

**Report of Assistant Chief Executive (Citizens and Communities)**

**Report to Executive Board**

**Date: 9<sup>th</sup> October 2013**

**Subject: Review of the Local Welfare Support Scheme**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

1. In April 2013 the national scheme of Community Care Grants and Crisis Loans for Living Expenses was abolished. Responsibility was transferred from the DWP to Local Authorities. A funding settlement was allocated to each authority based on the previous year's awards for Community Care Grants and Crisis Loans for Living Expenses. The settlement although not ring fenced was intended to support and develop local welfare support schemes.
2. A report and a policy document on the Local welfare Support Scheme for Leeds were approved by Executive Board in March 2013. This was with the agreement to begin to review the scheme after three months in order to assess if it had been effective in meeting and responding to local need. The scheme itself was introduced in its current format to avoid the immediate impact on people in need of the sudden abolition of Community Care Grants and Crisis Loans for Living Expenses from April 1<sup>st</sup> 2013.
3. The scheme itself is only guaranteed funding for two years and there is an immediate need to look to a scheme that is integrated with other provision of local welfare assistance within Leeds. Given the uncertainty of future funding the scheme will need to develop to become sustainable and awards may need to become more selective in order to meet the needs of the most vulnerable. Comparisons have been made with the other Core Cities to look for consistency in delivery and to learn any relevant lessons with regard to future scheme provision.

## Recommendations

- 1 That the scheme continues in 2013/14 to meet the cost of household goods and emergency provision and that this is extended to include people faced with emergency need as a result of Jobcentre Plus sanctions on condition that the person has re-engaged with Jobcentre Plus.
- 2 That sums from the Local Welfare Support Scheme fund are allocated to an exceptional hardship fund to assist people affected by the changes to the Local Council Tax Support scheme. The Assistant Chief Executive (Citizens and Communities) to be given delegated authority to determine awards and manage the scheme.
- 3 That sums from the Local Welfare Support Scheme are used to increase the Discretionary Housing Payments budget to extend the scheme to tenants facing exceptional hardship but who do not fall within the priority groups already agreed.
- 4 Develop a scheme for 2014/15 that brings together emergency and hardship funding streams across the council to provide a single hardship fund that supports the delivery of wrap around services to help tackle financial hardship. Proposals for the 14/15 scheme will be presented to Executive Board in the next few months.

## 1 Purpose of this report

- 1.1 The report updates members on the progress of the Local Welfare Support Scheme and makes proposals on how it can be adapted to effectively assist the most vulnerable in Leeds from the impact of benefit changes and falling incomes. It is intended to be part of an overall revision of local welfare assistance. It will continue to link all the strands together in order to create intelligence in providing consistent and quality advice and support across the city.

## 2 Background information

- 2.1 The current Local Welfare Support Scheme provides two strands of support to people in need. It provides emergency provision for people who have no essential food to sustain basic living or need essential goods associated with infants. This will need to be the result of a major crisis or disaster and the award must be the only means of meeting the needs arising from that crisis or disaster.
- 2.2 It provides basic household goods to support vulnerable people to move into independent living or to assist them to remain independently in the community. Community Care Grants and Crisis Loans for Living Expenses had provided cash grants or interest free loans in order to meet this need. The scheme in Leeds provides goods and services. This is the familiar format for most Local Authorities.
- 2.3 Spend on assistance from the Local Welfare Support Scheme up to now has been less than that spent on Community Care Grants and Crisis Loans for Living Expenses in the same period in 2011/12. Spend in Leeds was £466,563 at the end of August 2013 (see table below). The result is that more money will now be available to spend on initiatives and to help offset the negative impact of benefit changes on people in Leeds on a low income.

Item	Value	Number
Store Cards	£9,945	320
ASDA baskets	£50,371	852
Fuel (cash)	£13,822	690
White/Brown Goods	£302,112	754
Flooring	£86,625	268
Travel	£270	2
Removal	£3,418	10
Total	£466,563	2896

- 2.4 Executive Board agreed that an initial £0.5m of Local Welfare Support Scheme funding be earmarked to support initiatives aimed at improving the longer term sustainability of provision and/or increasing advice and support throughout the city. To date, £376k of this earmarked funding has been allocated for 2013/14. The funding recognises the best use of building on existing services and expertise to best meet the needs of vulnerable groups. Appendix 1 details how this funding has been allocated.

