

Health, Social Care and Welfare Reform Scrutiny Board (Scrutiny Board 5)  
Cabinet  
Council

12 December 2012  
8 January 2013  
15 January 2013

**Name of Cabinet Member:**

Cabinet Member (Strategic Finance and Resources) - Councillor Duggins

**Director Approving Submission of the report:**

Director of Finance and Legal Services

**Ward(s) affected:**

All

**Title:**

Approval of Community Support Grants Policy.

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**Is this a key decision?**

Yes

The proposals within the report will have financial implications in excess of £500,000 per annum and will have a marked effect on communities living or working in an area of two wards or more.

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**Executive Summary:**

It is proposed to set up a local Community Support Grant Scheme to manage and administer £1.2m of financial assistance to Coventry residents following the abolition of elements of the existing Department of Work and Pensions (DWP) Social Fund from 1 April 2013.

Approval for the policy is sought from Cabinet because the proposals will have financial implications in excess of £500,000 per annum and will have a marked effect on communities living or working in an area of two wards or more.

It is recommended to take a pragmatic approach to service delivery in the short term. The creation of the Council's local policy takes account of the need to have a functional provision in place from 1 April which has the resilience to meet expected demand. The Council can then focus more confidently on years two and beyond to establish a more sophisticated delivery model which fully utilises collaborative working.

There is no requirement to replicate the current crisis loan or community care grant schemes. Individual Local Authorities have been given the funding and the flexibility to redesign the emergency provision for vulnerable groups according to local circumstances, in order to meet severe hardship in the most appropriate way.

## **Recommendations:**

### **Health, Social Care and Welfare Reform Scrutiny Board (5)**

- (1) Health, Social Care and Welfare Reform Scrutiny Board (5) is requested to consider the Community Support Grant Scheme Policy (as detailed at Appendix 1) and pass on any comments to Cabinet.

### **Cabinet**

- (1) Cabinet is requested to consider any recommendations from the Health, Social Care and Welfare Reform Scrutiny Board (5).
- (2) Cabinet is requested to take into account the consultation responses, Equality and Consultation Analysis and other information in this report and recommend that Council approve the proposed Community Support Grant Scheme Policy as set out in Appendix A and delegate authority to the Director of Finance and Legal Services to make final detailed changes to the Scheme and to implement the scheme from 1 April 2013.

### **Council**

- (1) Council is requested to take into account the consultation responses, Equality and Consultation Analysis and other information in this report and approve the proposed Community Support Grant Scheme Policy as set out in Appendix A and delegate authority to the Director of Finance and Legal Services to make final detailed changes to the Scheme and to implement the scheme from 1 April 2013.

### **List of Appendices included:**

Appendix A - Coventry City Council's Community Support Grant Scheme Policy  
Appendix B - Community Support Grant Scheme Equality and Consultation Analysis

### **Background papers:**

None

### **Other useful documents:**

In February 2011 the Department for Work and Pensions and the Department for Communities and Local Government published a joint call for evidence on the design and delivery of Local Welfare Assistance in England:

<http://www.dwp.gov.uk/docs/social-fund-localisation-call-for-evidence.pdf>

The Government published its response on 23 June 2011, including local authority level information on the Social Fund which provided a better understanding of how the fund operates in each local area:

<http://www.dwp.gov.uk/docs/social-fund-localisation-response.pdf>

<http://www.dwp.gov.uk/local-authority-staff/social-fund-reform/localisation-data/>

In October 2011 the Department for Work and Pensions published a national Equality Impact Assessment for the locally delivered support to replace Social Fund Community Care Grants and Crisis Loans for general living expenses:

<http://www.dwp.gov.uk/docs/eia-social-fund-localisation-wr2011.pdf>

Further background information is publically available via the following URL:  
<http://www.dwp.gov.uk/local-authority-staff/social-fund-reform/>

**Has it been or will it be considered by Scrutiny?**

Yes

Health, Social Care and Welfare Reform Scrutiny Board (5)

