EMERGENCY SUPPORT SCHEME – SUMMARY AND Q&A

Background

The Welfare Reform Act 2012 abolishes the current system of discretionary Social Fund grants and loans administered by the Department for Work and Pensions (DWP). It will be replaced by a new combination of locally-based emergency welfare assistance (run by local authorities) and a nationally administered advance of benefit facility that will replace alignment Crisis Loans and Budgeting Loans. This change will be effective from 1st April 2013.

In making this change, the Government has argued that the discretionary payments scheme could be run more effectively at a local level, where it can be tailored to specific circumstances, linked up with other forms of local authority support and where staff administering the payments should be better able to identify and support those most in need.

While this may be true, the grant being provided by DWP to Lambeth Council to run the local scheme is not enough to meet current levels of demand for either Crisis Loans or Community Care Grants. Our estimate is that it is at least 24% lower (£500,000 in cash terms) than the council was expecting based on previous levels of applications and awards in the borough1. The council expects that demand for support will increase from April next year when more welfare changes come into effect nationally and, given this, the council is unable to replicate the national system locally but will instead offer emergency support in a different way.

What is the Government changing?

The Government is abolishing Community Care Grants and Crisis Loans (those that are paid for items and living expenses but not those paid while a claim is processed by DWP – known as alignment loans).

Community Care Grants are non-repayable grants generally awarded by DWP to people who qualify2 who:

- need help to re-establish themselves in the community after a period of institutional or residential care
- need help to remain in the community rather than enter institutional or residential care
- need help to set up home as part of a planned resettlement process
- need help to ease exceptional pressures on a person or family
- need help to care for a prisoner or young offender on temporary release
- need help with travel expenses in some situations (eg: funeral, illness of a family member).

The grants cannot be awarded for an excluded item3 and they cannot be awarded for items costing less than £30.

Crisis Loans are repayable loans generally awarded by DWP to people who qualify4 who:

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1 The last full year for which DWP have provided statistics (2010-11) shows that £2.1m was awarded in Lambeth.
2 Generally those receiving an income based qualifying benefit, with capital below £1,000 and not subject to immigration control.
3 The DWP has a long list of excluded items including: work items, school uniforms, court costs, repairs to social housing properties, council tax/water/fuel, medical items, most housing costs, debts, anything the council has a duty to provide, daily living expenses, telephony costs.
• need help to meet expenses in an emergency, or as a consequence of a disaster, where a Crisis Loan is the only means by which serious damage or a serious risk to health and safety can be prevented
• need rent in advance payable to a landlord (not the local authority) where a Community Care Grant is being awarded after a stay in residential or institutional accommodation.

The loans cannot be awarded for an excluded item5 and they cannot be awarded for items costing more than £1,500. Loans are repaid by DWP making a weekly deduction from a recipient’s benefits.

Will the council give grants and loans in the same way and for the same things?

No, the council is not proposing to replicate the DWP scheme on a local level for three main reasons:

1. **The council does not have the ability to give out Crisis Loans itself in the same way as the DWP because no mechanisms exist to take repayments from the recipient’s benefits in the same way that DWP is able to.**

Recycling funding through offering repayable loans is important as it means that the annual grant pot lasts longer and more people can be helped. The council is therefore proposing to work with the Credit Union so that they can offer Crisis Loans on the council’s behalf. Membership of the Credit Union will be a condition of receiving the loan and the Credit Union will deduct repayments from the loan recipient’s benefits at source.

2. **The council has not been given a large enough grant by the DWP to meet the expected level of demand and local needs.**

Maintaining the same eligibility criteria and method of delivery, that is, cash grants and loans, would mean that the council would almost certainly run out of money at some point during the year or have to turn down more people for the help they urgently need throughout the year to try to make the grant last a full year. In determining the size of our welfare assistance grant, the DWP has not taken into account the impact of the various other welfare changes they are making in April 20136 on the ability of Lambeth households to manage financially without emergency support.

3. **The council wishes to ensure that the emergency support it provides locally after April 2013 is better targeted than the DWP scheme.**

DWP give out grants and loans to those that are successful with an application without checking whether the applicant actually spends the money for the purpose it was given. This means, for example, that someone could apply for an item of furniture they urgently need but spend the money on something else entirely. Support providers have told the council that this happens fairly often, especially where people who are struggling with dependency issues or who are financially vulnerable are given large grants or loans. The council wishes to address this by delivering a scheme which targets support more effectively. The means that we will be much more likely to offer services and items rather than cash grants – for example, award of a washing machine through a local supplier rather than the cash for a washing machine, award of travel tickets rather than cash, award of supermarket vouchers rather than cash for food. We also intend to offer mostly good quality second hand goods rather than new and, while we know this has limitations in terms of choice and how long items might last, it will also mean that the money lasts longer and we can help many more people in need.

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5 Must be over 16, not be subject to immigration control, without sufficient resources, able to repay the loan, not in hospital, care or prison
6 The benefits cap will reduce the household benefits of 700+ Lambeth families by an average of £98 per week, the new size criteria in social housing will reduce the household benefits of more than 4,000 Lambeth households by approximately £15-£20 per week and cuts to council tax support will mean many more people having to pay towards their council tax bills for the first time.
The DWP also give grants and loans – and refuse grants and loans – for Lambeth residents without really understanding the local environment. They do not know what other sources of support are available or what other local schemes exist. Delivering a different local emergency support scheme means we can take these things into account and design a scheme that more effectively meets local need.

Will the council change the overall eligibility criteria?

