



**FOR PUBLICATION**

**DERBYSHIRE COUNTY COUNCIL**

**CABINET**

**Thursday, 11 January 2024**

**Report of the Executive Director - Adult Social Care and Health**

**Reviewing the scope of the Derbyshire Discretionary Fund**  
(Cabinet Member for Health and Communities)

**1. Divisions Affected**

1.1 County-wide

**2. Key Decision**

2.1 This is a Key Decision because it is likely to be significant in terms of its effect on communities living or working in an area comprising two or more electoral areas in the County.

**3. Purpose**

3.1 This report asks Cabinet to:

- a. Note the current demand on the Derbyshire Discretionary Fund (DDF) and the need to re-shape DDF policy to ensure that the fund can operate within agreed budget parameters
- b. Approve consultation with residents and wider stakeholders to explore the four proposals outlined in section 4.19 that will inform future policy changes
- c. Note that a further report, including an Equality Impact Analysis, will be submitted to Cabinet following the conclusion of the consultation process.

**4. Information and Analysis**

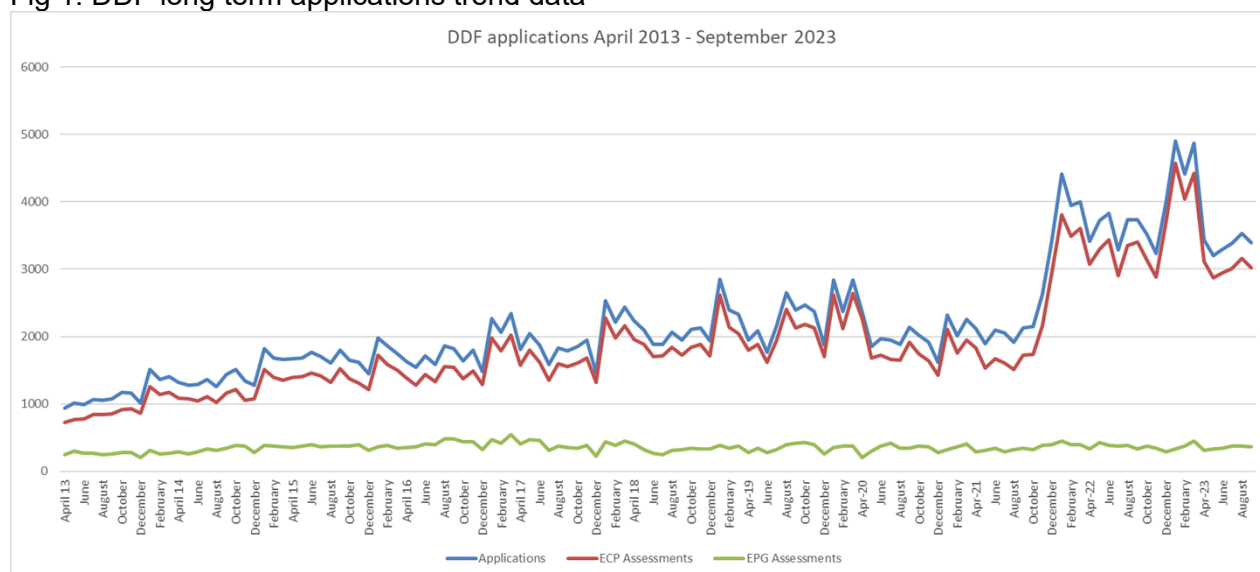
## **Background and context**

- 4.1 The Welfare Reform Act 2012 abolished the discretionary element of the Department for Work and Pension's 'Social Fund' in April 2013. Funding was instead transferred to local authorities to deliver welfare provision tailored to local needs. The funding was not ring-fenced, and local authorities were able to determine how it should be used to meet the needs in their areas. The Government's expectation was that funding was intended to offer flexible help to those in genuine need.
- 4.2 In government legislation, schemes like the Derbyshire Discretionary Fund (DDF) are referred to as 'Local Welfare Assistance Schemes'.
- 4.3 The DDF was established by Derbyshire County Council in 2013 to fulfil this remit. The scope of the current operation of DDF and a brief explanation of the volume of applications and awards and operational challenges is set out in Appendix 2.
- 4.4 The DDF, with its established direct payment mechanism, is also deployed at times of crisis as a hardship fund, to support residents as part of the Council's Emergency Response – most recently for periods of flooding and to offer 'welcome payments' to those coming to the UK from Ukraine.
- 4.5 Since October 2021 (and including the period up to 31 March 2024) the Council has been allocated £27.0m Household Support Grant funding (HSF) from the Government to support residents with cost-of-living pressures. A significant amount of this funding (£6.043m) has been discharged by the Derbyshire Discretionary Fund, as part of the wide range of measures to support residents. As a result, HSF has significantly raised the profile of DDF with residents which has increased demand on the service.

