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To: Communities Cabinet Committee

Date: 19 September 2012

Subject: **Social Fund Localisation**

Classification: Unrestricted

Summary : The Department for Work and Pensions currently runs a national scheme of Community Care Grants and Crisis Loans which are part of the Discretionary Social Fund. From April 2013 this scheme will cease and part of the funding will be transferred to local authorities (upper tier in two-tier authorities) with the intention they design their own local schemes to better meet the needs in their areas.

A paper with a full options appraisal and firm recommendations will be presented to a future Communities Cabinet Committee prior to the Key Decision taken by the Cabinet Member. In order for committee members to be able to influence the thinking on the local scheme, it was decided to present an initial paper on 19 September 2012 to inform a discussion of the issues.

This paper provides members with background information on the reform and a summary of the thinking to date on what the key features of the scheme should be and the options for delivery. In brief, it is believed that, in contrast to the current scheme, KCC should develop ways to meet needs in ways that do not involve giving money to individuals. Rather, for people eligible for help under the scheme, goods and services should be provided and other help given to deal with the presenting problem and, if possible, any underlying issues affecting them.

Recommendation: This report is for information prior to a further Cabinet Committee which will be followed by a Cabinet Member Decision. Members are asked to note its contents and make any comments.

1. Current scheme run by the Department for Work & Pensions

1.1 Currently there is a system of discretionary payments administered by the Department for Work and Pensions (DWP) known as the Discretionary Social Fund. The payments (grants and loans) are designed to help vulnerable individuals remain or establish themselves in the community or ease exceptional pressures they or their family are facing. Provision is only by means of cash and no proof is required that the money awarded is spent on what it was claimed for. See Appendix 1 for further details of the current scheme.

2. What will change from April 2013

2.1 The Welfare Reform Act contains measures which will abolish the Discretionary Social Fund (Community Care Grants, Crisis Loans and Budgeting Loans) from April 2013 and replace this with the following:

- locally-based provision (provided by local authorities) to replace:
 - Community Care Grants
 - Crisis Loans for general living expenses AND
- a new nationally administered (by the DWP) advance of benefit facility:
 - Short Term Advances for someone awaiting their first benefit payment
 - Budgeting Advances for people with certain one-off expenses

2.2 Funding for the locally based provision will be devolved to local authorities (county councils in two-tier authorities) in England and to the devolved administrations in Scotland and Wales. There will be no new statutory duty requiring local authorities to deliver the service and the funding will not be ring-fenced. There is no expectation that the local service will mirror the current social fund scheme and the Government has indicated that, in line with the localism agenda, local authorities should think radically and creatively about the design of their new service, developing a local system that is better targeted and will better reflect the needs of the local community. In particular, there is no expectation that the new local schemes will simply provide cash to people in need and no expectation that loans will be provided (although in both cases these could be provided if councils so wished).

3. Funding available for the scheme

3.1 The settlement letter detailing the funding Kent can expect to receive was only sent out on 6 August 2012. The indicative funding is as follows:

2012/13	
Set-up funding	£28,638

2013/14	
Programme funding	£2,863,798
Administrative funding	£605,142

2014/15	
Programme funding	£2,863,798
Administrative funding	£554,678

3.2 The programme funding is based on previous spend in Kent between April 2011 and September 2011. This is the most up-to-date information available to the DWP at this point in time and the full 2011/12 year data will not be available until later in the year. The DWP are attempting to drive down the spend on Crisis Loans to 2005/6 levels and they have said they are on target to do this. The letter states that final Programme funding will be based on spend for the 2012-13 year. If this is nearer to 2005-06 levels the Programme funding may be closer to £2.25 million for each of the two years. Funding after the current Spending Review period is not known at this point.

3.3 It will be vital that mechanisms are put in place to ensure the funding lasts throughout the year as there will be no additional funding from central government in the event it is used up before the end of the financial year. Finance has started work to develop a

Profile Budget using Oracle that will be able to monitor monthly expenditure and ensure it stays within acceptable parameters. Information has been requested from the DWP on whether there are times of the year when expenditure has historically always been significantly higher. It is likely that winter months, the Christmas period and the period running up to the beginning of the school year will be the periods of highest expenditure.

