

**Report of Director of Resources and Deputy Chief Executive**

**Report to Executive Board**

**Date: 7<sup>th</sup> November 2012**

**Subject: Social Fund replacement scheme**

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|--|---|--|
| Are specific electoral Wards affected?<br>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 | <input type="checkbox"/> No            |
| Does the report contain confidential or exempt information?<br>If relevant, Access to Information Procedure Rule number:<br>Appendix number: | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |

**Summary of main issues**

1. The government is changing the way in which the Social Fund is administered. From April 2013, the discretionary aspects of the Social Fund, namely Crisis Loans for general living expenses and Community Care Grants, are to be moved and the budgets devolved to Local Authorities to administer.
2. The budget will not be ring-fenced but Councils are expected to use the funds to 'give flexible help to those in genuine need'. DWP has said it expects to audit and publish details of how councils choose to do this.
3. Leeds will receive £2,886,082 per annum scheme funding for 13/14 and 14/15 and will also receive administration funding of £609,851 in 13/14 and £558,994 in 14/15. There will also be £28,861 set up funding in 12/13. These funding levels are less than is currently spent by DWP. Funding is only guaranteed for 2013/14 and 2014/15.
4. Work so far on this has included discussions amongst a range of council officers, third sector and voluntary organisations which advocate on behalf of claimants for access to the Social Fund and this has identified a clear need to run a scheme which retains elements of the Social Fund scheme and builds on the opportunities afforded through local council administration
5. There are challenges in introducing a local scheme for April 2013 and it is intended to set up working group, with internal and external agency involvement, to oversee the development and delivery of the administrative arrangements.

## **Recommendations**

1. That the funding devolved to councils is used to develop a local welfare assistance scheme;
2. That the proposed scheme as outlined is approved with final scheme details to be submitted following further consultation
3. That a further report is submitted in January 2013 with
  - a) outcomes of the consultation;
  - b) proposals on funding allocations to the various elements of the final scheme;  
and
  - c) details of progress in setting up administrative arrangements.

### **1 Purpose of this report**

- 1.1 The report seeks approval for a local scheme of welfare assistance using funding devolved to local councils by the Department for Work and Pensions. The funding is to be devolved to local councils from April 2013 following the abolition of the Community Care Grants and Crisis Loans elements of the Social Fund.

### **2 Background information**

- 2.1 Social fund is an emergency payments scheme administered by DWP through Jobcentre plus call centres where budgeting loans, crisis loans and community care grants are usually paid to people on means tested benefits. The DWP will retain responsibility for the budgeting loans element of social fund but funding for Crisis Loans and Community Care Grants will be devolved to councils
- 2.2 Crisis Loans are currently supplied as interest-free loans to anyone (whether in receipt of benefit or not) who cannot meet a short term need in the event of an emergency or a disaster. Repayments are currently made directly from their state benefits, where possible. Separate arrangements are currently made for repayments for those not on benefits.
- 2.3 Common reasons for Crisis Loan application are:
  - Leaving care (food and heating)
  - Rent in advance (leaving care, moving tenancies)
  - Lost or stolen money/giro
  - Alignments between first benefit/wage payment
  - Reconnection of fuel supply
  - Income spent (food/heating only)
  - Disaster (food/heating or essential household items)
  - Benefit sanction or disallowance (food/heating only)
  - Cannot immediately access capital (premium bonds, house sale etc.
- 2.4 Community Care Grants are non-repayable grants which are intended to support vulnerable people to remain in, or return to, the community, or to ease exceptional

pressure upon families. They are commonly awarded for a range of expenses including household equipment such as white goods and furniture. Eligibility is dependent upon receipt, or imminent receipt of an income-related benefit.

- 2.5** Appendix 1 provides the latest information on claims and awards in relation to Community Care Grants and Crisis Loans. The information relates to the first 6 months from April 11 to Sep 11 and it is assumed that this is likely to represent half the expected demand in a full year.

