

29th October 2012

Agenda Item: 5

REPORT OF SERVICE DIRECTOR: PROMOTING INDEPENDENCE AND PUBLIC PROTECTION

WELFARE REFORM ACT 2012 – IMPLEMENTING THE SOCIAL CARE FUND IN NOTTINGHAMSHIRE

Purpose of the Report

1. To advise Members about the changes in the Welfare Reform Act and to recommend the use of a delivery agent to administer the Social Fund in Nottinghamshire.

Information and Advice

Background

2. The 2012 Welfare Reform Act has introduced the most far reaching change to the benefits system for twenty years.
3. As part of this the County Council will take over responsibility for two main elements of the Social Fund (Community Care Grants and Crisis Loans) from the Department for Work and Pensions from the 1st April 2013.
4. The Council will be given the *'funding and flexibility to redesign the emergency provision for vulnerable groups according to local circumstances, in order to meet severe hardship in the way they think best'*.
5. Currently, Community Care Grants are awarded for a range of expenses, including household equipment, and are intended to support people to return to or remain in the community or to ease exceptional pressure on families. They were also intended to assist with certain travel expenses. Crisis Loans are made to meet immediate short-term needs in an emergency or as a consequence of a disaster when a person had insufficient resources to prevent a serious risk to the health and safety of themselves or their family. Definitions and current eligibility criteria are included at **Appendix A**.
6. In the guidance received local authorities are not required to replicate the previous Community Care Grant and Crisis Loans schemes. Instead Councils can, *"flex the provision in a way that is suitable and appropriate to meet the needs of local communities"*. The guidance also states *"Whilst the Government recognises the difficulties relating to the boundary between providing financial support and social services, we expect the funding to be concentrated on those facing greatest difficulty in managing their income, and to enable a*

more flexible response to unavoidable need, perhaps through a mix of cash or goods and aligning with the wider range of local support local authorities/devolved administrations already offer. In short, the funding is to allow you to give flexible help to those in genuine need”.

Funding

7. The funds allocated for Nottinghamshire are:

Year	Development Costs	Programme Funding	Administrative Costs
2012/2013	£17,849		
2013/2014		£1,784,916	£377,166
2014/2015		£1,784,916	£345,713

8. This equates to a 28% reduction in funding from 2010/2011¹. **Appendix B** contains a breakdown of the historic spend on Community Care Grants and Crisis Loans.
9. The allocations were announced at the end of August which has left limited time in which to develop a scheme for Nottinghamshire.
10. This report assumes that the Council will wish to remain within the funding allocated for both administering the benefits and in the amounts dispersed.

Delivering a Scheme for Nottinghamshire

11. The issues to resolve to deliver a scheme fall in two streams, they are:

- Eligibility criteria for the scheme
- How to deliver the scheme.

Eligibility criteria

12. One of the key issues going forward is to consider the eligibility criteria for the scheme.
13. The current criteria for the Community Care Grant are outlined in **Appendix A**.
14. However, the use of Crisis Loans in practice has significantly drifted away from this and crisis loans are now used for a wide range of circumstances and include providing monies for individuals who have not properly budgeted their benefits income and to make monies available to individuals who have had their benefits reduced via sanctions.
15. Going forward, further work is needed to determine how the scheme will operate and whether it is feasible to offer a loan system.
16. Some Councils' are considering changing the eligibility criteria, but the majority are seeking to continue with a similar scheme for the first year of operation

¹ This is the last full year funding figures available

17. Any change to the eligibility criteria and usage will require appropriate consultation.

Eligibility Criteria Options

The options are:

18. Do nothing – In light of the flexibility given to Councils in the disbursement of these funds it is possible to elect not to implement a scheme for Nottinghamshire. This option is discounted as these are benefits of last resort supporting individuals in often crisis situations.

19. Keep the current criteria and practice – in light of the reduction in funding, difficulties in matching the current criteria and the ability to recoup loaned monies the no change option will be extremely difficult to deliver within available resources.

20. Minor changes to the criteria – the Council could seek to replicate as far as feasible the current scheme. This would allow for changes to deliver the scheme within the cost envelope and will also be the easiest option to deliver within the available time.

