

Southend-on-Sea Borough Council

Report of Corporate Director for Corporate Services

to

Cabinet

on

11th November 2014

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Benefits

Agenda
Item No.

Essential Living Fund

Policy & Resources Scrutiny Committee
Executive Councillor: Councillor Ian Gilbert
Part 1 (Public Agenda Item)

1. Purpose of Report

- 1.1 To give details of the existing Essential Living Fund Scheme that has been in operation since April 2013.
- 1.2 To describe the options for future years for the fund and the team following changes to the funding provided by Government.

2. Recommendations

- 2.1 That Cabinet agree:
 - to continue the Essential Living Fund Scheme in Southend-on-Sea from 2015/16 to 2018/19;
 - to fund the scheme (awards and staff costs) from the Social Fund Earmarked reserve specifically for this purpose.

3. Background

- 3.1 On 1 April 2013, elements of the discretionary Social Fund were abolished. Community Care Grants, which provided emergency support to people leaving care, prison and other institutions; and Crisis Loans, which allowed recipients of out-of-work benefits to access low interest advances of benefit in instances of financial crisis, ceased to operate as national schemes. Funding was devolved to local authorities to implement local welfare provision tailored to local need.

- 3.2 Funding for these schemes was transferred to local authorities from April 2013 but was not ring-fenced, allowing councils the freedom to determine the character of their local schemes. No legal duty was imposed on local authorities meaning that central government did not specify the way in which the funding must be spent.
- 3.3 Community Care Grants and Crisis Loans were abolished in their entirety; both schemes ceasing to exist on 31 March 2013. The challenge to local authorities therefore was, not only to design emergency welfare schemes that met local requirements at a time of significant reform to the welfare system, but to take schemes that, by the DWP's own admission were failing, re-design them and operate them with less money.

4. Formation and detail of current scheme

- 4.1 When designing the Essential Living Fund (ELF), the replacement scheme for the DWP's Social Fund system, it was clear that working together with key stakeholders, the service could enter into several partnerships.

The aim of the partnerships was to:

- Ensure that vulnerable members of the community would be given continued advice and help required to support them throughout the welfare benefit reforms;
- Place our knowledge and skills in the heart of the networks that provide help and support for vulnerable people;
- Support key businesses within the borough that are dedicated and work in line with the outgoing social fund scheme and wanted to be involved in the creation of a fresh new scheme.

- 4.2 The wealth of knowledge from members of staff within the Local Authority and from the working group was pulled together and used to advantage everyone in the community. Everyone that attended gave vital information that benefited the creation of the scheme and importantly scrutiny of our proposed policy.

The working group shaped our scheme and defined the following aspects:

- The scheme was to be called the Essential Living Fund (ELF).
- It will be run as a non cash grant based scheme.
- Supermarket food vouchers for families.
- Food parcels for single applicants and childless couple applicants.
- All Pay cards for fuel top ups.
- Furniture/household furnishings/clothing to be provided by local charities.
- White goods to be provided by a local business.
- The scheme will be open for people on low incomes, not ring fenced to those in receipt of benefit.

- A comprehensive list of other services, funds and schemes available to be used, directing customers to best sources of help.
- Dedicated phone line for people to make prompt claims in emergencies and an online claim form for non-emergencies.
- A tight intervention system recognising repeat claimers and signposting those in need to relevant organisations for education in life skills such as budgeting.
- A priority need for processing general living expenses within the phone conversation and 5 working days for all other applications.

4.3 The scheme has continued to develop as needs in the Borough are identified. Over the last year we have expanded the scheme to include the following:

- Bicycles for jobseekers and year 5 children from low income households
- Specially designed recipe cards to go with the food parcels
- Travel costs for people fleeing domestic violence
- Travel costs for immediate families to visit hospitals outside the area
- Digital training for residents in the community to assist them to claim on line and meet the requirements of their claimant commitment with the Job Centre Plus
- Free cookery courses

4.4 While we were developing the scheme we met with Essex County Council and Thurrock Council. They were so impressed with the scheme design and the proposed administration that they asked us to deliver the scheme on behalf of their Authorities.

4.5 In line with central government expectations, Southend has targeted those most in need and as a result the number of awards and the cost of the scheme is significantly lower than the DWP scheme.

4.6 In the context of significant welfare reform and increased incidences of benefit sanction, it is likely that demand for emergency crisis financial and in-kind support will remain for the foreseeable future.

5. Latest Position

5.1 As part of the Local Government financial settlement for 2014/15 it became clear that the transfer of funding from the DWP was not going to be an on-going arrangement. The funding position was confirmed by Government that it was for only the financial years of 2013/14 and 2014/15. From the 1/4/15, the Government commented that it was then up to Local Government to determine its own funding arrangements if they wanted any scheme to continue, as they believe Local Government knows its own local position and can determine prioritisation of resources locally.