## **Current demand for service and budget pressure**

- 4.6 Q4 of 2022/23 was the busiest ever recorded for DDF. Whilst Q4 is always the busiest in any given year, the following chart [Fig1] shows the continued rising trend of applications.

Fig 1: DDF long term applications trend data



4.7 Fig 1 also demonstrates that rising demand is driven by applications for support with food and heating (Emergency Cash Payments [ECP]), and that requests for support with re-settlement / exceptional pressure (Exceptional Pressure Grants [EPG]) remain relatively constant.

4.8 The base budget for the grant fund is £1.315m. In this current year (23-24) this is being supplemented by £2.25m of HSF monies.

4.9 The base budget for staffing is £0.564m. In this current year this is being supplemented by £0.446m of Contain Outbreak Management Funds (COMF). This additional funding is supporting additional fixed term case assessors; agency case assessors; and additional Team Leaders to support increased demand and discharge of HSF funding.

4.10 6 FTE Customer Care Assistants and 0.75 FTE Business Services Officer capacity are funded by ASCH at Call Derbyshire to deliver the application telephone line service.

### What is known from April 2024

4.11 There is no formal confirmation of further HSF funding beyond the end of March 2024. This paper sets out why DDF policy needs to adapt to the end of HSF and COMF.

During the parliamentary debate following the Chancellor's Autumn Statement on 22<sup>nd</sup> November 2023, he was asked if there was to be further HSF funding for next year. Although not covered in the statement itself he answered 'Yes there will' to this question, but no

further information is currently available.

This may be provided to councils as part of the funding settlement information, expected during December 2023, or may be issued separately.

4.12 If HSF funding ends, DDF decision making will revert to the existing framework set out in the core DDF policy. This differs from HSF in two main ways:

4.12.1 the value of awards is lower, (as during the COVID-19 pandemic and cost of living pressures the value was increased); and

4.12.2 consideration of 'hardship' does not take into account financial pressures in the same way (as it requires evidence of an emergency, disaster or change of circumstance).

4.13 Modelling has indicated that even with these two adjustments back to core policy, at current levels of demand the DDF grant budget and base staffing levels will not be sufficient to meet this demand. This would mean that DDF budget would be allocated within months, rather than supporting residents over a year.

4.14 Current modelling indicates that to deliver existing DDF core policy next year the grant budget required is £1.76m. based on Emergency Cash Payment awards reverting to core policy level of £54 per applicant plus £10 for every household member.

This figure includes the estimated £0.660m allocated to Exceptional Pressure Grants each year which is relatively consistent.

4.15 There is no provision in the current policy to "not award" an applicant because the budget is exhausted or depleted. This paper provides options for policy amendments.

### **Work towards policy review and change**

4.16 A policy review is needed as increased demand for support cannot be met from within the DDF base budget within the current policy framework.

4.17 It is recognised by the Council that at times there are some challenges in 'getting through' to Call Derbyshire to access the fund. This can result in call dropouts and disengagement particularly for EPGs. This is an ongoing piece of work and will be explored further as the review progresses.

4.18 A thorough post COVID-19/COMF/HSF review has taken place reflecting on data; a literature search to explore national commentaries and wider practice nationally; DDF client survey; modelling of demand; and listening exercises with partners and the system about what is valued and what can be improved.