4. Policy Context

- 4.1 The reform of the Social Fund is in line with the broader localism agenda of the Coalition Government. Another example of this trend is the localisation of support for Council Tax, also from April 2013. However, it should be noted that not all reforms operate in this direction. The introduction of Universal Credit will see the delivery of Housing Benefit taken away from local district/borough councils (the rules have always been nationally laid down), although indications are that the Government is considering a role for local councils in the delivery of Universal Credit.
- 4.2 The reform is also part of the wider drive to make savings to the welfare benefit budget (see 3.2 above) alongside a desired parallel growth in non-statutory provision (“Big Society” provision).
- 4.3 In terms of Kent’s agenda, the reform fits with Ambition 2 “To Tackle Disadvantage” and gives Kent an opportunity to try to deal with the need in a more effective way. The preferred option also sits well with the Customer Services Strategy as the intention is to make better use of the Contact Centre, Gateways and other customer facing outlets. There may be links to the “Troubled Families” agenda but this is mainly in terms of the prevention agenda, helping families before they reach the stage of more serious intervention being necessary. However, some families in the “Troubled Families” cohort will either be current claimants from the Social Fund and/or likely to require assistance from the local scheme.
- 4.4 Developing an effective local replacement scheme would seem to be particularly essential in view of the wider context of welfare reform and economic recession. One of the keys to the success of the Government’s welfare reform programme will arguably be the availability of discretionary support to vulnerable individuals at a time when they most need it. However, for these same reasons, which mean that demand may well be very high, the reform poses significant challenges.

5. Nature of the likely demand pressures on a local scheme

- 5.1 Community Care Grants (CCGs) are currently mainly claimed for essential household items needed to help vulnerable individuals remain or establish themselves in the community or to set up a new home as a result of circumstances such as domestic violence. The extract from the DWP’s ‘Local authority fieldwork summary report’ (Annex J) reproduced at the end of this report shows a breakdown of the most common items money is awarded for. Appendix 3 gives some real case studies of successful claims. An average award is approximately £400.
- 5.2 By client group the current breakdown of claimants is as follows:

- Disabled or long term health condition – 31.2%
- Lone Parents – 29.6%
- Unemployed – 21.4%
- Pensioners – 7%
- Others – 10.8%

- 5.3 Figures are not available on the proportion of recipients that are also clients of local authority 'Families and Social Care' services. However, it is believed (including by Citizens Advice) a high proportion of those who access CCGs (including large numbers of disabled people and lone parents) do not have high enough needs to qualify for help from social services.² Indeed the granting of a CCG often acts as a preventative measure reducing the need for social services intervention.
- 5.4 Crisis Loans for Living Expenses are awarded for immediate needs in crisis situations, usually when people do not have enough money for basic needs like food and fuel. An average awards is about £60. The spend on Crisis Loans has increased dramatically since the service was centralised in 2005 and accessed mainly via a call centre. The DWP are currently engaged in an exercise to drive down the spend on Crisis Loans as mentioned above but this may not reflect real demand. It is possible that if a local scheme did not include cash payments (as is being recommended), then this would eventually affect the numbers claiming, but this might be counterbalanced by an increased demand due to the wider economic context and other welfare reform measures.
- 5.5 By client group the current breakdown of claimants of Crisis Loans is as follows:
- Disabled or long term health condition – 15.9%
 - Lone Parents – 12.8%
 - Unemployed – 61.7%
 - Pensioners – 0.5%
 - Others – 9.1%

The vast majority of Crisis Loans are currently awarded to young single people under 35 who are in receipt of Jobseekers Allowance. Within this group about 37% of awards are made to people between 18 and 24. Appendix 4 shows some case studies of successful claims provided by the DWP.

Appendices 5 and 6 show the spend on Community Care Grants and Crisis Loans for Living Expenses in each district of Kent over a number of years and the number of claims and awards.

