

<b>Item No.</b> 17.	<b>Classification:</b> Open	<b>Date:</b> 19 March 2013	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Local Welfare Provision - Southwark Emergency Support Scheme	
<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 Welfare Reform Act 2012 abolished the discretionary elements of the Department for Work & Pensions' (DWP) Social Fund. As a part-replacement, local authorities have been given a significantly smaller budget with which to deliver local schemes.

In 2013/14, the funding totals £1.363m, with a further £288,000 with which to administer the fund. The administration budget will decline to £264,000 next year.

We have developed the proposed Southwark Emergency Support Scheme set out in this report to fulfil this function. Whilst we have been hampered by the DWP's refusal to share adequate data on the current recipients of this fund, we have worked closely with the voluntary sector in the borough to try to ensure that the scheme is fit for purpose. We have also shared ideas with other London authorities in developing our approach.

The voluntary sector will play a key role in the delivery of the scheme and we are grateful to Community Action Southwark and a number of voluntary sector organisations for their support in its genesis. Pecan, London Re-Use, the British Heart Foundation, the Family Fund, St Giles Trust and the London Mutual Credit Union will all be involved in the delivery of the scheme.

Our aim over time is to devolve the administration of the scheme further to the voluntary sector.

## **RECOMMENDATIONS**

That Cabinet:

1. Note that the Welfare Reform Act 2012 abolishes the existing discretionary elements of the Department for Work & Pensions' administered Social Fund. The creation and delivery of a local scheme to be administered by councils takes effect from 1 April 2013, following receipt of a grant from central government.
2. Approve the introduction of the Southwark Emergency Support Scheme (SESS) with effect from the 1 April 2013 replacing the DWP Social Fund's Crisis Loans and Community Care Grants and that Community Action Southwark (CAS) lead on the management and delivery of grant item(s) for successful applications to those most in need.

3. Provides the Strategic Director of Finance and Corporate Services with delegated responsibility to make any amendments to the application of the scheme following review and consultation.
4. Requests that the Strategic Director of Finance and Corporate Services set aside from within the Welfare Hardship Fund to supplement the SESS an amount of up to £400k in order to provide support for those households where the level of disability prevents temporary or full time employment.

## 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 Department for Work & Pensions (DWP) will be abolished with effect from 31 March 2013.
6. Local authorities with effect from the 1 April 2013 will be responsible for delivery of a local welfare provision administering the emergency financial assistance elements of the previous scheme.
7. The two elements of the existing DWP scheme can be described as follows:
  - a. Crisis Loans - Interest free loans available to anyone (whether on benefit or not) who cannot meet their immediate short term needs in an emergency or as a consequence of a disaster. Expenses that can be considered include:
    - Living expenses
    - Rent in advance to secure accommodation
    - Emergency travel expenses
  - b. Community Care Grants - A non-repayable grant awarded to help people establish themselves or remain in the community. Examples of which include payments to assist those leaving residential or institutional care and for the provision of household equipment.
8. Detailed information on specific local awards and demographics has not been made available by the DWP. Based on what information is available this shows:

Fig 1.

Year	Applications	Awards	% Awarded	Total Expenditure	Average Award
2005-2006	9,280	6,960	75%	£1,858,600	£239
2009-2010	14,700	9,400	64%	£1,876,100	£286
2010-2011	13,490	8,560	63%	£2,064,000	£336
2011-2012	10,270	6,310	61%	£1,506,900	£239

9. The government has only confirmed funding for the next two years as detailed in Fig 2. There is no guarantee that funding will be available for any future provision of the emergency scheme beyond 2014/15.

Fig 2.

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

10. This represents a 10% reduction in available funding, when compared with expenditure from 2010/11.
11. Whilst officers anticipate similar numbers of successful applicants, reductions in cost will also be achieved through appropriate internal controls and management processes.
12. The government will retain 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.
13. Southwark remains responsible for the distribution of Discretionary Housing Payments (DHP) to assist with the payment of rent and Section 17 Children Act 1989 payment assistance in exceptional circumstances to support a child's welfare. A summary of some of the discretionary funds and loans available to residents is provided in Appendix 1 of this report.

