

Cabinet

4 December 2012

Report of Cabinet Member for Corporate Services

Transfer of responsibility of Social Fund to Local Authorities and establishment of the York Financial Assistance Scheme.

Summary

1. This report outlines the transfer of funding previously used for 'Community Care Grants' and 'Crisis Loans' (under the umbrella of the Social Fund) by the Department of Work & Pensions (DWP) and proposals for a replacement scheme that also help to deliver the priorities set down in the Financial Inclusion Strategy as approved by Cabinet on 6th November 2012.
2. Members are asked to agree the proposals to administer a one year interim scheme to allow time to focus on the development of a comprehensive localised support scheme in partnership with other key agencies within the city.

Background

3. Currently customers apply to the DWP for a non-repayable Community Care Grant if they already receive (or will receive after leaving care) Income Support, income-related Employment and Support Allowance, income-based Jobseeker's Allowance, Pension Credit, and meet a range of other criteria. Typical items covered by this grant include furniture, household equipment and bedding.
4. Crisis Loans help meet expenses arising from an emergency or a disaster to prevent serious damage or serious risk to the health or safety of a person or their family.
5. Repayment of Crisis Loans is made at source by deduction from DWP benefits at various weekly rates dependant on what the claimant can afford.

6. In York during 2010/11 there were 3,320 Crisis Loan applications of which 2,450 were awarded totalling £179,800 (an average of £73.38 per claim). During 2011/12 there were 2,570 applications of which 1,940 were paid totalling £102,200 (an average of £52.68).
7. For Community Care Grants in 2010/11 there were 980 applications with 520 awards made totalling £200,600 (an average of £385.77). For 2011/12 there was 920 claims of which 460 were paid totalling £204,100 (an average of £443.69).
8. The DWP believe that the remote administration of the Social Fund no longer supports the high levels of discretion that is needed in each case. Its quality and the poor targeting of support has been criticised by both the National Audit Office and the Public Accounts Committee.
9. The funding the council will receive from the DWP is as follows:

	2012/13	2013/14	2014/15
Set up	£3,151		
Admin		£ 66,592	£ 61,039
Awards		£315,141	£315,141
Total	£3,151	£381,733	£376,180

10. The new locally-based assistance will be implemented by local authorities from 1st April 2013. From this date Community Care Grants and Crisis Loans will be withdrawn by the DWP.
11. There will be no new statutory duty requiring councils to deliver the service – it will be delivered using existing powers in the Local Government Act 2000. The Secretary of State wrote to Local Authorities on 6th August 2012 setting out the Government's funding arrangements.
12. The DWP recognises that the design, set up and delivery of the new assistance will place an additional burden on councils but intend to ensure that this is funded in full by central government. The funding will not be ring-fenced, enabling councils maximum flexibility to deliver services as they see fit according to local needs. It will allow schemes to build on programmes and services that are already in place or planned.

13. Whilst the grant will not be ring fenced, there is an expectation that the funds will be used for the provision of a locally based scheme that fulfils the requirements of the people who need assistance. They will not prescribe how to set up the scheme. The DWP will, however, monitor use of the funds via an audit which will take place during 2014/15.
14. The council has a number of discretionary funds available to families and households which provide temporary support including:
 - **Discretionary Housing Payments** – administered by the Benefits service to provide temporary support to claimants having shortfalls in their housing benefit (or, until 31 March 2013, council tax benefit), enabling them to meet their rent whilst looking for alternative accommodation, or whilst negotiating rent reductions with their landlord. The budget for 2012/13 is £116k with £69k spent to date. For 2013/14 the grant from the DWP is expected to increase reflecting the general reductions in Housing Benefit awards.
 - **Section 17 Funding under the 1989 Children Act** - to promote the welfare of 'children in need' through provision of financial support/services which aim to avoid children going into care. The desired outcome is for children to be able to remain within the family. Expenditure in 2011/12 was £141k and is expected to be approximately £128k in 2012/13.
15. There are a number of service areas that have the knowledge and expertise to deal with the administration of a further discretionary fund, and are currently dealing with a similar client base to that which will require assistance. These include Customer Services Benefits Team, Adult Children & Education and Housing.
16. A decision was taken in July 2012 to place the service within Customer Services as that area has the skills, expertise and systems to administer the new scheme using an extension of existing benefits software.

