

DERBYSHIRE COUNTY COUNCIL

CABINET

27th November 2012

Report of the Strategic Director Adult Care

**Proposal for the local administration of the Social Fund in Derbyshire –
to be known as the Derbyshire Discretionary Fund**

1. Purpose of the Report

To seek agreement on a proposal for Adult Care, on behalf of the Council, to deliver local welfare provision for Derbyshire citizens through a Derbyshire Discretionary Fund (DDF), following the abolition of part of the national Social Fund from 1st April 2013 and the transfer of responsibilities to the County Council under provisions of the Welfare Reform Act 2012.

To seek approval to waive Standing Orders to allow the County Council to enter into a contract with the Family Fund Trust (FFT) to facilitate qualifying citizens to purchase certain goods following an emergency or disaster, such as a fire or flood in the home, through the FFT pre-paid goods procurement/fulfilment service.

2. Information and Analysis

As part of the coalition Government's welfare system reforms as set out in the provisions of the Welfare Reform Act 2012 (see Appendix One), the County Council is required to make provision to replace the Community Care Grant and Crisis Loan schemes, which form part of the current Department of Work and Pensions (DWP) administered discretionary Social Fund with a scheme for local welfare provision.

Community Care Grants are non-repayable grants awarded for a range of items including household equipment. They support vulnerable people to return to, or remain in the community, or to ease exceptional pressure on families. Eligibility is currently dependent on individuals being in receipt of a means tested benefit. The profile data of Community Care Grant awards in Derbyshire available for 2010/11 and the first half of 2011/12 indicate that:

- 69% of awards were made to applicants who did not have children under 16, of the remaining 31%, the majority (22%) were to families with children under age 5
- 20 - 25% of awards were made to couples
- 46 - 49% of awards were made to single men
- 29 - 31% of awards were made to single women
- 95% of the awards made were to people under age 65 years

Crisis Loans are interest free loans available to anyone (whether or not they are in receipt of a benefit) who cannot meet their immediate short term needs in an emergency (e.g. leaving care, emergency travelling expenses, lost or stolen money, reconnection of fuel supply, imposed Jobseekers Allowance disallowance), or as a consequence of a disaster (e.g. fire, flood). The profile data of Crisis Loan awards in Derbyshire available for 2010/11 and the first half of 2011/12 indicate that:

- 72-86% of awards were made to applicants who did not have children under 16, of the remaining group the largest section is those who had children under 5
- 13-15% of awards were made to couples
- 99% of awards made were to people under age 65 years

The common view amongst 1st tier local authorities taking on the responsibility for local welfare provision (based on attendance at a recent DWP run workshop on the changes to local welfare provision, which involved Cambridgeshire CC, Derby City, Leicester City, Leicestershire CC,

Lincolnshire CC, Norfolk CC, Northamptonshire CC, Nottingham City, Rutland CC, and Suffolk CC) is that a scheme based on loans would be difficult to implement and would not be cost effective in the local government context. The costs of debt recovery would very likely outweigh the gains in the context of seeking to recover loans from a client group that is obviously struggling to meet everyday living expenses. It is therefore proposed to make grants only, with the majority of awards being made through payments in kind and limited provision of cash payments in emergencies.

Social Fund payments associated with maternity, funeral expenses, and cold weather payments, will be retained by the Department for Work and Pensions, as will payments needed to support alignment issues between different types of benefit payments.

The Government expects the localised funding to be concentrated on those citizens 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 that the County Council and other agencies already offer.

The Derbyshire settlement is as follows:

2012/13	Set up funding	£15,310
2013/14	Programme funding	£1,531,041
	Administrative funding	£323,520
2014/15	Programme funding	£1,531,041
	Administrative funding	£296,541

Given the tight timescale for the set up and delivery of local welfare provision/ the Derbyshire Discretionary Fund and the uncertainties over future demand, the current approach of the DWP will be applied wherever practicable and appropriate; for example, adapting the established Social Fund 'direction and

guidance' to Derbyshire in the initial period. It will allow the Council to gauge the adequacy of the funding relative to presenting needs. The intention is, however, that the Derbyshire system to administer the Fund will be reviewed over the next two years, as better local data is collected and analysed on the nature and level of applications. This timeframe corresponds with the DWP intention to review local welfare provision in 2014/15.