21. Both of the options identified in paragraphs 19 and 20 will allow for a further review of criteria at a later stage.

22. Significant changes to the criteria – this is discounted given the limited time to implement the changes.

23. The table below compares the options available against the identified constraints.

Option	Affordable	Ability to review	Flexible delivery	Significant consultation	Can deliver for 1/4/13
Do Nothing	✓	✓	✓	✗	✓
Keep the current criteria	✗	✓	✗	✓	✓
Minor changes to the criteria	✓	✓	✓	✓	✓
Radical changes to the criteria	✓	✗	✓	✗	✗

Future Delivery Options

24. The Department of Work and Pensions administer applications through Job Centres and a telephone helpline for Crisis Loans. The Council only has the infrastructure to operate a telephone based process and does not currently have the capacity or expertise and skills to administer the scheme. The Department for Work and Pensions has said that they will give

access to benefit data and recipients to authorities but have not said when or how this would happen. The options for delivery of Social Fund monies are:

- a. *In-house possibly via the Customer Service Centre.* As stated the Council has very limited relevant experience, skills and capacity. The risks associated with running the scheme in-house include identifying fraudulent claims and managing the flow of successful applications to keep within the available funds. At present there is no access to relevant information such as other benefit data and no infrastructure to recoup the money given as loans.
- b. *Working with District Councils.* Colleagues in the districts do have expertise and experience in administering benefits and should have access to relevant data. They also have the premises and systems to potentially allow for the repayment of loans. Using the data provided by the DWP the Council could apportion the funds available between the districts. However for this option to be viable all seven districts would need to sign up. Achieving this, within the time available, is not considered feasible.
- c. *Working with another third party provider.* Some other Councils have looked to the voluntary sector to deliver these benefits. For example East Sussex has formed a partnership with CVS. There are a number of organisations both private and voluntary who may be interested in working with us. Clearly we would need a partner with experience of delivering benefits. Two companies have developed systems for managing and administering Social Fund schemes, these are Northgate and Civica. The Northgate system is capable of linking with the Department for Work and Pensions' data or information systems of the authority. They are also offering to operate a scheme, to criteria set by local councils with flexible distribution options including vouchers and potentially loans. To engage a third party provider would require a procurement exercise unless they are already covered by an existing framework agreement.

25. The Council will also need to decide whether grants and loans are made in the form of cash, access to food banks, vouchers or payment cards. As most awards are for rent, fuel, food or household items the benefits of using non-cash alternatives include ensuring the money is used for purpose intended and the ability to negotiate beneficial terms with agreed suppliers.

Areas for Consideration

26. The numerous unknown factors make the assessment of delivery options difficult at this time. The known issues are:

- Fixed resource envelope
- Need a delivery solution operational on the 1st April 2013
- The Council does not have the expertise / experience in-house to deliver
- Reduction in the level of funding transferred to Nottinghamshire County Council.

27. The unknown issues are:

- Which other agencies are willing / able to deliver
- Whether the potential delivery agents can operate within the cost constraint

- Whether the systems available to manage the benefits will impact on the criteria
- The degree to which the delivery agency (if not NCC) can participate in consultation and communication
- Whether it would be viable to delegate appeals to the delivery agency
- The ability of the delivery agency to avoid fraudulent applications.

Other Factors

28. Fraud prevention - There is a very real risk that the changes to the administration of Social Fund monies will provide new opportunities for fraud. Without sufficient safeguards or access to information to confirm the appropriateness of applications.
29. Appeals - As the Social Fund benefits are discretionary applicants are not able to appeal to the Benefits Tribunal if their applications are unsuccessful. They do have the right to request that another officer review their application and failing that can appeal to the Independent Social Fund Inspector to request a further review. The Social Fund Inspector Service will cease on 31st March 2013. The Council will need to establish an appropriate reviewing mechanism to deal with appeals.
30. Consultation & Communication - As stated above any changes to the criteria or potentially detrimental changes to delivery mechanisms will require consultation. The more radical the change the longer the consultation period required. There will also be a considerable amount of work in communicating the changes to ensure that all citizens are aware of the changes, the eligibility criteria and application process. The Council can allocate some or all of the development monies (£17,849) to pay for these activities.

Recommended Model

31. It is recommended that in view of the time constraints a procurement exercise is undertaken to appoint a Delivery Agent. The procurement exercise will take 12 weeks unless the preferred company is covered by a framework agreement.

Other Options Considered

32. This report explores all the options that are available at this time.

Reason/s for Recommendation/s

33. The recommendations reflect the limited amount of time available for the Council to respond. The next step is to identify a delivery agent as this will directly influence the development of the eligibility criteria. It is proposed that the Service Director – Promoting Independence and Public Protection be delegated with this task. At that point detailed proposals on changes to eligibility criteria can be produced and brought back to this Committee for approval along with information on fraud prevention, appeals, consultation communication, and costs and spending projections.

Statutory and Policy Implications

34. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

It is recommended that:

- 1) The Committee note the contents of this report
- 2) A procurement exercise is undertaken to appoint a Delivery Agent to administer the Social Fund in Nottinghamshire
- 3) A further report recommending the Eligibility Criteria for the Social Fund and on progress to appoint a Delivery Agent is brought back to this committee in January 2013.