6. Proposed key features of a local scheme

- 6.1 Discussions with a wide variety of stakeholders have informed a view that a local scheme should:
- attempt to deal more effectively with some of the underlying issues
 - respond to the presenting need in ways other than by providing money
- 6.2 The sort of needs the current Discretionary Social Fund attempts to address can be roughly divided into two groups:
- (a) Emergency help with food, fuel, travel expenses etc.
 - (b) Help with household items (furniture, white goods etc) and clothing.

¹ DWP Annual Report by the Secretary of State for Work and Pensions on the Social Fund 2011/2012, July 2012.

² Communities and Local Government Select Committee report into Localisation issues in welfare reform, 13 October 2011.

³ DWP Annual Report by the Secretary of State for Work and Pensions on the Social Fund 2011/2012, July 2012.

7. Emergency provision

7.1 Although both KCC and the district/borough councils do, on occasion, provide emergency support to individuals, in the majority of cases when this need becomes apparent, individuals are signposted to the current Crisis Loan scheme, which will cease in April 2013. The current DWP out of hours service in Kent will also cease from this date. It is proposed that under the new local scheme, emergency help should, if feasible, be provided in ways that avoids the provision of money. Options for this are currently being researched.

8. Help with household items

8.1 It is proposed that this support is mainly provided by linking up with the furniture re-use sector in Kent. There are several such outlets in Kent run by not-for-profit organisations and social enterprises. Some belong to the official Furniture Re-Use national network, and some are linked to national charities like the British Heart Foundation. They offer a range of services including to varying degrees, access to second hand furniture, PAT tested electrical goods, new end of line goods and 'starter packs' for people setting up homes. In addition to providing a more cost effective solution than new goods, they also assist the drive towards recycling, although more can be done to divert goods into this sector.

8.2 If this was felt to be necessary, in addition, a cost effective mechanism for procuring new household goods and clothes could be part of the scheme. This could be developed locally and options are currently being researched. Alternatively, a national charity, the Family Fund (mainly government –funded) is very keen to work with local authorities to deliver the local scheme. They already have a well-established mechanism for procuring discounted new goods and have stated they could easily bolt on a local scheme to this.

9. Eligibility criteria for accessing the scheme

9.1 It is proposed that, at least initially, this should be similar to the current criteria. For example that to qualify for help with household goods a person should be on certain means-tested benefits and, in addition, have savings less than a certain amount (currently £500 or £1,000 for pensioners). Criteria for emergency provision should obviously be even stricter including that the person has no other funds available. In addition to passing this first hurdle, assistance should only be given, as now, to people who can demonstrate they fit into certain categories of need (for example the help will help prevent them having to go into institutional care or to ease exceptional pressures they or their family are facing).

10. Enhanced information and advice

10.1 This should include information about other sources of help including the remaining DWP Budgeting Advance schemes, Kent Savers, debt and other advice, sources of employment help etc. An ideal situation would be one where applicants to the scheme would be offered a holistic service looking at ways to improve their situation in addition to solving the presenting problem. This could be built into any of the delivery options and could be by way of referral to other organisations like Citizens Advice.

11. Kent Savers

11.1 Discussions are taking place with Kent Savers (the Credit Union) to explore how they might be involved with a local scheme. This might simply involve promoting the role of Kent Savers. However, it has also been suggested that a separate ring-fenced loan scheme is developed for people specifically referred under the local scheme.

