 billion a year, including £17 billion that could accrue to the Exchequer if child poverty were eradicated. Moving all families above the poverty line would not instantly produce this sum. But in the long term, huge amounts would be saved from not having to pick up the pieces of child poverty and associated social ills."

Alison spelled out some of those social ills:

- an education divide – poorer children are nine months behind better-off children (Hirsch D, 2007)
- a health divide - poor socio-economic conditions in childhood result in greater risk of heart disease, death by stroke, disability, poor

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mental health (Spencer N, 2008), greater likelihood of dying on roads and dying younger

- a wellbeing divide – a negative impact on relationships with parents, educational orientation, low self-worth and risky behaviour (Tomlinson and Walker, 2009).

The converse is also true. Recent years saw life chances improve as incomes increased, such as a drop in the number of children failing to get any qualification, and a smaller attainment gap between poor children (those claiming free school meals) and other children.

London has higher overall poverty rates than other regions, with four in ten children in poor households. As Trust for London's [London Poverty Profile shows](#), the single biggest cause of child poverty is low pay and around 60% of London's children below the poverty line are in homes where there is a parent in work.

The coalition government's policy changes are extensive. They include a commitment to early intervention ideas, and new child poverty and social mobility strategies alongside a major package of public expenditure cuts, including changes in welfare benefits eligibility and payment levels, and cuts in tax credits through changes in disregards, the taper, help with childcare, baby/toddler elements, health in pregnancy grant, maternity grant, and the Child Trust Fund. The Welfare Reform Bill, currently going through Parliament, includes the introduction of Universal Credit, partial abolition of the Social Fund, caps on benefit including housing benefit.

Universal Credit is based on valuable principles - to simplify the system, make work pay and ease the transition into paid work. While it should have a positive impact (especially for those working under 16 hours a week), there is also an element of "punitive conditionality". It is based on means-testing and reverts to a male breadwinner model where tapers will disadvantage second earners and lone parents. It assumes that assessment and payment will work smoothly and quickly, with real-time information. The reality of IT challenges and the complexity of individual cases raise doubt as to how effectively it can work, especially at a time when many advice services are under threat or closing and legal aid is to be abolished for social security cases.

There are implications for London: London Councils' report [Does the cap fit?](#) discusses the adverse effect of the proposed cap on benefits, including housing benefit in London's housing market. Evidence from the Mayor's office shows around 9,000 London households (some 20,000 children) are expected to have to leave their homes as a result of the housing benefit cap, the majority out of their local area. These changes came in from April 2011 for existing claimants, with 9 months transitional protection, so some people will be affected from January 2012 - depending on their renewal date. Larger families are most affected by these changes.

The London Housing Allowance cap will have a disproportionate impact on BME households. Alison notes that advisers need to be ready to advise on applying for discretionary housing payments, negotiating with landlords to reduce the rent, and homelessness applications to local authorities. CPAG has begun to map London boroughs' estimates of families affected. Inner London boroughs are anticipating more homelessness and overcrowding and migration to 'cheaper areas' with low-paid health and social care

workers likely to be amongst those affected. Meanwhile, as London's Poverty Profile shows, poverty is already rising faster in outer London boroughs so this could be hastened.

Alison reminded funders of the extent of pressure on the funding of advice services, citing the evidence of the Big Squeeze research in 2011, e.g. 51% respondents saying that they closed services in 2010-11 and 54% expecting more services to close in 2011-12; preventative services like advice and services for children and young people disproportionately cut along with equalities groups and services for the poorest. Alison quoted a list of front line advice services around London whose local authority funding had already been cut, resulting in closure of some services and restrictions in hours. She also noted the impact of change on second tier services (especially in funding from legal aid) to support frontline advisers who cannot be expected to have highly specialised knowledge.

She encouraged funders to consider the need for more funding for advice and for a reinvigorated welfare rights movement, to understand the different roles of national, pan-London and borough-level resources for frontline advisers and the need for stronger services in outer London boroughs, comparable with those in inner London, to cope with the changes coming.

CPAG has been in the forefront of arguing for measurable targets in the reduction of child poverty. Up to now, the targets have imposed a discipline on successive governments but the latest Autumn statement showed the Government has backed down on its promise to prevent child poverty from rising after 2012.