### **3 Main issues**

- 3.1** As a part of the government's welfare reform programme, the government is changing the way in which the Social Fund is administered. From April 2013, the discretionary aspects of the Social Fund, namely Crisis Loans for general living expenses and Community Care Grants, are to be moved and the budgets devolved to Local Authorities to administer.
- 3.2** Leeds will receive £2,886,082 per annum scheme funding for 13/14 and 14/15 and will also receive administration funding of £609,851 in 13/14 and £558,994 in 14/15. There will also be £28,861 set up funding in 12/13. These funding levels are less than is currently spent by DWP.
- 3.3** In a letter to councils providing details of the funding DWP stated: *"...whilst we do not want or expect you to replicate the current scheme in either whole or part, it is incumbent upon me to say that it is the intention of the Government that the funding is to be used to provide the new provision. Whilst the Government recognises the difficulties relating to the boundary between providing financial support and social services, we expect the funding to be concentrated on those facing greatest difficulty in managing their income, and to enable a more flexible response to unavoidable need, perhaps through a mix of cash or goods and aligning with the wider range of local support local authorities/devolved administrations already offer. In short, the funding is to allow you to give flexible help to those in genuine need."*
- 3.4** The outcome from discussions with Advice Agencies, Housing Support Workers and officers providing support to people with mental health issues is that, at least for the first year, a significant element of the current Crisis Loans and Community Care Grants schemes should be retained. However, instead of providing cash grants, the scheme would focus on providing goods instead with cash payments only in exceptional circumstances.
- 3.5** Funding is only guaranteed for 2013/14 and 2014/15 and this places an emphasis on working with and supporting 3<sup>rd</sup> Sector organisations to develop more self sustaining arrangements in relation to initiatives such as furniture re-use schemes and food banks as well as developing initiatives aimed at tackling fuel poverty, food poverty and financial exclusion and increasing the provision of debt and benefit advice across the city. Given the uncertain nature of the funding from 2015 onwards it is important that the funding for 2013/14 and 14/15 not only provides direct support to vulnerable people and families but also supports initiatives aimed at reducing future demand for support *post 2015* and encourages provision of *sustainable* support for the remaining demand.

**3.6** A proposed scheme is attached at appendix 2. The scheme will be open to low income earners as well as benefit claimants with the main aims of the scheme being:

- to allow people to return to or remain in the community without the need for extra care;
- to support the most vulnerable in urgent situations through signposting to appropriate support services, advice or through provision and access to goods;
- to engage individuals with appropriate support services where needed to prevent repeat applications and develop resilience;
- to support the most vulnerable in a holistic way which will have a positive effect and will minimise cash payments.

**3.7** The key principles behind the scheme are:

- The scheme will develop arrangements with key partners, both internal and external to the Council, who advocate on behalf of clients for Community Care Grants or Crisis Loans funds to deliver elements of the scheme and make referrals for awards;
- The scheme will work closely with existing support schemes funded through the Homelessness Prevention fund and s17 payments to provide an overarching scheme of support accessed through a single route..
- The scheme will look to further develop the relationships with key partners in the 3<sup>rd</sup>, voluntary and public sector to create an integrated and sustainable local welfare provision across Leeds. This will include support and assistance in developing Food Banks and expanding Furniture Re-Use. It will over time support the creation of a clear map of local welfare provision across Leeds and the information and advice needed to access that provision. It will create clarity and reduce duplication.

The use of these resources is intended to create added value by working in partnership and supporting projects which are desirable, protect the environment and enhance the digitalisation of access to services.

- The council will work closely with Leeds City Credit Union, Post Offices Ltd and other appropriate providers to provide cash dispensing, pre-payment and financial services where required;

- The scheme will allocate funding to develop initiatives aimed at tackling fuel poverty, food poverty, financial exclusion and enhance budgeting and debt advice.
- The scheme will provide a service that is accessible, relatively simple and delivers assistance in a timely and effective manner.

**3.8** Subject to Executive Board approval of the proposed scheme, it is intended to carry out a further consultation exercise with Elected Members, 3<sup>rd</sup> Sector agencies, Advice Agencies, the Equality Hubs and other customer advocates. This exercise will be used to help develop recommendations on the final detail of the scheme, including recommendations about the funding levels for different elements of the scheme.

