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| <b>Item No.</b><br>9.              | <b>Classification:</b><br>Open | <b>Date:</b><br>22 October 2013   | <b>Meeting Name:</b><br>Cabinet |
| <b>Report title:</b>               |                                | Local Welfare Provision - Southwark Emergency Support Scheme, review October 2013 |                                 |
| <b>Ward(s) or groups affected:</b> |                                | All   |                                 |
| <b>Cabinet Member:</b>             |                                | Councillor Richard Livingstone, Finance, Resources and Community Safety           |                                 |

## **FOREWORD - COUNCILLOR RICHARD LIVINGSTONE, CABINET MEMBER FOR FINANCE, RESOURCES AND COMMUNITY SAFETY**

The council established the Southwark Emergency Support Scheme in April as a consequence of government devolving elements of the Department for Work and Pensions' (DWP) Social Fund to local authorities. The council has been keen to work with voluntary sector groups working with those on benefits to ensure that the scheme best meets the needs of those requiring emergency support and organisations such as the Citizens Advice Bureaux have praised our approach.

This report reviews the first six months of the scheme's operation and makes recommendations for the continuation of the scheme for the 2014/15 financial year.

In the first six months, it is clear that the demand for the scheme has been greater than anticipated from those people who have had their benefits suspended by the DWP through sanctions. This has been as a result of changes introduced by DWP during the current financial year. In these circumstances, the council has become the last resort to feed families in a way that was not envisaged when the scheme was established.

## **RECOMMENDATIONS**

That Cabinet:

1. Notes the findings of the review of Southwark's Emergency Support scheme and agrees to retain the existing provision for the period up until 31 March 2014.
2. Agrees to continue with the existing model of support by developing the ongoing relationship with Community Action Southwark and supports a further review to be undertaken in April 2014 in the order to assess future funding requirements with a report to be delivered to Cabinet by June 2014.
3. Continues to keep under review referrals to the scheme made by the Department for Work and Pensions (DWP) arising from changes in policy and in particular the subsequent impact on the council's budget.
4. Requests that the Strategic Director of Finance and Corporate Services sets aside any unspent balances from this years scheme for welfare and hardship needs and reports these to Cabinet in future monitoring reports.

## BACKGROUND INFORMATION

5. As part of the Welfare Reform Act (2012) the existing Community Care Grant and Crisis Loan elements of the Social Fund administered by the DWP were abolished with effect from 31 March 2013.
6. Local authorities with effect from the 1 April 2013 were made responsible for delivery of a local welfare provision administering the emergency financial assistance elements of the previous scheme.
7. The DWP provided the following funding for Southwark from which to operate the local welfare provision, Southwark's Emergency Support scheme.

|                        | 2013/14    | 2014/15    |
|------------------------|------------|------------|
| The Fund               | £1,362,932 | £1,362,932 |
| Administrative funding | £287,998   | £263,981   |

8. This represented a significant reduction in available funding, when compared with expenditure from 2010/11 which was managed by the DWP.
9. The government retained responsibility for budgeting loans which are made available for a variety of purposes including, maternity or funeral expenses, improvement or maintenance of homes and repayment of debt in certain circumstances.
10. On the 19 March 2013 Cabinet approved the introduction of Southwark's Emergency Support scheme together with the eligibility criteria necessary for which customers would receive support.

## KEY ISSUES FOR CONSIDERATION

### Guiding principles of Southwark's Emergency Support Scheme

11. The council has developed some guiding principles in relation to eligibility for the scheme. These are:
  - To provide emergency support following a disaster, or in times of crisis
  - To allow people to return to or remain in the community, such as those moving out of institutional or residential care and those at risk of not being able to remain in their communities without additional support
  - To help families who are facing exceptional pressure, to help keep families together and to safeguard children
  - To support the most vulnerable in the community and to adopt a holistic approach in doing so
  - To help safeguard severely disabled households and specifically where entry into employment is not possible

