Funding Cuts and Advice Services in the Liverpool City Region

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# Key points

* Advice agencies in the Liverpool CR are struggling to meet greater demand for advice services while coping with drastic funding cuts.
* In 2013, 86% of respondents reported unmet need for advice services. In 2015, this has grown to 94%.
* Welfare rights advice is particularly problematic, as it is most frequently identified as an area where there is unmet need, and it is difficult to fund.
* Every agency reported deep cuts to staff numbers, sometimes by over half.
* Respondents reported a decline in the quality of the service that they can provide, and a shift away from specialist advice to generalist advice, self-help and signposting.
* Agencies are increasingly reliant on volunteers, however, volunteers are not a free alternative to paid staff and require significant resources to be dedicated to training and supervision.
* Many agencies must chase every potential funding source, rather than being strategic and targeting their fundraising efforts.
* Agencies cannot meet the large gaps in their funding through adaptation and flexibility. Agencies’ survival measures are stopgaps and do not create stability. Many agencies are at risk.

# Background

Third sector legal advice has undergone significant change in the last three years in the Liverpool City Region (Liverpool CR) and across the UK.[[1]](#footnote-1) The Legal Aid, Sentencing and Punishment of Offenders Act 2012 (LASPO) abolished almost all civil legal aid funding for advice services in England and Wales from 2013, and pressure on local authority (LA) funding has led to further cuts. At the same time, there has been a fundamental reform of welfare benefits, which is the largest area of advice provided by these organisations. This has led to ‘a perfect storm’ for the sector – greater demand for services at the same time as drastic funding cuts. This report will cover the results of a study of the impact of these changes on advice services in the Liverpool City Region (‘Liverpool CR’).

The high levels of deprivation in the Liverpool CR place corresponding demands on the free provision of legal advice, particularly for social welfare issues. In the official measures of deprivation, the city of Liverpool was ranked as the most deprived local authority in 2004, 2007 and 2010,[[2]](#footnote-2) with significant issues of deprivation in neighbouring local authorities, particularly Knowsley.[[3]](#footnote-3) The city of Liverpool has seen some overall improvement in the 2015 report, but still has the highest number of LSOAs in the 1% most deprived in England. The wider Liverpool CR has been consistently ranked as the most deprived region and clearly remains so in 2015, both overall and in the individual measures of income and employment, which make the most significant contribution to the measure of multiple deprivation. It is also notable that 46% of the Liverpool CR’s LSOAs are in the 10% most deprived in the domain of health and disability deprivation.[[4]](#footnote-4) This means that there is a relatively high reliance on welfare benefits in the Liverpool CR, high demand for legal advice services when there are changes to the welfare benefits programme, and a high impact when there are funding cuts to the third sector agencies that provide free legal advice.

Organisations in the Liverpool CR lost legal aid contracts in housing, money advice and welfare rights worth millions of pounds following LASPO, with the highest number of specialist advisors lost in welfare law. These drastic cuts were not unique to Liverpool CR, with the House of Commons Justice Committee warning in 2011 of the potential for civil legal aid cuts to create ‘advice deserts’ in some areas of the country.[[5]](#footnote-5) The National Audit Office’s (NAO) 2014 report on the implementation of the reforms to legal aid estimated that the matter starts for legal help in 2013-14 were only 34% of what they would have been without LASPO.[[6]](#footnote-6) A ‘clear majority’ of the legal aid providers who responded to the NAO consultation reported that their financial position had deteriorated post-LASPO, but third sector organisations (73%) were most likely to report that to be the case.[[7]](#footnote-7) The Low Commission noted in its follow up report that:

For the non-profit advice sector there has been a multiplier impact combined with additional cuts to local government funding, and uncertainty over the future of significant Big Lottery funding (i.e. the Advice Services Transition Fund). While the sector has responded positively to the changes by adapting service models and developing new partnerships, frontline agencies are increasingly ‘running out of road’.[[8]](#footnote-8)

During the same period, austerity measures have cut budgets across the public sector, with local authority funding reductions having a significant impact on funding of third sector advice agencies. Advice agencies across the Liverpool CR region have typically seen cuts of more than 50%, threatening the provision of their core general advice service.[[9]](#footnote-9) A temporary transition fund of £100 million was set up to help third sector organisations manage the move to a different funding environment post-LASPO. The applicants to the fund, who accounted for 7% of all state third sector funding, reported losses of £524 million in 2011/12, £94 million of that from debt counselling and advice services alone. With further cuts since then, it is clear that the funding environment for third sector advice agencies has deteriorated significantly.