Proposals for a Replacement Scheme: York Financial Assistance Scheme (YFAS)

17. YFAS will provide one support package solution for residents in financial difficulty. This will offer a more coherent approach to meet the needs to the community. The most appropriate options will be considered for customers as part of the application including provision of or signposting to other sources of support.
18. A phased approach will be taken to supporting the changing needs of the local community. The first year will allow a standard scheme to be established in order to meet needs from 1st April 2013. During that year the council, with its partners such as the new Credit Union and Citizens Advice Bureau will identify the best way to use the funds available in line with the ambitions set in the Financial Inclusion Strategy. An enhanced and tailored solution for York residents will be developed for implementation in 2014/15.
19. The scheme can be funded solely from the DWP funding as shown in the table at paragraph 9 above, but given the significant level of changes to the benefits system being implemented by the government from this year onwards, the council could choose to supplement the fund to assist in meeting its commitments in the Council Plan to Protect Vulnerable People and the Financial Inclusion Strategy. During 2013/14 opportunities will be sought using the Financial Inclusion resources already agreed by Cabinet, to identify any other grant funding opportunities available from other sources, which could increase the available funds within the scheme.
20. Control of the expenditure of the funds will be managed by ensuring that peaks and troughs are planned, for example by the maintenance of monthly 'caps'.
21. In the interim therefore as part of the first phase of the scheme, it is proposed that there will be two distinct types of YFAS assistance:
 - **YFAS Emergency Assistance** – this is to help with a disaster or crisis; and

- **YFAS Community Assistance** – this is to help with a return to the community or to help customers to remain in the community. This can also help ease exceptional financial pressure on families, for example providing help to attend a funeral or with visiting a relative who is ill.
22. The further development of YFAS will reflect the council's commitment to creating a fairer and more inclusive city by directing resources to where they are most needed by providing access to appropriate financial help or other support. It will support the delivery of the Council's Financial Inclusion Action Plan and the 'Ten Fairness Principles' of the York Fairness Commission by relieving financial hardship of vulnerable members of the community.
 23. The Customer Services' Benefits Team will work together with internal and external partners to create a range of 'trusted' referrers. This will include the council's Adult, Children & Education Directorate and Housing Teams as well as the CAB, Age UK and Housing Associations.
 24. Other features of the initial scheme will include:
 - an 'out of hours' provision
 - application by phone, via partners and the web
 - a 'pre-screening' process when a resident asks for assistance. This will direct them along the correct path for financial help and ensure appropriate referrals are made to deal with other issues that the council and partners can help with.
 25. Northgate Public Solutions are providing an IT solution at a fixed cost of £6k per annum funded by the DWP administration grant outlined in paragraph 9. This will provide an assessment and payment software solution. Northgate currently provide York's Revenues and Benefits system.
 26. Northgate will also provide a web based customer portal for YFAS available 24 hours/7 days a week. It will be available to residents and trusted referrers to check eligibility, apply for, and track applications for YFAS funding.
 27. Northgate is also working in partnership with 'The Family Fund' which is the largest national provider of grants to low income

families raising disabled children and young families. They are able to provide the payment mechanisms that the council requires and have fully developed contracts with suppliers of, for example, white goods (fridges, cookers etc).

28. The council would wish to work with the Family Fund as long as the costs, timescales and standards of their payment options fulfil our resident's needs and pending the development of a localised scheme for 2013/14 perhaps with different and more economically beneficial procurement arrangements in place and with the involvement of partners.
29. In terms of publicity the DWP do not intend to advise their customers that the Social Fund scheme is changing until Feb/March 2013 and are considering not mentioning arrangements for local provision. The council's publicity for YFAS will reflect the commitment to financial inclusion and will be targeted at our most vulnerable communities

Consultation

30. The Government issued a consultation on the 17th February 2011 *"Local support to replace Community Care Grants and Crisis Loans for living expenses – a call for evidence."* The Consultation ended on the 15th April 2011.
31. The Government's response, published in June 2011, focused on three broad areas:
 - A commentary on the key issues and themes that emerged from respondent's contributions.
 - A range of suggested issues for councils to consider as they developed their plans.
 - Previously unpublished detailed information about the Social Fund scheme to provide local authorities with a better understanding of how the Social Fund operates in their local area.
32. The DWP have advised that there is no statutory requirement for councils to formally consult on the introduction of the new scheme and indeed there is insufficient time to do so and effectively implement the processes in York by 31st March 2013.
33. It is recommended that after six months of operation of the initial YFAS scheme that full consultation is undertaken on the

operation of the initial scheme, any new proposals to enhance the scheme in partnership with opportunity for new ideas to be considered in light of and within the context of all national and local individual and community welfare issues. This will inform the design of the final localised scheme to be in place from 1st April 2014.