The impact on advice services: changes on the demand side; challenges in the new funding landscape; where's the new thinking about adapting and sustaining services?

A conversation between Matthew Smerdon, Deputy Director, Baring Foundation, and Graham Fisher, Chief Executive, Toynbee Hall

Matthew invited Graham to examine the case for advice services: Alison had reminded the audience of the complexity of welfare benefits and income maintenance arrangements and how much support people need to cope with changed circumstances in their own lives, adjust to new benefits, and respond to faulty decisions on the part of public services.

Toynbee Hall's services include debt advice given through a Money Advice Service contract, a contract from the Legal Services Commission and links to city firms who provide volunteers for the pro bono legal advice clinic. Demand is growing but much of the work funded is for fixed volumes (and this is true for many advice services) so there is almost no capacity to respond to this. Advice services which can adapt to demand have seen an increase of 20% in the last year.

"The primary focus now needs to be on how to help services adapt and sustain themselves – time to look ahead and think hard about the need for services, the nature of demand and the skills required to satisfy it."

Indebtedness is a major issue for London, with higher levels of debt than elsewhere. Toynbee Hall spearheaded the development of the London Debt Strategy Group, supported by the GLA. The Group has publicised the need for debt advice, including mapping demand for debt advice from all the major advice services. It has researched particular aspects of debt too such as the interaction of debt and mental health and explored ways in which services might more efficiently address need. The contention that advice services save public money is easily proved in relation to debt advice (for example savings in health service provision when households are helped to tackle debt and improve financial capability).

Matthew added a comment based on research by Advice UK (It's the System Stupid! Radically Rethinking Advice). Much advice is necessitated by the need to challenge poor/wrong decisions on e.g. benefits entitlement. Thus good advice can rectify mistakes by public agencies and help them run more efficiently.

Graham then talked about how Toynbee Hall is faring in financial terms. They have lost London Councils' support for a specialist, East-London-wide welfare benefits service but the rest of their funding is stable (unlike many services described earlier in the meeting by Alison Garnham). Capitalise (a London-wide advice services partnership managed by Toynbee Hall) had been warned that grants from the Financial Inclusion Fund would cease at the end of 2010-11 but there was a reprieve for a year and now it appears that the Money Advice Service will provide support for 2012-13.

Despite a delay until 2013, all the specialist advice services are worried that legal aid change is coming. The Legal Services Commission is the primary funder of debt advice provision in London and it is a grave concern that this funding will end in 2013 at the same time as the housing benefit cap begins to bite and rent arrears are forecast to rise.

Graham talked about some of the review processes that have been undertaken by London boroughs. He noted that Islington Council's review has resulted in a new CAB being supported. Tower Hamlets also continues to be a significant funder of advice. Toynbee Hall won a contract for services previously provided by the City CAB service. But services in west London boroughs are known to be reducing and the Immigration Advice Service has closed.

Matthew and Graham debated the role of funders in supporting advice services. In the current circumstances of some ten years of funding reform, and recent pressure on both front-line agencies and infrastructure organisations, Matthew believes that the primary focus now needs to be on how to help services adapt and sustain themselves – time to look ahead and think hard about the need for services, the nature of demand and the skills required to satisfy it. Baring Foundation has identified some services, that seem far ahead in thinking about this (including Toynbee Hall) and has supported them with funding to make changes which will create some sustainability.

Matthew and Graham listed strategies which can be pursued by funders and advice services (individually and collectively) to maintain and improve income:

- work existing sources hard
- push the boundaries of legal aid
- fund campaigning work
- develop the arguments about exceptional cases
- share examples and outcomes from the best local authority funding (e.g. Coventry) since this is a really important part of the patchwork
- pull other sources of money in by thinking laterally, e.g. health funders by setting out the health benefits of access to advice
- work on the principle of “polluter pays”, i.e. charge public agencies like DWP for correcting their mistakes
- find opportunities to charge for giving advice. Islington Law Centre has restructured as a social enterprise and is seeking earned income
- set up spot purchase arrangements with institutional clients
- develop local social impact bonds or other vehicles for raising new resources
- make better use of pro bono support from the private sector (e.g. use telephone advice from private sector solicitors rather than expecting them to attend VCS advice centres)
- explore ways of raising the profile of advice services in order to fundraise from the public. The Baring Foundation funded a public opinion survey on free legal advice and found very strong support for it
- work currently funded services harder, e.g.
 - by using advisers’ time efficiently
 - ensuring their advice is of the highest quality
 - targeting face-to-face advice (the most expensive provision) at those who really need it and encourage the use of on-line or telephone advice for those who can cope with it
- early action or acting “one step sooner”: using the principle that early intervention saves problems growing and saves resources, see how to help voluntary organisations reach people at an earlier stage in their need for support
- learn systems thinking: check why a need for advice has arisen and try to nip further recurrences in the bud.