- To support the most vulnerable in emergency situations through signposting to appropriate support services, advice, or through provision and access to goods
- To engage individuals with appropriate support services where needed to prevent repeat applications, or as an alternative to an award from the fund
- To ensure the fund is fair and equitable in its distribution to those most in need within the community

12. The key elements relating to the personal eligibility criteria are:

- A person must be 16 or over, have lived in Southwark for at least 6 weeks, be in receipt of a qualifying benefit and not fall under an excluded category as detailed in Appendix 3 either personally or in relation to the circumstance by which they are requiring assistance.
- In addition certain customer groups have been highlighted as eligible; these include, care leavers, ex-offenders and armed forces personnel.

13. The council developed detailed eligibility criteria in respect of those groups where it is determined there is the greatest need.

14. In particular the scheme was developed to complement eligibility criteria developed for Discretionary Housing Payments and existing arrangements for Section 17 payments in Children's Services.

### **Southwark's Emergency Support Scheme (SESS)**

15. In partnership with Community Action Southwark (CAS) the council put in place a scheme supported by a number of key partners:

| <b>Requirement</b>  | <b>Provision</b>   | <b>Supplier</b>   |
|---|--|---|
| Food  | Food parcels   | <ul style="list-style-type: none"> <li>• Pecan (Peckham High St) Foodbank- charitable organisation currently in expansion to three other sites with volunteer assistance</li> </ul> |
| White goods- fridge, freezers etc.<br>Furniture – starter packs   | Reconditioned white goods & furniture  | <ul style="list-style-type: none"> <li>• London Re-use network, Staying First</li> <li>• Family Fund</li> </ul>   |
| Rent advance for those leaving care or prison   | Up front payment & accommodation support for those leaving care and ex-offenders | <ul style="list-style-type: none"> <li>• St Giles Trust</li> <li>• London Mutual Credit Union</li> </ul>  |
| Grants for replacement household items / reconnection charges for services / living expenses / clothing | Cash payment   | <ul style="list-style-type: none"> <li>• London Mutual Credit Union</li> </ul>  |

## Overview of the support provided to date

16. A review has taken place of the current scheme that has been in place since April 2013. This report details the position in relation to supporting information for the period from April 2013 to August 2013.
17. The review has focused on three key areas, the organisations referring cases to the scheme, benchmarking within London and the financial implications to date.

## Referrals

18. The council is currently receiving referrals from a number of areas however the majority are still being referred from Job Centre Plus. The table below outlines the current referral groups:

| Referral organisation  | Number of referrals | % of referrals |
|------------------------|---------------------|----------------|
| Citizens Advice Bureau | 37                  | 3              |
| Council services       | 209                 | 15             |
| Job Centre Plus        | 874                 | 65             |
| Other                  | 175                 | 13             |
| VCS                    | 53                  | 4              |
| Total                  | 1348                | 100            |

19. The review of the application process confirmed that 65% of referrals related to a gap in benefit entitlement or a sanction from the DWP leaving individuals with little or no support for living expenses.
20. Since the 1 April 2013 the DWP changed their policy in relation to the application of sanctions. This has had a significant effect on a number of individuals resulting in people accessing the scheme due to insufficient resources to buy food or requirements for basic domestic needs.
21. On average the team receive 40 calls per day of which 15 result in applications. Of the 15 applications there is an award rate of 49%.

## The position within London

22. As at the 30 June London Council's produced data providing an overview of the current position for local welfare provision schemes within London.

| Borough   | Applications | Awards | Award Rate | Expenditure | Average Expenditure per award |
|-----------|--------------|--------|------------|-------------|-------------------------------|
| Southwark | 939          | 419    | 49%        | £145,743    | £347.84                       |
| Averages  | 662          | 280    | 42%        | £61,133     | £369.84                       |

23. Southwark's average award is not inconsistent with other boroughs that completed the data for the London Council's report.