- 5.2 On Friday 10 October 2014 a consultation was issued by Government on the funding for Local Welfare Provision in 2015-16.
- 5.3 The consultation outlines three specified funding options and a fourth open option, through which alternative proposals can be made to the government. Under the three options, which are outlined below, “the total amount of funding to local government would not change”.
- 5.4 **Option 1: Funding will be made from within existing local government budgets.** Under this option local welfare provision would be funded from within existing budgets; with no separately identified or ring fenced funding. In other words, this suggests no additional funding would be provided to local authorities.
- 5.5 **Option 2: Separate visibility of local welfare provision funding.** Under this option the government would publish a figure showing how much of each upper tier local authority’s Settlement Funding Assessment would notionally relate to local welfare provision. Two methods are outlined for how the government would identify the notional figure:
- a) In Line with SFA proposed in the summer technical consultation
 - b) In line with the allocation of local welfare provision in 2014-15.

There would however be “no change to the proposed Settlement of the distribution of RSG”. In other words, no additional funding would be provided to local authorities.

- 5.6 **Option 3: Topslice Revenue Support Grant to fund a section 31 grant.** In this option the government is suggesting it would make an additional top-slice from local government funding to provide a ring-fenced additional s31 grant to pay for local welfare provision. It does not outline the method it might use to calculate the topslice. It does however indicate it could distribute s31 grant based on the two methods outlined in funding option 2. It further adds that the government would reserve the right to claw back funding that was not spent on local welfare provision.

Option 3 might have a redistributive impact on all local authorities, including lower tier authorities, depending upon what formula method of top-slice was used and which method for distributing ring-fenced s31 was used. Again, as this option is just top slicing current local government funding, no additional funding would be provided by Central Government.

- 5.7 In essence, although the Government is consulting on funding for local welfare provision it is absolutely clear that it will not lead to the continuation of the additional funding Local Government received in 2013/14 and 2014/15.
- 5.8 As a result, the most likely outcome is that funding from the DWP will cease at 31/3/15 and if the Essential Living Fund is to continue beyond that date then the Council will need to consider and approve relevant funding for the scheme from within its own resources.

6. Performance of the Fund

- 6.1 In 2013/14 the Council made awards to 1,525 residents for assistance from the Essential Living Fund. Of these 487 were to enable people to move back into the community from temporary accommodation such as hostels, domestic violence units, leaving care, prison and bail hostels. In all these cases the claimants did not have any means to furnish their accommodation with even the basic requirements and would have been unable to move without this assistance.
- 6.2 The average weekly cost of hostel or supported accommodation is £300 a week. Therefore the prompt move on to appropriate accommodation not only frees up this specialist resource for others but also targets support appropriately. Having residents in supported and hostel accommodation when they no longer need it is an uneconomical use of resources.
- 6.3 The scheme also delivered crisis support to the remaining 1,038 households in the form of furniture, food and/or fuel. These awards help people through a period of unexpected hardship that could destabilise their lives and lead to desperation, indebtedness and mental health crisis.

Awards

AWARD TYPE	VOLUME (No)	COST OF AWARDS (£'s)
2013/14		
Furniture (including bedding)	594	50,897
White goods	355	128,539
Food / fuel	1169	76,965
Clothing	147	4115
Sundry household items	332	22,835
Total Numbers & Spend	2,597	283,351
2014/15 (to 31/10/14)		
Bedding	112	4,570
Bike Scheme	17	3,000
Clothing	58	2,950
Furniture	179	24,725
General Living Expenses	388	35,468
Household Goods	137	24,591
Travel Expenses	14	1,170
White Goods	205	84,427
Total Numbers & Spend	1,110	181,081

Case studies

- 6.4 Miss X has learning disabilities and had always lived with her parents. They had reached an age where they could no longer care for her. Her support worker secured accommodation for her to live independently and a training plan was developed. The ELF scheme provided furniture and white goods to allow her to move in and begin her independent living training.
- 6.5 Miss Y a 17 year old mother fleeing domestic violence was placed in a unit in Southend. She was supported to find permanent accommodation and made an application to ELF to help with furnishing her new home. As part of the award we referred her to a childrens centre where they assessed her overall needs and introduced her to a mother and baby group and other activities in the area. Up to this point Miss Y did not know anyone in the Borough. She now is part of the local community and supported by the children's centre and her new friends.
- 6.6 Mrs Z had fled domestic violence and moved to Southend. She was living in unfurnished accommodation and sleeping on the floor with her daughter. She applied for a bed for her daughter but during the application it became apparent that she also needed other essential items such a bed for herself, a fridge, sofa etc. We assessed her needs and awarded all the essential items for her and her daughter to have a basic standard of living. After the award she was in tears of gratitude saying "this has changed my life, I was considering going back to my husband I was so desperate, this has totally changed our lives and made us independent".