12<sup>th</sup> December 2012

**Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?**

No

**Will this report go to Council?**

Yes

15<sup>th</sup> January 2013

## **Report title: Approval of Community Support Grants Policy 2013/14**

### **1. Context (or background)**

- 1.1 The December 2010 White Paper – ‘Universal Credit: welfare that works’, sets out the Government's reform plans for the Social Fund. The changes will result in the abolition of the current system of discretionary payments. The Government proposes that there will be a combination of new locally based provision that will replace Community Care Grants and Crisis Loans for general living expenses and a new nationally administered advance of benefit facility that will replace alignment Crisis Loans and Budgeting Loans. The locally based service will be devolved to Local Authorities in England (and to devolved administrations in Scotland and Wales) and will come into effect from 1st April 2013.
- 1.2 The Social Fund was established under the Social Security Act 1986 as part of a wider range of reforms to the social security system. It is currently administered by Jobcentre Plus providing interest free loans, grants and payments through both a regulated scheme and a cash limited discretionary scheme.
- 1.3 Currently Crisis Loans are interest free loans - available to anyone (whether on benefit or not) who cannot meet their immediate short-term needs in an emergency or as a consequence of a disaster. Repayments are made directly from benefit where possible. Separate arrangements are made for people not on benefit. In 2011/12 15,140 Crisis Loans were awarded in Coventry, at a cost of £939,300 with an average award of £62. Applicants may be awarded a Crisis Loan for four separate reasons:
- Items or services;
  - Rent in advance;
  - General living expenses – this is the element that is being localised and this equates to 11,240 applications, 8,390 awards and a total spend of £446,400, or;
  - Alignment payments to cover living expenses up to the first payment of benefit or wages

#### **Crisis Loan Alignment Payments (to remain with DWP)**

- 1.4 From April 2013 these will be replaced by a new national scheme, administered by DWP, of Short Term Advances. Short Term Advances will also be available to claimants who have a change of circumstances that will increase the amount of benefit to which they are entitled and where payment cannot be made on due dates.

#### **Budgeting Loans (to remain with DWP)**

- 1.5 From 1st April 2013 Budgeting Advances will replace Budgeting Loans for Universal Credit claimants to ensure a continued interest-free alternative to high-cost lending for emergency and unforeseen expenses.
- 1.6 Community Care Grants (CCG) are non-repayable grants awarded for a range of expenses including household equipment. They are intended to support vulnerable people to return to or to remain in the community or to ease exceptional pressure on families. Eligibility is conditional on receipt or imminent receipt of an income related benefit. In 2011/12 in Coventry 1600 non-repayable Community Care Grants were awarded at a cost of £813,300, with the average initial award being £500.
- 1.7 Local Authorities are not expected to recreate Crisis Loans and Community Care Grants. Individual Local Authorities will be given non-ring fenced funding providing flexibility to design emergency provision for vulnerable groups in a way that best meets local need.
- 1.8 From April 2013 the Council will provide Crisis Grants to support those in crisis situations. Support Grants will be provided for those in receipt of certain benefits who require financial

support in order to meet exceptional costs which will support the applicant to live more independently and/or to prevent unnecessary intervention from social services.

## **2. Options considered and recommended proposal**

2.1 The Council has significant flexibility in designing a local policy of discretionary assistance and this presents an opportunity to rationalise existing funding streams and establish a single corporate approach to the assessment of clients needs. There is also the opportunity to explore collaborative working arrangements with partners in the third sector.

2.2 However, the Council needs to establish this new local provision within a challenging timescale: From 1 April 2013 some of Coventry's most vulnerable residents will be looking to the Council to meet exceptional needs that were previously addressed by central government. The creation of the Council's local policy takes account of the need to have a functional provision in place from 1 April which has the resilience to meet expected demand. The Council can then focus more confidently on years two and beyond to establish a more sophisticated delivery model which fully utilises collaborative working.

2.3 There are a range of options available to the Council given that there are no specific legal requirements attached to the responsibility, nor is the funding ring fenced. However, due to the limited data available from the existing scheme and the significant changes facing the scheme it is not possible to generate sophisticated options. The preferred option is for the Council to run the scheme for the first year, during which the scheme will be constantly evaluated in order to inform a longer term model that can be implemented from the second year.

2.4 The following options have been discounted:

### **No provision**

2.5 There is no statutory duty for local authorities to make any provision.

2.6 Given the current demand levels for financial assistance in the form of interest-free Crisis Loans or Community Care Grants in Coventry it would be irresponsible not to provide some form of provision.

2.7 There is a strong likelihood that removing this source of assistance may exacerbate levels of financial exclusion people are experiencing – for example, by resorting to alternative sources of credit such as pay day loans, doorstep lending, illegal money lenders etc.

2.8 This option has been discounted due to the Council's priority to work with partners to reduce financial exclusion and provide improved access to financial services.

### **Replicate the existing DWP system**

2.9 The Social Fund was introduced over two decades ago as part of reforms of the Social Security system. Since then welfare delivery has changed significantly. The DWP cite that the main drivers for the change as:

- decision making is too remote (at regional DWP office level);
- the scheme is expensive to administer, open to abuse and does not lead to improved outcomes for citizens; and
- it does not link with local authority duties and responsibilities to broadly similar groups.

2.10 The existing DWP system provides cash payments for Crisis Loans. Analysis of the increased demand by DWP has shown that it is being driven by young single people on Jobseekers Allowance. Many still live at home, rather than reflecting a more general trend

across all the benefit client groups. There is no discernable evidence to suggest that the increased demand from this group is linked to an increase in need, as it predates the recessionary rise in youth unemployment.

