

WIRRAL COUNCIL

CABINET

19 JULY 2012

SUBJECT	WELFARE REFORM: LOCAL WELFARE ASSISTANCE SCHEME
WARD/S AFFECTED	ALL
REPORT OF	HEAD OF FINANCIAL SERVICES / DEPUTY S151 OFFICER
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 The reform of the nationally administered Social Fund Scheme will see the introduction of a new, localised scheme of welfare assistance, to be administered by Local Authorities from April 2013. This report seeks Cabinet agreement to the approach being adopted and a further report on the options for a Wirral based scheme will be presented to a future Cabinet.
- 1.2 The changes to the wider Welfare Reform Programme have a significant impact directly on Local Authority administration and as with much of the Reform programme, it will be the same households and individuals that are affected by each reform strand.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The existing Social Fund was established under the Social Security Act 1986 and is administered by Jobcentre plus (JCP) on behalf of the Department for Work and Pensions (DWP). It provides interest-free loans, grants and payments through both a regulated scheme and a cash-limited discretionary scheme.
- 2.2 As a part of the Welfare Reform changes the two elements of the national Social Fund Scheme which provide emergency financial assistance will be abolished from April 2013. Community Care Grants and Crisis Loans will be replaced by localised welfare 'assistance' or 'support' schemes, designed and delivered by Local Authorities.

Community Care Grants

- 2.3 Community Care Grants are non-repayable grants awarded for a range of expenses including household equipment. They are primarily intended to support vulnerable people who wish to return to, or to remain in the community or to ease exceptional pressure on families thus supporting people with independent living and complement, but not replace, other specialist care support provided by local authorities. This may include a deposit or rent in advance, removal costs, essential furniture and clothing. Eligibility is conditional on receipt or imminent receipt of an income-related benefit. There is no current requirement for the grant to be repaid.

- 2.4 The Government believes it to be a passive scheme which expects nothing of those awarded a grant – including any expectation that a grant will support financial independence or a return to employment, and does not verify need. A more responsive and less rigidly applied system will help focus resources on real need.

Crisis Loans

- 2.5 Crisis Loans are interest-free loans available to anyone regardless of whether they receive benefit, who cannot meet their immediate short-term needs in an emergency, or as a result of a disaster. Repayments are made directly from benefit where possible, although separate arrangements can be made for people not in receipt of benefits. Crisis Loans currently fall into three broad categories: general living expenses, items required as a result of a disaster and alignment payments. The later help meet an urgent need pending an initial payment of benefit or wages being put in place. The majority of Crisis Loans are awarded to single people in receipt of Jobseekers Allowance below the age of 35. Demand for these loans has risen rapidly in recent years and the Government considers that if this is not stemmed there will be a detrimental effect on their future availability over the period of the current Spending Review.
- 2.6 Those accessing both Community Care Grants and Crisis Loans generally include -
- Offenders leaving custody
 - Young people leaving care
 - Adult social care service users, and families known to children's services
 - People in temporary housing
- 2.7 From April 2013 the Department for Work and Pensions via JCP will continue to administer Crisis Loan Alignment Payments and other Crisis Loans paid due to linkages with other forms of benefit, for example Tax Credit delays. This will be via a new national scheme of Short Term Advances. Budgeting Loans will continue until Universal Credit (UC) is fully rolled out. As people migrate to UC they will have access to a new system of Budgeting Advances that will replace Budgeting Loans.

Current Service

- 2.8 The most recent Audit Commission review found the current service provision had little accountability or governance, particularly for Crisis Loans which are claimed through a network of contact/call centres. This gives an indication of the challenge local authorities are being given to both take on and administer successfully this scheme in such a short timescale. There is also a corresponding appeals system. It has also been recognised that the administration of the scheme was not to the highest standard and suggests that, in localising the scheme, local authorities do not simply replicate the current system.
- 2.9 Community Care Grants and Crisis Loans are similar in cost to administer per application, but the value of an average Community Care Grant award is around five times that of a Crisis Loan. Community Care Grants are the most time consuming of the discretionary elements of the Social Fund to deliver. This is in part because a remotely administered discretionary scheme means uncertainty of outcome for applicants and challenges for decision makers around the supply of corroborating evidence. The Government also recognises that they generate a relatively high level of first and second tier reviews, which adds to complexity of the scheme.

Developing a local scheme

- 2.10 It is significant to note that there are actually no new statutory duties on Local Authorities to develop and administer such a scheme although the grant will still be paid to the authority. Notwithstanding this, there are risks associated with making no or limited provision for emergency support to groups such as those described as being vulnerable people. This in turn could increase pressures on Children's Services and Supporting People budgets.
- 2.11 It is expected that Wirral will use this new power to establish a local welfare assistance scheme which is able to adequately support those deemed to be most at risk and/or in need. Given its long standing and dedicated resource in Housing and Council Tax Benefit and the less prescriptive Discretionary Housing Payments the administration and delivery of this new area will be undertaken by the Finance Department. However development and design of the system will be progressed through a dedicated project group. This will comprise of a cross section of officers, reporting to the recently formed 'Corporate Welfare Reform Working Group', which has representatives from all key authority service areas that can contribute to the rational development of this Local Welfare Assistance Scheme.
- 2.12 The net effect of the change will see the current £178 million per annum national fund distributed to Local Authorities on a non-ring fenced basis although in reality authorities will only receive a proportion of the current spend. Whilst Wirral's 'grant' is not known at this stage the spend for Wirral in the last two years is shown below;