**Proposed policy amendments to be consulted on.**

4.19 This review work has been distilled into a set of policy proposals outlining how the DDF offer could be re-shaped to operate within budget. This includes consideration of potential prioritisation options to manage competing demands when funding resource is limited. These proposals are outlined in Table 2 below (Further context about each element is provided in Appendix 3)

Table 2 Proposed policy amendments to be consulted on

|    |  |
|----|--|
| P1 | <b>Develop criteria for a “budget brake” to enable prioritisation of applications</b>  |
|    | <p>This is an approach used by local authorities in Scotland as part of The Scottish Welfare Fund. Each local authority identifies whether they are working at a high, medium, or low level of priority. If a local authority is approaching the limits of its budget, it can publicise that it is only considering “high priority” applications for a period of time, for example at the end of the financial year or if there has been a widespread event that has meant more than usual has been spent from the fund’s budget.</p> <p>This measure is cost-neutral in itself but would create a mechanism for DDF to prioritise applications in the future at times of intense budget pressures or high demand.</p> <p>This proposal is fundamental to shaping future provision. It will consider the questions of how the Council should focus the limited resource available in the DDF grant pot, and how the Council sets out a transparent framework that avoids creating service demand for staff to transact that is out of scope, and therefore does not lead to a positive outcome for the applicant.</p> <p>It is proposed to develop and consult on a framework for the prioritisation of applications according to the vulnerability of the applicant and their family, and the nature of the application</p> |
| P2 | <b>Reduce the maximum number of Emergency Cash Payments to two in any twelve month period</b>  |

|    |  |
|----|--|
|    | <p>When the DDF began in April 2013, ECPs were limited to two in a twelve month period. The limit was increased to three payments in November 2013 as the budget was underspent.</p> <p>Since that time the base policy of DDF has been a maximum of three ECP payments in a twelve month period. There has been a period of additional payments on top of this funded by Household Support Fund monies but this ended in March 2023.</p> <p>It is proposed to consult on returning the maximum number of ECP payments that can be made in any twelve month period back to two.</p>  |
| P3 | <p><b>Increase the amount payable in an Emergency Cash Payment in line with either inflation or increases in benefit rates.</b></p>  |
|    | <p>The base policy amount awarded for an ECP is currently £54, with an additional £10 for every affected household member and has not changed since 2014.</p> <p>During the operation of the Household Support Fund the value of a payment has been increased to £64 plus an additional £20 for every affected household member</p> <p>It is proposed to consult on increasing the amount of the ECP payment either in line with the increase in benefits rates levels, or in line with inflation, and to maintain the additional £20 household member rate, to ensure that applicants receive adequate support to address their immediate issues.</p> |
| P4 | <p><b>Reduce the scope of items that can be awarded</b></p>  |
|    | <p>Three areas of simplification or reduction of scope have been identified for consideration:</p> <ul style="list-style-type: none"> <li>• Stop payments for rent in advance (EPG)</li> <li>• Remove reference to travel from scope of the fund (EPG and ECP)</li> <li>• Wind down provision of some items of furniture, and flooring, in social housing contexts over a period of 12months (EPG)</li> </ul> <p>It is proposed to consult on adopting these three changes in scope.</p>   |

## **5. Consultation**

- 5.1 Legal Services have confirmed that proposals to change DDF policy will need to go through a comprehensive eight week consultation process.
- 5.2 Subject to approval of this report, it is proposed that formal consultation will commence on 22<sup>nd</sup> January 2024 and end on 18th March 2024. A public consultation exercise would be carried out seeking views on the options available.
- 5.3 The Council will support current residents, including those accessing the DDF, to understand and engage in the consultation process, and the potential implications for them, by offering information in a range of formats to make engagement as accessible as possible.
- 5.4 The Council will also invite stakeholders across the system to give their views recognising that partners working with some of the most vulnerable residents in our communities will have insight to offer.
- 5.5 The Public Health Knowledge and Intelligence Team will support the consultation and engagement process and with analysis of the outcomes of the consultation.

## **6. Alternative Options Considered**

- 6.1 Make no changes to the current DDF policy.

This is not recommended as it would leave the Council in a position where there was insufficient allocated budget to deliver the fund. This would result in DDF budget being exhausted within months, leading to unmet demand, detrimental impact on other services, and would not be financially responsible.

- 6.2 End the provision of the Derbyshire Discretionary Fund entirely.

This is not recommended as it would remove support from the most vulnerable residents in our communities at a time of increased cost of living pressures, and drive service need to other services – both within the Council and in partner organisations.