7. Other Options

- 7.1 The scheme could be abolished but the impact on residents would need to be assessed. The scheme delivers assistance only when the claimant has exhausted all alternative options. If the scheme no longer existed it is extremely likely that social services would ultimately pick up the cost. Without the early intervention the ELF scheme provides, the consequences could lead to increased costs for specialist accommodation, such as domestic violence units and supported accommodation, and create bottlenecks in the system. The withdrawal of support to vulnerable families suffering crisis will increase their likelihood to borrow from loan sharks and pay day loans moving them further into debt and further away from work.

8. Reasons for Recommendations

- 8.1 As described throughout this report, the scheme prevents a difficult situation in a household escalating into a full blown crisis. Should the scheme cease to exist there will be no alternative for the people who currently access the scheme.
- 8.2 People are only assisted through the scheme if they have absolutely no other recourse to help.

9. Corporate Implications

9.1 Contribution to Council's Vision & Corporate Priorities

The targeted support delivered through the Essential Living Fund works towards keeping Southend healthy, prosperous and safe.

9.2 Financial Implications

9.2.1 Local government has used the funding devolved to it to define a purpose for a locally operated welfare crisis offer sitting outside the system of social security benefit entitlements and embedded with the full range of local services. The approaches that have been taken in Southend have meant that rather than just handing over money, problems are identified and genuine assessments made of the best way in which public services can improve outcomes and change behaviour in the most cost effective manner.

9.2.2 The case studies outlined in this report show that local welfare provision has been used in many cases to prevent a larger cost to public services further down the line. Grants for basic furniture have allowed parents to take custody of their own children rather than them be put into local authority care. Homeless adults have been enabled to live in permanent accommodation rather than in expensive local authority procured temporary accommodation. Serious health conditions have been eased through simple changes to furniture or carpets diminishing the likelihood for expensive presentations to acute health or care services.

9.2.3 It is almost certain that the Government funding for the scheme will be cut for 2015/16 and future years and any decision to abolish the scheme will not result in a saving but in higher costs overall to the Local Authority and other public services.

9.2.4 On the basis that there will be no future funding from Government and if the Council wishes to continue with the ELF scheme it will need to provide the necessary funding.

9.2.5 In anticipation of the Government's stance on reduced or withdrawn funding for local welfare provision a Social Fund earmarked reserve was established by the S151 Officer in 2013/14. It is estimated that at the end of 2014/15 that this earmarked reserve will total circa. £1.4 million.

9.2.6 Based upon the annual awards provided from the scheme, the staff and running costs required to support the operation of the scheme it is possible to fund the scheme from this specific reserve at £350,000 p.a. for 4 years (i.e. up to and including 2018/19).

9.2.8 The above level of funding is sufficient for specifically the Southend-on-Sea element of the scheme. Currently on-going discussions are being held with Essex County Council and Thurrock Council on the continuance of their schemes and the consequent administrative hosting by Southend-on-Sea. If either or both Council's wish to proceed with their scheme into 2015/16 and future years they will provide the relevant funding for awards and staffing.

9.3 Legal Implications

None.

9.4 People Implications

Welfare reform has impacted on residents in the Borough in a variety of ways and we have seen increased numbers of households applying for emergency help as a result of being sanctioned or waiting for their employment support allowance claim to be processed.

The most significant welfare reform for six decades, Universal Credit, is expected to be implemented fully in the next three to four years. It will require significant cultural and behaviour change. Most recipients will receive payment direct to their bank account, monthly rather than weekly or fortnightly and will be expected to maintain their claim predominantly online. Local authorities will be best placed to maximise the possibility for people to make the jump from legacy benefits onto Universal Credit but it is clear that there will continue to be a requirement for emergency provision of one kind or another, especially as people transition onto the new payment schedule.

Without access to the Essential Living Fund it is unclear where residents will turn for this type of emergency assistance. Without this support people could well be facing homelessness, increased indebtedness, failing to complete mental health or addiction programmes and breakdown of family units.

9.5 Property Implications

None.

9.6 Consultation

None.

9.7 Equalities and Diversity Implications

The Essential Living Fund equality impact assessment is at Appendix 1.

9.8 Risk Assessment

None.

9.9 Value for Money

As identified throughout the report but in particular within the financial implications.

9.10 Community Safety Implications

None.

9.11 Environmental Impact

None

10. Background Papers

Central Government Consultation on Funding for Local Welfare Provision