**3.9** There are significant challenges in establishing a scheme for April 2013. A Working Group, with involvement from services within the council and organisations external to the council, will be needed to put in place the administrative arrangements that will be required whatever the final detail of the local scheme. It is recommended that a further report is brought back to Executive Board setting out progress in putting in place the administrative arrangements.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

4.1.1 The proposed scheme has been developed with involvement from Advice Agencies, Housing professionals and Support Workers with experience in the current Social Fund scheme.

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

4.2.1 An equality impact assessment will be undertaken as part of the consultation process

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

4.3.1 The proposed scheme supports key council initiatives around tackling homelessness, fuel poverty and debt

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

4.4.1 The scheme is intended to be cost neutral with expenditure not intended to exceed the DWP's funding. New burdens funding is to be provided in relation to administration of the scheme and it is expected that the new burdens funding will be adequate to cover administration costs.

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

4.5.1 The council is under no legal requirement to set up a scheme of local welfare assistance although there is an expectation from Government that councils will use the funding to provide flexible help to those in genuine need.

## **4.6 Risk Management**

- 4.6.1 The Government has announced funding for 2013/14 and 2014/15 only and there is a significant risk that funding will reduce or disappear thereafter. It is proposed that elements of the scheme funding are used to develop 3<sup>rd</sup> Sector provision to help meet demand from 15/16 onwards should funding reduce. The operation of the scheme, particularly in the first year, will provide detailed information on demand, needs and causes that can be used to inform ongoing and future provision.
- 4.6.2 The timescale for implementation of a scheme will be challenging. A progress report will be provided to Executive Board in January 2013 which will provide greater certainty around the extent of the scheme that will be operational from April 2013 and any contingency arrangements that may be necessary.

## **5 Conclusions**

- 5.1 The Government's decision to abolish the Social Fund from April 2013 and devolve funding related to Community Care Grants and Crisis Loans to local councils, places an expectation that councils will use the funding to deliver local welfare assistance
- 5.2 The current Social Fund scheme meets a need at the moment and the proposed scheme recognises this need as well as recognising the opportunity to fund initiatives aimed at addressing some of the causes of the need. The local welfare assistance scheme also provides an opportunity to bring together different funding streams to create a coherent arrangement of support to people in need.

## **6 Recommendations**

- 6.1 That the funding devolved to councils is used to develop a local welfare assistance scheme;
- 6.2 That the proposed scheme as outlined is approved with final scheme details to be submitted following further consultation
- 6.3 That a further report is submitted in January 2013 with
- i. outcomes of the consultation;
  - ii. proposals on funding allocations to the various elements of the final scheme; and
  - iii. details of progress in setting up administrative arrangements.

## **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 I

### Reasons for Application, Applications, Awards and Expenditure for Community Care Grants and Crisis Loans.

Leeds - Community Care Grants April – September 2011 1

| Reason for Application                                | Applications | Awards       | Expenditure         |
|---|--------------|--------------|---------------------|
| Moving out of residential/institutional accommodation | 360          | 340          | £64,160             |
| Helping people to stay in the community               | 690          | 570          | £278,230            |
| Families under exceptional pressure                   | 1,330        | 1,090        | £607,890            |
| Prisoners/Offenders on temporary release*             | 10           | Less than 10 | £60                 |
| Planned Resettlement                                  | 240          | 230          | £123,000            |
| Travel Expenses**                                     | 20           | 20           | £1,570              |
| <b>Total</b>  | <b>2,350</b> | <b>2,250</b> | <b>£1080,300***</b> |

\*The awards have been rounded down to 0.

\*\*There were an additional 1,820 applications where the Directions were not satisfied which also included travel expenses refused on budgetary grounds.

\*\*\*Numbers may not sum due to rounding.

