

**Meeting of the Cabinet – 12<sup>th</sup> February 2013**

**Report of the Director of Corporate Resources**

**Local Welfare Assistance**

**Purpose of Report**

1. To consider the implications of local provision of the Social Fund.
2. To seek Cabinet approval to deliver the proposed local service as identified within the report.

**Background**

3. The Welfare Reform Act 2012 included powers to end the discretionary elements of the Department for Work and Pensions (DWP) administered Social Fund. As part of the coalition Government's wider programme of welfare reform, from April 2013 crisis loans and community care grants will be abolished and replaced by locally based welfare provision delivered by local authorities, to be known in Dudley as "Local Welfare Assistance". Attached as Appendix 1 is a "Quick Guide to Social Fund Changes".
4. Under the current DWP arrangements, recoverable crisis loans are awarded to meet urgent needs and community care grants help Social Fund customers to remain or settle in the community.
5. Under the new arrangements, individual local authorities will be given funding and the flexibility to re-design the locally based provision for vulnerable groups according to local circumstance, in order to meet severe hardship in the way they think best.
6. DWP guidance makes it clear that Government preference is to move away from the current cash and loan arrangements and to develop an infrastructure to provide non financial support to involve charities and voluntary/community groups. No restrictions are placed on how the funding is to be used but the Government have stated that the intention of localising the funding was to 'give [LAs] the flexibility to help those in genuine need'.
7. The latest available information regarding DWP workloads is for 2011/12 and is summarised in the table below:

Number of applications for crisis loans	5960
Applications awarded	4350
Number of applications for Community Care Grants	2420
Applications awarded	1040

Total award expenditure by DWP in 2011/12 was £791,000.

8. The table in itself however is incomplete as it does not include the number of appeals arising from unsuccessful applications. Neither does it give any indication of the people/families involved in making claims. Quoting from the 'Social Fund Commissioner's findings from a desk-based analysis of applications to the discretionary social fund' Karamjit Singh CBE stated:

'There is no such thing as a 'typical' Social Fund customer; but what we do know from our wealth of experience, and from our most recent case examination, is that certain experiences are often prevalent. We note that the recently published Government's "State of the Nation Report" highlights poor health, personal indebtedness, gender, age and family breakdown as some of the social disadvantages which are presenting barriers to independence or social mobility. While each case examined....is defined by the customer's personal and very individual circumstances, the findings of this research project highlight some of the underlying social and economic problems facing many of those who approach the fund for assistance. It is also clear that a significant proportion of our customers face multiple disadvantages, as defined in the State of the Nation report'.
9. Dudley's local provision of the Social Fund is being designed to support the most vulnerable customers who are in financial need. It should be noted that the scheme is labelled as 'transitional' as it is acknowledged that it will need to evolve and develop in the light of experience (and the level of ongoing Government funding after 31/3/15). As well as continual monitoring, once the scheme is operational it will be vital to seek views from key stakeholders. This feedback will help further refine the scheme. As such, a new scheme will be required for 2014/15 onwards.
10. There will be two forms of awards under our local welfare assistance scheme:
  - Crisis Awards - these awards provide short term access to essential items i.e. food, heating, lighting, clothing, white goods and furniture. Applicants for crisis awards must be without sufficient resources to meet an urgent need that poses an immediate and substantial risk to their health and safety or that of their dependants.
  - Community Care Awards - these aim to help people remain in the community or move back into the community by providing a range of standard items such as beds, bedding, furniture or white goods.
11. A copy of Dudley's draft (transitional) scheme is attached at Appendix 2.
12. The Council is committed to working with the local community and third sector and other interested parties to facilitate the provision of support directly to applicants. Discussions are currently ongoing in this regard and a 'third sector steering group' now meets regularly to discuss building capacity and agreeing a procedural framework e.g. for referrals.
13. After discussion with relevant Cabinet Members, it has been decided that DC+, as the Council's recognised front of house service, should act as the first point of contact for customers. The role of DC+ would be initial screening and to advise the customer on how to proceed. This would involve the consideration of eligibility criteria and the consideration of referrals to appropriate in-house (mainly DACHS and Children's) and external services for vulnerable customers. Determination of awards will be

undertaken by the Council's Benefits Section as many of the customers accessing our Local Welfare Assistance service will already be housing benefit and council tax benefit recipients, so information will already be held on their systems that will assist in the processing of these applications. It should be noted that delivery of the localised service will place additional pressure on the Benefits Section during a period of high workload as a result of other welfare reform changes.

## **Finance**

14. Government funding for Dudley to set up, administer and deliver the service is as follows:

2012/13	Set up funding	£6,932
2013/14	Award funding	£693,159
	Administrative funding	£146,470
	<b>Total budget 2013/14</b>	<b>£846,561</b>
2014/15	Award funding	£693,159
	Administrative funding	£134,255
	<b>Total budget 2014/15</b>	<b>£827,414</b>

15. Total *award* expenditure by DWP in 2011/12 was £791,000 i.e. £98,000 more than the 2013/14 award funding. The *administrative* funding provided reduces in 2014/15 as there is an expectation that local authorities will become more efficient in administering their local schemes.
16. The Government has guaranteed this funding for two years, after which the arrangements will be reviewed as part of the next Spending Review period.

## **Law**

17. The Welfare Reform Act 2012 came into effect in March 2012. Amongst other significant reforms, the Act abolished the DWP's discretionary Social Fund (Crisis Loans and Community Care Grants).
18. There is no statutory obligation to provide this service and Government funding is not ring fenced. However the Government has given indications of the desired outcomes from usage of the funding and our scheme aims to achieve those outcomes.

## **Equality Impact**

19. The purpose of our Local Welfare Assistance scheme is to mitigate poverty by supporting people to live independently and to support the most vulnerable residents in severe hardship.
20. An Equality Impact Assessment has been undertaken, the outcomes of which are attached in Appendix 3. This assessment will be reviewed as the scheme evolves.

## **Recommendations**

21. That Cabinet approve the Transitional Local Welfare Assistance Scheme 2013/14 attached as Appendix 2 and give approval to deliver local welfare assistance as set out in the report.
22. That the Director of Corporate Resources be authorised to administer all aspects of the Scheme.
23. That the Director of Corporate Resources be authorised to make any required amendments to the 2013/14 scheme in consultation with the Cabinet Member for Finance and Opposition Spokesperson for Finance.



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**Appendix 1 – A Quick Guide to Social Fund Changes**  
**Appendix 2 – (Draft) Transitional Local Welfare Assistance Scheme 2013/14**  
**Appendix 3 – Equality Impact Assessment**

### **List of Background Papers**

[The Welfare Reform Act 2012](#)