

ANNEX 12

Local authority funding

Local authorities in England

In the past, many local authorities have had welfare rights units of their own, which acted independently of the local authority. However, the number of these has reduced considerably in recent years, as local authorities have relied instead on not-for-profit provision. Local authorities also provide advice on housing.

As well as providing some advice themselves, local authorities are also the biggest funder of not-for-profit advice and legal support services. However, there is no authoritative data on the level of funding involved, mainly because it can come from a number of different departments and take a number of different forms (grants, service level agreements and contracts). An important distinction can be made between core funding (usually provided by the CEO's office or social services) and contracts for the delivery of specific services, such as an advice service in a GP's surgery funded by the local authority as part of its public health function.

Although there is no definitive estimate of how much funding local authorities provide the not-for-profit sector, the Cabinet Office, as part of its work for its Review of the not-for-profit advice sector (2010) in England estimated local authority funding as being £220m in 2010/11, which we estimate could fall to £180m or even to £160m in 2015/16. However, the fact that these estimates were removed from the Cabinet Office's published report suggests they were not confident in the accuracy of these estimates. Some of our consultees have suggested that by 2015/16, this figure could be less than £160m pa, as a result of the overall cut of 40 per cent to local authority expenditure planned by this date.

The following figures show the breakdown of some of this funding across different parts of the advice sector:

- CABx: £76m in 2010/11 reducing to £71m in 2013/14 (source: Citizens Advice, May 2013)
- Law Centres: £7.1m in 2010/11 (source: Law Centres Federation)
- Shelter: £2.8m in 2011/12; however, most of this funding is for support work, not advice – Shelter only receives a small amount of local authority funding for advice work (source: Shelter)
- Age UK: at least £1.2m in 2012/13, reducing to at least £706,000 in 2013/14, ie a reduction of 43 per cent (source: Age UK)

- Youth Access: 83 per cent of members get funding from local authorities, ie largest source (source: Youth Access, September 2012)
- AdviceUK members: £65m (source: AdviceUK estimate for 2012/13)

The full impact of the legal aid funding cuts on organisations such as Law Centres, will not be known until later in 2013/14.

Outlook for England

The financial pressures on local government, with the prospect of a further ten per cent cut in the Spending Review for 2015/16 (resulting in an overall cut of 40 per cent since 2010/11 by 2015/16), suggest that funding of advice and legal support will continue to decline, although the transfer of ring-fenced funding for public health from NHS primary care trusts to local authorities may result in some additional funding. By working well with public health commissioners, agencies may be able to achieve some successes.

Wales

In Wales it is estimated that every local authority has at least one welfare rights worker, and five authorities still have units of five to six people. Each of the 22 local authorities contributes towards local advice services, mainly CABx, but at differing levels. The current policy of the Welsh Local Government Association is to protect funding for advice agencies, because of the income this can generate for local people.

Outlook for Wales

The year 2015/16 is expected to be a crunch year for budgets and so there is likely to be some reduction in funding for advice agencies then.