

WIRRAL COUNCIL

COUNCIL EXCELLENCE AND OVERVIEW COMMITTEE

27 NOVEMBER 2012

SUBJECT:	SOCIAL FUND REFORM WIRRAL LOCAL WELFARE ASSISTANCE SCHEME
WARD/S AFFECTED:	ALL
REPORT OF:	ACTING CHIEF FINANCE OFFICER
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION?	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report presents the proposed year one policy for a new local discretionary support scheme administered by the local authority from April 2013 to replace the crisis loans and community care grants currently administered by the Department for Work and Pensions. Members are asked for their views for referral to Cabinet and consequential approval by Council.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The Government published the White Paper "Universal Credit: welfare that works" on 11 November 2010 which set out proposals to reform the welfare system and which included reform plans for the Social Fund. The subsequent Welfare Reform Act 2012 included powers to end the discretionary elements of the Social Fund.
- 2.2 With effect from April 2013 the discretionary Crisis Loans for Living Expenses and Community Care Grant elements of the Social Fund administered by the Department of Work and Pensions will be abolished. Funding is being transferred to Local Authorities for them to provide a replacement local scheme.
- 2.3 Crisis Loans were intended for people who were unable to meet their immediate short terms needs in an emergency or as a consequence of disaster, and they were awarded for immediate living expenses in order to avoid serious damage to the health and safety of the applicant or a member of their family. Community Care Grants were primarily intended to help vulnerable people live as independent a life as possible in the community and were dependant on receipt of income related benefit.
- 2.4 The Department for Work and Pensions will continue to administer the discretionary Crisis Loan Alignment and Budgeting Loans which they will be replacing with new national schemes for Short Term Advances and Budgeting Advances, as well as continuing to administer the regulated elements of the Social Fund (Funeral Payments, Cold Weather Payments, Winter Fuel Payments and Sure Start Maternity Grants).

- 2.5 The Department for Work and Pensions (DWP) does not want or expect Local Authorities to replicate the current Crisis Loan and Community Care Grant Schemes as provisions will need to be flexible to meet the needs of local communities. However they do anticipate that local provision will consider the scheme's original purpose when developing local schemes.
- 2.6 The funding provided for the scheme is less than the current DWP spend on Crisis Loans and Community Care Grants, and it will therefore be necessary to create a robust scheme that prioritises those most in need. The DWP expects the funding to be concentrated on those facing greatest difficulty in managing their income and to enable a more flexible response to unavoidable need.
- 2.6 Following consultation with key internal and external stakeholders a policy has been drafted, and members' are asked to approve this policy.
- 2.7 The policy is intended as a year one scheme that takes into account the need to stretch the finite resources of the budget to support as many people as possible and considers what is feasible to have in place by April 2013. The scheme will be closely monitored during year one to identify any changes and development for incorporation for year two.
- 2.9 The policy has been designed with a view to being able to continue to provide support for a wide range of needs which are currently supported by the DWP. To be able to do this we are proposing to change the way in which awards are provided. The DWP currently make a cash payment to the applicant under the existing schemes which will either be based upon a percentage of benefit payment for living expenses, or using a catalogue of items and values for items such as furniture and white goods. We will be looking to avoid cash payments where possible for two main reasons.
- 1) Cash is attractive and more open to abuse and if this is removed then the scheme will be less appealing for any fraudulent applications.
 - 2) If we purchase or can access good quality refurbished items then this can be more cost effective than providing cash to buy new items and those items are less likely to be sold on.
- Where refurbished items are not available we will seek to purchase a new item on behalf of the applicant which ensures that the award is used on what it was intended for. We recognise that this would not eradicate fraudulent applications as items can be sold on, but it does mitigate it further than at present.
- 2.10 It is hoped that through providing awards in a more cost effective way that the number of awards we are able to grant to people who meet the basic eligibility criteria will be maximised. However there is still a high probability that legitimate demand may exceed available funding. The policy makes reference that this will be addressed by prioritising eligible applications through a risk assessment based on the severity of the likely impact if the need is not met. The design of that risk assessment will take place as part of the next phase of the implementation and will form part of the operational procedures that will be produced to support this policy.
- 2.11 Another key consideration has been whether to provide the awards as a grant or as a repayable loan. DWP have the advantage of being able to recover the crisis loans

directly from ongoing benefits and so they are assured of recovery which they can then utilise for future awards. If we were to loan awards then we would not have this advantage and would need to recover any loans via an invoice which would be administratively costly, particularly given the relatively small value of awards for living expenses. The latest data available from DWP shows that the average award for living expenses in Wirral is £54.88. It is therefore proposed that for the year one scheme all first applications will be provided as a grant and so the applicant will not be expected to repay any amount.