It is proposed to establish a stand-alone Derbyshire Discretionary Fund Team (DDF) within the existing Welfare Benefits Information and Advice Section structure, as part of the Prevention Group in Adult Care. Operational management responsibility for the DDF Team would fall to the Service Manager - Income Maximisation.

It is proposed the DDF will primarily be accessed by citizens through Call Derbyshire but the mechanistic details of this are yet to be confirmed. Call Derbyshire Customer Care Assistants would take initial information for applications for DDF support. It is proposed that the DDF funding be split into two parts, namely Emergency Cash Payments (as opposed to Crisis Loans) and Exceptional Pressure Grants (as opposed to Community Care Grants). Both of these would be non-repayable.

Customer Care Assistants will electronically send the collated information onto the specialist DDF Team for assessment. The Derbyshire scheme will be designed to minimise the number of cash payments awarded and maximise the number of Exceptional Pressure Grants (EPG). EPG's will be paid out in the form of a pre-loaded payment card against which specified items can be redeemed up to the value on the card. How this works is explained in more detail later in the report.

The latest DWP data from April 2011 to September 2011 for Derbyshire, suggests that there will be approximately 400 applications for support per

week. Over this period there were 2,450 Community Care Grant applications, which resulted in a spend of £569,000, and 9,560 Crisis Loan applications, resulting in a spend of £501,000. However, the Derbyshire scheme will be designed to minimise the number of cash payments that will be awarded, and maximise the use of grant payments, administered via the payment card.

In order to be able to process this level of demand, the following new staffing structure is proposed.

Derbyshire Discretionary Fund Team Structure

1 x Team Manager @ Grade 11	£41,327
1 x Welfare Benefits Information and Advice/Business Services Officer (dual role) @ Grade 9	£31,938
5 x Finance Assistants @ Grade 7 (to process and assess DDF applications)	£124,610
1 x 0.5 Business Services Assistant @ Grade 4	£9,205
Plus:	
5 x Call Derbyshire Customer Care Assistants @ Grade 6	£110,825
Total	£317,905

All figures stated above are at grade maximum (including on costs) and include an element of travel expenses where appropriate to ensure costs are met going forward.

These staffing costs will be funded from the DWP allocated administration/new burdens funding.

It is proposed that the processing of Exceptional Pressure Grants will be via the Family Fund Trust (FFT) (see Appendix 2). The Family Fund Trust provide a unique service whereby via their web-based procurement system,

successful applications would be sent from the DDF Team to the FFT, who would issue a pre-loaded payment card which is redeemable for specified items. For example, a successful EPG applicant who requires a washing machine receives a payment card for, say, Curry's (the electrical retail store). The card is sent directly to a client from the Family Fund Trust and the client has to activate the card using a Personal Identification Number. They go and select a washing machine up to the value held on the card, which may include installation, and present the card to purchase the washing machine in store.

The Family Fund Trust package to enable this process has a one off cost of £4,750 (excluding VAT) and an annual support cost of £1,000 (excluding VAT) to the FFT. The FFT estimates that on a grant spend of around £500,000 DCC will receive a discount on all contract orders, saving an estimated £22,000 a year.

It is proposed that the processing of Emergency Cash Payments (ECPs) will be via the Post Office's 'Payout' scheme or the national PayPoint scheme via local shops, whereby citizens using a secure Personal Identification Number can access cash over the counter during business hours. This will alleviate the need for the County Council to handle cash payments with the inherent set-up costs and risks to staff. The most cost effective solution will be sought for this element of the service, and a recommendation will subsequently be made to Cabinet. This will be the subject of a further report to Cabinet. It is anticipated that the cost of the service will be in the region of £1,250 per annum (plus transaction costs).

The £15,310 set up funding available in the current financial year will be used for:

- Furniture
- Equipment – including ICT
- Staff training

The proposals set out above, it is anticipated, will be able to deliver the DDF. Work needs to commence immediately to start to put the system in place. This includes recruiting staff, identifying accommodation, obtaining equipment, setting up budgetary monitoring and tracking processes and the associated Information Technology, then undertaking end to end stress testing, to give confidence in the Team being able to effectively administer the DDF [at a rate of approximately 400 applications per week] from day one. It is worth noting that this level of demand could increase over the next few years due to the challenging national economic climate.

In recognition of the significant financial risks and uncertainties which arise for the Council and vulnerable individuals and families in Derbyshire it is proposed that an inter-departmental advisory group is established involving Adult Care, Children and Younger Adults and Finance colleagues, to provide strategic oversight, monitoring and review of all aspects of the Derbyshire Discretionary Fund.