- 6.3 Change the DDF from an open access service to a referral only service.

This is not recommended as it would create considerable additional work for partner agencies in the wider system. It would be contrary to

the role of DDF as a service that prevents service demand for health and care agencies and mitigates pressure.

6.4 Make changes without consultation.

This is not recommended as it could expose the Council to legal challenge whilst at the same time weakening consideration of the changes proposed. The views of the persons affected are important to properly inform and support a transparent decision making process.

6.5 Consult on more or different proposals.

Recommended. The Council is entitled to consult on its proposed options, but other suggestions made during the consultation process will be considered and responded to, so as not to limit the scope of possible ways forward.

## 7. Implications

7.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

## 8. Background Papers

8.1 27.11.2012 Proposal for the local administration of the Social Fund in Derbyshire – Cabinet – Item 354/12

8.2 27.05.2014 Derbyshire Discretionary Fund (DDF) Budget - Cabinet

8.3 Household Support Fund Leader of Council Decision

[Decision - Household Support Fund Grant Extension - 1 April 2023 to 31 March 2024 - Derbyshire County Council](#)

## 9. Appendices

9.1 Appendix 1 - Implications

9.2 Appendix 2 - Background Information and Analysis

9.3 Appendix 3 - Supporting information in relation consultation options

## 10. Recommendation(s)

### 10.1 It is recommended that Cabinet:

- a. Notes the current demand on the Derbyshire Discretionary Fund (DDF) and the need to re-shape DDF policy to ensure that the fund can operate within agreed budget parameters



- b. Approves consultation with residents and wider stakeholders to explore the four proposals outlined in section 4.19 that will inform future policy changes.
- c. Notes that a further report, including an Equality Impact Analysis, will be submitted to Cabinet following the conclusion of the consultation process.

## **11. Reasons for Recommendation(s)**

### **11.1 The reasons for the recommendation**

- a. The report detailing current demand gives context for the need to consider future policy in this area. The work to re-shape the policy is led by the need to operate within agreed budget parameters.
- b. Proposals to make significant changes in policy require consultation with the public and those directly affected to ensure their views are considered. Consultation for 8 weeks is proposed to ensure the Council complies with its legal obligations.
- c. A further report following the conclusion of the consultation is recommended to ensure that Cabinet is fully informed of the outcome of the consultation and Equality Impact Analysis when it makes the decision on the future shape of policy.

## **12 Is it necessary to waive the call in period?**

No

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**Implications****Financial**

- 1.1 The base budget for the DDF grant fund is £1.315m.

The staffing budget of the DDF assessment team is £0.564m and the staffing costs of associated posts at Call Derbyshire are £0.218m.

In the past two years significant amounts of the Household Support Fund grant to the Council have supported demand, while Contain Outbreak Management Funds (COMF) have supported associated staffing costs in order to maximise the HSF and Council funds directly supporting residents.

- 1.2 SAP records show the gross expenditure through the DDF Grant cost centre over the past three years to be as follows:

Table 3 – SAP gross expenditure

|                       |         |
|-----------------------|---------|
| 2021-22               | £2.539m |
| 2022-23               | £4.174m |
| 2023-24 (to 23.11.23) | £2.776m |

- 1.3 However, a significant amount of this expenditure is transacted by DDF on behalf of other aspects of the Council (eg Support to the Ukrainian resettlement programme; flooding hardship; and Children’s Services support within the Household Support Fund) and is recharged to those departmental cost centres.

- 1.4 Local financial management records show financial spend across DDF specific activity as follows:

Table 4 – Expenditure on DDF specific activity

|                       |         |
|-----------------------|---------|
| 2021-22               | £2.374m |
| 2022-23               | £3.188m |
| 2023-24 (to 30.10.23) | £1.779m |

- 1.5 Staffing costs for this period have been as follows:

Table 5 – Staffing costs

|                       |         |
|-----------------------|---------|
| 2021-22               | £0.601m |
| 2022-23               | £0.774m |
| 2023-24 (to 30.10.23) | £0.602m |

- 1.6 Contain Outbreak Management Funds of £0.223m have been identified to continue to cover the additional staffing costs for DDF for the period

April – September 2024 when the COMF funding ends.