- 2.12 The policy does however allow consideration to be given to providing an award as a loan in certain circumstances. Primarily this will be where financial circumstances are expected to change, for example where capital is not currently realisable. Latest DWP data shows that this type of application forms 16% of the current crisis loan awards (excluding alignment which is remaining with DWP) and amounted to £42.5k in the first six months of 2011/12. This approach ensures that those people with resources are still supported to meet their short term needs, but at the same time are not taking funding away from the scheme as they will be repaying their award.
- 2.13 The policy also allows for consideration to making an award as a loan for repeat applications within two years of any previous award. This provision has been included in the policy due to limitations in the data available from DWP to be able to understand the reasons for any repeat applications. We are therefore not in a position to explicitly say that all repeat applications would be denied at this time. Applications will need to be considered to understand whether there is any link to the previous award, why the applicant is in a situation of requiring support through the scheme again, and the implications if the application were refused. There may be circumstances where it is felt that the applicant has not taken steps to avoid the situation they are in but the implications of not providing any support would cause a significant risk to their health and wellbeing, and particularly that of any dependants. However we would expect the award to be repaid to the Council where it can be allocated back into the fund to benefit other applicants. Such loans will only be made where it is assessed that the applicant can make a repayment from their income. Data for any repeat applications will be closely monitored in order to be able to make informed decisions in this area for the year two policy.
- 2.14 We are working towards a fully accessible scheme that will meet the urgent needs of the most vulnerable quickly and effectively. By utilising existing resources we aim to minimise administrative costs as well as acknowledging the Council's financial situation.

3.0 RELEVANT RISKS

- 3.1 A number of key risks associated with the design and implementation of a new scheme have been identified. These are:
- The value of eligible applications could exceed the allocated budget. The DWP currently refuses all applications once the budget has been spent; the aim of this scheme is to continuously monitor and scrutinise spending, and adjust the eligibility criteria to fit the budget available. This may mean that those items that are lower down the list of priorities, such as travel and some items of furniture (eg wardrobes) may no longer be included in the scheme if the budget cannot accommodate them.
 - The number of applications for the new scheme could escalate as other welfare

reforms are rolled out.

- The lack of meaningful data on existing DWP awards mean that we have not been able to model options for the scheme and identify key areas to be addressed.
- There is a limited budget, and we cannot anticipate demand against that budget until the scheme goes live.
- Unable to accurately estimate resources required to administer the scheme.
- As demand levels are not fully anticipated then staff resources could be insufficient to process applications within required timescales.
- Timescales for implementation are very tight.
- Access to the service could present a risk to frontline staff, as Job Centre Plus experience indicates that applicants can become aggressive when requests are declined.
- Capacity for other service areas and external organisations to support the scheme e.g. ability of organisations to support referrals into the scheme, ability for the scheme to make referrals for support such as food bank.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 Another delivery option considered was to divide the funding between existing Council services and duties, such as Section 17 payments and the Housing Priority fund, in order to allow them to help more people. However we do not have the data available to be able to determine how the funding would be allocated, or the capacity to co-ordinate this level of delivery within the timescales.
- 4.2 We are not required by law to have a scheme, however offering no support at all would significantly impact on other areas of the Council e.g. homelessness, crime, child welfare and mental health services.
- 4.3 A further option could have been to outsource the scheme and delivery, however at this time it felt that the Council is best placed to deliver and keep close control of the scheme as we can provide a range of support options which are already in place across the Council.
- 4.4 We could have also replicated the existing schemes by only awarding cash payments, however this is considered to not be suitable as detailed in 2.9 above which is also supported by consultation feedback.

