



CABINET

14 January 2013

TITLE OF REPORT

LOCAL SUPPORT PAYMENTS – REPLACEMENT OF THE SOCIAL FUND

Report of the Leader of the Council

Open Report

Classification - For Decision

Key Decision: Yes

Wards Affected: All

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1. EXECUTIVE SUMMARY

- 1.1. The DWP currently administer social fund payments. The Welfare Reform Act states that from April 2013, the Council will take responsibility for the discretionary elements of these payments.
- 1.2. We are proposing that the administration of this is undertaken by K&C on behalf of the three boroughs.
- 1.3. The current system is overspending in line with budget projections and the government has set a budget lower than the current spend. The authority has no choice on funding but must set up its own scheme so that the criteria ensure that claims do not exceed the budget available.
- 1.4. Awards of Local Support Payments will be made through a variety of methods. We will be sending vouchers / gift cards for local shops and for bigger items of furniture or white goods, we will be using a local company (Furnish) to provide these items.

- 1.5. The service will be available 8-6, Monday to Friday. Suitable resilience can only be provided by amalgamating the teams of three boroughs.
- 1.6. The government will provide funding for the administration and payment of this scheme. There will be no extra cost to the Council.
- 1.7. As the funding is limited and will be less than is paid out now, the number of awards made by the new team cannot be at current levels - which reflects government intention. However, due to the fact that the new team will work closely with Tri-borough partners, we are confident that this new service will provide assistance in a more timely and efficient way than is currently provided by the DWP.

2. RECOMMENDATIONS

- 2.1. That approval be given to proceed with a Tri- Borough solution for the administration of a new Local Support scheme for the provision of discretionary emergency payments.
- 2.2. That the Royal Borough of Kensington and Chelsea (RBKC) administer the service for Westminster City Council (WCC) and LB Hammersmith and Fulham utilising an agreed eligibility criteria for each borough.

3. REASONS FOR DECISION

- 3.1. This proposal allows us to provide a resilient service that benefits from the economies of scale that the tri-borough approach allows.

4. INTRODUCTION AND BACKGROUND

- 4.1. The Welfare Reform Act 2012 places a duty on all local authorities to develop a scheme to replace the current central government Social Fund scheme for Community Care Grants (CCG) and Crisis Loans Living Expenses (CLLE) from April 2013.
- 4.2. The current scheme provided by the DWP is made up of discretionary and non discretionary elements. The non-discretionary elements include items such as winter fuel and funeral payments and these will remain the responsibility of the DWP.
- 4.3. The discretionary elements are made up of Community Care Grants (CCG) and Crisis Loans for Living expenses (CLLE) and it is these that will become the responsibility of the Local Authority.

- 4.4. Community Care Grants (CCG) are non-repayable cash awards made to help people move back into or remain in the community, or to ease exceptional financial pressure. An example would be payments to families in temporary accommodation, to buy white goods or a bed before moving into social housing.
- 4.5. Crisis Loans for Living Expenses (CLLE) are interest free loans for people facing an emergency or disaster. Examples of CLLE awards are loans to young people leaving care, who have not yet received welfare benefits, to buy clothing and toiletries.
- 4.6. All claims are currently made using a DWP free-phone number. Claims are administered via a call centre.

5. PROPOSAL AND ISSUES

- 5.1. The proposed solution has been developed through work done by K&C in liaison with a number of local advisory groups, most of which operate in this borough too.
- 5.2. We have also spoken to local groups in Hammersmith and Fulham for comments on our proposals.
- 5.3. It is proposed that claims will be accepted through the following channels:
 - by phone (through a free-phone number);
 - on-line; and
 - by post.
- 5.4. Although the vast majority of claims will be made via one of the above channels, visitors to h&f Direct reception will receive assistance to make a claim from Housing Benefit staff when required.
- 5.5. The team will be call centre based – with no face to face provision and will provide a service 8-6. Due to cost it will not be possible to provide any out of hour emergency service except for sign posting to each borough respective section 17 team.
- 5.6. Payments will be made in the form of vouchers or gift cards. Furnish, part of Staying First, a social enterprise in the borough, will provide new and refurbished goods to customers assessed as requiring assistance. Furnish currently refurbish social housing properties for the TMO and Housing Associations and are able to procure bulk discounts from large manufacturers which are passed on to their clients. The Council will issue customers with a voucher which can be exchanged for a specific item such as a fridge or washing machine.