- 1.7 If the Household Support Grant is not extended by the Government for 2024-25 there will be a shortfall of budget compared to modelled demands (see para 4.14 of the main report). This will be made up of a shortfall on the grant pot for the year 2024-25 of an estimated £0.446m and a shortfall on staffing budget of an estimated £0.223m

The expected shortfall for 2024-25 to deliver base policy but without HSF funding is therefore £0.67m and this has been requested to be funded from a Council Revenue Pressure Bid.

- 1.8 If HSF funding is made available by the Government for 2024-25, depending on the scheme guidance issued by the Department for Work and Pensions, the Council will have the option to utilise some of this to support delivery of DDF.

## **Legal**

- 2.1 The Welfare Reform Act 2012 abolished the discretionary element of the Department for Work and Pensions Social Fund in April 2013. This funding was instead transferred to local authorities to deliver welfare provision tailored to local needs. The funding was not ring-fenced and local authorities are able to determine how funding should be used to meet the needs in their areas. The Government's expectation is that funding is intended to offer flexible help to those in genuine need.
- 2.2 Since 2021 the Government has made further local welfare assistance funding available to councils in the form of the Household Support Grant, and the DDF has been instrumental in the Council's response to delivering that support to local residents.
- 2.3 The Localism Act of 2011 created the power of general competence. This gives councils the power to do anything an individual can do provided it is not prohibited by other legislation. The proposed payments fulfil a discretionary and not a statutory duty.
- 2.4 The DDF was implemented by Derbyshire County Council in 2013 and has been available to Derbyshire residents since that date. Given the demand, the types of needs being addressed, the fund's role in mitigating demand for other services, and the limited alternative provision in Derbyshire, proper consultation is required of residents and stakeholders. Consultation must be undertaken at a time when proposals are at a formative stage.

- 2.5 An Equality Impact Analysis is required to consider the implications of any changes being proposed. People from different ethnicities, disabled people, younger people and women are most likely to be impacted to changes to local welfare provision which can increase poverty and financial precarity of these groups.

## **Human Resources**

- 3.1 None directly arising.

## **Information Technology**

- 4.1 None directly arising.

## **Equalities Impact**

- 5.1 The proposals in this report affect people who are currently accessing support from the DDF or could do so in the future. These include people who are in protected groups under Equality legislation.

Any changes to the DDF will have a disproportionate effect on the groups who use the DDF most: working age people and their families in poor and disadvantaged communities are likely to be affected, with a disproportionate effect on 18-34 year olds, children in single parent families, women, people with a disability or health condition and people from some black and minority ethnic groups.

- 5.2 The Council has a duty to recognise and mitigate the impact of any changes it proposes upon people in protected groups. The Council must also take account of the challenges people may face in participating in the consultation. If this report is approved, a range of approaches will be adopted during the consultation to seek as wide a range of engagement as possible.
- 5.3 A full Equality Impact Analysis will be undertaken, and this will be reported to Cabinet upon completion of the consultation on the proposals in this report, should a consultation exercise be approved by Cabinet.

## **Corporate objectives and priorities for change**

- 6.1 In the refreshed Council Plan (2023-2025) in relation to 'Resilient, healthy and safe communities' the Council sets out intentions to "provide support to people and communities in need, including financial

help from our Discretionary Fund.....” and performance in relation to this is reported quarterly in the Council Plan monitoring.

- 6.2 The Values of the Council, as set out in the Council Plan include that the Council will “listen to, engage, and involve local people in ensuring we are responsive and take account of the things that matter to them most”
- 6.3 The Council also commits to work together with partners and local communities to tackle complex problems, to be an enterprising council delivering value for money and enabling local people and places to thrive, and to spend money wisely making best use of the resources that it has.

### **Other - Health**

- 6.4 Consideration should be given to the role of the DDF in reducing the impact of health inequalities for disadvantaged individuals, particularly in relation to food poverty and housing. Cost of Living pressures are resulting in more people becoming financial precarious or becoming destitute. These people are more likely to experience mental health issues, communicable diseases, hunger and under-nutrition and respiratory illness. Children and disabled people are particularly at risk of the impacts of poverty.