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Constitutional Comments (LMc 03/09/2012)

35. The report is for noting only.

Financial Comments (RWK 05/10/2012)

36. As a result of the transfer of responsibility for administering Community Care Grants and Crisis Loans from the Department for Work and Pensions to the County Council, the County Council will receive the additional funding set out in paragraph 7. All costs incurred by the County Council in administering and disbursing these grants and loans will be contained within these sums.

Background Papers

None.

Electoral Division(s) and Member(s) Affected

All.

ASCH 15.

Appendix A: Description of Social Fund Benefits

The Social Fund comprises three elements:

- Community Care Grants
- Crisis Loans
- Budgeting Loans.

There are three elements of Crisis Loans they are:

- Crisis Loan Items
- Crisis Loan Living Expenses
- Crisis Loan Alignments – To cover gaps in income for individuals waiting for their first payday or benefits payment.

The DWP will retain responsibility for Budgeting Loans and Crisis Loan Alignment applications.

Community Care Grants (CCGs) are primarily intended to help vulnerable people live as independent a life as possible in the community. Although Local Authorities (LAs) have the major responsibility for community care, there are many different ways in which CCGs can complement care provided by LAs and by other Government and voluntary agencies.

The aim in considering applications for CCGs should be to ensure that CCGs:

- do not take over the role of other agencies
- are used in ways which contribute to the overall aims of care in the community.

The prime objectives of CCGs are to:

- help people to establish themselves in the community
- help people remain in the community
- help with the care of a prisoner or young offender on release on temporary licence
- ease exceptional pressures on families
- help people setting up home as a part of a resettlement programme
- assist with certain travelling expenses.

The objectives of CCGs differ from those of loans. CCGs are intended to assist people on Income Support (IS), income-based Jobseekers Allowance (JSA(IB)), Pension Credit (PC) or income-related Employment and Support Allowance (ESA(IR)), or payment on account of such benefits facing difficulty arising from special circumstances, and in particular to support the policy of care in the community.

A flexible approach is most important when deciding an application for a CCG. The discretionary nature of the scheme gives considerable scope to consider individual needs within the broad objectives of the scheme.

DWP consider carefully all the circumstances of an application before deciding whether or not to award a CCG. No two cases will be the same. The flexibility of the social fund and the wide variety of individual circumstances covered mean that a decision in one case does not constitute a precedent for others.

A **Crisis Loan** is intended to cover immediate short-term needs that arise because of a disaster. An award may be for a specific item or service or to meet immediate living expenses for a short period, usually up to 14 days.

DWP also help with certain expenses in other emergency or disaster situations. These are:

- living expenses
- rent in advance where the landlord is not a local authority
- charges for board and lodging accommodation and hostels
- travel expenses when stranded away from home
- repaying emergency credit on a pre-payment fuel meter

What is a disaster?

Disasters are events of great or sudden misfortune. The result of which will normally be significant damage to, destruction or loss of, possessions or property. The effects of a disaster are generally felt by a whole community (e.g. street or larger geographical area). Examples of disasters are:

- flooding,
- gas explosion,
- chemical leak,
- fire.

The following are **examples** of what might be considered to be a crisis, and for which a Crisis Loan may be awarded:

- a disaster, for example a serious flood, causing substantial damage, loss or destruction to possessions or your property
- **or** loss of money, for example through a robbery or burglary
- **or** waiting for the first payment of Income Support, income-based Jobseeker's Allowance, Employment and Support Allowance (income-related), Pension Credit or payment on account of one of these benefits or entitlements, with not enough money to live on
- **or** being stranded away from home without the funds to return.

These are just examples and a Crisis Loan may not necessarily be appropriate. Similarly, if a situation is not mentioned, it does not mean that a Crisis Loan would not be awarded. DWP will look at the individual circumstances of an application and consider if a Crisis Loan is the only means by which serious damage or serious risk to persons may be prevented in an emergency or because of a disaster.