The council is proposing some changes to the overall eligibility. The main changes are set out below with rationale included:

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<tr>
<th>Proposed difference</th>
<th>Rationale for change</th>
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<tr>
<td>Current DWP scheme makes Crisis Loans available to everyone regardless of whether they are claiming qualifying benefits or not. The Lambeth scheme proposes to equalise the eligibility criteria between Community Care Grants and Crisis Loans so only those receiving means-tested benefits would be eligible.</td>
<td>To target support on most financially excluded and to manage demand by restricting access to support to those on means-tested benefits until we can be surer that the fund is able to meet wider set of needs.</td>
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<td>Insertion of a six week local connection clause.</td>
<td>Not needed in a national scheme.</td>
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<td>DWP limit the number of Crisis Loans to three per year. We are proposing no more than one every six months.</td>
<td>To manage demand by restricting access to support until we can be sure that the fund will meet demand. Expect those joining Credit Union will have access to affordable credit from CU and need to return less often for help.</td>
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<tr>
<td>DWP do not limit the number of Community Care Grants. We are proposing a maximum of one successful application per year.</td>
<td>To manage demand by restricting access to support until we can be sure that the fund will meet demand.</td>
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<td>DWP give interest free Crisis Loans with no strings attached that are paid back through at-source deductions from a claimant’s benefit. Lambeth are proposing Crisis Loans delivered by the Credit Union with 2% interest charged per month and membership of the Credit Union (and payment of benefit claim through that account to enable deductions to be made) a condition for receiving that loan.</td>
<td>The council wishes to encourage people to take up Credit Union membership so that they have access to mainstream support and a proper bank account in the run up to the implementation of Universal Credit. Making Crisis Loans conditional on membership achieves this, reducing the likelihood of people getting into difficulty in future. Charging a small amount of interest allows money to be ploughed back into the pot to help more people.</td>
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<td>The DWP generally give cash rather than in-kind support. The Lambeth scheme will try to offer in-kind support and some of the support will be via the provision of second hand goods.</td>
<td>The targeting of support via in-kind giving means that the grant fund is used effectively to benefit the maximum number of people. False demand (ie: using money for purposes not intended) will be reduced and money will go further.</td>
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<td>The DWP scheme makes decisions unaware of whether the applicant has access to other local authority support. The Lambeth scheme will be able to check whether this is the case.</td>
<td>Not possible in a national scheme.</td>
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<td>The DWP require Crisis Loans are applied for by phone and Community Care Grants by paper form. The Lambeth scheme will have a single application process with applications made on-line and by phone for those that need it.</td>
<td>A single on-line application process reduces time for applicants and their advocates. Having a phone line available meets the needs of those that cannot apply on-line. Paper forms are difficult to administer and the information on them is hard to collate.</td>
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<td>The DWP out of hours service is accessed by the Police and Social Work Teams and Shelter. The Lambeth out of hours service will be</td>
<td>We wish to be cautious about who can access the scheme until we can be sure that the fund will be sufficient to meet demand.</td>
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accessed by the Police and Social Work Teams only.

| The DWP scheme allows for an internal review and then a review by a national Independent Social Fund Inspector. The Lambeth scheme has an internal review process but does not propose to create a Social Fund Inspectorate. | We lack the administrative funding to run an independent Social Fund Inspectorate within Lambeth and believe that a review by a manager not involved in the original decision will ensure a fair review of disputed decisions. |

When will the service be available?

Applications can be made between 9am and 5pm Monday to Friday. The council will have provision to offer support out of hours in a limited range of circumstances with referrals coming from the Emergency Social Work team or the Police. The out of hours service can take applications between 10am and 4pm on Saturday and Sunday – the same hours that DWP currently operates.

Will the scheme only be available to Lambeth citizens?

It is our intention that support will be provided only to people who have lived in Lambeth for at least six weeks. Of course, if we are resettling local residents into another borough as part of our duty to avoid them being homeless, we will consider them for support to set up home from our scheme rather than expect them to apply to the scheme in the local authority area that they are moving to. We hope that other local authorities will take the same approach when they move people to Lambeth but we will have to review the scheme if they do not.

Will there be a right of appeal against negative decisions?

DWP currently offer a right of review (internal) and the opportunity to then refer to the Social Fund independent review service (external). We cannot replicate the latter as we would not enjoy the same economies of scale in running such a service and have limited resources to do so but we will offer an internal review by a manager who was not involved in making the original decision.

When will the council review how the scheme is operating?

We will ensure that robust statistical data is kept on applicants and applications and awards and keep the operation of the scheme under close review during the first six months, meeting delivery partners monthly. At the end of the first six months of operation, we will analyse available data and see whether any revisions to the scheme’s eligibility criteria or operating model are necessary and, if any changes are recommended, consult further on these before making changes ready for April 2014.

What other support can the council offer?

The local Emergency Support Scheme is not the only way in which the council provides financial or in-kind support to residents in emergency or crisis situations or when financially vulnerable at key junctures in their lives. Other forms of such support include:

- Discretionary Housing Payments
- Homelessness Prevention Grant
- Care Leavers’ Grant
- Section 17 Payments for Families in Need
- Mortgage Rescue Grant

The proposed Emergency Support Scheme has been designed with an awareness of these other avenues for support, and their own differing eligibility criteria, in mind. It is our intention that staff making assessments under the Emergency Support Scheme will take into account whether an eligibility exists for any other means of support and let applicants know if it does.
Additionally, the council funds a range of employment support and debt and advice agencies that support financially vulnerable residents and we are working with partners to review how this support is provided and whether we need to add capacity or target the services differently. The local community also provides a range of community-led support services – from food banks to advice services, from time banks to donated and recycled furniture – and we will make sure that those in need are also informed about how they can access such community support if it would be helpful to them.