

Bath & North East Somerset Council

‘Local Welfare Provision’ Social Fund Report for April 2013

Contents

[Background](#)

[Post April 2013](#)

[The Proposals;](#)

- [a\) Recreating the current Social Fund within the Local Authority](#)
- [b\) Align and combine the budget with existing services](#)
- [c\) Contract out with new or existing partners](#)
- [d\) Keep the money allocated from the DWP](#)
- [e\) Include the funding for Social Fund in the hardship fund for the CTS Scheme](#)
- [f\) Provide our own scheme to replace the existing Social Fund](#)

[Repayments](#)

[Neighbouring Schemes](#)

[Summary](#)

[Appendix A - Allocated Funding](#)

[Appendix B – Application Breakdown](#)

[Appendix C – Application Reasons](#)

[Appendix D – Age & Status of Applicant](#)

[Statistical Analysis](#)

[Report outlining proposals to replace the existing Social Fund](#)

[Back to top](#)

Background:

The Social Fund is a government fund designed to help people on low incomes with certain expenses which are difficult to meet out of their weekly income. The Social Fund can be divided into two parts, a regulatory part and a non-regulatory part.

The regulatory Social Fund consists of payments for maternity expenses, funeral expenses, periods of cold weather and winter fuel. A person has a legal right of entitlement to these payments providing s/he satisfies certain conditions of entitlement contained in regulations.

The non-regulatory Social Fund provides Community Care Grants (CCGs), Budgeting Loans and Crisis Loans for a variety of other needs. There is no legal right of entitlement to these payments which are funded by a cash-limited budget.

The Social Fund will be overseen by the Department of Works and Pensions (DWP) until 1 April 2013.

From 1 April 2013, The Welfare Reform Act 2012 the Social Fund will be administered as follows:

- Community Care Grants, Crisis Loans and Budgeting Loans will be abolished.
- Community Care Grants, and Crisis Loans (for items and general living expenses) will be replaced by a new localised service, from April 2013. In England this service will be delivered by Local Authorities.
- Budgeting Loans will continue for people on income related benefits until they transfer to Universal Credit; and will then have access to Budgeting Advances.
- Short Term Advances will be available to eligible recipients of Universal Credit - these will be a payment on account of benefit. This will eventually be replicated in Pension Credit.
- The role of the Social Fund Commissioner will be abolished at some point after April 2013.

[Back to top](#)

Post 1st April 2013

Local Authorities will be handed the funding for the Community Care Grants and Crisis Loans. To show the separation from the Social Fund, this has been tagged 'Local Welfare Provision'.

“The replacement scheme is not intended mirror the existing setup. But that Local Authorities are better placed to make use of existing local schemes and draw on local knowledge to better meet needs.” – LA Field Work Report DWP.

What is the purpose of Community Care Grants & Crisis Loans?

Community care grants are intended to help with expenses so that people can live in the community and families can stay together. Community care grants are discretionary, which means that even if you are eligible you will only get one if the benefit office decides that your need is important and there is enough money left in the district Social Fund budget. Community Care Grants, as the name suggests, do not have to be repaid.

Crisis loans provide help for people who need money quickly because of expenses in an emergency or disaster. They can also help with rent in advance in certain circumstances. Crisis loans have to be paid back to the Social Fund, but they are interest-free. This means you will not have to pay back more than the amount of the loan. Crisis loans are discretionary which means that you will not get one just because you are eligible to apply.

[Back to top](#)

The Proposals:

a) Recreating the current Social Fund within the Local Authority.

Advantage: The Client group and agencies, who have come to rely on the Social Fund in its present state, would see no disruption to the service. This is a well established setup with a large amount of 'directions' (SF regulations) and guidance in place. These are readily available & could be adopted with minimal changes.

Crisis loans meet a need for people in emergency situations & Community Care Grants provide a vital resource for establishing a vulnerable persons place within the community.

Disadvantage: This was generally rejected at a nationwide forum of LA's due to funding issues and repetition of the problems which currently beset the Social Fund. The scheme is over 20years old & no longer meets its aims – for example at launch there was an aim to provide financial advice to claimants, figures are no longer taken for this as it hasn't taken place in many years.

The funding provided to the Local Authority is lower than the spend last year. Most Councils are to be given 10% less funding, we have 13% less. Last year the spend was £286,000 funding allocation is £249,000.

