

Local support to replace Community Care Grants and Crisis Loans for living expenses

A call for evidence

February 2011

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1. Introduction

1.1 The December 2010 White Paper – Universal Credit: welfare that works (Cm 7957) set out the Government's reform plans for the Social Fund. The changes will result in the abolition of the current system of discretionary payments. In their place 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.

1.2 The new national scheme will provide the majority of the reformed provision. This will maintain a significant national offer as part of the reformed benefit system. The locally-based service will be devolved to local authorities in England and to the devolved administrations in Scotland and Wales. Funding will be provided for assistance to the most vulnerable individuals and families through locally designed discretionary support.

1.3 This paper focuses on the new locally-based service and how it might be delivered in England. Its publication marks the start of a dialogue between central Government, local authorities and customer representative groups. We would welcome your views on how the new service might be delivered in England.

2. The case for reform

2.1 The Social Fund was introduced in 1987-88 as part of the Fowler reforms of the Social Security system. Since then welfare delivery has changed significantly. It has moved from locally-based offices that offered a face-to-face service and processed and maintained benefit claims on site, to remote processing and telephony centres.

2.2 The remote administration of the benefit system no longer supports the application of the high levels of discretion that are needed to assess eligibility to Community Care Grants and Crisis Loans for general living expenses. This has led to criticism of the quality of decision-making and the poor targeting of support in the current scheme from both the National Audit Office and the Public Accounts Committee. It is also reflected in the high volumes of decisions that are reviewed and overturned by the Independent Review Service.

2.3 The Government is committed to improving the delivery of support to the most vulnerable people. We firmly believe that the abolition of the discretionary elements of the Social Fund and their replacement with a combination of modernised national service and new locally-based and designed discretionary provision will deliver a more responsive, better targeted and relevant service.

3. The new locally-based assistance

3.1 The intention is that the new locally-based assistance will be implemented from April 2013. At this point Community Care Grants and Crisis Loans will be withdrawn.

3.2 In line with the decentralisation and localism agendas, the Government is committed to removing burdens and controls from local government. There will therefore be no new statutory duty requiring local authorities to deliver the service. The new assistance will be delivered in England using existing powers in the Local Government Act 2000. However, to support the transition the Secretary of State will write to local authorities to set out the Government's policy expectations for the new funding.

3.3 We recognise that the design, set up and delivery of the new assistance will place an additional burden on local authorities and we are committed to ensuring that this is funded in full by central government. Funding will transfer from the Department for Work and Pensions to local authorities in England and the national governments in Scotland and Wales. In keeping with the Government's commitment to removing burdens from local authorities, the funding will not be ring-fenced, enabling local authorities and the devolved administrations maximum flexibility to deliver services as they see fit according to local needs

3.4 To enable local authorities to deliver an effective and efficient local service, the Government will take powers in the Welfare Reform Bill to allow the Department for Work and Pensions to share benefits data with local authorities, should they require it to assess eligibility to the new assistance.

4. How the new service might work

4.1 We do not expect local authorities to recreate Community Care Grants and Crisis Loans locally. Individual local authorities will be given the funding and flexibility to re-design the emergency provision for vulnerable groups according to local circumstances, in order to meet severe hardship in the way they think best.

4.2 We anticipate that local authorities will want to develop a local system that will reflect the needs of their community and build upon programmes and services that are already in place, for example, the Supporting People programme. Local authorities may also wish to utilise and further develop existing partnership arrangements or develop new ones with, for example, furniture reuse services and food banks, to provide services for those in particular need. We would be interested on your views on how local authorities may use, and build on, existing networks.

4.3 We are keen to learn from local experience and to disseminate ideas and examples. Set out below are a few examples of local schemes and partnership working. Clients offered immediate access to such schemes through a local authority

referral mechanism might have their needs met more effectively than under the current system.

The Trussell Trust is a charitable organisation that provides emergency food to people in crisis. There are almost 90 foodbanks in the Trussell Trust network across the UK.

Jobcentre Plus has been working with the Trussell Trust to pilot closer signposting and checking of potential entitlement for help from the Trust's foodbank. The pilots have been running in Gloucester, Wiltshire and Swindon District since January 2011.