## **KEY ISSUES FOR CONSIDERATION**

### **The Model for delivery of Southwark's Emergency Support Scheme**

14. The council considered a variety of models for a local scheme in November 2012 and reviewed the financial viability and key risks associated with each option. The preferred model forms the recommendation as detailed in this Cabinet paper.
15. Officers worked closely with a number of London Boroughs to explore different delivery options, share knowledge and good practice and identify specific local challenges. Round-table discussions were held and a number of these were hosted by Southwark council. A summary of other replacement schemes being considered by London boroughs is set out in Appendix 2.
16. In June 2012 the Child Poverty Action Group issued a research document, 'Delivering the social fund at London-level: Opportunities & Risks'<sup>1</sup>, in which they highlighted the need for adequate referral mechanisms to existing support networks, maintenance of cash element to the scheme and ongoing review of interim models of delivery.
17. The proposed model takes into account all of the key issues identified in the report referred to in paragraph 16 and creates the opportunity for a greater sustainable future model involving the voluntary sector. This was selected through consultation with cross-departmental officers, members and the voluntary sector.
18. There are four key elements of the scheme:
  - Application & Assessment against agreed eligibility criteria
  - Operational Management of the scheme
  - Delivery of grant item(s) for successful applications
  - Review

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<sup>1</sup> <http://www.cpag.org.uk/content/delivering-social-fund-london-level-opportunities-and-risks>

## **Application and assessment**

19. In line with the council's aim to offer services 'digital by default' a web based application form will be available for customers to complete applications on line.
20. Customers will also be able to access the service through the council's service points via assisted self service and in partnership with other public sector providers.
21. The scheme will also be available through telephone contact to a dedicated team of skilled operatives who will take customers through a claim process. The intention is to extend the successful 'One Touch' team who currently assist customers with benefit applications and referrals to other services.
22. It is recognised that those accessing the scheme may be some of the most vulnerable in society and therefore may not ordinarily have access readily available. With this in mind a robust communications strategy has been developed to ensure referrals can be made.
23. The assessment process will be undertaken by the 'One Touch' team and where customers are successful, notification will be provided of the entitlement to a fulfilment partner. Customers will be entitled to a one stage review of their claim if they contest their entitlement, but there will be no right to appeal.
24. The council is committed to minimising fraud and error within the system and will ensure sufficient internal controls are in place. Any instances of suspected fraud will be referred to the council's fraud team for investigation.

## **Operational management of the scheme**

25. The council's approach to developing a solution for the local delivery model of the emergency support scheme has taken account of existing strong partnerships within the voluntary sector.
26. On the 1 July 2011 the council entered into a contractual agreement with Community Action Southwark (CAS) for a period of three years in their role as an umbrella organisation delivering leadership and support for the voluntary sector.
27. The operational model of the emergency support scheme seeks to vary the existing contract for CAS to act as the lead voluntary sector partner for delivery of the scheme.
28. In principle the agreement will enable CAS to help sustain and build approaches to delivery of the scheme over the next two years through managing and maintaining relationships with key partners and ensuring delivery of grant item(s) for successful applications is adequately administered.
29. The council intends to work in partnership with CAS to ensure a sustainable model is achieved.

## **Management of successful applications**

30. The council, in partnership with CAS, has actively engaged the voluntary sector to ensure delivery of the wide ranging requirements can be met locally.

31. Agreements in principle have been received from suppliers to cover the range of grant item(s) for successful applications as detailed below:

Fig 3.

Requirement	Provision	Supplier
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.  Furniture – starter packs	Reconditioned white goods & furniture	<ul style="list-style-type: none"> <li>London Re-use network(based in Islington looking for further development opportunities)</li> <li>British Heart Foundation</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>

32. The council in partnership with CAS will maintain flexibility with the suppliers list to ensure there is sufficient capacity to meet demand.
33. Similarly the council will ensure that risks are identified and sufficient support is provided to help mitigate any risks highlighted within the scheme.