- 2.5 The provision of local welfare assistance has been shaped by the benefit cuts. The Local Welfare Support Scheme needs to be understood in the context of other changes to the provision of local welfare assistance. This includes the abolition of Council Tax Benefit and its replacement by a Local Council Tax Reduction Scheme and the increasing importance of Discretionary Housing Payments to the social rented sector for tenants who can no longer afford to pay their rent. In the case of the Local Council Tax Reduction Scheme the 10% cut in the Council Tax Benefit funding was passed on to councils and their citizens. Discretionary Housing Payments have been increased in 2013/14 but they have not kept pace with Housing Benefit changes.

### **3 Main issues**

#### **Refinements to the Local Welfare Support Scheme**

- 3.1 The Local Welfare Support Scheme was intended to be flexible and be able to respond quickly as and when improvements became apparent in the operation of the scheme. This has included the following;

- Removal costs were originally limited to applicants who were homeless. This now has been extended to victims of domestic violence and is now also available to people needing help to downsize in order to deal with the reductions in Housing Benefit caused by the under-occupancy changes.
- Customers are no longer limited to one emergency award with decision makers able to use their judgement in light of the individual characteristics of each application.
- Given the impact of benefit changes on families on low incomes it has been agreed that families who have children in receipt of Free School Meals in term time can access the scheme for emergency provision during the school holidays.
- Concern had been expressed regarding support for families who had no means to credit their pre-payment meters for emergency energy supply. The scheme is now funding emergency credit top ups through Leeds City Credit Union.
- The Local Welfare Support Scheme continues to engage with Leeds Reuse Services in sourcing re-use furniture as an alternative to new household goods. This gives the applicant more choice and greater availability as the Local Welfare Support Scheme budget is not able to meet every stated need.

However, despite these refinements it needs to be made clear that there is no automatic right to support from the Local Welfare Support Scheme. It is a discretionary fund which is financially limited and conditional on the budget available. Applications are only successful where it is clear that the applicant does not have access to other available means which would be considered to be a reasonable resource to be used to meet the stated need.

Nevertheless, the scheme must remain flexible in order to respond to in year benefit changes that could have an adverse affect on citizens in Leeds on low incomes.

### **Sanctions and reductions in benefits**

- 3.2 Applications to the Local Welfare Support Scheme have not been accepted from applicants who had been sanctioned or to offset any reduction applied to benefits by the DWP. This approach reflected the DWP guidance in relation to Discretionary Housing Payments Guidance made it clear that **Discretionary** Housing Payments could not meet these needs because to do so would undermine the effectiveness of the sanctions or the reduction in benefits. Therefore the decision not to award in sanction cases was consistent with linking and integrating local welfare provision.
- 3.3 Concern has been expressed regarding delays in payments of benefit where claimants have re-engaged with the DWP following the application of the sanction. It is also expected that the number of sanctions will have increased due to the new sanctions regime for JSA from 22<sup>nd</sup> October 2012 and for ESA from 3<sup>rd</sup> December 2012. The figures were due to be published in May 2013 but the release has now been postponed until October 2013.
- 3.4 Under these circumstances a blanket ban would not be reasonable. Therefore claimants affected by sanctions may now have access to emergency provision under the Local Welfare Support Scheme. Application will need to be made through a third party who will agree to assist the applicant to re-engage with the DWP and get benefits re-instated or hardship payments awarded. Awards of emergency provision will not be made if the applicant does not intend to engage with this action.

### **Local Council Tax Reduction Scheme – Exceptional Hardship**

- 3.5 Citizens affected by increased council tax payments due to the introduction of the Local Council Tax Reduction Scheme cannot access Discretionary Housing Payments. This was permitted under Council Tax Benefit
- 3.6 More than 27,000 citizens in Leeds are making a payment towards their council tax when in previous years they would have received full relief. The total shortfall in benefit income from 2012/13 to 2013/14 is £4.26M. This has to be recovered from those affected citizens liable to pay council tax. This will cause hardship at a time of impact of other benefit changes and the rising costs of energy and food.
- 3.7 Where people affected engage with the council to pay their council tax they will receive the full support from advice services in Leeds to help to maximise income and reduce energy costs. Therefore consideration should be given to creating an Exceptional Hardship Scheme to support citizens in this situation. This will be funded through Local Welfare Support Scheme.
- 3.8 It is recommended that the determination and operation of the scheme should be delegated to Assistant Chief Executive (Citizens and Communities) and that an

initial £250,000 be set aside for 2013/14 from the Local Welfare Support scheme fund for the scheme.

