

REPORT FOR DECISION

Agenda Item	
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DECISION OF:	CABINET
DATE:	6 MARCH 2013
SUBJECT:	LOCAL SOCIAL FUND REPLACEMENT
REPORT FROM:	CABINET MEMBER FOR FINANCE AND RESOURCES
CONTACT OFFICER:	Mike Owen, Executive Director of Resources
TYPE OF DECISION:	KEY DECISION
FREEDOM OF INFORMATION/STATUS:	This report is for publication
SUMMARY:	This report outlines the localisation of the Social Fund from April 2013 and the proposed scheme which will be operated in Bury.
OPTIONS & RECOMMENDED OPTION	Cabinet is asked to approve the local scheme.
IMPLICATIONS:	
Corporate Aims/Policy Framework:	Do the proposals accord with the Policy Framework? Yes
Statement by the S151 Officer: Financial Implications and Risk Considerations:	The Social Fund has been localised with a 50% cut to the amount estimated to be spent within the borough by DWP. The level of awards will have to be maintained within the amount delegated to the Council.
Statement by Executive Director of Resources:	There will be implications for IT system and these are being addressed by the service.

Equality/Diversity implications:	The Council will have to comply with its` equality duties. The proposed scheme is subject to a full equality assessment.
Considered by Monitoring Officer:	Yes Comments
Wards Affected:	All
Scrutiny Interest:	Overview and Scrutiny

TRACKING/PROCESS

DIRECTOR: Mike Owen

Chief Executive/ Strategic Leadership Team	Cabinet Member/Chair	Ward Members	Partners
	Yes		Welfare Reform Board
Scrutiny Committee	Cabinet/Committee	Council	
	6 March 2013		

1.0 BACKGROUND

1.1 The Current Scheme

- 1.1.1 The Social Fund was established in 1986 and since then has been administered via Job Centre Plus. It provides interest free loans, grants and payments through both a regulated scheme and a cash limited discretionary scheme. The discretionary scheme was designed to help people on low incomes manage large items of expenditure and cope with emergencies through a combination of loans and grants. Budgeting Loans are the largest element of the discretionary scheme: this is being retained nationally. Initially the scheme was administered via local DWP offices but this was moved to remote processing and telephony centres resulting in an increase in applications.
- 1.1.2 There has been considerable criticism of the current scheme; the remote method of delivery and spiralling costs of the scheme have drawn particular attention. The current scheme operates cash payments only and does not address any underlying needs. Both the National Audit Office and Public Accounts Committee have also criticised it for poor decision making and poor targeting of support
- 1.1.3 Central Government announced in 2010, as part of the wider welfare reforms, that the Social Fund would be reviewed and parts of it should be localised by passing responsibilities and funding to local authorities. This change is seen as being at the heart of the Governments plan for localism.

1.2 Localised Schemes

1.2.1 The primary objective of the Social Fund is to act as a means of dealing with immediate hardship or unusual and large one off costs.

1.2.2 The proposed reforms to the welfare system and the introduction of Universal Credit require a reassessment of the operation of the Social Fund. Some elements of the fund such as advances of benefit can be easily accommodated within the Universal Credit system and are inextricably linked with the mainstream benefits system. However, two particular discretionary streams do not easily fit with the mainstream benefits system. These become the responsibility of local authorities from 1st April 2013:

- Community Care Grants, which are payments to enable vulnerable people to live in the community and are, in the current system, conditional upon receipt of a means tested benefit.
- Crisis Loans, which are to meet immediate needs such as general living expenses or items needed after a disaster and entitlement is not dependant upon receipt of a benefit.

1.2.3 The Government has given local authorities broad discretion in terms of how to construct a scheme, although it is expected that the new assistance will be aligned with existing Council services. However, a major consideration is where the administration of these grants and loans should sit within the authority and how any funding arrangements will work. The DWP have recognised that their administration of the scheme was not to the highest standards and suggests that, in localising the scheme, local authorities do not simply replicate their model.

1.2.4 In considering any new scheme it is important to recognise that the key administrative elements will involve set up, on-going administration, appeals, managing referral routes and co-ordinating all available support to residents requiring support.

1.2.5 The Council's Customer Support and Collections Service has successfully run the Discretionary Housing Payments (DHP) scheme since its introduction on 2001 which has involved the administration of a budget of £324,003. It is therefore proposed that the new localised Social Fund should sit within that service.

2.0 FINANCIAL IMPLICATIONS

2.1 A key issue that the Council faces is the level of funding that will be devolved from DWP as part of the localisation agenda. The DWP have provided claims data for 2011/2012 which amounts to 7,140 applications in Bury with allocations totalling £692,600. However they have recently suggested the accuracy of these amounts may not be exact as their system was never set up to record local statistics and so many claims may not be included in these figures. Whilst this means that it is difficult to predict the real levels of demand it is expected that the true figure is likely to be over £1million.