24. The award rate for the scheme is marginally above the 42% award rate within London, but is not disproportionately higher.
25. Neighbouring boroughs were as follows:

| Borough       | Applications | Awards | Award Rate | Expenditure | Average Expenditure per award |
|---------------|--------------|--------|------------|-------------|-------------------------------|
| Lambeth       | 800          | 91     | 11%        | £40,000     | £439.56                       |
| Lewisham      | 2024         | 695    | 34%        | £54,000     | £77.70                        |
| Croydon       | 1026         | 396    | 39%        | £148,577    | £375.19                       |
| Bromley       | 570          | 229    | 40%        | £86,000     | £375.55                       |
| Tower Hamlets | 2500         | 1200   | 48%        | £252,000    | £210.00                       |

### Breakdown of awards

26. The awards can be further detailed as follows:

| Category        | Volume      | %  |
|-----------------|-------------|----|
| Repair          | 1           |    |
| Flooring        | 13          |    |
| Rent            | 27          | 1  |
| Clothing        | 36          | 1  |
| Carpets         | 44          | 2  |
| Household       | 115         | 4  |
| Kitchen kits    | 159         | 6  |
| Cash            | 291         | 10 |
| Food            | 301         | 11 |
| Furniture       | 420         | 15 |
| Utility charges | 460         | 16 |
| White goods     | 488         | 17 |
| Bedding         | 490         | 17 |
| <b>Total</b>    | <b>2845</b> |    |

### Options for future delivery

27. The review has revisited the previous options for delivery and also taken into account the relationship between Voluntary and Community Sector (VCS) and neighbouring authorities.
28. Below is a summary of the review and the options for future delivery. The review has particularly taken account of the potential for disruption given fundamental changes to the scheme.
29. Discussion has also taken place with CAS in respect of their role in operationally managing the scheme. Whilst CAS are keen to develop the relationship between the VCS there are wider considerations in respect of operationally managing the service.
30. These considerations have been outlined by CAS as follows:
- There is a need to maintain impartiality and independence particularly

when offering advice in the voluntary sector.

- The role of the VCS is also to offer advice to those who may not have been successful in applying for grant funding and therefore this could create issues in relation to the assessment process.
- There is limited infrastructure within the sector to handle the operational aspects of a service such as SESS.
- There could be significant development costs incurred in the set up of an operational service and funding has not been guaranteed beyond 2014/15.

31. In the context of these options and in advance of the June 2014 report to Cabinet, officers will consider the appropriate criteria required to select the most appropriate option.
32. These criteria will focus on directing the maximum resources available to the most vulnerable client groups on the basis of 2013/14 evidence and government funding available.
33. In reviewing the scheme there is a need to consider future delivery options. Below is a summary of the options explored as part of the six month review and the recommendation until a full review commences in April 2014.

#### **Retain existing scheme**

34. Continue with the existing operating model in terms of eligibility and assessment working with the voluntary sector through CAS.
35. The scheme is relatively new and currently confirmed funding is only until March 2015. The scheme has successfully assisted customers in crisis in the first six months. Feedback from existing partners does not suggest that the scheme is failing to meet demand.
36. The impact of welfare reform and the current economic climate may result in further hardship for customers particularly impact is currently being supported by temporary relief from discretionary hardship payments. Therefore it would be prudent to retain the existing criteria at least in the short term to ensure funds remain available for those with the greatest need.
37. Given these reasons it is recommended that this is the preferred option.

#### **Shared Service approach to scheme with Lewisham and / or Lambeth**

38. Seek to join the application and assessment process to gain economies of scale and consistency in terms of the eligibility criteria.
39. Currently each authority has contextual differences within their eligibility and awards policies which have all been approved through the governance processes within each authority. To harmonise the schemes would require collective agreement on policies and procedures and would require considerable effort. This needs to be balanced against the issue of guaranteed funding.