### **Discretionary Housing Payments**

- 3.9 Tenants in receipt of Housing Benefit who are finding it difficult to pay the rent can apply for assistance from Discretionary Housing Payments. The budget for Leeds in 2013/14 is £1.94M. The budget is ring fenced and any under spend is returned to the Treasury. The budget has increased significantly from 2012/13 to reflect the impact of under-occupancy penalties and the benefit cap. Priority applicants include disabled tenants with a significantly adapted property, foster carers, shared carers and tenants who will be under-occupied for a temporary period.
- 3.10 Despite the increase in funding there is no guarantee that the budget will be sufficient to meet need. There will also be many potential applicants who will not come under the above priority criteria Therefore we need to be prepared to provide additional funding to:
- ensure that our current policy is able to meet demand in priority case,
  - broaden the range of tenants able to receive help from Discretionary Housing Payments including single people and childless couples living in multi-storey flats affected by the under-occupancy changes.
- 3.11 It is recommended that an initial £250,000 Local Welfare Support scheme funding is used to increase the Discretionary Hardship Payment fund to extend the scheme to include tenants in exceptional hardship not covered by the current scheme.
- 3.12 It remains the intention to merge the emergency provision schemes into a single scheme covering s17 payments and Local Welfare Support scheme. As a step towards this aim it is intended to deal with s17 payments within the current budget provision for the local welfare support scheme.

### **Developing a Scheme for 2014/15**

- 3.13 Work is continuing with linking funding streams with the intention of having a fully integrated scheme of local welfare provision in place for 2014/15. An approach for assistance from local welfare provision should lead to a single customer contact in order to have the immediate problem addressed. At the same time the customer will need to be made aware of the whole range of support that may be available to them in order to improve their financial circumstances.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 A Working Group consisting of frontline services and advice agencies had met on a regular basis in order to develop the current Local Welfare Support Scheme. It was this scheme and policy that was presented to Executive Board for approval on 13<sup>th</sup> March 2013. The Welfare Reform Strategy Board was also kept informed

on developments. The intention is to reconvene the Working Group to review the scheme and apply the agreed changes.

## **4.2 Equality and Diversity / Cohesion and Integration**

4.2.1 An Equality and Diversity Impact Assessment had been undertaken and attached to the report to the Executive Board on 13<sup>th</sup> March 2013. This will be updated as and when the scheme is revised and developed.

## **4.3 Council policies and City Priorities**

4.3.1 The Local Support Scheme contributes towards the delivery of Council policies within the following city priority plans:

- Children & Young Peoples Plan
- Health & Wellbeing Plan
- Safer & Stronger Communities

## **4.4 Resources and value for money**

4.4.1 The scheme costs have been contained in the settlement provided by the DWP for 2013/14 and 2014/15. This includes new burdens, administration costs and programme funding. At some time in the future a decision will need to be made regarding additional funding for 2015/16 and onwards.

## **4.5 Legal Implications, Access to Information and Call In**

4.5.1 The Council is under no legal obligation to provide a scheme of local welfare assistance. It recognises that in the current economic climate and for the foreseeable future citizens of Leeds will need its support in responding to increases in demand on income at a time when personal income is falling. In light of the speed of change following on from the benefit cuts it will be good practice to scrutinise the working of the current scheme on a regular basis.

## **4.6 Risk Management**

4.6.1 The Government has provided funding for 2013/14 and 2014/15. The delivery of the scheme will need to become integrated with local welfare assistance including that from the charitable and third sector in order for it to develop sustainability.

## **5 Conclusions**

5.1 The Local Welfare Support Scheme has been successful in responding to the immediate need for household goods and emergency provision following on from the abolition of Community Care Grants and Crisis Loans for Living Expenses.