### Review

34. There is an intention to conduct ongoing reviews of the scheme to ensure it is meeting its principles. The report recommends that any urgent changes required are delegated to the strategic director of finance and corporate services. It is considered that changes may become necessary if vulnerable groups not currently known to the council are identified.
35. A formal review will take place after six months at which time information will be shared with neighbouring boroughs, in particular Lambeth and Lewisham, with whom the council has shared thinking around the development of respective schemes and to ensure schemes are operating effectively.

36. The council will conduct a formal yearly internal audit of the scheme to be detailed as part of the council's internal audit programme.

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

37. 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

38. 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.

39. The council has developed detailed eligibility criteria (set out in Appendix 3) in respect of those groups where it is determined there is the greatest need.

40. The criteria will remain under review during the first 6 months of operation to ensure the scheme is meeting the needs of the community.

41. In particular the scheme has been developed to complement eligibility criteria developed for discretionary housing payments and existing arrangements for Section 17 payments in children's services.

### **Southwark welfare hardship fund**

42. 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.
43. 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. This recommendation is still in the process of being finalised but will seek to support the broader aims of the council's economic wellbeing strategy.
44. In the interim, officers are concerned to ensure that the SESS includes sufficient capacity to help safeguard severely disabled households and specifically where entry into employment is not possible.
45. This report contains a recommendation to set aside for households where the level of disability prevents temporary or full time employment, a sum of up to £400k to provide support, subject to criteria set out in the SESS. The existing DWP arrangements for the social fund do not explicitly provide support for this vulnerable group.

### **Resource implications**

46. The resourcing model based its requirement on the last two years data available from the DWP.
47. The estimated staffing requirement to administer Southwark's Emergency Support scheme is estimated to cost £143,326. This is based on recruitment to five grade 6 posts to supplement the 'One Touch' team.
48. It is anticipated that any requirement in addition to the five posts will be met through the existing establishment unless demand exceeds existing expectations by more than 10% (or 0.5 FTE).

### **Financial implications**

49. The information contained within Fig 2 outlines the grant settlement from government to administer the scheme for the next two years.
50. The cash limited fund received from the DWP was based on a slight reduction in demand from customers following a change in their eligibility criteria during the year 2011/12. It is anticipated that the spend will be within the limits of the government grant allocated, however the full impact of welfare reform changes cannot be fully quantified at this stage and will be reassessed based on the impact of changes locally.
51. Officers have acknowledged the need for sustainability and value for money and therefore have endeavoured to ensure goods offered represent best use of the fund available. Reconditioned goods supplied by our partners remain guaranteed for six months and offer savings of at least 20% on new goods.
52. Officers will maintain close financial scrutiny of expenditure in partnership with

CAS and if necessary, provide a further update to Cabinet on any unexpected variances.

53. The costs associated with the set up and administration of the scheme equate to £39,450 which is the management support cost attributable to Community Action Southwark. However, some additional set-up costs relevant to the supply partners will be payable although it is anticipated that this will be no more than the residual balance of the administration budget. The costs set out here are separate to the staff costs detailed paragraph 47.
54. Any residual administrative grant will be used to supplement the existing grant for the provision of goods.
55. £400k will be earmarked for 2013/14 from the welfare hardship fund to supplement SESS to help safeguard severely disabled households where entry into employment is not possible. This will be reviewed throughout the year and future year needs assessed accordingly.

### **Policy considerations**

56. 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.
57. 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
58. The introduction 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.
59. Further, the introduction of the scheme is part of the council's overall approach to supporting individuals and families as welfare reform changes are implemented. 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.
60. The introduction of the scheme will assist those who have the greatest needs. However to deliver the priorities of the economic well-being strategy officers will continue to work with local partners to provide wider support, beyond that offered through this scheme, to assist local people into employment and promote individual well-being and financial independence.



## **Consultation**

61. The government have provided no legal requirement for public consultation on the introduction of a new Local Welfare Provision scheme. However, Southwark has actively engaged with the voluntary sector, through CAS, to develop a solution to the emergency support scheme given the expertise and knowledge within the sector.
62. The council hosted a workshop with representatives from Community Action Southwark, Southwark Legal Advice Network, the CAB, St Giles Trust and Pecan (foodbank) on the 17 January 2013 to assist in the planning and design of a model for delivery.
63. The draft eligibility criteria (with the exception of the additional support from the welfare hardship fund for severely disabled households) for the scheme was issued to voluntary sector partners for consultation and a summary of responses is held at Appendix 4.

