

# Local authority fieldwork summary report

December 2011

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# Executive Summary

1. The Coalition Government has made Welfare Reform a key priority and set out its plans, including reform of the Social Fund in the December 2010 White Paper, “Universal Credit: welfare that works”.
2. In summary the current system of discretionary payments for needs currently met by Community Care Grants and Crisis Loan (for living expenses) will be replaced with a combination of locally-based provision and a new nationally administered scheme that will provide an advance of benefit facility (i.e. for the existing Crisis Loans alignment payments, interim payments of benefit as well as Budgeting Loans).
3. In February 2011 the Government published a “Call for Evidence” on local support to replace Community Care Grants and Crisis Loans for living expenses in England. It focussed on how the new locally-based service might be delivered in England. The Government published its response to the Call for Evidence in June 2011.
4. “*Local support – Next Steps*” marks the next stage of the dialogue between central Government, local authorities and customer representative groups.
5. In compiling this report the Department for Work and Pensions had discussions with over 50 local authorities and found that they were clear they:
  - Have a good understanding of their local community, its demography and what they felt was required to support local people.
  - Are already working closely with a range of different stakeholders and partners in their local area and are well placed to deliver partnership services through these established networks.
  - Are best placed to help vulnerable people locally and would provide a timely and better targeted service than the current remote telephone service.
6. This view was echoed in the recent House of Commons Communities and Local Government Committee report “*Localisation issues in welfare reform*”<sup>1</sup>. The Committee said

*“we consider that councils’ local knowledge, broad responsibilities and experience of benefits administration put them in an ideal position to refine and deliver the successor schemes to Community Care Grants and Crisis Loans.”*
7. Local authorities raised a number of concerns about aspects of the policy and what was required to enable them to plan for the introduction of the new local assistance. This report addresses those concerns.

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<sup>1</sup> (<http://www.publications.parliament.uk/pa/cm201012/cmselect/cmcomloc/1406/140602.htm>)

# Introduction

8. In June 2011 the Government published its response to the call for evidence on the design and delivery of new locally based assistance to replace Community Care Grants and Crisis Loans for general living expenses.<sup>2</sup>
9. The report covered four broad areas:
  - the case for reform and supporting evidence;
  - possible enablers that could support local authorities in their development and delivery of local services;
  - issues to consider when designing the new service; and
  - a range of possible measures that could provide accountability and assurance.
10. Following the publication of the Government's response the Minister for Pensions wrote to English local authority Chief Executives to invite them to participate in face-to-face discussions with departmental officials. This provided an opportunity to exchange ideas and discuss their plans on how, from April 2013, they anticipate the new service could be implemented in their area.
11. Responses were received from 61 local authorities. Of these 52 accepted the invitation (see the list at **Annex A**) and subsequently participated in discussions. Prior to each meeting detailed local information was sent to each authority to help them to prepare for the discussion. This included the general reasons why people apply for Crisis Loans for living expenses, the current volumes and expenditure, and characteristics of the recipients for both Crisis Loans and Community Care Grants.
12. This report summarises the discussions that took place in four broad areas:
  - planning;
  - existing services and how this will align;
  - funding; and
  - evidence requirements.

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<sup>2</sup> <http://www.dwp.gov.uk/consultations/2011/local-support-replace-ccg-cl.shtml>

# Section one: planning

13. The majority of the authorities consulted had been tasked by their Chief Executives or Directorate heads to develop a policy options paper for consideration by their executive teams. In almost all cases this was at an early stage. The majority of the initial policy papers focused on:

- the strategic links between the new policy and the existing services and support already provided; and
- possible in-house locations for the policy and funding.

14. Most authorities felt that over time, as more information became available, they would begin to work up more detailed plans. Some confusion remained about the elements of the current scheme that the new service will replace and the likely levels of demand. Further details have been included in the attached annexes.