Leeds - Crisis Loans April – September 2011 1

| Reason for Application                    | Applications  | Awards        | Expenditure     |
|---|---------------|---------------|-----------------|
| Leaving care and not entitled to benefit  | 50            | 40            | £2,300          |
| Leaving care – rent in advance            | Less than 10* | Less than 10* | £1,100          |
| Disaster e.g. fire, flood, explosion etc. | 80            | 70            | £2,800          |
| Emergency travel expenses                 | 10            | 10            | £400            |
| Lost or stolen money/giro                 | 2,640         | 1,850         | £106,600        |
| Capital not realisable                    | 1,470         | 1,230         | £65,000         |
| Reconnections of fuel supply              | 10            | 10            | £600            |
| Homelessness – securing accommodation     | 50            | 20            | £6,400          |
| Benefit spent – living expenses required  | 6,040         | 4,570         | £213,000        |
| JSA disallowance imposed on customer      | 650           | 340           | £37,200         |
| JSA sanction imposed on customer          | 10            | Less than 10* | Less than 10*   |
| Item needs replacement                    | 210           | 160           | £15,300         |
| <b>Total</b>                              | <b>11,220</b> | <b>8,300</b>  | <b>£450,700</b> |

\*The applications, awards or expenditure have been rounded down to 0.

\*\*Numbers may not sum due to rounding.

## Discretionary Social Fund Data Leeds: April – September 2011

### Community Care Grants and Crisis Loans for Living Expenses

| Awards and applications rounded to nearest 10 | Crisis Loans Living Expenses | Community care Grants |
|---|------------------------------|-----------------------|
| Applications                                  | 10,300                       | 4,480                 |
| Total expenditure                             | £389,500                     | £1080,300             |
| Awards  | 7,770                        | 2,250                 |
| <b>Lone Parent Status</b>                     |                              |                       |
| Lone Parent                                   | 19%                          | 27%                   |
| Not a Lone Parent                             | 67%                          | 43%                   |
| Unknown                                       | 14%                          | 30%                   |
| <b>Age of youngest child</b>                  |                              |                       |
| 0-5   | 17%                          | 24%                   |
| 6-8   | 1%                           | 1%                    |
| 9-12  | 2%                           | 3%                    |
| 13-16   | 2%                           | 2%                    |
| No children 16 or under                       | 78%                          | 69%                   |
| <b>Age of recipient</b>                       |                              |                       |
| Under 18                                      | 2%                           | 3%                    |
| 18 to 24                                      | 34%                          | 22%                   |
| 25 to 34                                      | 31%                          | 28%                   |
| 35 to 44                                      | 20%                          | 20%                   |
| 45 to 54                                      | 10%                          | 14%                   |
| 55 to 64                                      | 3%                           | 8%                    |
| 65 to 69                                      | 0%                           | 2%                    |
| 70 to 79                                      | 0%                           | 2%                    |
| 80 to 89                                      | 0%                           | 1%                    |
| 90 and over                                   | 0%                           | 0%                    |
| Unknown                                       | 0%                           | 0%                    |
| <b>Household type</b>                         |                              |                       |
| Couple  | 8%                           | 12%                   |
| Single Female                                 | 38%                          | 51%                   |
| Single Male                                   | 54%                          | 37%                   |

Localisation data by year: 2011 – 2012 Discretionary Social Fund data: Department for Work and Pensions



## Appendix 2 – proposed scheme

### Introduction

- .1 The government is changing the way in which the Social Fund is administered. From April 2013, the funding that would have been used for Community Care Grants and Crisis Loans for Living Expenses is to be transferred to Local Authorities to create a new local welfare assistance provision. The funding will not be ring-fenced but Councils are expected to use the funding to 'give flexible help to those in genuine need'. DWP has said it expects to audit and publish details of how councils use the funding.
- .2 Leeds will receive £2,886,082 per annum scheme funding for 13/14 and 14/15 and will also receive administration funding of £609,851 in 13/14 and £558,994 in 14/15. There will also be £28,861 set up funding in 12/13. These funding levels are less than is currently spent by DWP. Funding is only guaranteed for 2013/14 and 2014/15.
- .3 The DWP will retain responsibility for the budgeting loans element of social fund.