3. Financial Considerations

The funding and costs of the Derbyshire Discretionary Fund as set out in this report will be met from the 'new burdens' monies being allocated to the County Council from central Government via the DWP (as set out in page 3 of this report). The intention is that the implementation of local welfare provision in Derbyshire will be cost neutral to the County Council.

4. Legal Considerations

The Local Government Act 1972 permits the waiving of Standing Orders Relating to Contracts where good reasons exist.

Research has shown that, insofar as can be established, the Family Fund Trust is the only organisation currently providing a pre-paid goods fulfilment service suitable for local welfare provision application. The Director of Legal Services has advised that in the circumstances it is reasonable and

appropriate to waive Standing Orders in Relation to Contracts and the proposal is therefore to offer the Family Fund Trust a two year contract, initially worth £6,750 over two years to deploy their service as part of the DDF.

5. Equality of Opportunity

An Equality Impact Analysis will be undertaken for the DDF initiative and will inform the development of the service going forward.

6. Other considerations

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, human rights, human resources, environmental, health, property, and transport considerations.

7. Key Decision

Yes

8. Is it required that call-in be waived in respect of the decisions proposed in the report?

No

9. Background Papers

Settlement Letter – Abolition of the discretionary Social Fund and transfer of funding for a new provision – DWP, 6th August 2012.

10. OFFICER'S RECOMMENDATION's

- That Cabinet approves the proposals set out in this report to deliver local welfare provision for Derbyshire citizens through a Derbyshire Discretionary Fund from 1st April 2013.
- That Cabinet approves the waiving of Standing Orders to enable the purchase of the Family Fund Trust's pre-paid goods procurement/fulfilment service.

- That Cabinet approves the establishment of an inter-departmental advisory group to provide strategic oversight, monitoring, and review of the Derbyshire Discretionary Fund.

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County Hall

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Welfare Reform Act 2012 - Summary

The Welfare Reform Act 2012 contains provisions:

- to replace a number of benefits currently paid to working age claimants with a “Universal Credit”;
- to replace Disability Living Allowance with a new Personal Independence Payment;
- to replace the national framework of the Social Fund by allocating funds to Local Authorities (unitary and upper tier level) to create discretionary localised systems;
- to replace Council Tax Benefit with localised schemes at the district council level.

1. Universal Credit

Universal Credit will replace Income Support; Income based Jobseeker’s Allowance (JSA); Income based Employment and Support Allowance (ESA); Housing Benefit; Child Tax Credit and Working Tax Credit. These are all means tested benefits available to working age claimants. Each is payable to a different group of claimants as they have specific criteria associated with jobseeking; being unable to work through illness, or working in low waged employment. Currently Housing Benefit could be paid in addition to each of the others as it is specifically paid to assist with rent, but is equally means tested taking into account the wider financial circumstances of the household.

Benefits for working age claimants that will remain include Carer’s Allowance; Contributory Jobseeker’s Allowance (JSA); Contributory Employment and Support Allowance (ESA); Statutory Sick/Maternity/Adoption/Paternity Pay; Child Benefit; and Bereavement Benefits and Payments (although a separate consultation has just begun on these).

It is estimated by the Department for Work and Pensions (DWP) in the DWP Universal Credit Impact Assessment that 7.9M households nationally will be affected by the change in the benefits system over the implementation period commencing October 2013 and ending October 2017.

The Government’s stated policy objective for this change is:

“.....to create one single income-replacement benefit for working age adults which unifies the current system of means-tested out of work benefits, Tax Credits and support for housing. It will improve work incentives by allowing individuals to keep more of their income as they move into work, and by introducing a smoother and more transparent reduction of benefits when they increase their earnings. It will reduce the number of benefits and the number

of agencies that people have to interact with and smooth the transition into work. This will make it easier for customers to understand their entitlements and easier to administer the system, thus leaving less scope for fraud and error. The effects of the policy will be to reduce the number of workless households by always ensuring that work pays”

(Universal Credit - DWP Universal Credit Impact Assessment Feb 2011)

Payment of Universal Credit will be administered by the DWP using an on-line system with alternative access kept to a minimum, and an on-line system for reporting of changes of circumstances. Payments will be made *monthly* directly into bank accounts. The plan is for Her Majesty’s Revenue and Customs (HMRC) to have a new IT system for ‘real time’ PAYE information from claimants who are working to be fed in, to allow benefit payments to be auto-adjusted. This is not yet built and there are widespread concerns about timescales.