## Local authorities identified three broad delivery options

15. Local authorities discussed three broad delivery models that they had identified and considered. The level of indicative funding that would be transferred to the authority was a key factor in determining their likely approach. The three models were:

- **Create a new service** – a small number of areas initially considered recreating a version of the current Community Care Grant system. This included setting up a centrally managed service responsible for marketing, referrals, application and assessment, provision of finance or goods and post award checking. Following the initial feasibility work each of the local authorities that had considered this approach concluded that it was the least effective way of using the funding, primarily because it would recreate the problems of the current system.
- **Align and combine the budget to existing services** – most authorities were actively exploring this approach. Most had undertaken some initial mapping of the new service to existing services to identify potential opportunities for combining or expanding services to reflect local strategic priorities. For example, one authority's priority was to reduce poverty for families with children. This meant that funding was likely to be focused on widening access to goods to meet this aim. Initial thinking was that access was likely to be through referral and signposting from other services by local professionals and local authority staff.
- **Contract with new or existing external partners** – the third model that authorities were considering is to procure new or expand existing services with a charity or social enterprise project. The authorities actively

considering this option were looking to explore the potential benefits of contracting out the whole process. However, most of the authorities consulted were clear that they would retain responsibility for setting the eligibility criteria, even if they were only broadly defined.

## Examples of organisations who use large scale procurement

16. The authorities actively considering contracting the service tended to be looking to organisations that were already visible and active in their area. Some were local subsidiaries of national organisations, whilst others were locally based.
17. Simply opting to contract with organisations already active in the area may unnecessarily reduce the range of options, particularly if local projects do not have the capacity to scale up resources to meet increased demand. In these circumstances authorities could consider an open procurement approach. This might attract bids from national organisations which act locally but with whom an authority does not currently have a relationship, though this was not specifically raised.
18. An example of such an organisation is the Family Fund, which is a registered charity that provides grants to low income families raising disabled and seriously ill children in every part of the UK. Last year the Fund helped 56,700 families with grants worth a total of £33 million for practical help and support, such as washing machines, dryers, fridges, furniture, clothing, bedding, computers and hospital visiting costs, sensory equipment, computers and driving lessons. The majority of the Fund's funding is facilitated through the Department of Education in England and comes from grants from the four United Kingdom national Governments.
19. The Family Fund works with a range of commercial suppliers to provide grants for a wide choice of goods and services at competitive prices. The Fund maximises funding through value for money contracts so that it can increase the number of families it helps.
20. Three out of four grant awards from the Fund are made using a payment card, voucher or direct credit to a supplier. This approach provides real choice for families and reassurance for funders that the grants are used to purchase the item requested, minimising fraud. The nature of the Fund's work and the difficulties that the families it helps face mean that it often has to react quickly to support families in urgent circumstances, delivering a grant within 24 to 48 hours.
21. The Fund is keen to extend its business model into other areas by contracting to provide this service to other organisations, including local authorities.

## Nearly all areas would limit access and provide goods and/or services

22. Most of the authorities consulted were clear that emergency provision in their area would not usually be in the form of cash payments. This was seen as essential to help filter out fraud and abuse and it mirrors the approach that is already taken by Social Service departments for existing emergency provision. A number of authorities gave a similar example, a family with no food and no money for fuel. They described that where the need and risk were of sufficient gravity to justify their intervention the family would be provided with a voucher for a local supermarket (which specified no alcohol or tobacco was to be purchased with it) and a prepaid meter card.

## Particular issues raised by rural local authorities

23. A number of authorities spoke about the barriers they face because of the geography and the distribution of low income households in their local area. Concerns focussed on the difficulty of offering a service in a large area with limited or non-existent transport links and where there were either small pockets of deprivation within mainly affluent communities or a number of quite isolated deprived communities scattered across a large area. The challenge was often compounded where access to existing services is already an issue for communities. The most common example given was where an authority has based a service in one of the local market towns that did not have direct public transport links with smaller communities in another part of the authority area.
24. Authorities acknowledged that these issues were not unique to the delivery of any new provision. However, there was a view that, while acknowledging the problems with the current scheme, accessing the social fund is reasonably standard regardless of where the applicant is in the country.
25. From the discussions it was clear that there were a number of issues specific to rural and semi-rural authorities. We would like to consider these further and will discuss possible options for a facilitated discussion with the relevant authorities.