### Background

- .1 Community Care Grants are non-repayable grants which are intended to support vulnerable people to remain in, or return to, the community, or to ease exceptional pressure upon families. They are commonly awarded for a range of expenses including household equipment such as white goods and furniture. The average award is around £480.
- .2 The prime objectives of Community Care Grants are to:
  - help people to establish themselves in the community,
  - help people remain in the community
  - help with the care of a prisoner or young offender on release on temporary licence
  - ease exceptional pressures on families
  - help people setting up home as a part of a resettlement programme
  - assist with certain travelling expenses
- .3 Applications are accepted from people in receipt of the following benefits.
  - Income Support
  - Income Related Jobseekers Allowance
  - Income Related Employment and Support Allowance
  - Pension Credit
- .4 Crisis Loans for Living Expenses are interest free loans that are intended to help people meet their short term living needs in an emergency or due to a disaster. The Crisis Loan must be the only available means of preventing serious damage or serious risk to the health and safety of the applicant or a member of their

family. Payments are not linked to the receipt of a qualifying benefit but the applicant must have the means to repay the loan. The average Crisis Loan payment is around £50.

## **Purpose of the Scheme**

- .1 The scheme will seek to assist vulnerable people in meeting their needs for subsistence or financial support where they are unable to meet their immediate short term needs or where they require assistance to maintain their independence within the community.
- .2 The aims of the scheme are:
  - to allow people to return to or remain in the community without the need for extra care;
  - to support the most vulnerable in urgent situations through signposting to appropriate support services, advice or through provision and access to goods;
  - to engage individuals with appropriate support services where needed to prevent repeat applications and develop resilience;
  - to support the most vulnerable in a holistic way which will have a positive effect and will minimise cash payments.
- .3 The key principles behind the scheme are:
  - The scheme will develop arrangements with key partners, both internal and external to the Council, who advocate on behalf of clients for Community Care Grants or Crisis Loans funds to deliver elements of the scheme and make referrals for awards;
  - The scheme will work closely with existing support schemes funded through the Homelessness Prevention fund and s17 payments to provide an overarching scheme of support accessed through a single route..
  - The scheme will look to further develop the relationships with key partners in the 3<sup>rd</sup>, voluntary and public sector to create an integrated and sustainable local welfare provision across Leeds. This will include support and assistance in developing Food Banks and expanding Furniture Re-Use. It will over time support the creation of a clear map of local welfare provision across Leeds and the information and advice needed to access that provision. It will create clarity and reduce duplication.

The use of these resources is intended to create added value by working in partnership and supporting projects which are desirable, protect the environment and enhance the digitalisation of access to services.

- The council will work closely with Leeds City Credit Union, Post Offices Ltd and other appropriate providers to provide cash dispensing, pre-payment and financial services;
- The scheme will allocate funding to develop initiatives aimed at tackling fuel poverty, food poverty, financial exclusion and enhance budgeting and debt advice.
- The scheme will provide a service that is accessible, relatively simple and delivers assistance in a timely and effective manner.

## **Eligibility**

- .1 It is proposed that eligibility will not be limited to those on benefit but will be available also to those in work on low incomes. The basic eligibility criteria are:
  - The applicant must be aged 16 or over and must be on a low income and without access to sufficient funds (including savings) to meet their immediate needs;
  - The applicant is leaving care after a minimum period;
  - The applicant requires support to stay in the community;
  - The applicant has demonstrated he/she is without immediate resource to meet the basic needs of themselves and / or their dependents;
  - The award of support would fit with the aims of the scheme.
- .2 The scheme will consider paying awards under two types of need a) those who require assistance to establish or maintain a home in the community and b) those customers who require immediate support
- .3 Those requiring assistance to establish or maintain a home include (but is not limited to) those listed below. In most instances, it is expected that a referral for an award will be supported by a support worker or advice worker. Awards under this category would be limited to 1 award in a 2 year period which mirrors the current arrangement:
  - Families under exceptional pressure
  - Homeless people or rough sleepers
  - Vulnerable older people
  - People fleeing domestic violence
  - Young people leaving care
  - People moving out of institutional or residential care
  - Ex offenders leaving prison or detention centres
  - Chronically or terminally ill people
  - People with alcohol or drug issues
  - People with learning difficulties.

