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Date: 21 September 2012

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CUSTOMERS AND COMMUNITIES OVERVIEW AND SCRUTINY PANEL

TASK AND FINISH GROUP – SOCIAL FUND REPLACEMENT ‘TO FOLLOW’ REPORTS

Date: Monday 24 September 2012

Time: 9 am

Venue: Council House, Next to the Civic Centre

Members:

Councillor Tuffin, Chair

Councillor Philippa Davey, Damarell and Ball.

*PLEASE FIND ATTACHED ADDITIONAL REPORTS FOR CONSIDERATION UNDER AGENDA ITEM
NOS. 4 AND 6.*

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CUSTOMERS AND COMMUNITIES OVERVIEW AND SCRUTINY PANEL

4.2. Social Fund Replacement Principles

(Pages 1 - 16)

6. SOFT MARKET TEST

(Pages 17 - 18)

The panel will consider the consultation responses received in respect of the soft market test.

SOCIAL FUND CONSULTATION

Interim report for Scrutiny - September 2012



I. Introduction

1.1 In April 2013 the Social Fund (SF) is going to be abolished when the Department for Work and Pensions (DWP) will hand partial funding to Local Authorities (LAs) to design and deliver a localised welfare assistance scheme. Funding offered to LAs is not ring-fenced and the DWP will be handing down less funding than they spent last year. DWP's spend in Plymouth on Social Fund crisis loans and community care grants in 2010/11 was £1.2 million and we will have £878,000 (plus administration expenses of £185,000) transferred for 2013/14. This leaves a shortfall of £322,000.

1.2 We consulted with a variety of stakeholders about the 8 principles that underpin the development of the scheme. The way we did this included:

- A focus group made up of 11 PCC Officers from a variety of departments on 3 September 2012.
- A focus group made up of 28 external stakeholders from a range of sectors on 10 September 2012.
- An online consultation for the public: the consultation went live on 31 August and will run until 26 October; on 19 September we had received 55 responses.

This report details interim findings from these consultation exercises. This report will be updated once the public consultation is completed on 26 October 2012.

2. Principle One - the new scheme should be limited to Plymouth residents only

Source	Agree	Disagree	Neither/Missing
PCC Officers (11)	11 (100%)	0	0
External (28)	24 (86%)	0	4 (14%)
Online (55)	48 (87%)	4 (7%)	3 (6%)
Total (94)	83 (88%)	4 (4%)	7 (7%)

2.1 Examples of comments about principle one:

- How do we signpost newly arrived homeless people?
- How do you prove residency for homeless people or people with no access to public funds?
- This could cause a postcode lottery for funding
- Would be difficult to administer having claims for non Plymouth residents
- Enables funds to be focussed
- Dialogue with other authorities during set up is necessary
- If they are 'resident' elsewhere then we should not help unless they are e.g. fleeing domestic violence
- If you are away from Plymouth, but need support – where do you get help?

- You need to be more specific about what counts as a Plymouth resident

3. Principle two: delivering the support from wherever is most appropriate

Source	Agree	Disagree	Neither/Missing
PCC Officers (11)	11 (100%)	0	0
External (28)	21 (75%)	1 (4%)	6 (21%)
Online (55)	42 (76%)	8 (15%)	5 (9%)
Total (94)	74 (79%)	9 (10%)	11 (12%)

3.1 Examples of comments about principle two:

- Differing needs require differing assistance/support
- Initial assessment should be done at one place and then the support will come from where needed. Partnership with other organisations to provide the electricity or food
- Would require strong joint working with shared principles
- Charter mark - some agencies who can then do the assessment, saves double assessing
- Use local businesses to provide goods for services, therefore keeping money in local economy
- As a support provider I am aware of customers who 'play the system' and claim/receive extra payments without needing them – liaise with agencies to increase appropriateness
- It would be useful to have a variety of local services of support – food bank, local traders for goods etc.