Some of these new approaches also require new skills like good outcomes measurement and strong cash flow analysis. The creation of a social impact bond relies on solid, measurable evidence such as a drop in local authority costs if eviction rates drop as a result of effective intervention from an advice service.

Advice services have been under pressure for a decade, and one of the results is that many have been quite inward-looking and self-contained as a sector. Matthew described a recent grant from his foundation to the

Women's Institute to look at the impact of legal aid cuts on domestic violence – there was a powerful message in this work that would have been less easily heard from the mainstream advice sector. That creates many ideas for inter-organisation collaboration and stronger synergy with local authorities and other sectors. It is also a reminder about the power of evidence of impact and the need to collect and analyse data.

Baring's most recent contribution to this field has been

- a series of grants for restructuring and adaption of some key advice services to assist their sustainability
- strategic grants:
 - to explore what "early action" really means
 - to support an all-party Parliamentary group on legal aid
 - a grant to Justice for all to take some bold action (e.g. the recent "pair up with a peer" where campaigners let Lords know the impact of changes in free legal advice as the Legal Aid Bill moved through the House of Lords
- using their independent voice to convene other foundations and City law firms (from 2009) to lobby on issues in this field (this group continues and welcomes new members)

There were many questions to Matthew and Graham:

LB Islington is reviewing its advice services and while hoping to maintain its current level of funding wants to find new ways of organisations working together to achieve more – pooling information and sharing tools, etc. But where can they find robust expectations about change in demand?

Graham commented that the sector has been poor at collating information: he described the London Debt Strategy Group which has been able to combine information on existing demand for advice from Capitalise members, CCCS, the CAB service and others. The Legal Services Commission has also done some work on predicting demand. He noted a couple of trends in Tower Hamlets around his own service. One is the growth in advice services based in local churches. Of concern, however, is that within a short distance of Toynbee Hall there are now 35 private, fee-charging services – a pretty good indicator of demand but immediately raising the question of where people in debt get credit to pay for advice.

Housing associations were described as possibly the biggest institutional losers from the government's change programme – there is a fear that up to a third of their income is at risk. There is also concern that benefits claimants will be paid in a single monthly payment - a hard adjustment to make for people on limited means.

The Law Centres Federation has been researching young people's access to advice and finding very low take up of traditional services by under-25s. Graham argued against the need for specific new services for young people but accepted that advice services need to change, especially in how they offer advice. Toynbee Hall has been funded by Baring to re-engineer its services and one aim is to explore mobile technology for appointments and follow-up – a much more acceptable approach for younger people. Pro bono private sector partners are interested in this too – virtual access is a much better use of lawyers' time and could increase the pro bono offer as much as threefold.

Case studies

1 Camden's approach to funding advice services

Helen Macfarlane, Corporate Advice Review Lead, Communities, Culture and Environment, LB Camden

Camden Council's review of advice services took place in the context of a thorough review of support for the VCS and, of course, cuts in funding available to the borough, though from a relatively strong base (£1.8 million externally commissioned work down to £1.3 million). A new focus of "investing for impact" recognised that the borough could not continue to fund the large number of organisations it had been working with but that in reconsidering support every effort should be made to maximise outcomes (and Helen presented the range of measures of added value which were brought into the equation). There were some important steps in the process of developing a framework for commissioning new services. One was the development of shared terminology (agreeing definitions of advice, support, assessment, advocacy, and more). Helen worked with Advice UK to ensure that the review was as objective as possible, including looking at BME providers. She also spent time observing some of the local services. The exercise took some four or five months to develop, including use of demographic indicators, followed by six weeks of soft market testing with advice providers that helped to develop her understanding of the need for advice and frame the specification going forward.

