

<b>DECISION-MAKER:</b>	CABINET
<b>SUBJECT:</b>	SOCIAL FUND TRANSITION: LOCAL SUPPORT TO REPLACE COMMUNITY CARE GRANTS AND CRISIS LOANS FOR LIVING EXPENSES
<b>DATE OF DECISION:</b>	16 OCTOBER 2012
<b>REPORT OF:</b>	CABINET MEMBER FOR COMMUNITIES
<b>STATEMENT OF CONFIDENTIALITY:</b>	
None.	

**BRIEF SUMMARY:**

The Welfare Reform Act (2012) abolishes the discretionary elements of the Social Fund from April 2013 and therefore, Crisis Loans and Community Care Grants will no longer be available. In future the Government will be referring people who need emergency financial assistance to local authorities. The Government has decided that it would not be appropriate to place a new duty on local authorities in respect of new emergency provision so that there is flexibility to creatively re-design emergency provision to meet local needs. Although the financial settlement for councils in 2013/14 will include an element for emergency provision, the Government has decided not to ring fence this funding. There is also no guarantee of this funding beyond 2014/15.

As the guidance from the Government on ‘successor models’ is limited, this report requests delegated authority to the Director of Environment and Economy to develop a sustainable local response to enable people to become more self reliant in the future. The local response will take into consideration the work of the Scrutiny Inquiry on Welfare Reforms and assessment of agencies on the impact of Welfare Reforms locally.

**RECOMMENDATIONS:**

- (i) To note the letter from the Department of Work and Pensions (DWP) about the abolition of the Social Fund attached at Appendix 1 and that the Council’s financial settlement will include an un-ringfenced element for local welfare provision which is not guaranteed after 2014/15.
- (ii) To consider the work of the Scrutiny Inquiry on Welfare Reforms and multiagency local assessment on the impact of the Welfare Reforms on local residents and services in developing a way forward.
- (iii) To delegate authority to the Director for Environment and Economy, following consultation with Cabinet Member for Communities and Cabinet Member for Resources, to develop and implement a sustainable and holistic way forward that enables vulnerable residents to become more self reliant in the future.

**REASONS FOR REPORT RECOMMENDATIONS:**

1. The Government has abolished the discretionary elements of the Social Fund and in future will be referring people who need emergency financial assistance to Local Authorities. The Government has decided that it would not be appropriate to place a new duty on local authorities in respect of new emergency provision so that there is flexibility to creatively re-design emergency provision to meet local needs.

2. The current scheme will no longer be available from April 2013 and therefore, the Council has to decide on the way forward to help local people become more self reliant when facing financial crises. As the funding is not guaranteed after 2014/15, it will be important to develop a holistic and sustainable way forward, bearing in mind the potential impacts of Welfare Reforms and reduction in public services. This is better done following full consideration of local assessments of the cumulative impact of the Welfare Reforms locally and the planned Scrutiny Inquiry work, to enable the development of an effective, co-ordinated and sustainable response and hence the recommendation is to request delegated authority to the Director for Environment and Economy to develop the way forward.

**ALTERNATIVE OPTIONS CONSIDERED AND REJECTED:**

3. To not undertake work on developing a local response would reduce effectiveness and capacity in the City to coordinate support to people in crisis and help them to become more self reliant.

**DETAIL (Including consultation carried out):**

4. The Government has abolished the discretionary elements of the Social Fund and in future, will be referring people who need emergency financial assistance to Local Authorities. The Government has decided that it would not be appropriate to place a new duty on local authorities in respect of new emergency provision so that there is flexibility to creatively re-design emergency provision to meet local needs. The current scheme will no longer be available from April 2013.
5. The letter received from the Government is attached at Appendix 1 and details the main changes and the Government's intentions. The Cabinet is recommended to note the letter from the Department of Work and Pensions about the abolition of the Social Fund attached at Appendix 1 and that the Council's financial settlement will include an un-ringfenced element for local welfare provision which is not guaranteed after 2014/15.
6. From April 2013, Crisis Loans and Community Care Grants will no longer be available. Crisis Loans and Community Care Grants were designed to provide essential support for people on low incomes to enable them to manage one-off items of expenditure and provide emergency financial support. The Government's intention is that these elements will be replaced with a combination of locally-based provision alongside a new nationally administered scheme that will provide an advance of benefit facility (i.e. for the existing Crisis Loans alignment payments, interim payments of benefit as well as Budgeting Loans).
7. Local authorities are being given flexibility in how they redesign emergency provision and this represents both a challenge and an opportunity. While on one hand it enables the development of a more responsive and locally integrated service, this has to be developed in a sustainable way as the funding is not guaranteed beyond 2014/15. In addition, the notional figure included for Southampton is less than the total allocation in previous years.