4. Principle three: we spend the same amount of funding that we are handed from Government

Source	Agree	Disagree	Neither/Missing
PCC Officers (11)	10 (91%)	1 (9%)	0
External (28)	21 (75%)	4 (14%)	3 (11%)
Online (55)	44 (80%)	6 (11%)	5 (9%)
Total (94)	75 (80%)	11 (12%)	8 (9%)

4.1 Examples of comments about principle three:

- Can't justify spending less with high levels of need
- Reduced funding - who will pick up shortfall? CAB/voluntary sector already pressured
- How do we make it consistent and stay within budget?
- Need to make sure the fund is not wiped out in the first few months
- Need more than Government gives us to prevent escalation to crises/specialist/expensive services thresholds
- Get the Council to ring fence this amount for the fund
- Yes but review after 1st year – we don't know how effective or 'targeted' the money was from DWP so it's hard to argue for or against
- Negative consequences: Needs not met for the most vulnerable
- Need trend data, profiles etc. from DWP to be able to financially forecast with more robustness

5. Principle four: broadly maintaining current eligibility criteria

Source	Agree	Disagree	Neither/Missing
PCC Officers (11)	10 (91%)	1 (9%)	0
External (28)	20 (71%)	2 (7%)	6 (21%)
Online (55)	46 (84%)	5 (9%)	4 (7%)
Total (94)	76 (81%)	8 (9%)	10 (11%)

5.1 Examples of comments about principle four:

- People do need to show that they take responsibility and are making an effort to avoid repeating mistakes so this can be taken into account if people apply for funding more than once
- Difficult to reconcile eligibility and personal responsibility
- Difficult to quantify what demand will be
- Criteria for unavoidable crisis? Is hard to quantify - staff training essential
- Familiarity for public
- Assess after first year, as we gain greater understanding of why people claim and what - also public understanding of what exists
- Need a stronger application system due to those who know how to 'work' the system – 1820 applications last year due to benefits spent & 850 applications due to lost or stolen giro
- Low income families – not relating to people who are just on benefits
- An option to 'think outside the box' for exceptions

6. Principle five: provision of support for those who are experiencing a crisis and for those moving into or out of long term care

Source	Agree	Disagree	Neither/Missing
PCC Officers (11)	10 (91%)	1 (9%)	0
External (28)	24 (86%)	0	4 (14%)
Online (55)	42 (76%)	5 (9%)	8 (15%)
Total (94)	76 (81%)	6 (6%)	12 (13%)

6.1 Examples of comments about principle five:

- Need initial assessment to judge what type of support is needed
- Can care support not be included in other discretionary pots?
- Need to use it to make sure higher costs are not made in social care etc
- Only negative consequence - may use spend in one area faster as greater demand
- Need to encourage self help so they have skills to avoid problems in future
- Support provision needs to be considered but on the proviso that individuals will access the support, otherwise providers may be overrun with applications from applicants who will not access the service & this increases cost to the council (in completing applications & the providers to process)
- The worry is the 'time factor' in getting the money out on time
- What other groups can help as an alternative? British legion for ex forces and so on? Multi claims? Preferential? Fairness?

- Conditional self-help support is a great idea if it can be organized well and doesn't create log-jams

7. Principle six: spending as little as we can on administration of the scheme so we get as much of the Government funding as possible to people in need

Source	Agree	Disagree	Neither/Missing
PCC Officers (11)	11 (100%)	0	0
External (28)	24 (86%)	1 (4%)	3 (11%)
Online (55)	51 (93%)	3 (5%)	1 (2%)
Total (94)	86 (92%)	4 (4%)	4 (4%)

7.1 Examples of comments about principle six:

- Strongly agree with combining administration of other funds to reduce fraud and save costs
- Could we restrict this to genuine emergencies not addressed by other pots?
- Keep central coordination in house but charter mark/accredit external providers to administer and deliver
- Keep in-house to collate info and link to other services/funds to target most in need and inform service planning
- Can we build admin on the back of our other contracts?
- Ensure all PCC staff are aware of schemes so reduce admin costs by dealing with at first point of contact
- We agree in principle with this to be more cost effective in the future although there is obvious uncertainty with how much money will be spent on the appeal procedure etc. Also commissioning was mentioned, how much would be spent on this? Putting out to tender, deciding on tender winner etc
- Out of hours service?
- The cost of running appears excessive - £500 a day??
- Don't bother seeking review of 'x' because outcome will be 'y'