As part of the UK government’s still incomplete austerity programme, the welfare benefits regime has undergone fundamental reform. The Welfare Reform Act 2012 replaced Disability Living Allowance (DLA) with Personal Independence Payment (PIP), changed housing allowance rates, introduced the so-called ‘bedroom tax’ and a benefit cap, placed limits on Employment Support Allowance, which replaced Incapacity Benefit, and changed statutory child maintenance. The impact of these and other major welfare reforms, such as the introduction of Universal Credit and changes to Jobseekers Allowance, and the strengthening of the sanctions regime for benefit claimants, has exacerbated the impact of the funding crisis for third sector advice agencies because of increased enquiries and increased complexity. One of the biggest specific impacts of the Welfare Reform Act on the need for legal advice was to require all claimants of DLA to reapply for PIP. The tightening of immigration rules has also added to the quantity and complexity of cases for some of the most vulnerable in society.

# Methods

A survey was carried out in May 2013 to evaluate the impact in Liverpool of the cuts to civil legal aid as a result of LASPO.[[10]](#footnote-10) This survey of advice workers has been repeated in 2015, across the wider geographical area of the Liverpool CR, to assess the impact, two years on, of the legal aid and other funding cuts on the delivery of advice services in England’s most deprived region.[[11]](#footnote-11) Additionally, eight interviews with agency heads or key employees were carried out.[[12]](#footnote-12)

## Characteristics of survey respondents

### 2013

81 staff and volunteers at Citizens Advice Bureaux (CABx) and independent advice charities participated. 85% of respondents were associated with CABx and 10% with independent advice charities. This roughly reflects the breakdown of advice workers in Liverpool. 51% of respondents were generalist advisers, 28% were specialist advisers and the remainder were other types of advisers, such as solicitors, managers and triage advisers. 86% of respondents were employed, while 14% were volunteers. On average, respondents provide advice 24 hours per week.

### 2015

51 staff and volunteers participated. 76% of respondents were CABx employees or volunteers, while 21% are with independent agencies. 19% identified themselves as generalist advisers, 33% were specialist, and 38% were other. 85% were staff, 15% volunteers, and they provide advice for an average of 21 hours per week.

# Results

## Unmet need for services

Services are struggling to meet local need. In 2013, 86% of respondents did not believe that all of the people in their area who need advice were able to get it. By 2015, that number had risen to 94%.[[13]](#footnote-13) However, respondents perceive that they are meeting more of the demand. In 2013, 77% believed that there are ‘many more’ people with unmet need for advice than there were six months ago, where in 2015 only 54% do.

The subject areas where there is unmet need for advice have changed from 2013 to 2015, as is illustrated in Figures 1 and 2, below.

Figure : ‘In what areas do people need advice but can’t access it?’ 2013

Figure : ‘In what areas do people need advice but can’t access it?’ 2015

In 2013, 95% of respondents reported unmet need in their area for welfare benefits, followed by debt, housing and employment. In 2015, welfare benefits is still the primary area for unmet need, identified by 73% of respondents, followed by employment, housing and family, children and domestic abuse. Debt has fallen out of the top seven areas. There are a number of money advice and financial capability projects that may account for this drop, such as the Greater Merseyside Money Advice Partnership,[[14]](#footnote-14) which covers the Liverpool CR, and the Income Maximisation project across the city of Liverpool that is funded through the NHS.