40. Each authority is using different support systems for their schemes which would mean a selection and open procurement process for the preferred solution.
41. The three authorities are working together on the wider welfare reform initiatives including developing a community budget approach to implementation of the local support services framework.
42. Given the complexities of developing this option, this is not the preferred approach at this stage.

#### **VCS to take on more of the model delivery**

43. VCS to develop the application/assessment process and operationally manage the service.
44. This model has been actively reviewed with the voluntary sector through CAS and for the reasons highlighted in section 30 it is not recommended as a viable option.

#### **Delegate budgets to departments**

45. Option to disband the existing scheme and delegate the allocated budget to children's services (section 17 payments) and the homelessness prevention fund.
46. Devolving the budgets would support existing support networks within services but carries considerable risks for the client groups currently accessing the scheme.
47. This could result in multiple assessment processes that do not offer a consistent approach to assessment of eligibility for crisis payments.
48. There would be potential for customers to contact the council several times via different services for assessment. This could lead to delays for fulfilment of the customers requirements in the context of their need.
49. It is not a recommended option at this stage however will be re-considered as part of the one year full review.

#### **Southwark welfare hardship fund**

50. As a consequence of council tax technical reforms (as approved by Council Assembly), on 12 February 2013 cabinet made provision for £800k in 2013/14 for the purposes of a welfare hardship fund. The hardship fund is separate to the Southwark Emergency Support Scheme.
51. The Strategic Director of Housing and Community Services and Strategic Director of Finance and Corporate Services were asked to develop a recommendation on the provision and criteria for delivery of this fund for future consideration by cabinet.
52. The council developed eligibility criteria to assist in protecting the most vulnerable within the community. The hardship fund therefore sought to provide protection for severely disabled customers affected by one or more of the government's welfare reforms.

53. Customer services and voluntary sector organisations were made aware of the scheme to ensure those requiring assistance could be referred to determine their eligibility status.
54. Whilst there have not been high levels of financial expenditure customers have been assisted through referrals to additional services.
55. It is anticipated that any unallocated funds will be returned to reserves.

#### **Breakdown of enquiries received (April to August 2013)**

|                                 |                |
|---------------------------------|----------------|
| Total enquiries                 | 362            |
| Number of New Enquiries         | 4              |
| Number of hard to reach callers | 40             |
| Number of refusals              | 73             |
| Number Due to be awarded        | 4              |
| Number Awarded                  | 222            |
| Number of repeat calls          | 2              |
| Issue Pending                   | 17             |
| <b>Amount paid</b>              | <b>£42,300</b> |

#### **Financial Implications**

56. As at August 2013 the grants issued in relation to the scheme equated to £311,000 which is 55% of the grant for crisis support allocated for the same period.
57. The forecast outturn is for a favourable variance of approximately £538,000 within the support grant. This is dependent on projections based on the current volume of take-up and existing service costs.
58. One supplier has indicated a possible price increase over the next 6 months which may vary existing support grant expenditure projections by a further £80,000 this financial year, reducing the variance to £458,000.
59. The anticipated annual spend for the set up and operational management of the service for year one is £312,000 against an administrative grant of £288,000. This is representative of the significant overhead of managing claims in an environment detached from mainstream benefits that the DWP administer.
60. Given the experience of 2013/14 these costs will be reviewed in 2014/15 on a quarterly basis particularly given the uncertainty in relation to ongoing welfare reform changes.

#### **Audit and governance**

61. It is anticipated that a full audit of the service provided to date will be undertaken within the next three months.
62. This is primarily to ensure that the decision making process is independently



audited and internal controls are reviewed.