# Section two: how the new service will align to existing services

## Identifying the most suitable part of their organisation to coordinate the new policy

26. Most authorities were considering placing the new function either as part of welfare and benefits division or in adult social services. This was because it is commonly considered to be a cross-cutting issue that would link with a range of services. The most common link made was with housing, particularly for the replacement to Community Care Grant provision.

*“We will locate this in Finance Resources Directorate and the Revenue and Benefits Division. These are best placed to manage and monitor payments as they already carry out benefit assessment functions including investigating applications. They also already manage cash limited grants and budgets. The team leads on social inclusion and vulnerable people, has responsibility for customer services, and has close links with Adult Social Care and are responsible for the Housing Needs Service who administers the allocation of properties on behalf of the Council”* (High spending area)

27. Even where areas had initially located the policy in a specific area such as housing, they always acknowledged the need to link in with other services.

*“Initial thinking is for responsibility to sit with Housing because the new arrangements are seen as more of an administrative process, and Housing represents a “good” fit with that. However, internal discussions are ongoing for the final resting place. This is involving, for example, colleagues in Welfare Rights and Money Advice, and Children’s and Families Services”* (High spending area)

28. Very low spending areas (often represented by lower tier based authority officials) were more likely to assume that the issue would be dealt with at an upper tier level and had not fully considered the implications.

*“It might sit with strategy and performance but with links to revenues and benefits and adult social care”* (Very low spending area)

## Linking the policy to existing strategies and duties

29. The majority of the authorities consulted had considered how the policy fits with their existing responsibilities and services. Many referred to links with adult social services or probation services, and specific programmes such as Supporting People. They had begun to consider the potential for aligning the support where feasible. The range of links being considered was varied and included:

- Community Help and Support Teams
- Waste Management
- Children's Services
- Family Intervention
- Housing, and
- Childcare.

30. Many authorities were considering the Community Care Grant and Crisis Loan elements separately. Generally they felt confident that they could align funding to replace Community Care Grants but were less clear about the options for aligning the Crisis Loan element with other services. Most believed that the crisis element sat better with Social Services as an extension of existing local authority emergency provision. However, there was some concern that aligning it to a large programme or service might mean that visibility is lost.

## Existing Provision

31. The majority of the authorities consulted already provided emergency provision, but rarely in the form of cash. The groups who were most likely to receive emergency support included:

- Families with children
- Homeless people and rough sleepers
- Vulnerable older people

32. Currently access to existing authority emergency provision was usually linked to wider support. An example of this was provided by a large urban authority with established homelessness prevention services. In this area homeless people who present themselves to emergency housing officers or who are picked up by the police may receive an integrated package of support. This included food and clothing to cover short term needs, as well as safe emergency accommodation. Food and clothing were integral to the support package and as such were not provided separately.

33. Some authorities provided emergency support to families with children, although cash support was rarely given. Provision was usually via a food voucher and where necessary travel passes and/or fuel meter pre-payment cards. Emergency support tended to be made to families with an established link to

local authority services. It was not clear whether there was an overlap between current emergency provision and Crisis Loans.

34. As most of the provision was in the form of goods and services, authorities generally did not have existing facilities for providing small cash payments. Consequently many authorities might opt to replace Crisis Loans by extending the current low scale goods and services provision.
35. Authorities were aware of other organisations in their area that provided assistance in emergency situations. Generally they were charities providing food and clothing to vulnerable groups. From the discussions it was clear that routine contact between authorities and the voluntary providers was limited and as a result current voluntary sector provision was not always visible to authorities.