8. Principle seven: provision of goods and service rather than cash

Source	Agree	Disagree	Neither/Missing
PCC Officers (11)	11 (100%)	0	0
External (28)	22 (79%)	2 (7%)	4 (14%)
Online (55)	49 (89%)	5 (9%)	1 (2%)
Total (94)	82 (87%)	7 (7%)	5 (5%)

8.1 Examples of comments about principle seven:

- Goods and services is key - help where it is needed most - money (cash) can not be misspent/lost
- Support should only be provided where absolutely necessary in cash
- Ensure vouchers don't have any stigma associated with them (e.g. school lunches)
- Could retail outlets bill us or would that increase admin costs?
- Voucher for goods will prevent money being used on non-essential items
- This will not be a loan as it is unrealistic to be repaid

- What about help with JSA sanctions (likely to increase in future with more stringent conditions on job search etc.)
- Check out the providers to whom contracts are being placed with to provide goods but also considering local/independent providers to support local economy
- Could credit union facilitate loans?
- Other sources of support could be within the scheme – charitable applications, money management courses etc

9. Principle eight: applying a limit to awards

Source	Agree	Disagree	Neither/Missing
PCC Officers (11)	11 (100%)	0	0
External (28)	20 (71%)	4 (14%)	4 (14%)
Online (55)	43 (78%)	11 (20%)	6 (11%)
Total (94)	74 (79%)	15 (16%)	11 (11%)

9.1 Examples of comments about principle eight:

- Maybe put something in place to reduce claims for ‘lost or stolen’ claims
- Maximum of £500 in one year
- Yes but need to consider statutory responsibility
- Agree if someone had help once and wants it again refer them to do training before further support given
- Limit amount awarded depending on crisis, e.g. set amount for food single person per week. Also go for basic range of goods
- Unfortunately we need to reduce costs and this may be the area if we reduce to two applications
- Agree - otherwise we run out of money but very hard to implement - how do we balance what people would like (washing machine) against our statutory responsibility and cost of delivering that?
- Need very clear guidelines so customers know what is criteria/availability
- Do you limit the value of the claims or the number of awards?
- Maybe cash limits & more robust checks on reasons for multiple applications – indicates underlying social/personal problems
- Case by case basis – people can’t control what crisis will happen when!

10. Additional comments about the shape of the new scheme


- Can the Credit Union or Community/Social Interest Company deliver the crisis loan aspect so we don't dump people in crisis?
- Can we use donations e.g. charity PAYE from PCC employees to boost funding - donations from local businesses?
- Involve current providers in developing the new scheme as they have first hand knowledge of how it works now and where it fails now
- Need to have a clear ‘reason’ or ‘written statement of reasons’ that is given as part of the decision letter (will reduce level of review requests)
- Need to have a robust, fair and consistent approach to decision making and access to a separate review process to ensure fairness/access to fair system for claimants and accountability by PCC

II. Conclusions


II.1 Initial feedback from consultation (yet to conclude) suggests broad agreement with our principles (83% overall) with some comments about the issues that may arise through implementing them. This report gives only a glimpse into the type of feedback we have received and mainly from professionals who work in Plymouth. The online consultation may give us more information about how the public think we should be delivering our localised welfare assistance scheme.

II.2 Key areas for development according the interim consultation responses include:


- Defining residency and associated evidence
- Access for homeless people
- Liaising with partner agencies to prevent abuse
- Creating consistency in awards whilst managing a reduced needs-led budget
- Ascertaining criteria for 'crisis'
- Assessing people on low income who may not be entitled to benefits
- Use of the fund for rent in advance and social care needs
- Ensuring the support goes out quickly to those in need
- Use of self-help conditions
- Out of hours service
- PCC administration
- Links with credit unions
- How we implement any limits and the consequences of this
- Communicating with customers who have been unsuccessful
- Decision reviews



Localising the Social Fund in Plymouth



**SOCIAL
FUND
CONSULTATION**



Social Fund background

- Social Fund will be abolished in April 2013
- Funding previously used for Community Care Grants and Crisis Loans is being localised
- DWP hands reduced funding to local councils to design and deliver a 'welfare assistance scheme'
- The Fund currently helps vulnerable people who are in extreme financial difficulty, for example have lost or had their money stolen, experienced a disaster such as a fire or flood or who need extra support when moving out of care