Options

34. There is an expectation by, and funding from, the Government to establish an appropriate scheme to operate from April 2013. There is also evidence of existing customer need which will need to be met (based on historic DWP data). The only option, therefore, is to establish a scheme with some further suggested solutions around future additional funding solutions.
35. The additional option suggested in this report is to review in full, and consult on, changes to the scheme to reflect local priorities in line with the Council Plan 2011-15 and the Financial Inclusion Strategy.

Analysis

36. There is no further analysis other than the existing information in the report.

Council Plan

37. This report and its recommendations will help to deliver two priorities in the Council Plan to 'Protect vulnerable people' and to 'Build strong communities'. Financial assistance will be targeted at those most in need and will assist in allowing residents to continue to live in our communities.
38. The scheme will be considered and monitored as part of the council's Financial Inclusion Policy work with regular reports to the Financial Inclusion Board and the Cabinet Member for Corporate Services.

Implications

39.
 - a) **Financial**

- i. The base funding for YFAS, including a grant for administration is shown in the table at paragraph 9.
- ii. From 1st April 2013 Discretionary Housing Payments can no longer offset the impact of the new Council Tax Support Scheme.
- iii. The funds for YFAS could be supplemented with additional funds provided by the council, if considered appropriate, as part of the budget setting process for 2013/15.
- iv. Further grant funding opportunities to supplement YFAS will be sought by Financial Inclusion officers. These posts will be funded from the Economic Infrastructure Fund as approved by Cabinet on 7th November 2012 (in the report *City of York Council Financial Inclusion Policy and Action Plan*).

b) Human Resources (HR)

The DWP grant provided will fund two full-time posts needed to administer the scheme. This will help offset the impact of a reduction in the Benefits Administration Grant for 2013/14 of £118,464, reducing the number of compulsory redundancies in this area.

c) Equalities

A full Communities Impact Assessment is being developed.

d) Legal

None

e) Crime and Disorder

None

f) Information Technology (IT)

This is included in the text of the report

g) Property

None

h) Other

None

Risk Management

40. That customer demand will outstrip resources. To mitigate this we need to review our provision of grants and discretionary funds to ensure that money is paid from the most appropriate source and used efficiently. We will work with trusted partners to source other funds and avoid duplication. A 'cap' will be agreed to avoid exceeding available budgets.
41. That delays in the payment of DWP welfare benefits may impact on YFAS as customers may well seek help from the council where late payments are the root cause. Some customers may apply for assistance who are not entitled to DWP assistance as they already owe the DWP money or do not fit the qualifying criteria for welfare benefits. This situation will require monitoring.
42. That Northgate and Family Fund are not able to deliver software on time. This is unlikely as the software is based on Blue Badge software, but we will ensure that we have a contingency in place for assessment and payments by 1st April 2013.

Recommendations

Cabinet members are asked to:

43. Approve the approach to establishing an initial York Financial Assistance Scheme from 1st April 2013 with the detail of the scheme delegated to the Director of CBSS to finalise, subject to the approval of the Cabinet Member for Corporate Services.
44. Approve the approach to reviewing the initial scheme in 2013 with a view to implementing a revised localised partnership based scheme from 1st April 2014 (see paragraphs 18, 19 and 28).
45. Consider as part of the 2013/15 budget setting process, any opportunities to add council funds to the base budget of YFAS to give greater scope to assist individual residents, families and communities in financial difficulty.

Reason: To ensure there is no gap in provision of urgent financial resources available to our most vulnerable residents at times of crisis or other difficulty. To mitigate the impacts of wide ranging welfare benefits changes. To meet the priorities set down in the Council Plan and Financial Inclusion Strategy.

Contact Details

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		Report Approved	<input checked="" type="checkbox"/>
		Date	22 November 2012
Specialist Implications Officer(s) Financial: Ian Floyd Director of Customer & Business Support Services			
Wards Affected: <i>List wards or tick box to indicate all</i>			
For further information please contact the author of the report			

Background Papers:

- City of York Council Financial Inclusion Policy and Action Plan Cabinet Report 7th November 2012
- ‘Local support to replace Community Care Grants and Crisis Loans for living expenses in England’: Government response to the call for evidence– June 2011.

Annexes

None