## Reduced service provision

Agencies reported reductions in the number of employees and the number of hours that some services or sites are open. Funding cuts have necessitated dramatic reductions in staff numbers at every agency, sometimes by over half. One agency reported that staff levels had been reduced from 29 to only 9 over a three-year period, and that this is not the end of redundancies, which will be necessary again from April (Interview 5). Another reported that staff numbers had dropped from 40 to 22 over the past three years (Interview 8). Some agencies have managed to replace some advice provision through other funding sources, but these sources are temporary and under threat, for example the only housing legal aid contract still held in Liverpool is having its matter starts reduced again and is now facing a 20% staff cut (Interview 6), and the NHS-funded APP project, which provides advice services in GP surgeries, is out for re-tender.[[15]](#footnote-15)

These staffing cuts have been particularly deep in the area of welfare benefits advice. An agency that reported stripping its welfare benefits services ‘back to basics’ had gone from 18 welfare benefits advisors down to 3 (Interview 5). One agency had 2 welfare rights workers funded through legal aid previously, but now only has 1 advisor for 21 hours per week, funded through an NHS contract (Interview 8). Another had 3 specialist welfare rights workers previously, but now has only 1 (Interview 2). All agency heads and a number of individual survey responses highlighted the fact that despite these reductions, the demand for welfare rights advice and the complexity of cases increased.[[16]](#footnote-16) ‘We are responding to a whole raft of new benefits and legislative changes at the same time that legal aid went. We are at the saturation point now’ (Interview 2). Survey respondents identified loss of staff, especially specialist advisors, as a key challenge. ‘The CAB has to rely on volunteers when it comes to clients with benefit issues as there are no specialists’ (22/9/15 Survey Response). The PALs Project, a privately funded initiative, has allowed three CABx in Merseyside to fund a specialist advisor in welfare benefits for three years. Managers reported significant threats to the welfare benefits work. ‘It is a real struggle at present to fund welfare rights advice. It is the stuff of nightmares. It is unthinkable not to have welfare rights services’ (Interview 6).

## Reductions in service quality

Participants reported that their agencies were only able to offer a lower quality of service, even though many believed that they personally were still giving good service. Large majorities in both surveys reported that they were now providing at least a somewhat worse service than before the funding cuts (91% in 2013, and 73% in 2015). There was an increased reliance on self-help, education and signposting. In particular, specialist advice has been a victim of funding cuts. One survey respondent in 2013 summed it up as: ‘no funding, no specialist advice. The equation is simple’ (Survey response 21/5/13). ‘Legal aid cuts reduced the level of funding which meant we had fewer specialists in housing and welfare rights and the type of cases they could advise on was limited’ (Survey response 15/10/15). This is in line with the national picture, with Gillian Guy, the Chief Executive of Citizen’s Advice, estimating that CABx have lost 350 specialist advisors since the civil legal aid cuts.[[17]](#footnote-17) This is exacerbated by the lack of resources to help clients to obtain medical evidence to support their applications or appeals for welfare.

## Adapting to survive

Scarce funding has meant that agencies must deliver services according to the available funding, rather than to seek funding that supports their core services and organisational aims. This is reflected in the increase in financial capability projects and the shift towards NHS-funded projects, such as APP and the income maximisation project whose clients are referred from mental health services. One frustration expressed by agency heads was that, ‘all the funders want you to produce something else. Nobody wants to pay you to carry on doing what you’re doing now’ (Interview 5). This is a challenge for CABx, previously reliant on local authority funding to support the supervision and training of their largely volunteer-run general advice service, which resolves a high proportion of client issues and acts as the gateway for many of their other services.

Agencies reported increased use of volunteers at both a general and specialist level to try to fill the gaps left by staff cuts. However, there are limits on the numbers of volunteers that can be recruited and supported in an agency, and there are limits on the resources that are available for training volunteers. Volunteers are not a free alternative to paid staff, and significant extra training and supervision is needed to support an increased volunteer workforce, particularly if they are to take up some of the specialist advice work that was previously carried out under legal aid contracts.