5.2 The service is managed by the direct delivery of household goods and the direct delivery of food baskets or the collection of prepayment cards for emergency provision. As was expected demand and spending has reduced in comparison to

that by the cash awards made under Community Care Grants and Crisis Loans for Living Expenses.

- 5.3 This saving will enable the Council to focus more funding to counter any adverse impact of housing benefit cuts and the abolition of Council Tax Benefit. This is through the creation of a contingency fund to support the work of Discretionary Housing Payments and through the creation of a hardship fund for citizens adversely affected by the introduction of the Local Council Tax Reduction Scheme.
- 5.4 The Local Welfare Support Scheme has guaranteed funding for two years and it will be continually monitored and refined in order to ensure that it is meeting local welfare need in an efficient and a value for money manner. In 2014/15 further consideration for funding will need to take place in order for a commitment to continue with the scheme in 2015/16.

## **6 Recommendations**

- 6.1 That the scheme continues in 2013/14 to meet the cost of household goods and emergency provision and that this is extended to include people faced with emergency need as a result of Jobcentre Plus sanctions on condition that the person has re-engaged with Jobcentre Plus.
- 6.2 That sums from the Local Welfare Support Scheme fund are allocated to an exceptional hardship fund to assist people affected by the changes to the Local Council Tax Support scheme. The Assistant Chief Executive (Citizens and Communities) to be given delegated authority to determine awards and manage the scheme.
- 6.3 That sums from the Local Welfare Support Scheme are used to increase the Discretionary Housing Payments budget to extend the scheme to tenants facing exceptional hardship but who do not fall within the priority groups already agreed.
- 6.4 Develop a scheme for 2014/15 that brings together emergency and hardship funding streams across the council to provide a single hardship fund that supports the delivery of wrap around services to help tackle financial hardship. Proposals for the 14/15 scheme will be presented to Executive Board in the next few months.

## **7 Background documents<sup>1</sup>**

- 7.1 None.

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.



## **Appendix 1 – Initiative Funding Allocation 2013/14**

Executive Board agreed that an initial £0.5m of Local Welfare Support Scheme funding be earmarked to support initiatives aimed at improving the longer term sustainability of provision and/or increasing advice and support throughout the City.

To date, £376k of this earmarked funding has been allocated during 2013/14 from the initial £0.5M allocated at the outset of the scheme to support the following initiatives.

### **1. Leeds City Credit Union**

Specifically included in this provision was funding for schemes to promote the use of Leeds City Credit Union (LCCU) to encourage bank account ownership and deliver practical budgeting support solutions. Whilst a number of options were submitted, the Council agreed to support a number of solutions which include:

#### **a) Development of a fieldwork toolkit**

This proposal will see LCCU create material, including presentations, that will support frontline staff to identify financial need when working directly with customers and make appropriate referrals for support.

The proposal fits well with the broader intention of 'making every contact count' in the challenge of reducing the impact of Pay Day and high cost lenders and equipping front line staff with the necessary toolkits to provide effective signposting.

#### **b) Automated Customer Access Points in One Stop Centres**

This proposal utilises advances in technology to allow Leeds City Credit Union services to be accessed in One Stop Centres (OSC) where there is not a full LCCU presence. The options could be applied in all OSCs where there is no LCCU presence or where agreed and could also be provided in other sites.

#### **c) Provision of a payday loans product**

Leeds City Credit Union has been investigating acquiring a pay day lending product that has been built by a London credit union and is successfully in operation.

The amount of interest that a credit union would earn on a pay day lending product is very low, this is because the amount borrowed is typically small and the term usually very short and the maximum rate of interest that a credit union can charge also limits the interest. In order therefore to replicate the high cost commercial lenders pay day products a similar credit union product has to be entirely automated. This means applicants apply using the internet. Those who qualify for a loan have their payment automatically issued without any manual intervention from Credit Union staff. Loans can also be paid out very quickly to compete with high cost pay day lenders. The benefit to the clients who qualify for the loans are very low interest repayment rates when compared to the high cost commercial lenders.

The software built by the London credit union therefore automates all the steps in the process and the estimate of the cost of acquiring the product is to cover the adaptation of the software, the necessary licences and the creation of a front end web site to market the product.