- .4 Awards of immediate financial assistance may include those customers listed below. In most instances, cash will be issued as a last resort with the preference for food and fuel vouchers and pre-payment cards for other goods. Awards will, in the first instance, be made as grants.
- Have no essential food
  - Need essential goods associated with infants/children
  - Have no heating
  - Require help with emergency travel costs
  - Have suffered a major upheaval or disaster
  - Require suitable clothing for job interviews or work
  - Require help towards essential medical related costs (where not provided by the NHS or another body)
  - Require assistance to cover living expenses until they receive their first payment of benefit or salary, where this is not met by other benefits.
- .5 Repeat applications may be considered as loans or a mixture of loans / grant. Customers who make repeat applications or are identified as in need of requiring another form of assistance will be referred for support such as budget or debt advice or counselling services. Different support services will be encouraged to work in concert to deliver an approach which would prevent repeat applications
- .6 Not all applications would be suitable for an award. The scheme will also develop links with Fuel Poverty Unit, Advice Leeds Network, Leeds City Credit Union and 3<sup>rd</sup> Sector Leeds for advice and support on a range of matters including money, debt and fuel advice, benefit maximisation, volunteer networks etc.
- .7 Applications will not be supported where there is another suitable more appropriate option. In some instances it may be more appropriate to apply to Jobcentre Plus for a hardship payment or hardship loan where benefit has been sanctioned or for a budgeting loan or advance payment where there will be a delay before benefit is awarded. Matters relating to rent arrears, rent deposits or advance payments should be dealt with through Discretionary Housing Payments or the Council's Bond scheme administered by Housing Options.
- .8 Scheme funding is limited and this will require that scheme spend is monitored on a monthly basis . The amount of funding remaining will need to be reflected in the prioritisation of awards. Applications from customers with dependents and applications from householders will, where necessary, be prioritised over applications from non-householders and customers without dependents.
- .9 In the event that there is a local emergency (for example flood or fire) affecting several households the Council may wish to review available funds.

### **Applications and assessment**

- .1 The application process will be clear, transparent and accessible.

- .2 Applications will be encouraged by referral from Benefit Officers, ALMO Housing Officers, RSLs, Housing Options, Adult and Children's Services and other external agencies such as the Probation Service and Advice Agencies.
- .3 It is hoped to set up an online portal that will allow approved agencies to collect and enter data and information and make recommendations about an award. Notwithstanding this, there will be a need to provide for telephone and face to face applications. The telephone option will also provide an out of hours option. The out of hours service will provide a basic Crisis Loan service to tide the applicant over to the next working day and will mirror the current practice whereby referrals are through third parties such as social services or the police.
- .4 The final assessments and decision-making will be undertaken by the Leeds Revenues and Benefits Service. Applications for emergency assistance will be prioritised with service standards in place for quick and accurate decision making, payment of awards and review processes.

### **Methods of Payment**

- .1 In the main, payment would be in the following forms with cash payments only considered as a last resort: Maximum values will be set for both cash payments and items provided through the scheme.
  - Vouchers for food
  - Payments to suppliers of suitable goods or services
  - Pre payment cards for goods/heating
  - Goods from local suppliers
- .2 Customers will not normally be required to repay any amounts granted. However where repeat applications occur, the scheme will allow the option to offer an award in the form of a loan.
- .3 It is proposed that a scheme is created to calculate maximum awards for both living expenses and particular items; this would be subject to consultation.

### **Appeals**

- .1 The applicant or representative will have the right to request a review of a decision in relation to a refusal, the value of the award or the method of payment
- .2 The review process will follow the principles of current complaints process. A stage 1 review will be carried out by a more senior officer than the original decision-maker. A stage 2 review will be carried out by a panel chaired by an elected member.
- .3 If the customer remains dissatisfied, he/she will have the right to make a complaint to the Local Government Ombudsman.

### **Monitoring arrangements**

- .1 The scheme will be closely monitored and will be subject to monthly and quarterly reporting providing data and information on

- Number of applications and reasons
- Number successful/unsuccessful
- Value of awards
- Speed of awards and appeals
- Remaining funding and implications for scheme

.2 Where funding is allocated to support initiatives aimed at tackling financial exclusion, debt, fuel poverty and food poverty, additional reports will be provided detailing the effectiveness of the initiatives.

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