5.0 CONSULTATION

- 5.1 Consultation has taken place through an event held with a number of key external stakeholders from the community and voluntary sector and other organisations such as NHS and Job Centre Plus. An event was also held with a range internal Council staff from related service areas such as Housing, Adult Social Services, Children's and Young People's Department. Subsequently a survey along with a draft policy was made available to external stakeholders and a mix of staff from Council departments. 34 people completed the survey, the results of which are provided in Appendix 2.
- 5.2 Survey results show that the areas of unanimous agreement were:
- That the best way of prioritising need is to carry out a risk assessment based upon the individual circumstances of the applicant and their needs.

- To provide good quality refurbished items rather than new items in order to stretch the budget further and help as many people as possible
- That financial support should not normally be considered for people who have income or savings which they could use to meet their needs

5.3 Other areas highly supported were:

- That the eligibility criteria should be dependent upon evaluation of need and level of risk, rather than focusing on eligible groups of people (94%)
- That the scheme should only be accessible to Wirral residents, or in the case of those who are homeless or leaving an institutional establishment, have established links in Wirral, i.e. it would not support people who live outside of Wirral (94%)
- To provide goods rather than cash to meet the needs of applicants where possible (91%) (3% had no opinion)

5.4 There was significant divide in whether essential travel costs should be provided through the scheme, with 34.4% saying they should not be included. With a higher share (65.6%) agreeing that they should be included and taking into account comments provided against this question this provision has been left in the policy. However, when prioritising applications such requests will be given a lower priority.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 The authority has engaged with representative bodies as part of the consultation exercise detailed above.

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

7.1 The scheme will have significant implications for staff, assets IT and finances.

7.2 The indicative programme funding for the years 2013/14 and 2014/15 is £1,345,925 per annum which is £229,575 less than the DWP's full year expenditure against Crisis Loans and Community care Grants in 2011/12. The programme funding is indicative at this time and we await confirmation of final funding from the DWP.

7.3. Should awards exceed the DWP grant this money would have to be found from the Council current budgets and while all applications will be considered under this policy, officers will be mindful of the impact of awards exceeding grant.

7.3 Set up funding of £13,459 has been provided, along with £284,404 administrative funding for 2013/14 and £260,687 for 2014/15.

7.4 A specific software solution will be required for delivery of the scheme and IT options are in the process of being evaluated.

7.5 The scheme will be managed and administered within the Finance Department utilising the Benefits section for processing and the Customer Service units in the Call Centre and One Stop Shops for front line claim handling. The quantity of staff resources required is not yet defined and will be scoped over the coming months.

8.0 LEGAL IMPLICATIONS

8.1 There is no duty on local authorities in respect of the new provision as government views that authorities need to be able to be flexible to provide this support in a way that is suitable and appropriate to meet the needs of local communities.

8.2 We anticipate that the scheme will be high profile and therefore legal opinion will be sought as we draft the scheme delivery processes.

9.0 EQUALITIES IMPLICATIONS

9.1 A specific Equality Impact Assessment (EIA) has been undertaken as part of Wirral's scheme development and design, and is appended / can be accessed through the following link <http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010/finance>

A national EIA 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/>

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 That Cabinet approves the policy as outlined in Appendix 1 as a year one scheme for 2013/14.

12.2 That a further report be submitted after the first six months of the 2013/14 scheme providing analysis and recommendations for the year two policy.

13.0 REASONS FOR RECOMMENDATIONS

13.1 The recommended policy provides a scheme that continues to consider applications for a wide range of support needs. Given the uncertainty of demand levels the policy allows for prioritisation of applications in order to protect the finite funding available for the scheme.

13.2 Operation of this policy will allow meaningful analysis and interpretation of data from applications received, the reasons why those applications are made, the type of awards being made, and the reasons why any applications are refused. This will allow us to develop and refine the scheme policy for future years.

REPORT AUTHOR: Malcolm Flanagan
Head of Service, Revenues, Benefits and Customer Services
0151 666 3260
Malcolmflanagan@wirral.gov.uk

APPENDICES

Appendix 1 *Wirral Local Welfare Assistance Scheme Policy 2013/14*
Appendix 2 *Consultation survey results*

REFERENCE MATERIAL

None

SUBJECT HISTORY

Council Meeting	Date
Cabinet (min 51)	19/07/12
Council Excellence Overview & Scrutiny (min 98)	26/03/12
Council Excellence Overview & Scrutiny (min 138)	17/11/11
Cabinet (min 118)	22/09/11
Council Excellence Overview & Scrutiny (min 64)	16/03/11