12. Delivery options

- 12.1 Initially one of the preferred options was to develop a Service Level Agreement with the district/borough councils so that they would deliver the scheme from within one of their existing teams (for example Housing Options, Revenues and Benefits Teams). This would have been according to common Kent criteria and could have involved working with the furniture re-use network and other organisations. Officers in the district/borough councils have been engaged in discussions over the previous few months. Interest in the scheme has been mixed but it was hoped that once the funding figures had been released (6 August) a more clear view could be obtained. Soundings taken recently have indicated that the district/borough councils are not unanimous in wanting to deliver this and it would be unlikely that we would be able to achieve a consensus in time to get this up and running by April. The district/borough councils are facing significant other pressures in relation to Welfare Reform (e.g. the introduction of the local Council Tax support schemes in April 2013 and the fact that from October 2013 they will have to deal with the impact of Universal Credit) and this, undoubtedly will affect their willingness to take on any local social fund requirements. This may change in subsequent years.
- 12.2 The funding could simply be added to existing budgets, for example in Adult Social care and Section 17 payments in Children's Services. This option is definitely not recommended. Individuals currently accessing services through the Families and Social Care Directorate are only a small subsection of those who traditionally use the Discretionary Social Fund. To further target funding only on those eligible for our statutory services would result in large numbers of potential beneficiaries being denied access and the opportunity for prevention and early intervention missed.
- 12.3 KCC could deliver the scheme using the Contact Centre as the lead agency. This would build on the existing work done in the Contact Centre but may also involve the creation of a specialist team within it. This could be coupled with the commissioning of a third sector organisation to deliver the element of the scheme that involves helping people with furniture, white goods, household items etc. Indications so far are that there is a strong interest in this from within the furniture re-use sector. See Appendix 2 for a diagrammatic representation of how this model might work. A costed business case is being prepared for this option. At present this is the preferred option of the working group set up to develop the scheme.
- 12.4 A third sector organisation could deliver the whole scheme. The Family Fund (referred to above) has stated that it could either run the whole local scheme or just aspects of it. This is being further considered. There has been some interest from local organisations but in order to fully ascertain the feasibility of this option expressions of interest would have to be invited.

13. Procurement issues

- 13.1 Advice from Procurement is that it would be preferable to start the scheme on a pilot basis so that a full appraisal of the interest in the charitable and commercial sector could be gained and a clearer idea of the demands on the scheme. Following the results, the tendering process could then be used to more accurately reflect the precise needs of the service and its customers.

14. Consultation

14.1 Organisations in the statutory and voluntary sector have already been consulted on the best way to deliver the new responsibility. We have been advised that there should also be some public consultation on the issues and this is in the process of being arranged. This may have to be shorter than the usual 8 weeks given the short timescale between the release of certain key information (the funding for the scheme) and the date of the relevant Key Decision.

15. Risks associated with the development of a local scheme

15.1 It is of particular concern that the funding transferred will not be sufficient to meet demand. This is particularly in view of the current pre-transfer exercise to drive down spend, the current uncertain economic situation and the wider welfare reforms. This is compounded by the uncertainty of funding in the future, particularly if demand is seen to rise significantly.

15.2 The funding is a fixed budget and there is a danger that it may not last for the required period. In view of this robust mechanisms will need to be put in place to ensure an even spread of the funding throughout the year. If the funding is devolved to a third party, it is advised that the money be only released in instalments, subject to proper reporting. It is hoped that by restricting support to goods and services the money is more likely to last for the required period.

15.3 In the run-up to, and after, April 2013, the Government will be making it very clear that the funding has transferred to local authorities. Either not providing a scheme, providing a badly run scheme or a scheme which is perceived not to meet demand, could have significant reputational risks for KCC. This would probably be the case even if a third party were commissioned to take on the whole delivery of the scheme.

16. Recommendations

16.1 The Cabinet Committee is asked:

- a) To note the contents of this report.
- b) To consider/discuss the issues raised and the various options for the local scheme, in particular the favoured option as outlined in paragraph 12 (3) above.

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Background documents

1. National Audit Office report on The Community Care Grant, 22 July 2010.
2. Public Accounts Committee 11th Report on The Community Care Grant, 16 December 2010.
3. Communities and Local Government Select Committee report into Localisation issues in welfare reform, 13 October 2011.