### **Policy considerations**

63. Southwark Council is committed to achieving a fairer future for all, as set out in the Council Plan that was agreed by Council Assembly in July 2011. The council recognised that in times of reduced funding from central government, there is a need to focus our resources on the areas where we feel we make the most impact.
64. Following engagement with local people through the council's budget process in 2010/11 the council plan identified a number of principles that guide the promises and objectives of the council plan. These principles are:
  - Treating residents as we would wish members of our own families to be treated
  - Being open, honest and accountable
  - Spending money as if it were coming from our own pocket
  - Working for everyone to realise their potential
  - Making Southwark a place to be proud of
65. The continued provision of the Southwark Emergency Support Scheme is in line with the principles above, recognising the importance of ensuring that support is provided to those most in need.
66. Further, the continuation of the scheme is part of the council's overall approach to continue to support individuals and families as welfare reform changes take effect. In November 2011, cabinet agreed an economic well-being strategy for the borough. Two of the core priorities are to promote financial wellbeing and independence and narrow the gap between Southwark and the London employment rate by supporting people into work.

### **Consultation**

67. As stated in the Cabinet report on the 19 March government have provided no legal requirement for public consultation on the introduction of a new Local Welfare Provision scheme.
68. The council continues to work closely with representatives from Community Action Southwark, Southwark Legal Advice Network, the CAB, St Giles Trust and Pecan (foodbank).
69. The eligibility criteria (with the exception of the additional support from the) for the scheme was issued to voluntary sector partners for consultation at the time of its development.

### **Community impact statement**

70. The council must have due regard to the public sector equality duty under the Equality Act 2010 and is committed to ensuring the scheme is fair and equitable.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Legal Services**

71. Cabinet is asked to note the findings of a 6 months review following the creation of the Southwark Emergency Support Scheme and agree the continuation of the current scheme.
72. Cabinet is reminded that the council's duties under the Equality Act 2010 are ongoing for the purposes of this scheme and the review. The council is required to ensure that the delivery of the fund complies with the duties outlined under s.149 of the Equality Act 2010.

### **Strategic Director of Finance and Corporate Services (FC13/068)**

73. This report seeks cabinet approval to continue with the existing model of support by developing the ongoing relationship with Community Action Southwark. It also requests that the strategic director of finance and corporate services sets aside any unspent balances from this year's scheme for welfare and hardship needs. This will be reported to cabinet in future monitoring reports.
74. Financial implications are shown in paragraphs 56 to 60 and the strategic director of finance and corporate services notes the favourable variance forecast for 2013/14.
75. The reduction in grant for 2014/15, as shown in paragraph 7 (fig. 1) is noted. This reduction in administrative funding will need to be closely monitoring to ensure the costs of running the scheme can be contained within budget.

## **BACKGROUND DOCUMENTS**

| <b>Background Papers</b> | <b>Held At</b> | <b>Contact</b> |
|--------------------------|----------------|----------------|
| None                     |                |                |

## **APPENDICES**

| <b>No.</b> | <b>Title</b>  |
|------------|---|
| Appendix 1 | SES Eligibility Criteria – Southwark's Emergency Support Scheme Final |
| Appendix 2 | SES Eligibility Feedback Summary                                      |

## AUDIT TRAIL

|   |   |                          |
|---|---|--------------------------|
| <b>Cabinet Member</b>   | Councillor Richard Livingstone, Finance, Resources and Community Safety |                          |
| <b>Lead Officer</b>   | Duncan Whitfield, Strategic Director for Finance & Resources            |                          |
| <b>Report Author</b>  | Dominic Cain, Assistant Director (Revenues & Benefits)                  |                          |
| <b>Version</b>  | Final   |                          |
| <b>Dated</b>  | 11 October 2013   |                          |
| <b>Key Decision?</b>  | No  |                          |
| <b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b> |   |                          |
| <b>Officer Title</b>  | <b>Comments Sought</b>  | <b>Comments Included</b> |
| Director of Legal Services  | Yes   | Yes                      |
| Strategic Director of Finance & Corporate Services                      | Yes   | Yes                      |
| <b>Cabinet Member</b>   | Yes   | Yes                      |
| <b>Date final report sent to Constitutional Team</b>                    | 11 October 2013   |                          |