8. Any local response therefore has to consider the following:
  - (i) How to enable people to become more self reliant at dealing with emergency situations
  - (ii) How to maximise existing funding streams to develop holistic solutions
  - (iii) How can the local response be embedded in the wider response to the Welfare Reforms and their impact
9. Crisis Loans and Community Care Grants have historically provided vulnerable residents access to get timely support to prevent or deal with crisis, thus reducing the need for more costly crisis intervention by the Council. The Government's notional allocation to councils has been made on the basis of expenditure in 2009/10.
10. Community Care Grants are non-repayable grants, primarily intended to support vulnerable people to return to, or remain in the community, or to ease exceptional pressures on families (including avoiding violence, help after leaving care or leaving prison). In 2009/10, over 950 awards were made in Southampton and the average amount was £360. Eligibility is conditional on receipt (or imminent receipt) of an income related benefit and covers costs such as: furniture, cookers, beds, bedding and household equipment, floor covering, curtains and heaters; moving expenses, including removal costs, fares and storage charges; clothing and footwear; items needs because of disability (including wheelchairs, stair-lifts, special clothing, an orthopaedic mattress or an upright chair).
11. Crisis Loans are interest free and available to anyone who cannot meet their immediate short-term need in an emergency or as a consequence of a disaster; for example:- providing daily living expenses, rent in advance, board and lodgings, pre-paid meter fuel debts, and furniture and clothing in a disaster. Re-payments are recovered directly from benefits where possible and arrangements are made for repayment from those not on benefits. In 2009/10, over 7,500 awards were made in Southampton. The average amount was £52.
12. Nationally, demand for support via discretionary payments from the Social Fund has increased substantially since 2006/7. The cumulative impact of the Welfare Reforms and the ongoing economic situation could potentially create an increase in need and demand for crisis/emergency financial support locally. This change comes in at the same time as the Localisation of Council Tax Benefit and the Benefit Cap (April 2013). In this context it is even more important to take the opportunity to consider a longer term response which is not built on the current practice so that people can be supported to become more self-reliant.
13. Guidance for local authorities on 'successor models' is limited and they are being given the flexibility to creatively re-design the emergency provision to meet severe hardship for vulnerable groups according to local circumstances. There is no expectation or desire from central government that the new local services will mirror the current Social Fund schemes.

14. The DWP has held workshops to consider how to support local authorities in the developing successor models. They have identified four main design options that most councils are considering:
  - Create a new service
  - Align and combine the funding to existing services and duties
  - Contract with new or existing external partners
  - A mixture of the above
15. The Council's response to abolition of Social Fund needs to be set within the broader agenda of the Welfare Reforms. This needs to consider the following:
  - a. Initial discussions have taken place on the impact of the abolition of Social Fund has been undertaken via the Southampton Anti-Poverty Network and with organisations who work with the most vulnerable groups, identified as current users.
  - b. A cross Council Working Group has also been established to identify demand and future need for emergency financial help and to research options.
  - c. The Jobcentre Plus-led Southampton Connect project: Gateway to a Better Future (which aims to communicate the impact of welfare benefit changes in relation to vulnerable residents so that informed choices can be made about their lives)
  - d. A Welfare Reforms Scrutiny Inquiry which aims to:
    - understand the current and future cumulative impact of the reforms and consider residents experiences.
    - identify any gaps in knowledge and understanding of the local impacts on residents.
    - clarify the role of Council and key partners in communicating the changes to residents.
    - clarify the Council's and key partners current and future role in mitigating negative impacts of the reforms.
16. As it is important for the Council's response to be informed by the work describe above, it is recommended to:
  - consider the work of the Scrutiny Inquiry on Welfare Reforms and multiagency local assessment on the impact of the Welfare Reforms on local residents and services in developing a way forward
  - delegate authority to the Director for Environment and Economy, following consultation with Cabinet Member for Communities and Cabinet Member for Resources, to develop and implement a sustainable and holistic way forward that enables vulnerable residents to become more self reliant in the future

#### **RESOURCE IMPLICATIONS:**

17. The Council's allocation will be received in the form of a ring-fenced grant to cover set-up costs in (2012/13) and programme funding and administration for 2013/14 and 2014/15. Government's intension is that the funding is to

be used to provide new provision. However, the details of the way forward will need to be agreed before the financial implications can be determined, especially as the grant is non-ring fenced. It will also be prudent to be cautious in ensuring the Council does not raise expectations as this funding will not be available beyond 2014/15 and the way forward must be based on future sustainability and affordability.

**Capital/Revenue:** None.

**Property/Other:** None.

**LEGAL IMPLICATIONS:**

**Statutory power to undertake proposals in the report:**

18. Welfare Reform Act (2012) abolishes the current Community Care Grant and Crisis Loan schemes.

**Other Legal Implications:**

19. Statutory duties include:
- The public sector Equality Duty (The Equality Act 2010)
  - The duty to mitigate the effects of child poverty (The Child Poverty Act 2010);
  - The duty to prevent homelessness (The Housing Act 1996).

**POLICY FRAMEWORK IMPLICATIONS:**

20. Economic Development

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**KEY DECISION?** Yes

<b>WARDS/COMMUNITIES AFFECTED:</b>	All
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**SUPPORTING DOCUMENTATION**

**Appendices:**

1.	Settlement Letter (DWP)
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**Documents In Members' Rooms:**

	None
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**Integrated Impact Assessment**

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	Yes
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**Other Background Documents**

**Integrated Impact Assessment and Other Background documents available for inspection at:**

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None