

## ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	<b>Meeting:</b>	<b>Cabinet</b>
2.	<b>Date:</b>	<b>13th March 2013</b>
3.	<b>Title:</b>	<b>Local welfare provision: <i>fund for change</i></b>
4.	<b>Directorate:</b>	<b>Resources</b>

### 5. Summary

Changes to the discretionary social fund as part of the Welfare Reform Act 2012 will see community care grants and crisis loans abolished from April 2013. Local authorities will be provided with funding to establish replacement local support schemes for vulnerable groups.

This paper provides details of Rotherham's proposed scheme: the *fund for change*.

### 6. Recommendations

- Agree the proposed delivery model for the *fund for change* as set out in the report and appendix
- Request an update on progress in October 2013, following the scheme's six month review

## 7. Proposals and Details

### *Background*

Community care grants and crisis loans, part of the social fund administered by the DWP, will be abolished from April 2013.

Local authorities have been allocated funding to establish replacement local schemes, but there is no statutory provision.

Community care grants are primarily intended to **help vulnerable people live as independent a life as possible in the community.**

Crisis loans are intended for **people who are unable to meet their immediate short term needs.** A crisis payment should be the only means of avoiding serious damage or serious risk to the health or safety of the applicant or a member of their family.

An analysis of the DWP data for 2011/12 shows that:

### Community care grants (CCGs)

- Total spend on CCGs in Rotherham was approx £608,000, with 1,410 awards made from 2,980 applications; the average grant was £431
- The bulk of the grants were for “families under exceptional pressure” (760 awards, £380,300) or “helping people to stay in the community” (380 awards, £163,200)
- 47% of grants went to single females, 31% to single males; 61% of recipients had no children under 16, 25% had a child under 5; just over half of recipients were aged 25-44
- Nationally, 38% of CCG awards were for beds and bedding, 14% were for clothing and 13% were for kitchen/dining utensils

### Crisis loans

- Total spend on crisis loans, excluding alignment payments (which DWP will continue to provide as advances on benefit) was approx £282,000, with 4,850 awards from 6,600 applications. The average loan was around £58.
- £254,800 was provided for “living expenses” and £207,900 was classified as “benefit spent – living expenses required” (£140,400) or “lost or stolen money/giro” (£67,500). Living expenses payments are for day to day essentials such as food, heating, nappies, toiletries etc.
- Just under half of awards went to single males and around 38% to single females. Just over 70% of recipients had no children under 16, approx 20% had a child under 5.
- Over a third of crisis loans went to 18-24 year olds, with a further 50% going to 25-44 year olds.

Following discussions with SLT and the welfare reform strategic steering group, the following principles of Rotherham's scheme were established:

- The funding should target local people who are vulnerable or in immediate crisis
- The approach should be to augment existing provision as far as possible rather than creating a completely new scheme
- There should be "one front door" to help avoid duplication and multiple claims by the same person
- Applications should be dealt with by phone to enable people to be quickly assessed and referred to the most appropriate service or agency
- Where it is practical, aim to provide loans utilising the expertise of local credit unions. This would have the twin benefits of recycling the funding and promoting the use of credit unions, encouraging people to open a bank account, save and access low cost finance
- This should be part of a wider preventative approach that aims to proactively support vulnerable people before they reach crisis point. Data from the scheme should inform any future preventative action.
- Cash payments should be a last resort and any provision of furniture etc. should be locally sourced, where possible
- The scheme should be monitored on a monthly basis and reviewed after six months.

### *Proposals*

The proposed delivery model has now taken shape, informed by an internal officer task group, ongoing discussions with DWP and other South Yorkshire local authorities, and guidance from the strategic steering group.