- 5.7. Good financial advice, especially debt advice, was suggested by the Advisory Group as a way of encouraging customers to manage their own affairs and plan for an emergency such as a broken cooker. Staying First have made an Innovations Grant bid to the Council which if successful will provide housing, financial and debt advice to all customers who claim a Local Support Payment. They intend to do this by accepting direct referrals from our officers. If Staying First are unsuccessful in their bid, then a similar service could be commissioned from a number of third sector organisations.
- 5.8. Under this new scheme, we will offer a more efficient and integrated service than customers receive at present from DWP. For example, the biggest expenditure is payments to customers to help them move from temporary accommodation into more secure dwellings. At the moment the move into the new home is sometimes delayed due to the customer awaiting the outcome of their loan application and, even once a cash payment is made, there is a delay whilst the customer buys the furniture and then waits for essential items to be delivered. This delay can take weeks and can impose additional cost on the Council for temporary accommodation. The new model will ensure that the Council's Housing Options and Social Inclusion Teams liaise with the assessment team to have essential items delivered directly to the new address within five days from the date of decision.
- 5.9. The Council will issue gift cards to be used in Sainsbury's, Tesco and Marks and Spencer where emergency food and clothing is required; a discount of 7 per cent can be obtained for bulk purchase of these cards.
- 5.10. The DWP does not expect authorities to issue loans and legislation does not allow authorities to recover loans from entitlement to benefit as currently happens. However, it may be possible to refer some customers to the Council's credit union for a loan where this is appropriate and discussions have started to establish how this should happen.
- 5.11. One proposal is that, where an award has been agreed due to a lost/stolen giro or the inability to access funds due to exceeding overdraft thresholds then part of the award will go to open a Credit Union account and for further Giros to be paid directly to that account. This will involve an additional £15 on top of the amount claimed: £5 goes to the credit union as an administrative charge and £10 must remain in the account. This is a costly option and there may not be sufficient funds in the first year to finance this proposal. However this initiative could play a major role in encouraging financial inclusion to vulnerable residents in the borough.
- 5.12. There will be some situations where a cash payment is unavoidable, for example, fuel keys can only be topped up using cash. In these instances it is proposed that this is made using a bar coded system via

the post office. These payments will be kept to a minimum and issued when there is no alternative

- 5.13. Although there has been some discussion with charities providing foodbanks - there is a food bank in Westminster and Hammersmith and Fulham and one is opening in the Royal Borough later in the year – this option is only likely to be used as a contingency if demand is especially high. This is because the foodbanks do not have capacity to deal with the volumes currently seeking assistance via the Social Fund; and they are reluctant to be seen formally as a delivery arm of a localised solution, except in an emergency.
- 5.14. It is hoped that making payments in kind will help to influence customer behaviour and prevent multiple applications for assistance, which currently happens, and perhaps more important ensure the customer receives the essential item they have requested rather than spend the cash on other items. A model of the scheme can be seen in Appendix 1.
- 5.15. To be eligible to access the new fund, you must be:
- aged 16 or over; and
 - live in the borough or have been placed in social housing outside the borough by this authority, or in the case of someone leaving prison, have an intention to move into the borough; or
 - be in receipt of a qualifying benefit or due to leave an institution or care home within six weeks; and
 - you must not have claimed a Social Fund or Local Support Payment on more than two occasions within the past 12 months; and
 - You must be without sufficient resources which would cause serious risk to your own, or your family's health or safety, or
 - You must require essential assistance to establish yourself, or to remain, in the community.
- 5.16. Appendix 2 shows the proposed eligibility criteria. This document is subject to change as the scheme develops. As we do not know what the demand will be post April 13, the criteria will be subject to constant review to ensure that payments remain in line with the budget.
- 5.17. Customers will be given the right of appeal against any decision made which will be considered by a senior officer. Each borough will deal with their own appeals.

6. TRI-BOROUGH WORKING

- 6.1. The service will be provided 8-6 Monday to Friday. As the money provided by central government is only enough for two members of

staff (after IT costs etc) there will insufficient service resilience if provided on an individual borough basis.

- 6.2. The recommendation that this be provided on a Tri-borough basis has been agreed by all three boroughs. LBHF will contribute two officers to the administration of the team which will be administered by K&C. The remaining team members will be supplied by K&C.
- 6.3. Each authority will retain its own funding allocation and will receive regular monthly updates on expenditure.
- 6.4. Each authority can develop their own eligibility criteria. It is proposed that we adopt the criteria developed by K&C after their work with local advisory groups. We have discussed this with a number of advisory groups within this borough and there was no disagreement to this.
- 6.5. Having a common eligibility criteria will promote consistency in decision making and assist in the administration of the team.
- 6.6. Each authority will retain its own sovereignty in dealing with its own appeals.
- 6.7. This arrangement will require a section 113 agreement. See appendix 3.