4. DWP Annual Report by the Secretary of State for Work and Pensions on the Social Fund 2010/2011, July 2011.
5. DWP Annual Report by the Secretary of State for Work and Pensions on the Social Fund 2011/2012, July 2012.
6. Local support to replace Community Care Grants and Crisis Loans for living expenses – Government response to call for evidence, June 2011.
7. The Social Fund Commissioner’s Annual Report 2010/2011, Independent Review Service.
8. Local authority fieldwork summary report, DWP, December 2011.
9. Social Fund use amongst older people – DWP Research Report no. 172.
10. Social Fund Community Care Grants – DWP Customer Insight Research Report 2, 2011.
11. Experiences and consequences of being refused a Community Care Grant – DWP Research Report, no. 210.
12. Settlement letter received from DWP, dated 6 August 2012.
13. CPAG report: Delivering the Social Fund at London-level: opportunities and risks, June 2012.

Appendix 1 Details of the current scheme

1. Current situation with the Discretionary Social Fund

Currently there is a system of discretionary payments administered by the Department for Work and Pensions (DWP) known as the **Discretionary Social Fund**. This is made up of three separate funds:

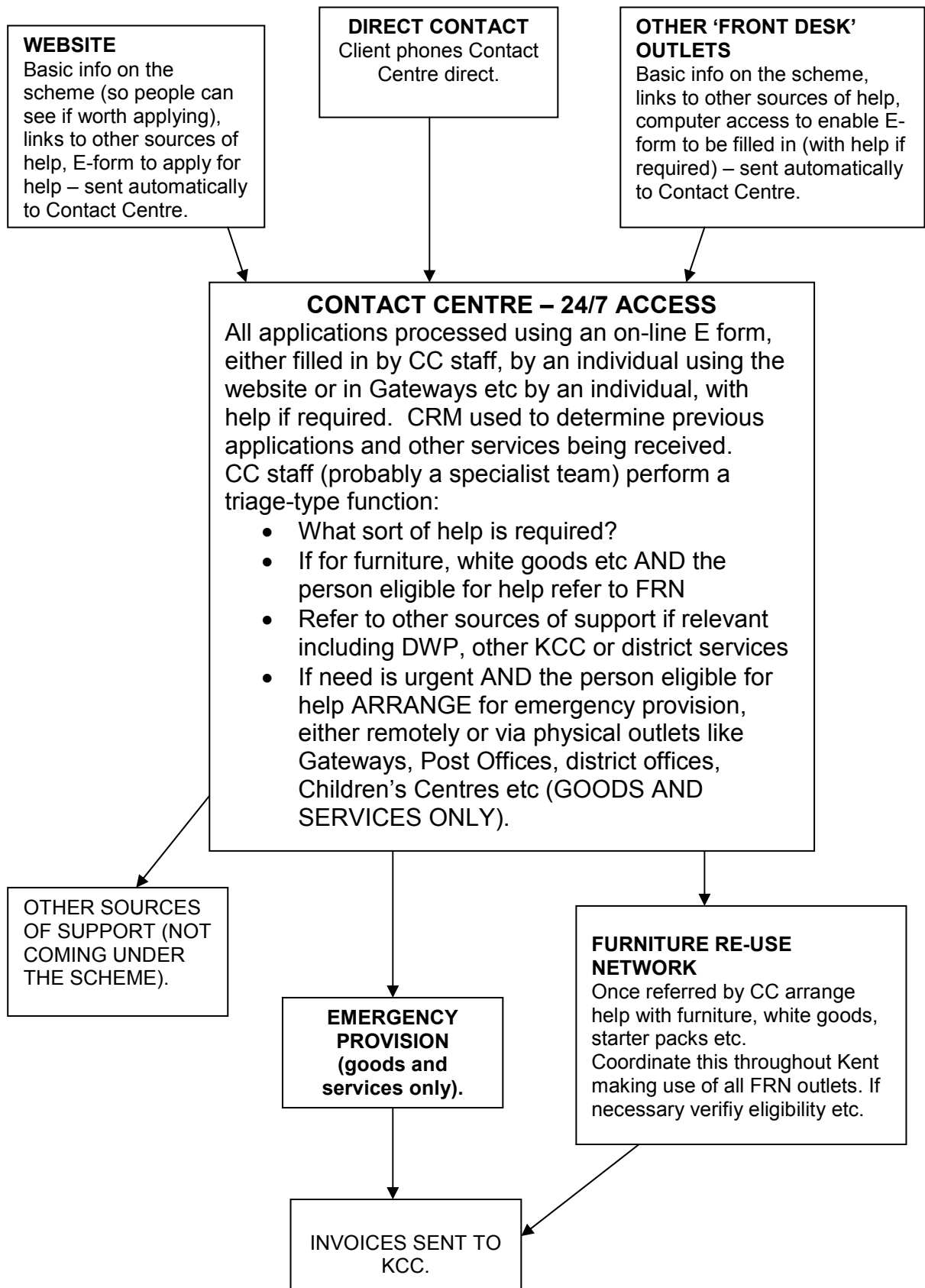
Community Care Grants – non repayable. These are available to people getting certain means-tested benefits like Income Support and Pension Credit or who are likely to start getting one of these benefits within the next six weeks because they are moving out of care. They are payable mainly to help people remain living in the community, to help them re-establish themselves in the community or to ease exceptional pressures on a person and their family.