- 2.11 The existing DWP system provides cash payments for Crisis Loans. Analysis of the increased demand by DWP has shown that it is being driven by young single people on Jobseekers Allowance. Many still live at home, rather than reflecting a more general trend across all the benefit client groups. There is no discernable evidence to suggest that the increased demand from this group is linked to an increase in need, as it predates the recessionary rise in youth unemployment.
- 2.12 In 2010, the Department of Work and Pensions commissioned research into customer experiences<sup>1</sup>. This found a customer acknowledgement that the current system was open to abuse or misuse by some applicants.
- 2.13 The current scheme has been criticised by both the National Audit Office and the Public Accounts Committee because it is application based and as such may not target support on those in greatest need. There is no mechanism for verifying claims or ensuring that the awards have been spent in the way that they were intended.
- 2.14 For the reasons outlined above it is not recommended to replicate DWP's existing scheme.
- 2.15 **The recommended proposal:**
- 2.16 To use the funding to support vulnerable residents by establishing a local Community Support Grants Scheme delivered within the Council's Benefit Service. The scheme will offer two forms of support: Crisis Grants and Support Grants.
- 2.17 Grants will be based on customer need, avoiding cash where at all possible. Instead non-cash alternatives for goods and services will be provided in order to prevent abuse or misuse of the system and to ensure that the awards have been spent in the way that they were intended:
  - Crisis Grants will provide food and/or utility grants where there is a risk to the health and safety of the applicant and/or their family. Non-cash awards will not be provided as loans as these exacerbate debt and the Council has no power to replicate the current system of deducting repayments from benefits.
  - Support Grants will provide grants to help vulnerable people in receipt of benefit live independently in the community. Non-cash alternatives will be provided for beds, cookers, white goods, household goods and essential clothing to support those moving out of institutional or residential care, those staying in the community or where there is exceptional pressure on an individual or families.
- 2.18 Applicants must be residents of Coventry. This will help prevent people claiming fraudulently across the country but consideration will be given to those fleeing domestic violence or resettling to the City.
- 2.19 Residents will not ordinarily be permitted to make more than two claims a year. Further applications will only be considered in exceptional circumstances. Repeat applicants will be required to engage with money management advice services to address the underlying cause of their financial hardship. Administering the service locally offers opportunities for collaborative working, to ensure that people are assessed and signposted to the right support that enables them to prevent further instances of financial hardship.

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<sup>1</sup> [www.research.dwp.gov.uk/asd/asd5/rports20092010/rrep625.pdf](http://www.research.dwp.gov.uk/asd/asd5/rports20092010/rrep625.pdf) Researcher: Ashfa Slater

- 2.20 This is a safety net payment and will not be used to replace other obligations. For example, this scheme will not pay people subject to certain disallowances or sanctions to their benefits as DWP is responsible for providing Hardship Payments to them. Any other expense which the Council has a statutory duty must be met through the relevant allocated funds for this duty.
- 2.21 Though the scheme will not fully replicate the DWP's scheme, it is acknowledged that the funding allocation will not be enough to expand the eligibility of the previous scheme and to increase customer expectations. Therefore it is recommended that the current list of excluded persons is maintained in the local scheme. For example, this would mean that persons with 'No Recourse to Public Funds in the UK' would not be eligible for support through this scheme.
- 2.22 Recognising that welfare changes will increasingly impact on low income and nonworking households over the duration of this policy there is a need to ensure the fund is flexible enough to meet changing needs.
- 2.23 There is a finite budget for the scheme and skilled consideration is needed to ensure the budget is allocated fairly, based on need and is not over nor under-spent at year end. Once the fund has been exhausted for the financial year, there will be no further awards.

### **3. Results of consultation undertaken**

- 3.1 The Council has consulted closely with external organisations and internal services that represent the interests of those likely to be impacted by the Community Support Grant Scheme policy during its design. A list of organisations consulted can be found in Appendix B, together with a summary of their comments. A formal public consultation has not been carried out. Such a process would not have been meaningful within the tight timescales permitted or in light of limited existing recipient and associated equality data.
- 3.2 All those consulted had sight of a draft policy document and many of their suggestions have been replicated in the final policy document. Their suggestions cover areas such as:
- Clear eligibility to reflect the distinct nature and very limited parameters of this funding stream.
  - Specific wording around residency requirements for victims fleeing domestic violence and for those resettling from institutions outside of Coventry (Rehab, Prison etc).
  - The recognition of the Council's duty to those leaving the Armed Forces.
  - Recognising that a single person facing exceptional circumstances could qualify for a grant and identifying clear referral routes to other services.
- 3.3 A minority of suggestions are not reflected in the final policy documents. These cover areas such as:
- Cash should be provided instead of vouchers. Stakeholders who promoted this view did so because they felt it would better equip people with the necessary budgeting skills and would prevent repeat applications. People would be able to make cash go further than vouchers. However the majority of stakeholders felt that moving away from cash was a positive thing as it would remove the illegitimate usage.
  - Stakeholders were keen to replicate the external review service that currently exists in the DWP scheme. Unfortunately no funding is transferring for this provision and therefore the City Council will offer an internal review of decisions as requested.