Note the London credit union is not seeking any profit from sharing this product with Leeds City Credit Union rather the estimated costs for software adaptation and licences arise from other suppliers involved.

#### **d) Project/Development Officer**

This role has two objectives:

- One is to project manage the contribution of LCCU to the objectives of this scheme and the implementation of the proposals for which funding is approved.
- The second is to reach out to all social organisations in Leeds, including LCC & ALMO departments to ensure that field workers in particular have the skills to recognise financial need and to sign post 'customers' to credit union services, in particular budgeting. Outreach to Leeds employers with low-income workers would also be included.

## **2. Advice Leeds Network**

A number of options were also submitted by Advice Leeds from which the Council agreed to support a funding package of up to £250,815 to deliver a number of solutions that will include:

#### **a) Leeds CABx Extend Telephone Gateway**

Advice services currently offer limited telephone services. The Bureaux in Leeds are currently able to answer 15% of calls received during opening hours, around 300 per month. Whilst some developments have taken place to increase telephone advice services significant increases in provision cannot take place without additional funding to increase capacity.

By using paid staff for the Telephone Gateway the CABx can significantly increase the number of calls answered and extend opening times. The proposal is to recruit 4 full time Gateway Assessors who would be able to answer an additional 10,000 calls per year through the telephone gateway. The Gateway Assessor would be able to provide an initial assessment of the clients issue/needs and identify the appropriate next steps and provider.

Increased access to advice services via the telephone would enable many more people to access a range of information and advice to enable them to make better, more informed choices about their financial circumstances. This service would provide access to benefits advice, money and debt advice, maximise peoples income and a range of other support services.

Telephone access to advice services will prevent people from getting further into difficulty and taking alternative options which are seen as more quickly available such as using high cost lenders or by making a direct application to the Local Welfare Support Scheme. By providing more, easier and quicker routes to alternative, holistic support and advice people will be able to find more sustainable solutions to issues as a result of benefit changes and other financial difficulties.

## **b) Advice Leeds Network - Generalist Advice**

Chapelton CAB, Burley Lodge Centre, Gipsil and St Vincent's Support Centre, all members of the Advice Leeds Network, submitted proposals to provide additional generalist advice, delivered via face to face and telephone appointments, that would increase provision at community based services, outreach facilities and targeted surgeries. The provision is also intended to support a campaign against high cost lenders in the city and the member organisations cover all the Area Management Teams.

The funding covers the costs of 6 FTE Advisors and a 0.9 FTE Supervisor for the period from 1<sup>st</sup> July 2013 to 31<sup>st</sup> March 2013. There is an intention to consider extending the funding to cover the financial year 14/15 but this will only be considered once a decision is made about the Local Welfare Support scheme that will operate in 14/15.

The partners will provide additional generalist advisors across the City with a focus on welfare benefits, debt and housing advice. The additional resource would significantly increase access to advice and provide a flexible workforce that can develop expertise to meet an increasing demand for advice, resulting principally from welfare reform.

Trained generalist advice workers would provide advice and assistance with:

- completing benefit checks and applications,
- lodging appeals,
- homelessness and challenging negative decisions,
- income maximisation,
- debt and budgeting advice,
- assisting clients with applications to organisations offering grants to people experiencing financial difficulties.

Additional advice workers providing debt/money advice and benefits advice would increase provision at community based agencies, increasing capacity of existing advice services at Chapelton CAB, Burley Lodge Advice Service, St Vincent's Support Centre and Gipsil. This additional capacity would also enable these services to be more flexible and better able to respond to the needs of particular groups as well as offer services and surgeries in other appropriate outreach venues. This could include Credit Unions, One Stop Centres, other organisations working with specific target groups such as Barca or links with services in areas of high deprivation. This would also support coordinated initiatives in targeted areas such as the high costs lenders campaign that is being developed.

Increasing the provision of advice will help people find more sustainable solutions to issues arising from the welfare reforms and other financial difficulties and will help prevent people from taking alternative options such as using high cost lenders. Increased access

to local advice will enable people to access a range of longer term support services which will reduce the need to make applications to the Local Welfare Support Scheme, or applications will be made a part of an appropriate package of support.