## **Community impact statement**

64. 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.
65. The council has been unable to obtain local information in respect of payments made to Southwark residents from the Social Fund administered by the DWP.
66. Therefore the approach to developing the eligibility criteria and proposed model for the scheme takes account of the best information available at a national level.
67. The scheme also takes into account the DWP's own impact assessment and equalities impact assessment<sup>2</sup>.
68. The council has worked closely with the voluntary sector in developing the eligibility criteria and will ensure effective referral processes are in place to assist in communicating accessibility to the scheme. It is anticipated that there will be ongoing communication between the council and partners in determining the impact of the scheme on the wider community.
69. The council will collect data from the 1 April 2013 on applications and those eligible to receive grants. A full equalities assessment will be undertaken after six months of operation and will assist in determining whether changes to the criteria are required to be brought before Cabinet.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Legal Services**

70. Cabinet is advised that the legal framework for the abolition of the Social Fund is found under Part 3 of the Welfare Reform Act 2012. Local authorities will be provided with a central government grant to deliver local support in place of the Social Fund; authorities can design their own local welfare provision under s.1 Localism Act 2011.

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<sup>2</sup> <http://www.dwp.gov.uk/policy/welfare-reform/legislation-and-key-documents/welfare-reform-act-2012/impact-assessments-and-equality/>

71. Cabinet is advised to consider the council's duties under the Equality Act 2010 in consideration of the recommendations. The council is required to ensure that the creation, administration and delivery of the proposed fund complies with the duties outlined under s.149 of that Act.

**Strategic Director of Finance and Corporate Services (FC13/014)**

72. This report seeks approval for the creation and delivery of Southwark Emergency Support Scheme with effect from 1 April 2013 replacing the DWP Social Fund Crisis Loans and Community Care Grants. The funding for this will come from a specific grant, issued by central government.
73. The strategic director of finance and corporate services notes the financial implications outlined in paragraphs 49-55 and that funding has only been confirmed until March 2015. In order to ensure this scheme does not place additional burden on the council's budget a robust eligibility criteria is required alongside close scrutiny of demand and costs. This will help identify any significant variances, which will be reported to cabinet.
74. The administration element of this grant reduces in 2014/15 and officers will need to ensure that all set up costs have been met from the 2013/14 allocation. The strategic director of finance and corporate services notes the delivery arrangements through CAS and the need to ensure that any expansion of the role follows council's governance processes.

**BACKGROUND DOCUMENTS**

Background papers	Held At	Contact
Cabinet report - 12 February 2013. The document is available on this web page (item 8): <a href="http://moderngov.southwark.gov.uk/ielistDocuments.aspx?CId=302&amp;MId=4251&amp;Ver=4">http://moderngov.southwark.gov.uk/ielistDocuments.aspx?CId=302&amp;MId=4251&amp;Ver=4</a>	Council offices, 160 Tooley Street, London SE1 2QH	Paula Thornton 020 7525 4395
Council Assembly agenda – 27 February 2013. The documents are available on this web page: <a href="http://moderngov.southwark.gov.uk/ielistDocuments.aspx?CId=132&amp;MId=4241&amp;Ver=4">http://moderngov.southwark.gov.uk/ielistDocuments.aspx?CId=132&amp;MId=4241&amp;Ver=4</a>	Council offices, 160 Tooley Street, London SE1 2QH	Lesley John 020 7525 7228

## APPENDICES

No.	Title
Appendix 1	Southwark discretionary / hardship fund analysis
Appendix 2	Round-table summary of London Council's Social Fund replacement schemes
Appendix 3	SES Eligibility Criteria – Southwark's Emergency Support Scheme Final
Appendix 4	SES Eligibility Feedback Summary

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Richard Livingstone, Finance, Resources and Community Safety	
<b>Lead Officer</b>	Gerri Scott, Strategic Director of Housing & Community Services	
<b>Report Author</b>	Dominic Cain, Assistant Director (Revenues & Benefits)	
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<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 March 2013	