We do not have the IT framework in place the DWP have, we have minimal access to benefits data to base decision on & will have no access to existing Social Fund IT or records.

The DWP themselves have made many alterations to the Social Fund scheme over the last 5years in an attempt to reduce the abuse & streamline the system, it is currently an almost conveyor belt approach with minimal investigation & mass processing of claims.

The actual brief from the DWP as highlighted above shows the local provision is not meant to mirror the existing scheme. Quite simply, if it worked as it is, would the DWP be dismantling it & passing responsibility to Local Authorities ?

[Back to top](#)

b) Align and combine the budget with existing services

This is an area which most LAs questioned in initial consultations were actively looking into as a way of cutting costs.

For example, it is likely Social Services Children's Services will make payments to young people who would be in need of a living expense crisis loan, Adult Services may make payments for improvements to a pensioners home which could also fall into a Community Care Grant and the Deposit Bond Scheme may cover payments a grant would cover for rent in advance. Also the money from the fund could be given to existing services dealing with 100 most troubled families in the community.

Advantage: This could be an effective and cost saving use of the funding and would give extra help to most challenged people in the community. The staff on these teams are knowledgeable & already in situ. Established protocols exist for meeting needs. These internal departments work with many vulnerable groups on a daily basis & understand their individual & often unique needs.

There has been suggestion these funds could be used to target troubled families with whom the LA has knowledge of & can directly target with help.

Disadvantage : Most of the people who access the Social Fund, especially those claiming Crisis Loans are single people and not "on the radar" of these services. In our area, DWP figures show only 25% of Crisis loan applicants & 30% of Community Care Grant applicants are under 25. Just 2% and 1% respectively are under 18. So unlikely to be known to Children's / young adult teams.

Similarly only 8% of crisis loan applications are for those over 55, dropping to none at all over 65 or over. Community Care Grants, these figures are 5% for 55+ just 2% over 65.

With the troubled family's suggestion, 80% of Crisis Loan applicants, 66% of Community Care Grant applicants do not have children and 93% and 85% respectively are single people.

There is a definite need out there, with just under 2000 applications made annually in our area, but this need is not generally within existing council service users.

(Quoted figures are at the end of this report.)

[Back to top](#)

c) Contract out with new or existing partners.

This is either in the form of working alongside 3rd parties to meet needs, for example form agreements with stores to provide goods. Or to contract the whole scheme out, wholesale.

Advantage: A simple solution, by giving the responsibility for the Social Fund, with clear targets and parameters to trusted private organizations to run. Bristol Council are proposing such a scheme. This takes the day to day running out of the Local Authorities hands. A hands off approach negates the need for newly trained staff of drafting new criteria / rules / regulations.

Disadvantage: The Council may lose a certain control over the scheme, and the cost may also be prohibitive. If funds are used too quickly by the 3rd parties the Council will still be 'the final port of call'. This alone is the biggest drawback of this proposal.

Bristol County Council have chosen to go down this route and have carried out lengthy public consultation, they have been researching since approximately June 2012. Much longer than other neighbouring Authorities.

They currently do not have enough interested parties to guarantee the scheme will start on time, in fact they expect a slippage of at least a couple of months – they are still publicly advertising for partners & do not expect to sign contracts until at least March, with the scheme to start earliest of June 2013 – the work comes to LAs in April. They do not have concrete plans for the interim.

They are a much larger Council than ourselves with a much greater pool of charities / 3rd parties to call upon. Some of these such as Citizens Advise Bureau are hesitant to become involved as this takes away their impartiality. One charitable group that provides white goods for both Bristol & BANES say they have a successful working model & do not wish to add additional layers of accounting, admin & the actual decision making of who is needy of their services.

[Back to top](#)

d) Keep the money allocated from the DWP

The allocated money would be absorbed by the Council and no replacement service for the Social Fund would be considered i.e. the Social Fund would be abolished in BANES.

Advantage: The Council would see an increase in its revenue at a time of stringent cuts. No administration needed, no need for IT, staffing & training, drafting rules & regulations. Some of the Social Fund monies are abused by regular claimants anyway.

Disadvantage: The vacuum left by the absence of a Social Fund could have a huge impact on the most vulnerable in the community and be damaging to the Council's reputation, in terms of perception by the public and other agencies, such as the CAB.