2.2 Despite this, Bury's funding allocation for 2013/2014 and 2014/2015 is £570,871 per financial year. This mirrors the national position where the delegated budget is around 50% of the previous national budget.

- 2.3 Funding for the scheme beyond 2014/2015 is unknown at this stage
- 2.4 The reduced level of funding means that we will inevitably end up refusing customers who would previously have been eligible for support under the current scheme.

3.0 PROPOSED LOCAL SCHEME

- 3.1 In considering the shape of Bury's local scheme the key aim has been to design and develop a local provision which is easily accessible to all those who have a genuine need for short term help. This includes expanding awareness to under-represented groups (specifically pensioners and young families) with targeted publicity.
- 3.2 The overarching approach is aimed at not only alleviating immediate need but also to provide financial advice to customers in order to maximise their incomes and provide a better solution to debt/financial problems and thereby reduce reliance on such short-term awards.
- 3.3 The proposed scheme is set out in Appendix 1 and it has been developed in conjunction with the local Citizens' Advice Bureau and is based on feedback from Bury's Welfare Reform Board which consists of staff from each Directorate, Six Town Housing, private landlords, CAB and DWP.
- 3.4 It will be run as a grant rather than a loan scheme. We will not be able to deduct repayment from on-going benefit as DWP currently do therefore it would not be cost-effective to administer a loan scheme. However if customers do wish to repay the amount this will benefit them in terms of making future applications to the fund.
- 3.5 The system should not only address the short-term need of the customer; it should help promote both financial and social inclusion by addressing long term needs and long term challenges; referral to appropriate services where additional or alternative support is needed. The scheme aims to ensure the money is being used in the best way possible and enough effort is being made to ensure only genuine referrals are made.
- 3.6 The scheme will require close links with Children's and Adults Services and Housing in order to achieve our aim.
- 3.7 Consideration will be given to the nature, extent and urgency of the need in every case that is considered. The scheme will seek to utilise alternative avenues of funding where practical and possible; this will help to protect the remaining funds for customers in need.
- 3.8 The scheme aims to provide something different from the service currently offered by the DWP and provide a service that deals sympathetically with individuals in difficult circumstances.
- 3.9 The scheme does not replace other service responsibilities.

4.0 ELIGIBILITY

- 4.1 There are two particular strands to the scheme...resettlement assistance and crisis support.
- 4.2 Resettlement assistance will be provided to certain specified groups who require basic household items as part of a new tenancy or improving conditions to stay in the household/community following significant lifetime events:
- Leaving residential care
 - Leaving institutional
 - Remain in the community rather than going to residential or institutional care
 - Housing someone fleeing domestic violence
 - Housing a homeless person who is currently sleeping rough, in a hostel or a tenant in a Bury Council defined temporary accommodation
 - Housing someone from prison
- 4.3 Crisis support will be aimed at addressing elements of immediate crisis which are linked to a serious risk to someone's health and safety

5.0 ADMINISTRATION

- 5.1 The scheme will be administered by the existing Take Up Team within Customer Support and Collections. The team will also include a secondee from CAB who will provide debt counselling and money advice to customers. The team will also provide advice on benefit take up.
- 5.2 Applications will be made via telephone and on-line. A face to face service will not be provided. Payments will be made via payment card: no cash will be issued. Payment cards can be managed to restrict certain types of shop.
- 5.3 The team will work with other stakeholders including Porch Box to signpost customers who may be able to access help or support elsewhere. In preparing the scheme, the team have identified a considerable number of partners with whom they will work to establish and develop the scheme.
- 5.4 We anticipate that the scheme may change and develop after the first year and a key element of this will be re-educating existing applicants to the nationally administered Social Fund customers who will no longer be eligible and who will need to be sign-posted elsewhere if appropriate.

6.0 CONCLUSION

- 6.1 Due to the substantial reduction in Bury's allocation, it is inevitable that the scheme will be more restricted than the current nationally administered scheme.
- 6.2 The scheme has been drafted to those customers most in need and administration includes signposting to alternative providers for those customers who fall outside the scope of the scheme.

- 6.3 Bury's approach will incorporate addressing the need to provide financial advice to customers in order to maximise their incomes and provide a better solution to debt/financial problems and thereby reduce reliance on such short-term awards.
- 6.4 It includes a very real partnership approach: especially with CAB.

Councillor Tony Isherwood
Cabinet Member for Finance and Resources

List of Background Papers:-

None

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