### **4. Timetable for implementing this decision**

- 4.1 The provision and policy for the Community Support Grant Scheme needs to be implemented from April 2013.
- 4.2 The scheme will be closely monitored to understand customer access, reasons and effectiveness. The scheme will be reviewed on an ongoing basis in response to evidence data.

## **5. Comments from Director of Finance and Legal Services**

### **5.1 Financial implications**

DWP have provisionally allocated Coventry City Council initial set up costs amounting to £11,900.

The Council has been allocated £1.2 million of funding to provide support to local people and £250,000 in 2013/14 to administer this funding. This administrative funding will reduce to £230,000 in 2014/15.

This funding allocation is provisional; final allocations will be based on DWP spending in 2012/13. Confirmation is expected early 2013.

The scheme will be delivered within the allocated resources. The costs associated with the project include staffing, an IT system, accommodation and the means to meet the demands on the scheme. These costs are currently being finalised, which are subject to approval by the Project Board, chaired by the Director of Finance and Legal Services.

### **5.2 Legal implications**

Changes contained in the Welfare Reform Act 2012 mean that certain elements of the discretionary Social Fund scheme will be replaced by new locally based provision delivered by local authorities. There are no specific legal requirements attached to the operation of the new local schemes.

## **6. Other implications**

### **6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?**

The proposals mainly contribute to the core aim of citizens living longer, healthier, independent lives; ensuring that children and young people are safe, achieve and make a positive contribution; and developing a more equal city with cohesive communities. The scheme will encourage financial independence and support people to live independently where it is appropriate to do so. The scheme will respond to instances where a serious risk to the health and safety of the individual or family can be resolved with by limited financial assistance and thereby will ensure that children and young people are safe. Ultimately the scheme aims to reduce financial exclusion and provide improved access to sustainable money and debt advice and improved access to financial services.

### **6.2 How is risk being managed?**

Operational and strategic risk is being monitored and reviewed by the Welfare Reform Programme Board. This Board is made up of senior representatives across Council departments; this means that it can also provide the necessary strategic oversight.

### **6.3 What is the impact on the organisation?**



The requirement to administer a new service from the City Council means that new posts will be needed to meet the expected demand. The new posts will be managed within the existing Revenues and Benefits structure. Existing accommodation will be used to host staff and to administer vouchers to residents. An IT system is required to record and monitor applications as well as spend. Following approval from IT Strategy Group a procurement exercise will be undertaken in order to secure a suitable provider.

#### **6.4 Equalities / EIA**

An Equality and Consultation Analysis has been carried out to inform this decision and the detailed design and implementation of the scheme. Because the scheme is new the analysis is heavily reliant upon national data provided by the DWP.

The specific groups that have been identified as potentially experiencing adverse affects are women (due to them being more likely to be out of work and not claiming benefits, and therefore ineligible for Support Grants) and asylum seekers and refugees (due to them being more likely to have No Recourse to Public Funds and therefore ineligible for any support).

These impacts will be addressed by regularly reviewing the eligibility criteria in relation to benefits to ensure that they aren't precluding certain protected groups from being able to access the scheme unfairly. Those with 'No Recourse to Public Funds' will not be eligible for the scheme, however officers will 'signpost' them to other available support.

The scheme will work to reduce the risk of repeat crisis situations by ensuring and encouraging customers to access budgeting and money management advice. This, together with the initial intervention, means that it is therefore expected that this scheme will have a positive impact on deprivation.

#### **6.5 Implications for (or impact on) the environment**

There have been no identified environmental impacts.

Opportunities to make use of furniture and household electrical equipment re-use networks will be explored for year 2. These options may enable the Council to reduce its carbon footprint by purchasing second hand goods instead of new ones and to comply with the Waste Electrical & Electronic Equipment Directive (WEEE).

#### **6.6 Implications for partner organisations?**

It is anticipated that the introduction of a local scheme has a positive impact on partner organisations, mainly voluntary organisations and advice agencies. This is because the Scheme will be clear and transparent and is committed to communicating with partner organisations where appropriate.

There are significant opportunities for partner organisations to get involved with customer access points, supporting applications and provision of vouchers in the longer term. Their expertise also provides an opportunity to provide information and advice to applicants to help prevent the risk of individuals and families repeatedly finding themselves in crisis situations.

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## **Appendices**

Appendix A - Coventry City Council's Community Support Grant Scheme Policy

Appendix B - Community Support Grant Scheme Equality and Consultation Analysis