Crisis Loans – repayable. These are interest free loans available to meet a person's immediate short term needs in an emergency or as the result of a disaster. There must be a risk of serious damage or risk to the person's (or their family's) health or safety. There is no requirement for the person to be in receipt of certain benefits.

Budgeting Loans – repayable. These are interest free loans for people who have been on certain means-tested benefits for at least 26 weeks. They are intended to help spread the cost of certain one-off expenses like furniture, rent in advance and removal expenses over a longer period.

In addition to the above there are various payments available under the **Regulated Social Fund** (Funeral Payments, Sure Start Maternity Grants, Cold Weather Payments and Winter Fuel Payments). These will not be affected by the proposed reforms and will continue to be administered nationally by the DWP.

Appendix 2 Contact Centre delivery model



Appendix 3 Community Care Grants Case Studies (provided by DWP)

The following examples all resulted in awards.

Case Study 1

Ms T made an application for a Community Care Grant to purchase a cooker, curtains, washing machine and fridge freezer. Her application was made as a consequence of her involvement in a court action which resulted in violence and threats. The police provided her with a panic alarm for her old home. However she still wished to move to new accommodation as her health was suffering because of the stress. Ms T's support worker confirmed the details were accurate.

Case Study 2

Mr G made a Community Care Grant application for a single bed. The bed was intended for the customer's son who suffers from Attention and Hyper Mobility condition. The symptoms of this condition include poor danger-awareness, falling and sleep problems. The son's health condition resulted in him jumping on the bed with such frequency that the base of his bed had broken and he was now sleeping only on the bed mattress which was further adversely affecting his condition.

Case Study 3

Mrs B applied for a Community Care Grant for a dishwasher including delivery and fitting costs, and for an orthopaedic bed. Mrs B was 76, and received Attendance Allowance, along with her Pension Credit. She had rheumatoid arthritis and took medication to help combat long-standing clinical depression.

Mrs B's bed frame and mattress was old and no longer gave proper support. She lived in a housing association flat. Mrs B's needs had recently been assessed by social services and they provided support for her application.

Case Study 4

Ms L applied for a Community Care Grant for a mattress and quilt. She received Income Support and Disability Living Allowance, and suffered from depression. She also wet the bed due to stress incontinence and had asthma. Ms L had coughing fits every night, suffered with arthritis and has a long-standing history of psychosis and manic depression. She was bed wetting at least once a night. All of this and in particular the lack of sleep was affecting her mental health.

Appendix 4 Crisis Loans Case Studies (provided by DWP)

The following examples all resulted in awards.

Case Study 1

Mr G is a 43 year old married Jobseeker and he has an 18 month old son. He applied for a crisis loan of £50 to help him buy food and pay for fuel for 4 days. He had received his usual fortnightly Jobseeker's Allowance but 4 days before his next payment of benefit was due his son had become unwell suddenly and had to go into hospital. Mr G lives in a semi-rural area with no car and as there was no public transport, and the hospital was unwilling to provide hospital transport, Mr G had to pay for a taxi to and from the hospital. This spent the final £50 of his benefit, which the family would normally expect to have lasted them for food until the next benefit payday

Case Study 2

Miss H is the lone parent of one son aged 18 months. She receives Income Support each Monday.