Appendix B - Social Care Fund Analysis for Nottinghamshire

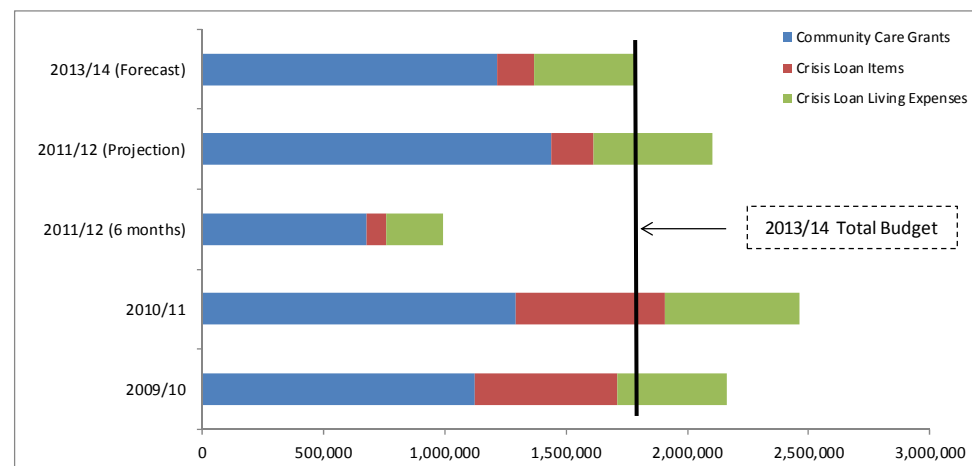
Fund Distribution Trend Analysis

Fund Distribution (£)	Community Care Grants	Crisis Loan Items	Crisis Loan Living Expenses	Total
2009/10	1,124,900	584,300	452,800	2,162,000
2010/11	1,295,000	613,700	555,000	2,463,700
2011/12 (6 months)	677,400	82,800	232,000	992,200
2011/12 (Projection) **	1,437,718	175,735	492,398	2,105,852

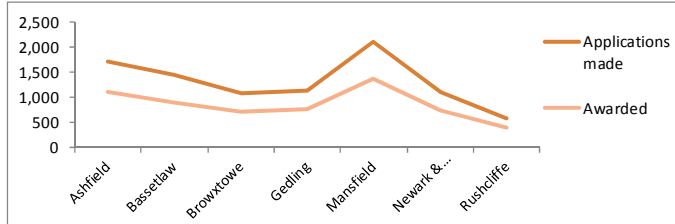
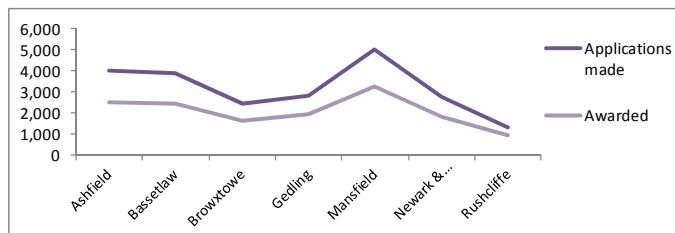
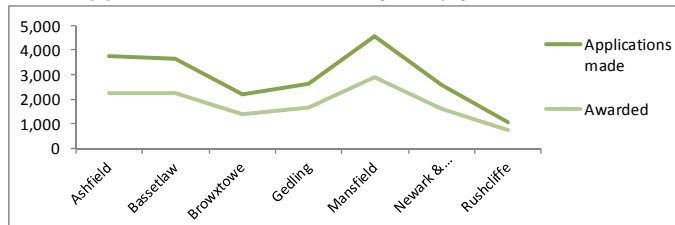
Apportionment basis	2011/12, 6 Month Average			
2013/14 (Forecast)	1,218,607	148,953	417,356	1,784,916

Fund Distribution (%)			
2009/10	52%	27%	21%
2010/11	53%	25%	23%
2011/12 (6 months)	68%	8%	23%
Average	55%	23%	22%

** Based on crisis loan takeup analysis



Fund Application & Award Analysis (by District & Fund Type)



By District	Ashfield	Bassetlaw	Broxtowe	Gedling	Mansfield	Newark & Sherwood	Rushcliffe
2009/10							
Applications made	3,730	3,630	2,170	2,600	4,590	2,550	1,080
Awarded	2,270	2,230	1,390	1,680	2,880	1,620	730
2010/11							
Applications made	4,010	3,890	2,420	2,850	4,990	2,730	1,330
Awarded	2,490	2,440	1,600	1,920	3,280	1,810	930
2011/12							
Applications made	1,720	1,440	1,090	1,140	2,100	1,100	570
Awarded	1,100	900	700	770	1,380	730	400

By Fund Type	2009/10 Applications made	2009/10 Awarded	2010/11 Applications made	2010/11 Awarded	2011/12 (6 Months) Applications made	2011/12 (6 Months) Awarded
Community Care Grants	10,860	5,050	11,000	4,700	5,320	2,340
Crisis Loan Items	8,880	4,860	8,640	5,020	1,890	910
Crisis Loan Living Expenses	20,970	15,670	24,790	19,220	11,090	8,710