‘Housing support’, replacing Housing Benefit, will be part of the centralised Universal Credit system although amounts will be variable as the rent limits become more localised. Housing Support will be reduced for working age tenants in Social Housing who have extra bedrooms beyond that which are they regarded as needing. The DWP impact assessment identifies that nationally 32% of working age tenants in the social rented sector will be affected by this measure. This rises to 37% when the focus is placed solely on the East Midlands area. Additional discretionary support will be available from local district councils from a nationally allocated resource. Examples being given include disabled people who have accommodation adapted to their needs, and foster carers between placements.

The ‘switch-over’ point between working age benefits and Pension Credit will be defined by the age of the *youngest* partner in a couple as opposed to the oldest as now. The age for accessing Pension Credit is already rising annually in line with increasing State Retirement Age. This will also mean that the (lower) capital limit of working age benefits will apply to a couple until both reach retirement age.

Child Tax Credit and Working Tax Credit, currently paid to families and lower paid workers, do not have capital rules based on an absolute cut off point. Universal Credit will adopt the capital rules approach of most other means-tested benefits and apply an absolute cut off, excluding from benefits those with capital of over £16,000.

2. Personal Independence Payment

Disability Living Allowance (DLA) is to be replaced with a new benefit called Personal Independence Payment from June 2013.

DLA is a non mean tested non taxable benefit that is awarded according to a person's care needs (care component) and/or mobility difficulties (mobility component). There are currently three levels of care component and two levels of mobility component.

The Personal Independence Payment (PIP) is to be maintained as non means tested and non taxable. The assessment of care and mobility needs is to shift to one undertaken by an independent health professional (ie not the claimant's GP or specialist) and to focus around new criteria. The new PIP structure has two levels of care component and two levels of mobility component. The lower level of DLA care need is a major area not addressed by the draft regulations for the PIP assessment.

All existing claimants of DLA will be re-assessed under this new framework between autumn 2013 and 2016. As set out in the June Budget of 2010 and subsequently in the DWP Personal Independence Payment Impact Assessment, the government intention is to reduce the 'caseload' (ie number of claimants), and the overall cost of DLA by 20% through the introduction of PIP.

DWP claimant data for August 2011 indicates that there are between 25,000 and 27,000 claimants of DLA of working age in Derbyshire, all of whom will be subject to re-assessment.

3. Social Fund – Community Care Grants and Crisis Loans

The Social Fund is a system of grants and loans paid to individuals – usually with criteria about receiving means-tested benefits

The national framework for some parts of the Social Fund is to be replaced with local provision administered by upper tier and unitary authorities – these being Community Care Grants, and Crisis Loans for living expenses and items following a disaster. Other aspects of the 'discretionary social fund' are to be rolled into the Universal Credit as Short Term Advances, and Budgetary Advances.

Social Fund payments associated with maternity, funeral expenses, and cold weather payments will be retained by the DWP.

4. Localised system for Council Tax Benefit

Council Tax Benefit (CTB) is a means tested benefit available to people on low income to assist them to pay for their Council Tax Bill. It is not specific to working age or pensioner groups. It is administered locally by district and borough councils according to regulations set by parliament and guidance issued by the DWP.

The Welfare Reform Act abolished Council Tax Benefit which will be replaced by localised systems devolved to district and borough councils from April 2013 with each council being responsible for designing its own criteria for who receives assistance with their Council Tax bills and to what extent. Within that design three policy aims have been set out by the government:

- Protection of work incentives

- Protection of pensioners from any reduction in support

- Reduction of 10% in the overall budget for CTB.

The responsibility for overseeing this new system is being passed from DWP to the Department for Communities and Local Government.

The Family Fund

The Family Fund is a registered charity covering the whole of the UK and mainly funded by the national governments of England, Northern Ireland, Scotland and Wales.

It was formed in 1973 by the UK Government to give practical help to families with severely disabled children under the age of 16. For over 20 years the Family Fund operated under the wing of the Joseph Rowntree Foundation but in 1996 became an independent charity.

Today it is the largest independent grant-giving organisation helping families across the UK who are raising a disabled child or young person with additional complex needs or children and young people with a serious illness.

They support families by providing grants that relate to the need of their disabled child or young person. In 2011-12, the Fund distributed over £33 million to over 59,000 families.