However, no amount of flexibility can replace the massive reductions in resources for agencies. Managers need more time to spend on funding bids and planning service delivery and strategic use of resources, but they are increasingly dragged in to plug gaps in day to day operational. A manager bemoaned the fact that there was no time to consider a strategic response. ‘You never have time to come up with a strategy. You just have to chase everything’ (Interview 5). Even were there time to plan a funding strategy, it cannot create new funds where none exist. Available funds, such as the legal aid transition fund, do not come anywhere near the previous levels. Financial pressures are felt across the public sector and there is no guarantee that new projects will be sustained as cuts continue. Agency heads cited a lack of awareness of the cost savings of preventative services, and a lack of appreciation of the success of legal advice in improving people’s lives.

# Conclusion

Sudden change and uncertainty in their financial situation has become the norm for Liverpool CR advice agencies. There is a continual hunt for new funding, and responses have been stopgap measures in many cases. Many agencies are under threat. Alternative funding has been particularly difficult to find for welfare benefits advice, which one agency head described as being like a ‘dirty word’ for funders (Interview 5). Agencies are competing for a dwindling pot of resources, which has placed them in opposition to one another at a time when joined-up solutions are needed.

The Local Government Association commissioned a report on the impact of the welfare reforms, and found that although the cuts were broadly the same across all areas of the country, this had a disparate result on areas of greater deprivation.[[18]](#footnote-18) There has been no targeting of the response toward more deprived areas. Much of the responsibility for mitigating the impact of the transitions caused by welfare reform on the most vulnerable in society is being passed to the third sector without adequate funding. The government strategy has failed to support the transitioning necessary for their welfare reforms agenda, and has demonstrated a lack of evidence-based decision-making when making funding cuts.[[19]](#footnote-19) Instead of the Government’s promise to ‘target legal aid to those who need it most,’[[20]](#footnote-20) there has simply been an across the board cut to all areas of civil law, all parts of the country, and all agencies.[[21]](#footnote-21)