There is an obvious need for this service, 2000 applications in BANES last year shows this. The people needing the support the most as previously stated are single people under pension age. The same people who are already going to bear the brunt of the major Welfare Reforms in April – the Council Tax Support scheme and the Under Occupancy rule changes. Removal of the Social Fund altogether will be effectively removing the safety net at the time it may be needed most.

Given that Welfare Benefits generate a large amount of public interest in the current financial climate, the removal of this safety net may well result in adverse press and attention, especially as none of the neighbouring Councils are considering this approach.

[Back to top](#)

e) Include the funding for Social Fund in the hardship fund for the Council Tax Support Scheme

A hardship fund was proposed in the Committee Meeting of 8/11/12, to assist with the introduction of the Council Tax Support scheme. The funding for the Social Fund could be included in this budget and that of the Discretionary Housing Payments for Housing Benefit. Customers could be assisted with their payments of Council Tax and Housing Benefit.

Advantages: Many people will find themselves having to pay Council Tax for the first time as of April and may have difficulties doing so.

Disadvantages: The existing Discretionary Housing Payment scheme will be increased to cover some of this shortfall.

The existing Social Fund meets the needs of people in emergency situations, it covers basic essentials such as food & fuel. It was never intended to cover a shortfall in Council Tax. There will undeniably be cases where people are in need of assistance due to the Council Tax Support scheme and these can be looked at on a claim by claim basis. But the need already exists for the Social Fund scheme and as previously mentioned the Under Occupancy changes will bring additional pressures. Putting all this funding aside for one issue will leave the majority of people in need without a valuable last resort resource.

[Back to top](#)

f) Provide our own scheme to replace the existing Social Fund

Establish a 'Discretionary Community Support' Team in the following way:

- Appoint 2 officers to exclusively administer the scheme, ideally 2 officers provide cover & potential for a review / appeal mechanism.
- Create a transparent and effective process to clearly inform the customer regarding the procedure and to protect Council staff from possible abuse from customers with challenging issues.
- Minimize additional footfall.
- Set strict criteria for allowing an award. Establish a two tier system. Application forms for the less urgent applications and telephone contact for emergency living expenses.
- No cash payments wherever possible. Provide actual goods, buying items directly through local charities and high street chains. Referrals where alternatives exist.
- Eliminate duplication in the system i.e. some payments, such as payment of rent in advance, could be referred to Housing Options.
- Possibly develop a '3 strikes' type setup for emergency living expenses, as presently adopted by the DWP.
- Financial Advice – look at ways to provide prevention rather than just a cure.
- Investigate alternative ways to meet needs, such as writing off overpayments or awarding DHPs to alleviate pressures – Align the DHPs to the team to this end.
- Use the new team to administer Under Occupancy & Council Tax Support assistance. Combining funding.
- One control over discretionary budgets.

Advantages: a clear system to be an effective replacement for the existing Social Fund, which will release pressure on relevant agencies and a challenged part of the community.

This fits the initial brief from the DWP of not mirroring the current scheme but will draw upon the positives of other proposals above to combine into one flexible scheme.

Disadvantages: system could be open to abuse if not robust from the outset, problems with issuing payments for electricity and fuel need to be resolved. Payment cards may not be cost effective and cash payments to customers should be avoided to prevent abuse. 3rd party goods could still be sold on the 'black market'.

[Back to top](#)

Repayments

Crisis Loans as mentioned are currently repayable. The DWP administer the benefits and the loans under one overarching IT system. This makes their repayments setup, on the face of things, relatively simple.

In reality the recovery of existing debt is not an easy task. The amount of resource required to arrange and manage repayments would negate a large portion of repayments received. We also do not have any links to DWP IT for the recovery.

Many of our potential claimants will have existing Social Fund debt, attempting to recover additional loans on top will likely exacerbate financial problems the funds are intended to alleviate.

Several pieces of prototype software covering the new schemes have no built in means of recovering payments.

Therefore I do not believe keeping Crisis '*loans*' is viable. I believe any scheme we operate should not be repayable.

[Back to top](#)

Neighbouring Schemes

We have a partnership with neighbouring Local Authorities for this Local Welfare Provision. This will assist with identifying issues & brainstorming ideas, it will also provide a barrier to cross border abuse of the schemes – unlike the services we currently provide, there is no requirement to have an address to access the Social Fund.