We believe that local authorities could provide similar services through effective partnership working with other organisations to benefit those in crisis at a local level.

Solihull Community Housing (SCH) is funded by Solihull Metropolitan Borough Council operate a homelessness prevention fund. In accordance with specified criteria and procedures, staff are able to fund quick, small scale, interventions to prevent homelessness. Previous uses include for example funding essential repair work to enable people to remain in privately rented homes, and providing the first month's rent where people would otherwise be unable to access accommodation.

Many local authorities run similar funds, so that anyone contacting the council at risk of homelessness can be referred to a specialist team who assess their need and consider possible responses. This could be a useful model for an expanded service meeting other crisis or resettlement needs.

Waltham Forest Community Credit Union (WFCCU) is a not-for-profit, ethical savings and loans financial cooperative. It is run by members for members and is available to serve anyone who lives, works, studies or regularly attends a place of worship in the London Borough of Waltham Forest.

WFCCU provides secure regulated savings accounts, affordable loans, free life assurance and a wide range of volunteer placements, as well as helping people to get their finances back on track through budgeting advice and signposting to other relevant agencies. WFCCU provides a real alternative to help local people avoid or escape from the many high cost lenders that target the borough.

WFCCU was set up in 2004 with substantial support from the London Borough of Waltham Forest and other partners. Local authority support has been continuous from 2004, including helping the credit union to secure new premises at a charitable rate, allowing the credit union to participate in training and to benefit from cost free marketing support from the local authority communications team.

Bulky Bob's is a social enterprise that works with local authorities to collect, reuse and recycle bulky household waste. Since 2000 Bulky Bob's has contracted with Liverpool City Council and has expanded, winning contracts with four other authorities. Bulky Bob's offer an efficient collection service and prioritise reuse and recycling to create additional environmental and social benefits.

Since 2000, Bulky Bob's has provided support to over 30,000 low-income families, working with local support organisations to ensure that essential furniture items are available free of charge to people in crisis. Local Authorities may be able to partner with similar furniture re-use organisations to enable individuals setting up a new home (for example on leaving a women's refuge) to access essential items.

5. About this call for evidence

5.1 We would welcome your input on how this new service might be delivered. We would particularly like to hear your thoughts on how central government could support local authorities in the development of the new assistance and facilitate learning and best practice.

Who is the call for evidence aimed at?

5.2 This call for evidence is aimed at upper-tier local authorities in England, welfare rights organisations and other customer representative groups, and any other interested groups or individuals.

How to respond to this call for evidence

5.3 Please email your responses to:

social.fund@dwp.gsi.gov.uk

Or send them to

Social Fund Reform Team
1st Floor
Caxton House
Tothill Street
London SW1H 9NA

5.4 Please ensure your response reaches us by **15 April 2011**.

5.5 When responding, please state whether you are doing so as an individual or representing the views of an organisation. If you are responding on behalf of an organisation, please make it clear who the organisation represents. We will acknowledge your response.

5.6 If you have any queries about this call for evidence, please email us at the address above.

5.7 The Department for Work and Pensions will be holding forums for customer groups over the next few months to discuss current welfare reform plans, including the reforms to the Social Fund. Details of these events will be set out on the Department's website: <http://www.dwp.gov.uk/adviser/updates/welfare-reform-events/>

5.8 We will publish a summary of the responses to the call for evidence on the consultations section of our website: [Consultations - DWP](#). The summary will also outline the next steps that we will take.

Freedom of information

5.9 The information you send us may need to be passed to colleagues within the Department for Work and Pensions and published in a summary of responses received.

5.10 All information contained in your response may be subject to publication or disclosure if requested under the Freedom of Information Act 2000. By providing personal information for the purposes of the public consultation exercise, it is understood that you consent to its disclosure and publication. If this is not the case, you should limit any personal information provided, or remove it completely. If you want the information in your response to the consultation to be kept confidential, you should explain why as part of your response, although we cannot guarantee to do this.

5.11 More information about the Freedom of Information Act can be found on the Ministry of Justice website: [Ministry of Justice: Fol Guidance](#)

Feedback on this exercise

5.12 We value your feedback on how well we consult. If you have any comments on the process of this call for evidence, for example, how it could be improved, but not about the issues raised, please contact our Consultation Coordinator:

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