Community Care Grants



- Non repayable grants to support vulnerable people to return to or, to remain in, the community and to ease exceptional pressure on families
- Average award in Plymouth £458.57 (2010/11)
- Reasons for applications (Apr – Sept 2011):

families under exceptional pressure	45% (250)	£166,100
helping people to stay in the community	28% (150)	£91,470
moving out of residential/institutional care	15% (90)	£25,600
other	12% (70)	£34,650
- Awarded items (nationally):

Beds bedding	471,500 (38%)	Clothing	185,600 (14%)
Kitchen utensils	162,800 (13%)	Cooker	103,400 (8%)
Carpet/curtains	108,400 (8%)	Other	107,072 (8%)
Seating	67,100 (5%)	Washing machine	43,000 (3%)
Fridges	22,000 (2%)	Moving	11,700 (1%)

Crisis Loans



- Loan repayable from benefits – taken by DWP
- To meet short term needs (14 days) in an emergency or as a consequence of a disaster
- Average award in Plymouth £67.51 (2010/11)
- Used to meet short term needs around food, utilities, essential furniture/white goods
- Reasons for application (Apr-Sept 2011):

benefit spent – living expenses	50% (1490)	£71,300
lost or stolen money/giro	23% (630)	£37,100
capital not realisable	14% (460)	£24,200
JSA sanctions imposed on customer	7% (130)	£19,900
other	5% (140)	£21,400
- We don't know what goods/items fund was awarded for

Impact



We have very little information from DWP about who applies and is awarded money under the Social Fund...

	CL*	CCG*	Plymouth
Lone parents	21%	24%	7625 h/holds (7.4%)
Children	24%	29%	37,666 h/holds (37%)
Children under 5	18%	21%	15,300 children (6%)
Under 24 years	27%	23%	88,000 people (35%)
25 – 54 years	69%	63%	97,000 people (38%)
55+ years	5%	11%	70,000 people (28%)
Single female	43%	48%	39,505 people (21%)
Single male	45%	35%	36,467 people (19%)

* National figures

Where are we up to?



- Soft market test completed
- Public consultation on principles underway (finishes 26 Oct)
- Stakeholder focus groups held (Sept)
- Scrutiny Task and Finish underway
- Need to agree principles and scope scheme to inform proposals and potential commissioning activity - decision by Cabinet (15 Jan 2013)

Delivery requirements



No ring fencing of budget or any duty to provide a particular type of service although guidance makes strong suggestions...

“it is the intention of the Government that the funding is to be used to provide the new provision...we expect the funding to be concentrated on those facing greatest difficulty in managing their income, and to enable a more flexible response to unavoidable need”

Funding confirmation letter to LA chief executives from DWP dated 6th August

Principles



1. limited to Plymouth residents only
2. delivering the support from wherever is most appropriate
3. spending the same amount of funding that we are handed from Government
4. broadly maintaining current eligibility criteria
5. provision of support for those who are experiencing a crisis and for those moving into or out of long term care
6. spending as little as we can on administration of the scheme so we get as much of the Government funding as possible to people in need
7. limiting the type of support to goods and services
8. applying a limit to awards

Funding



Funding for Plymouth:

- 2013/14 - £878,428 + £185,618 (administration)
- 2014/15 - £878,428 + £170,139 (administration)

DWP spend in 2010/11 £1.2million -

- 6,770 Crisis Loans (CL) approved in 2010/11 to the value of £581,700
- 1,400 Community Care Grants (CCG) approved in 2010/11 to the value of £642,000

Deficit of £322,000 (27%)

Managing a fixed, needs-led budget



Challenges

- Budget reduced, but
- Demand likely to rise
- Financial information on current Fund is scant
- Commissioning / allocating all or part of scheme from day 1 reduces control and increases risk

Options for budget management



Assumptions

- Principle (number 3) of allocating government funding is endorsed
- 27% cut is applied consistently across all aspects of our scheme
- Working on 2010/11 figures

Broad options

- Maintain number of awards and reduce payment levels
- Maintain payment levels and reduce number of awards
- Apply limits via targeting

Model One: maintain number of awards and reduce payment levels



Maintain number of awards as in 2010/11:

CL 6,770 awards +
CCG 1,400 awards = 8,170

Reduce average amount awarded when compared to 2010/11:

CL £67.51 – 27% = £49.28 (£18.23 less)
CCG £458.57 – 27% = £334.76 (£123.81 less)

If we reduce the amount of the award will it cover the basic cost of a particular item/goods/services?