As mentioned Bristol City Council for example, are intending on contracting the whole scheme out to 3rd parties. They are experiencing difficulties finding people willing to take this project on & are running out of time.

South Gloucester & North Somerset Councils are to mirror the existing Social Fund arrangements. However it is apparent they have not addressed the reduction in funding and have no contingency plans. They do not have knowledge of, nor are prepared for the client

base the Social Fund brings, which is quite different to the usual day to day flow within an LA customer service environment. South Glos are planning to use pre-payment cards to issue payments, which may eliminate repeat claims as abuse is harder. However many retailers will not accept these cards for fuel payments and the scheme is costing £30k just to start out, which is a large chunk of an already limited budget – theirs is the same as ours.

Continued collaboration will ensure we can learn from their problems, take advantage of their successes & secure our shared boundaries from abuse.

[Back to top](#)

Summary

Option F would be the suggested proposal.

Drawing on the best of the other ideas under one new robust but flexible, fair scheme. We will look providing financial advice as well as financial assistance wherever practical.

- Established Need

There is an established need for the Social Fund, figures below show the overwhelming majority of people accessing the Fund, between 66% & 80%, are single without children. The same people who are likely to be hit by Under Occupancy & Council Tax Support changes also coming into force in April 2013.

- Reduced Funding

The funding from the DWP is 13% less than was spent on our area on this last year, making a mirroring service impractical. The preferred option for providing this service will see it stay in house so we can maintain tight control on the budget and who it targets.

- Robust but Flexible

We will take the core of the existing setup & refine it to meet local needs. We will have a robust gateway but a system flexible enough to adapt.

It will have similar criteria for accessing the existing fund; Telephone apps for emergency living expenses. Application forms for household items & other less urgent needs. Keeping enough of a familiarity for existing client base, but also protecting our customer service points. The customer base for Crisis Loans in particular can be very different & challenging compared to those we regularly encounter.

- Re-education & Re-allocation

The existing setup is over 20 years old & is widely open to abuse, we cannot change this wholesale without causing ourselves problems.

However, through re-education & using alternative methods of delivery which were not open to the DWP, through local schemes & knowledge, we will be able to discourage abuse & reduce application numbers and spend, making savings but also meaning funds can be directed towards genuine need. We can provide financial assistance which was an original aim of the Social Fund to provide prevention as oppose to just a short term band aid.

- Local Knowledge & Expertise

There are many existing schemes within BANES area and Departments within the Council which we will either be able to work alongside or make referrals to. Several have been contacted so far & are keen to be involved.

St Johns for example are a local organisation which mirror the Community Care Grant scheme, meeting the same needs & can be accessed through referrals from the Council.

The Food bank has a similar referral scheme & are keen to be involved.

The Sofa Project based in Bristol serve our area & are able to offer white goods delivered to customers homes. We would be able to provide actual goods, discouraging those who are looking for cash, which is the situation at present, but also provide goods to the door of those in genuine need.

Bristol Credit Union are keen to meet to discuss financial options for customers.

Fuel companies may be able to take payments directly from ourselves onto peoples accounts, which again takes people out of risk to health & safety but also closes a potential abuse loophole.

National supermarkets have been vocal in their intention to be involved & we intend to investigate to see if these are in the best interests of our community.

More will be investigated as the scheme is fleshed out & as it needs to adapt to trends.

- Conclusion

By working closely with partners who are keen to be involved, we maintain control of the purse strings but can more accurately meet needs.

We intend to take the broken shell of the existing system and morph it into a service that meets customers genuine need, drive out the abuse and be the financial safety net the well intended original service was always meant to be.

[Back to top](#)

Appendix A - Allocated Funding

Local Authority	Set-up funding	Programme Funding (AME)	Administration Funding (DEL)
Bath and North East Somerset	£ 2,493	£ 249,260	£ 52,670

Appendix B – Application Breakdown

BANES Social Fund Last 12months

DWP docs suggest up to 15% slippage in these figures due to regional boundaries. These are revised 12months figures provided Nov 2012 by the DWP.