7. HOW THE SERVICE WILL BE FUNDED

- 7.1. The government has allocated the Council funding of £588,571 for 2013-14 to meet the cost of a local scheme. Funding for 2014-15 will be the same and local authorities will be informed of future years' allocation nearer the time.
- 7.2. The allocation for K&C and Westminster is £417,000 and £588,581 respectively.
- 7.3. Whilst the overall cost of the Tri-borough service has yet to be finalised, it is envisaged that the majority of the set-up and administration funding will flow through to RBKC, although an element of the funding will be needed to support the administration of the Council's appeals process
- 7.4. The table below shows the spend for the three boroughs for 2010/11.

2011-12	Crisis Loan Living Expenses	Community Care Grants	Totals
<u>Number of Applications received</u>			
Westminster	2860	1910	4770
H&F	2880	1680	4560
K&C	1520	1240	2760
<u>Total expenditure</u>			
Westminster	£113,100	£711,700	£824,800
H&F	£122,800	£496,600	£619,400
K&C	£64,100	£439,600	£503,700
<u>number of awards</u>			
westminster	2270	890	3160
H&F	2310	710	3020
K&C	1260	590	1850

7.5. It is anticipated that all three Councils will spend their award allocation. The table shows that we are currently spending £619,400 where as our allocation will only be £588,571. However each Council will retain any under-spend from its budget if there is an end of year surplus.

7.6. The Government has also given the Council annual administrative funding of £124,372 for 2013-14 which drops to £114,000. For this year, we have received a set up award of £5,886.

7.7. The annual administrative funding for Westminster and K&C is £187,069 and £88,166 respectively for 2013-14 which reduces to £171,469 and £80,768 respectively for 2014-15. Westminster will be given set up funding of £8,853 and K&C will receive £4,170.

7.8. The total administrative funding for the three boroughs is therefore £399,607 for 2013-14, falling to £366,237 for 2014-15.

7.9. The combined set up funding of £18,909 is disappointing and will not cover the set up cost of a new IT system: we propose to find this cost from administrative funding for the first year.

8. CONSULTATION

8.1. Eligibility for this service has been formulated by K&C in consultation with local advisory and support groups. We have taken these criteria to some of our local groups for their comments and they are in general agreement.

9. EQUALITY IMPLICATIONS

- 9.1. An EIA has been conducted by the RBKC. However, we have provided more detail for this authority. The agreed Tri-borough EIA is attached in appendix 4.

10. LEGAL IMPLICATIONS

- 10.1. The Council's legal responsibilities under the Welfare Reform Act are set out in the report. The proposed scheme can be administered by RBKC under the provisions of s.113 of the Local Government Act 1972 (the power to place staff at the disposal of other authorities). The arrangements will be formalised by an agreement between the boroughs which will include financial, HR and data sharing protocols and provisions in relation to the sharing of staff, assignment of liabilities, management arrangements and other issues.
- 10.2. As with all Council functions, Cabinet must have due regard to the public sector equality duty ("PSED") now contained in Section 149 of the Equalities Act 2010 Act.
- 10.3. Implications verified/completed by: Janette Mullins, Head of Litigation, ext 2744

11. FINANCIAL AND RESOURCES IMPLICATIONS

- 11.1. The impact on the Council's budget will be neutral. This is because the service will only be provided up to the level of the grant provided.

12. RISK MANAGEMENT

- 12.1. The demand for the service may outstrip the funding provided. The CLLE element is based on 2005-06 levels as it was at this point, nationally, that expenditure in this rose dramatically.
- 12.2. Furthermore, demand from 2013 may be greater than in previous years due to the further impact of welfare reform changes next year and the effect of reform changes already introduced. Many households will have housing benefit shortfalls in their rent and will build up rent arrears, debt and financial hardship.
- 12.3. An unprecedented level of demand will not only have an impact on the ability to meet customers' needs but also the ability of the team to make awards in a timely manner.

13. PROCUREMENT AND IT STRATEGY IMPLICATIONS

13.1. Not applicable.

LOCAL GOVERNMENT ACT 2000 LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Welfare Reform Act 2012		

LIST OF APPENDICES:

<i>Appendix 1</i>	<i>how the scheme will work</i>
<i>Appendix 2</i>	<i>eligibility criteria</i>
<i>Appendix 3</i>	<i>section 113 agreement</i>
<i>Appendix 4</i>	<i>tri-borough equalities impact assessment</i>