Miss H applied for a crisis loan of £90. She had lost her purse while out doing her main weekly shop. The purse had been on top of the hood of her baby's pushchair. She bought a couple of small things from a freezer shop, and she had her purse at that stage; she discovered it was missing when she arrived at the large supermarket when she went to look for a £1 coin to get a trolley. She had walked from her home to both shops and retraced her steps, as well as asking the staff in the freezer shop if a purse had been found, without success. Miss H said she also gets child benefit and child tax credits, but these are paid 4-weekly, with her next payment not being due for 10 days. All of this meant she needed money for food and for her electricity meter from Tuesday to Sunday inclusive, after which her next Income Support would be due.

Appendix 5 Breakdown of Expenditure on Crisis Loans for Living Expenses and Community Care Grants by District in Kent

District	CLLE 2005-2006	CLLE 2010-11	CLLE 2011-12 April - Sept	CCGS 2005-06	CCGS 2010-11	CCGS 2011-12 April-Sept
Ashford	14,000	93,700	36,700	132,800	141,600	65,500
Canterbury	35,000	90,800	39,100	176,800	166,400	80,900
Dartford	12,000	71,700	30,300	74,800	91,200	57,300
Dover	35,000	114,400	45,500	142,600	142,200	74,000
Gravesham	12,800	87,700	41,500	87,100	136,200	81,000
Maidstone	9,700	81,000	36,900	120,310	137,800	81,300
Sevenoaks	5,900	29,900	12,600	81,700	70,900	36,800
Shepway	25,600	119,700	50,200	163,900	171,200	92,000
Swale	19,300	128,300	53,800	201,700	233,900	132,800
Thanet	34,800	246,600	95,000	362,700	351,700	173,000
Tonbridge & Malling	7,400	44,000	20,400	73,900	91,600	48,500
Tunbridge Wells	12,300	58,100	22,100	89,600	75,400	36,400
TOTAL FOR KENT	223,800	1,165,900	484,100	1,707,910	1,810,100	959,500

Appendix 6 Breakdown of Claims and Awards for Crisis Loans for Living Expenses and Community Care Grants by District in Kent

District	CLLE 2005-2006	CLLE 2010-11	CLLE 2011-12 April - Sept	CCGS 2005-06	CCGS 2010-11	CCGS 2011-12 April-Sept
Ashford	310 (260)	2010 (1620)	880 (700)	520 (320)	700 (350)	290 (140)
Canterbury	590 (520)	2000 (1590)	890 (730)	770 (450)	770 (420)	360 (180)
Dartford	200 (180)	1600 (1290)	680 (550)	300 (180)	460 (220)	250 (110)
Dover	430 (330)	2470 (1980)	1100 (880)	750 (410)	790 (380)	360 (180)
Gravesham	250 (240)	2060 (1580)	980 (780)	370 (220)	770 (350)	370 (180)
Maidstone	210 (150)	1920 (1490)	870 (720)	480 (280)	750 (370)	360 (190)
Sevenoaks	100 (90)	650 (540)	300 (240)	280 (190)	330 (170)	150 (70)
Shepway	330 (270)	2610 (2130)	1150 (950)	760 (450)	890 (450)	430 (220)
Swale	360 (340)	2990 (2370)	1270 (1010)	940 (520)	1260 (620)	600 (320)
Thanet	660 (540)	5410 (4330)	2280 (1850)	1730 (940)	1960 (950)	900 (430)
Tonbridge & Malling	110 (100)	980 (770)	480 (390)	240 (160)	430 (220)	180 (100)
Tunbridge Wells	240 (210)	1260 (1050)	500 (420)	320 (200)	430 (200)	200 (80)
TOTAL FOR KENT	3,790 (3,230)	25,960 (20,740)	11,380 (9,220)	7,460 (4,320)	9,540 (4,700)	4,450 (2,200)

NB: Claims stated first and awards in brackets

Annex J – Most common items awarded as part of a Community Care Grant