The work coming to us, Crisis Loans and Community Care Grants, total spend = £286,800

Crisis Loans 'Alignment' payments are to stay with the DWP & become Short Term Advances - STAs

Applications broken down as follows;

Moving to LAs					totals	Stay at DWP - 'STA's CL Alignments
	CCGs	CL Items	CL L'Exs			
No of Applications	760	170	1920	2830	1600	
Total Expenditure	£176,000.00	£12,600.00	£79,900.00	£286,800.00	£89,000.00	
No of Awards	290	110	1550	1950	1460	

[Back to top](#)

Appendix C – Application Reasons

1920 CL Living Expenses applications per year equals approx 36per week, 8 per day. These are the urgent same day claims.

Given the way the Short Term Advances 'STA's are described, there is potential to receive a portion of applications that were previously classed as Alignments.

Breakdown of Reasons for Crisis Loan Applications NOT including Alignments

Spent monies		59%
Lost / Stolen monies		18%
Capital Not realisable		13%
JSA disallowance		7%
Others		3%

Breakdown of Reasons for Community Care Grants

Awards by Direction*	Percentage	Awards	Spend
Moving out of residential/institutional accommodation	13%	40	£11380
Helping people to stay in the community	27%	80	£39000
People under exceptional pressure	40%	120	£90620
Planned resettlement	13%	40	£30100
Travel expenses	6%	20	£1460
Totals		300	£172560

These figures do not equal those above, ie £176,000 / £172560. These are figures obtained from the DWP.

As initial stated though, there is a potential 15% slippage within these figures.

*Directions are similar to HB Regs

[Back to top](#)

Appendix D – Age & Status of Applicant

Appendix 2

2011/2012 (Apr-Sept)	Crisis Loan Items	Crisis Loan Living Expenses	Crisis Loan Alignments	Community Care Grants
Lone Parent Status				
one Parent	15%	19%	7%	31%
ot a Lone Parent	64%	56%	81%	32%
nknown	21%	25%	12%	37%
Age of youngest child				
-5	11%	16%	7%	27%
-8	0%	1%	2%	2%
-12	5%	3%	1%	2%
3-16	3%	2%	2%	2%
No children under 16	80%	78%	89%	66%
Age of recipient				
nder 18	2%	2%	4%	1%
8 to 24	26%	31%	35%	30%
5 to 34	20%	30%	27%	25%
5 to 44	26%	20%	19%	28%
5 to 54	18%	13%	11%	9%
5 to 64	8%	4%	4%	5%
5 to 69	0%	0%	0%	0%
0 to 79	0%	0%	0%	1%
0 to 89	0%	0%	0%	1%
0 and over	0%	0%	0%	0%
Household type				
	7%	9%	7%	15%

couple				
single Female	36%	42%	32%	46%
single Male	57%	49%	60%	39%
<i>Percentages may not sum to 100% due to rounding</i>				
All figures from DWP.				

[Back to top](#)

Statistical Analysis

The figures show the majority of applications are for Crisis Loan Living Expenses – 68%

Of these 59% are due to monies being spent, ie inability to budget. Which does seem to somewhat negate the ‘sudden emergency or disaster’ nature of a crisis loan.

A further 18% due to monies being lost & stolen.

Spent, lost & stolen monies are the traditional 3 main reasons for making applications and the main areas of abuse. In the past applications were examined individually & evidence requested where possible, ie receipts, police reports. Historically losses outweighed spents because police loss reports could be provided very easily. Since the advent of Jobcentre Plus & the mass process of applications in a call centre environment, this no longer applies, evidence is not sought after, applications are based on outstanding debt & history of applications.

Despite taking up 68% of applications & a large amount of processing time, these applications equate to 28% of total spend.

This area is where financial advice can be provided for those with genuine issues & savings made by going back to older style evidence examination.

61% of budget is spent on Community Care Grants, of which 40% of these are for exceptional pressures. Each application takes approx 9 days to process. The DWP guidance gives examples of these, such as a house fire, breakdown of relationship, replacement of vital household goods, ie a washing machine for a lone parent with disabled children.

The majority of these grants are for Household goods, often a complete house full of (essential) items, payments are issued in cash & high street prices are used - the Argos catalogue is widely used as a guide !

Appendix 2

Changing the method of payment from cash to goods and vouchers and forging partnerships with 3rd parties should ensure savings are met in this area. In addition referrals to 3rd parties could provide greater assistance to those in need which we are not able to give direct.

The final table shows most applications come from Single, Childless, Working Age people.