Model Two: maintain payment levels and reduce number of awards



Maintain amount awarded as 2010/11:

CL £67.51 average

CCG £458.57 average

Deliver less awards than in 2010/11:

CL 6,770 – 27% = 4,942 awards

CCG 1,400 – 27% = 1,022 awards

Total = 5,964 awards (2,206 less awards)

Will we be able to meet potentially increasing demand with fewer awards?

Model three: apply limits via targeting



For example prioritise awards to

- the most deprived neighbourhoods
- customers in existing schemes (e.g. Families With a Future, Family Intervention Project)

Welfare reform will impact many people outside our most deprived neighbourhoods and customers in existing schemes already receive targeted support. So this model could mean turning away some people with significant unmet needs

How might we apply limits to the scheme?



- Financial limit - straight forward but would it meet need e.g. food, heating, white goods?
- Number of awards limit more complex - if demand increases by e.g. 30% will we turn people in need away?
- No repeat CCG awards within one year - is it reasonable to expect people to move no more than once a year? We don't know current number of repeat claims so unclear what it would save. Could impact on crisis claims.
- Limit crisis awards to two a year. The current Fund allows three, so this would roughly equate to the 27% cut required. But would need similar % cut applied to CCG. Would such a limit work in current climate?
- Cap resources each month - good for managing financial risk but ignores peaks and troughs over the year, could turn away people in greatest need, and lead to a scramble at month start. We don't have a spend profile for current fund.
- Provide a limited or no, appeals process - whatever option is pursued this could help reduce costs; although it could mean some need is not correctly identified; a focus on getting it right first time would help avoid this.

Consultation: feedback so far



Broad agreement with 8 principles - 94 responses (18 Sept)...

Principle	Agree (%)
1) limited to Plymouth residents only	88%
2) delivering the support from wherever is most appropriate	79%
3) spending the same amount of funding that we are handed from Government	80%
4) broadly maintaining current eligibility criteria	81%
5) provision of support for those who are experiencing a crisis and for those moving into or out of long term care	81%
6) spending as little as we can on administration of the scheme so we get as much of the Government funding as possible to people in need	92%
7) limiting the type of support to goods and services	87%
8) applying a limit to awards	79%

Consultation: some emerging issues



Key areas for development:

- Defining residency and associated evidence?
- Access for homeless people?
- Liaising with partner agencies to prevent abuse?
- Creating consistency in awards whilst managing a reduced needs-led budget?
- Use of the fund for rent in advance and social care needs?
- Use of self-help conditions?
- Out of hours service?
- PCC administration?
- Links with credit unions?
- How we implement any limits and the consequences?
- Communicating with customers who have been unsuccessful?
- Decision reviews?
- The case for loans?

Would you pay for?...



Washing machine	Sky/Virgin box
Sofa/chair	PC/laptop
Food	Clothing (school uniforms)
Electricity/gas	Shoes
Bed/bedding	Emergency travel
TV	Carpets/Curtains
Stereo	Cigarettes
Mobile phone	Emergency cash
Dishwasher	Alcohol
Pet care/funeral	Rent in advance
Kettle	Children's activities
Gym membership	House deposits

So, what do we need to decide?



1. Should we adopt the principles consulted on? If not, what changes?
...and assuming the principles are broadly unchanged:-
2. How should we manage the budget?
3. How realistic would it be to commission and deliver significant elements of the scheme from outside the council (credit unions, food banks, charities, shops etc)?
4. Are there any in principle views on use of food banks - an essential and sustainable source of charitable food support OR an inadequate sticking plaster for the underlying causes of poverty?
5. What's our view on providing second hand goods - someone else's used goods that won't last OR a cheap and accessible alternative to brand new goods?
6. What is most likely to minimise admin costs?
7. What sort of appeal process should we establish, if any?

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