An early aspiration was to procure one consortium bid for the borough but that proved impossible. The process of bringing organisations together, however, resulted in a "mind shift", moving groups away from discussion of their own needs and towards "doing the best for Camden with the money available". Some very clear principles emerged from the review:

- three stage contracts, ie seven years of funding with reviews at the second and fifth years
- a 70:30 split between generalist and specialist provision, aiming at earlier (and therefore cheaper) intervention in residents' problems
- some specialist areas identified as priorities, e.g. housing and welfare benefits, debt and money immigration and employment.
- Within generalist advice services, supplementing an open access provision were two contracts for targeted communities: older people and people with disabilities.
- the final choice rested on an 80:20 balance of quality to price, with added value (e.g. leveraging in of other funding, use of volunteers etc.) figuring heavily in the decision-making.

Helen noted that the Council was to consider the contract award report later that day.

2 Strategic Legal Fund for Refugee Children and Young People

Rachael Takens-Milne, Grants Manager, Trust for London

Rachael described a programme aiming "upstream". It is a specific model in a very specialised area. The Fund started in mid-October 2011, funded by the Diana, Princess of Wales Memorial Fund to strengthen the rights of refugee children and young people by supporting pre-litigation research in cases where a precedent could be set by tribunal hearings or, where a case

is already before the court, third party intervention could add evidence. The total amount available for grants is £300,000.

Because the Diana Fund is soon to wind up, the pilot is being delivered in partnership with Trust for London and the Fund has further contracted with Migration Work CIC as an administrative partner. An expert panel of lawyers and VCS specialists assists with grants decisions. There is a clear timetable as timing of decisions is important: a monthly deadline for applications (for grants up to £30,000) is rapidly followed by a review by the expert panel. To speed the process, likely applicants can go through a process of due diligence in advance so that if a case comes up where they need assistance there should be no delay in the decision. There have been three applications so far and one grant made (£3,775 which pays for a solicitor's work for one month in a case that challenges a UK Borders Agency policy). Applications can be made for the costs of legal aid solicitors as well as for voluntary organisations. The challenge is to make sure that relevant practices know about the fund.

Rachael explained that this Fund has revealed gaps between specialist lawyers and relevant voluntary organisations and the Fund is helping to make vital connections. The last grants round is planned for July 2012 but the Fund will then be reviewed and potentially extended or adapted (with new funders).

There was some discussion about whether this could work in other areas of law and whether other funders could be brought in. Rachael hoped that front-line services would think harder about possible cases where a well-researched challenge might provide benefit to future cases.

Funders' response

Participants talked in small groups about funders' current experience of the advice sector, their priorities, and what funders can do together. Lists of points covered by small groups are set out on the final page of this report and in a final plenary session participants shared some of their headline issues and immediate ideas for action:

- concern at the further withdrawal of London Councils' funding and changes in Legal Services Commission funding, given their importance in supporting the advice sector
- mapping current funding patterns
- advice services need urgently to respond to welfare reform and the increased numbers of people likely to need advice. One borough (Tower Hamlets) is retaining 20% of the current budget for this area to be used responsively as needs emerge
- funders need to know more about new methods of providing advice and the scope for early intervention
- share information on new kinds of funding, e.g. social investment bonds structured around reducing evictions, and in developing effective ways of assessing social return on investment as well as economic return

"We need a reinvigorated welfare rights movement."

- share more information on how funders can purchase good quality of services and monitor the results (e.g. Camden's outcomes focus and their commissioning criteria).

Participants suggested that some focused meetings convened by London Funders would be useful to follow up these ideas and Kristina Glenn, London Funders' Chair, confirmed that this would be offered. There was talk of the value of funders networking and building alliances, neighbouring boroughs thinking together and even perhaps learning sets. London Funders would try to find out what networks were already in existence in this field and share their experience.

Kristina referred back to Alison Garnham's opening presentation in which she described the "perfect storm" of reduced public sector services, less funding for advice and increased demand for services. Kristina thought "tsunami" might be a more adequate term for the current context. She would be glad to see London Funders creating a working group for members to test ideas, share information and methodology and develop an independent voice to make funders' concerns known in the public domain.

She thanked all the presenters for inspiring input, Mazars for generous hospitality and all participants for making this one of London Funders' best meetings.