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1. The Liverpool city region includes Merseyside (Liverpool, St Helens, Wirral, Sefton and Knowsley LAs) and the neighbouring borough of Halton. [↑](#footnote-ref-1)
2. Department for Communities and Local Government, *The English Indices of Multiple Deprivation* (2004, 2007, 2010, 2015). Measured according to the number of Local Super Output Areas (LSOAs) in the 10% most deprived areas in England. [↑](#footnote-ref-2)
3. Knowsley was the fourth most deprived LA in 2010 and in 2015 was ranked as the second most deprived according to the number of LSOAs in the 10% most deprived areas in England. [↑](#footnote-ref-3)
4. The second ranked region is Tees Valley with 33%. [↑](#footnote-ref-4)
5. House of Commons Justice Committee, *Government’s proposed reform of legal aid* (Third Report of Session 2010-11) para156. [↑](#footnote-ref-5)
6. National Audit Office, *Implementing reforms to civil legal aid* (2014) 13. Calculated from 170,545 actual matter starts, as compared to 496,549 expected without legal aid reforms. [↑](#footnote-ref-6)
7. National Audit Office, *Implementing reforms to civil legal aid* (2014) 33. [↑](#footnote-ref-7)
8. Low Commission, *Getting it Right in Social Welfare Law* (2015) vi. [↑](#footnote-ref-8)
9. This is reflected across England. Agencies applying for the Transition Fund reported an average 45% cut. [↑](#footnote-ref-9)
10. Jennifer Sigafoos and Debra Morris, *The Impact of Legal Aid Cuts on Advice-Giving Charities in Liverpool: First Results* (2013). <https://www.liv.ac.uk/media/livacuk/law/cplu/Impact,of,Legal,Aid,Cuts,on,Advice,Charities,in,Liverpool.pdf> The survey was developed and piloted with the LCAP, the central organisation for the Citizens Advice Bureaux (CABx) in Liverpool. It was distributed online in May 2013, and had a total of 81 responses, estimated to be over half of the target population. The survey included a number of qualitative questions. In addition, researchers attended a meeting of the advice services Welfare Reform Task Group, accessed past minutes and gathered data from agency heads via interviews and emailed questionnaires. [↑](#footnote-ref-10)
11. The 2015 questionnaire was updated and redistributed online in August to October 2015. We collected 51 responses, again this is estimated to be over half of the now-reduced population. The analysis comparing the two surveys was performed using SPSS. [↑](#footnote-ref-11)
12. The data from the interviews, along with qualitative responses to the survey, were coded and analysed for themes. Themes emerged around impact on services, agencies’ response, and the barriers thereto. [↑](#footnote-ref-12)
13. This difference was not statistically significant, but the actual numbers of respondents who reported that the need was met in the 2015 survey were too low for this to be reliable. [↑](#footnote-ref-13)
14. Funded through the Money Advice Service (MASDAP) [↑](#footnote-ref-14)
15. Matter starts are the number of new cases that an agency may open under its legal aid contract. [↑](#footnote-ref-15)
16. These increases are borne out by an 18% increase in benefits and tax credits advice issues reported by Liverpool CABx, and 11% less cases able to be dealt with at first client contact, when comparing q2 14/15 to q2 15/16. [↑](#footnote-ref-16)
17. House of Commons Justice Committee, *Impact of changes to civil legal aid under Part 1 of the Legal Aid, Sentencing and Punishment of Offenders Act 2012* (Eighth Report of Session 2014-15) para78. [↑](#footnote-ref-17)
18. Centre for Economic and Social Reform, *The local impacts of welfare reforms* (2013) <[http://cesi.org.uk/sites/default/files/publications/The%20local%20impacts%20of%20welfare%20reform%20version%207.pdf](https://owa.liv.ac.uk/owa/redir.aspx?SURL=Dq0oXo2mVIuftaQl_5xEsRc99Wn2CN6uArR5WP1wQ3ubEzx4c-zSCGgAdAB0AHAAOgAvAC8AYwBlAHMAaQAuAG8AcgBnAC4AdQBrAC8AcwBpAHQAZQBzAC8AZABlAGYAYQB1AGwAdAAvAGYAaQBsAGUAcwAvAHAAdQBiAGwAaQBjAGEAdABpAG8AbgBzAC8AVABoAGUAJQAyADAAbABvAGMAYQBsACUAMgAwAGkAbQBwAGEAYwB0AHMAJQAyADAAbwBmACUAMgAwAHcAZQBsAGYAYQByAGUAJQAyADAAcgBlAGYAbwByAG0AJQAyADAAdgBlAHIAcwBpAG8AbgAlADIAMAA3AC4AcABkAGYA&URL=http%3a%2f%2fcesi.org.uk%2fsites%2fdefault%2ffiles%2fpublications%2fThe%2520local%2520impacts%2520of%2520welfare%2520reform%2520version%25207.pdf" \t "_blank)> accessed 16 November 2015. [↑](#footnote-ref-18)
19. National Audit Office, *Implementing reforms to civil legal aid* (2014) 33; House of Commons Justice Committee, *Impact of changes to civil legal aid under Part 1 of the Legal Aid, Sentencing and Punishment of Offenders Act 2012* (Eighth Report of Session 2014-15); House of Commons Justice Committee, *Government’s proposed reform of legal aid (*Third Report of Session 2010-11). [↑](#footnote-ref-19)
20. The second stated objective for LASPO. [↑](#footnote-ref-20)
21. This criticism was also made by the House of Commons Justice Committee: ‘We were not impressed by the Minister’s response to our concerns about the impact of the legal aid reforms on providers of publicly-funded legal services. We share the concerns of the National Audit Office, concerns we raised in our report in 2011, that the legal aid reforms were carried out without adequate evidence of the likely impact on the sufficiency and sustainability of the legal aid market.’ House of Commons Justice Committee, *Impact of changes to civil legal aid under Part 1 of the Legal Aid, Sentencing and Punishment of Offenders Act 2012* (Eighth Report of Session 2014-15) para87. [↑](#footnote-ref-21)