2010/11	Crisis Loan Items	Crisis Loan Living Expenses	<i>Crisis Loan Alignments (stays DWP)</i>	Community Care Grants	<i>Budgeting Loans (stays DWP)</i>
Applications	4,620	13,450	9,640	4,280	12,980
Expenditure	£830,000	£592,900	£568,800	£942,300	£3,606,300
Awards	3,170	10,450	8,820	2,280	9,550

2011/12 Apr – Sept (six months)	Crisis Loan Items	Crisis Loan Living Expenses	<i>Crisis Loan Alignments (stays DWP)</i>	Community Care Grants	<i>Budgeting Loans (stays DWP)</i>
Applications	750	5,600	4,430	2,100	5,800
Expenditure	£59,100	£237,100	£245,400	£473,300	£1,625,700
Awards	380	4,320	4,070	1,090	4,330

- 2.13 Broadly the design options generally under discussion for Wirral include a mixture of support that is delivered through the mediums of cash, vouchers, services and goods. There will then be eligibility criteria, alignment with corporate priorities. The administration of the scheme will set out details of evidential requirements, publicity, access to officers handling the scheme and engagement with support workers.
- 2.14 As the implementation timescale is extremely tight and resources to satisfactorily examine all potential and possible options are highly limited, for 'year one' it is likely as with Council Tax Reduction Schemes that authorities may recommend adoption of a scheme which to a large degree mirrors those in currently in existence and then look to develop it coherently for year two and onwards.

- 2.15 A key judgement and policy decision from the outset will need to be to what level a scheme is adopted and whether or not to offer/award 'repayable' loans. The implications of administering a scheme which brings with it the administration of a testing recovery process which is known to be highly resource intensive, expensive and most likely with a lower recovery rate than we would normally achieve must be properly evaluated.
- 2.16 It will be extremely important to evaluate and understand all other means of available assistance to ensure the most appropriate and prudent management of available funds. It will also be paramount that an understanding of where there is true hardship, risk and vulnerability if a local scheme is to be properly effective. Often the criticism of the existing national scheme has been that these tests have increasingly not been duly considered or met.
- 2.17 Unlike the Council Tax Reduction Scheme there is no specific timetable, bar the need to have this scheme agreed and in place for implementation locally by March 2013. Notwithstanding this, given the requirements for consultation and approval, I propose to align the timescale of this scheme as closely as possible with that of the local Council Tax Reduction Scheme as detailed below:
- Consultation on draft schemes to take place from August to October 2012.
 - Scrutiny consideration of draft scheme proposals in November 2012.
 - Cabinet to recommend the proposed 2013/14 scheme in December 2012.
 - Full Council to formally approve the 2013/14 scheme in January 2013 for ongoing implementation.

3.0 RELEVANT RISKS

- 3.1 I am not in a position to conclusively report on all identified or relevant risks associated with the design, implementation and delivery of a localised support scheme for Wirral and these will be detailed in the subsequent report.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 No other options have been considered although the authority is entitled to decide not to have such a scheme but this is not felt to be appropriate or sustainable.

5.0 CONSULTATION

- 5.1 Consultation has not been undertaken at this stage, however it will be necessary to appropriately involve and consult with key stakeholders, agencies and organisations as a part of the design and development work that is now underway.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 There is an imminent need for the authority to engage with appropriate representative bodies albeit through a wider representative forum, as part of the design and development work that is underway.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 7.1 In agreeing the ultimate implementation of a localised support scheme for Wirral the resource implications will be detailed. It is anticipated that any scheme will have significant implications for staff, assets IT and finances.

8.0 LEGAL IMPLICATIONS

- 8.1 None at this stage, however legal implications will be cited in subsequent reports.

9.0 EQUALITIES IMPLICATIONS

- 9.1 A specific Equality Impact Assessment (EIA) is required and will be undertaken as part of Wirral's scheme development and design.

The completed a national EIA's for Welfare Reform can be assessed through the following link: - <http://www.dwp.gov.uk/policy/welfare-reform/legislation-and-key-documents/welfare-reform-act-2012/impact-assessments-and-equality/>

The department current benefit related equality impact assessments are shown at; <http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010/finance>

10.0 CARBON REDUCTION IMPLICATIONS

- 10.1 There are none arising out of this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 11.1 There are none arising out of this report.

12.0 RECOMMENDATIONS

- 12.1 Cabinet supports the way forward for the Local Welfare Assistance Scheme for 2013/14 and that officers continue to analyze and monitor the impact of this reform on the authority and its citizens and present a further detailed report for consideration of the composition of a final scheme for 2013/14.

- 12.2 The timescale as set out in this report is approved.

13.0 REASONS FOR RECOMMENDATIONS

- 13.1 To allow Cabinet to give direction as to options to be considered in the development of initial proposals for a Local Welfare Assistance Scheme for 2013/14 as the replacement to the Community Care Grants and Crisis Loans that are being abolished from 31 March 2013. To also allow Cabinet to recognise the timescales required for statutory purposes and the level of administrative work that will be undertaken in the period to ensure compliance with the new legislation.

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SUBJECT HISTORY

Council Meeting	Date
Cabinet	22 September 2011
Council Excellence Overview & Scrutiny	26 March 2012
Council Excellence Overview & Scrutiny	17 November 2011
Council Excellence Overview & Scrutiny	16 March 2011