The appended diagram provides an indication of how the scheme will work for applicants. Key points include:

- Applicants will be directed to an existing customer contact centre number (01709 336000) and the initial assessment carried out over the phone by contact centre staff. It is anticipated that the majority of decisions can be made at this point.
- There will be nominated team leaders or "case workers" (in revenues and benefits) to whom staff can escalate difficult or complex cases
- Management software has now been purchased from Northgate to help with processing, monitoring and data checks/analysis
- Where a loan is agreed, applicants will be referred to the credit union and required to open an account and become members in order to receive a loan
- The credit union can provide advice on money management, encouraging people to save and to avoid using high cost lenders
- One-off small payments for those in immediate crisis will be processed quickly via a Post Office voucher system
- Grants or loans for furniture etc. to help people live independently in the community or support struggling families, may be provided following a more detailed assessment of need. Rather than paying direct grants, goods will generally be sourced through existing mechanisms (e.g. via furniture solutions team).

- Where appropriate and particularly when they are ineligible for support from the *fund for change*, people will be signposted to other support agencies such as food crisis centres or advice organisations.

#### *Assessment process and criteria*

- An initial “validation” check will ensure the applicant lives in Rotherham and is claiming a qualifying benefit (income support, JSA, ESA or pension credits)
- A more detailed assessment will then establish whether the applicant has an urgent need and whether they are eligible for alternative support (e.g. from DWP’s short term or budgeting advances)
- There will be a maximum of one crisis payment, one loan and one grant on a 12 month rolling basis (subsequent loans can then be secured from the credit union, if required, outside of the *fund for change* scheme)
- Crisis payments should take a maximum of 2 working days to process; loans should take no more than 4 working days; grants 15 working days (which includes sourcing the required goods)
- There will be no right of appeal against decisions

#### *Next steps:*

- Staff training and system testing – throughout March
- Finalise contract with credit union – by 18th March
- Equality analysis to be carried out – by March 25th
- *Fund for Change* goes live – 2nd April (1st April is a bank holiday)
- Governance group to meet on a monthly basis and oversee a scheme review after six months

Given the uncertainties, not least around the level of demand, it is recommended that provision is reviewed after six months (i.e. end September 2013) focusing on the efficiency of operation, pressures on existing teams, and exploring options for year two. This could include potential shared services across South Yorkshire (e.g. single phone line and assessments, joint procurement of goods) as well as pooling a proportion of the year 2 funding to deliver preventative support programmes for vulnerable groups (e.g. employability skills). There may even be opportunities to match this with ESF or other European or national funding streams.

## **8. Finance**

The council will receive the following (non-ringfenced) funding:

Set up funding in 2012/13 - £7,734

Programme and admin funding 2013/14 - £773,427 & £163,431 (total £936,858)

Programme and admin funding 2014/15 - £773,427 & £149,802 (total £923,229)

The level of programme funding is around 13% less than that paid out under the equivalent social fund schemes in 2011/12 and it can reasonably be anticipated that demand will increase as the impact of benefit changes is felt from April 2013.

## **9. Risks and Uncertainties**

The main uncertainty relates to the level of demand and the risk is that the available funding and the capacity of current teams may be insufficient to cope.

There are risks of multiple claims for the same item or purpose, recurring requests for support where people are stuck in a cycle of “crisis”, or people not using grants for the purpose intended. If loans are provided, there is a high risk of non repayment given the client group.

## **10. Policy and Performance Agenda Implications**

For the council, this funding allocation offers the greatest degree of discretion for both prioritisation of use and administration, given that there is no requirement to do anything.

Whilst the money could be used for any purpose, the abolition of existing DWP provision will impact on the Rotherham community, almost certainly creating additional demands on council and partner services if no replacement scheme is introduced.

It is important that our response to local welfare support and welfare reform more generally is part of a broader drive to reduce poverty and inequalities in the borough.

We should seek to be coordinated and consistent in our approach, exploring ways in which preventative action can be taken to reduce the need for reactive “crisis” provision in the longer term.

## **11. Background Papers and Consultation**

Welfare Reform Act 2012 (c. 5)

[Social Fund reform - DWP](#)

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