## Liaison with organisations who provide goods and services to low income groups

36. Local organisations providing goods and services, particularly recycled and reconditioned furniture and white goods to people on low incomes were more visible to authorities. A range of business models operated. Some organisations offered lower prices to those below a particular income threshold, while others provided the goods for free.
37. Many authorities already provided funding or assistance to re-use organisations in their area and believed that there was capacity to expand the service simply by making additional funding available. For example, one large rural authority was considering using some of the new funding to pay the delivery fees charged by an existing provider for the delivery of free goods to benefit recipients and other low income groups. Authorities were generally cautious about committing to funding existing schemes until full feasibility work has been undertaken.

## Economic opportunity for the local area

38. There was a general consensus that the funding would potentially provide a boost to the local economy, and this was a very clear objective for many authorities. A range of ideas were being developed and discussed. One authority said it might use the funding to expand the local credit union, as this already provides household goods to people on low incomes at competitive rates that can be paid back weekly. Expanding the scheme would increase access to affordable credit for those on low incomes, whilst reducing reliance on high cost and illegal lenders.
39. A number of authorities without detailed plans said that they would look to direct the funding particularly for the provision of goods to:  
*“Some of the young, innovative and hungry social enterprises”* (low spending area).

## Section three: funding

### Why authorities have rejected recreating the current system

40. In the authorities that were consulted delivery model options were still under consideration. However, in every case the option of recreating the current Community Care Grant process had already been rejected, as authorities were aware of many of the inherent problems that exist within the current system. Their concerns primarily focused on the lack of checks and balances and the use of cash payments.
41. Local authorities acknowledged that they were responsible for encouraging and supporting social fund applications, primarily for Community Care Grants, but also Crisis Loans. Many authorities had built this into the existing processes for their support service. As a result they were both familiar with the current scheme and skilled at identifying people in their area in need of support and who were likely to be eligible.
42. Most authorities were not able to offer an assessment of potential set up costs for the local assistance, though a few identified the activities that they thought might require additional funding. These included:
- procurement
  - consultation
  - project management
  - local communications to help signpost to new services; and
  - help to manage expectations about the available support.
43. Some authorities initially thought that a new computer system would be required to support the scheme, although when this was explored in more detail it became clear that this may not be necessary as there are no new activities to undertake.
44. A new burdens assessment is currently being completed. More details will be posted on the Social Fund reform web page of the Department for Work and Pensions website when it becomes available.

### Ring fenced funding

45. Authorities had mixed views about whether the funding should be ringfenced. They described the tensions between the need for transparency and clear accountability that ringfencing would provide and the potential administrative burdens that can arise when additional requirements are placed on authorities.

*"...ring fencing ends up being not so helpful" (medium spending area)*

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*“...I don't think it would be a problem for us except ring fenced money you end up having to do a return or something on the number of digits used.....we were spending more time in administering and filling in the tick boxes than we were delivering the service and we would not want to do that again”*

46. A number of authorities were concerned that without a ringfence and some level of reporting funding would quickly become amalgamated into existing budgets and as a result its identity, visibility and purpose would be lost. A second concern was that Councillors or Directorate heads would redirect the funding to plug gaps in other budgets. The most common example mentioned was the Social Care budget.

47. We are currently taking stock of these issues and concerns.

# Section four: information requirements

## Awareness of the strategic policy aims

48. Authorities generally had a fairly detailed knowledge and understanding of the policy aims and objectives that underpin the reforms, including where and how these fit into the wider Government localisation agenda. Many of the well informed authorities have actively participated in Departmental “calls for evidence<sup>3</sup>” or consultations and could link together relevant policies.
49. Despite the high level of awareness about the reforms some authorities remain less clear about the detail, including which elements of the existing scheme local authorities are being asked to replace and which will be replaced by new Departmental provision. To provide further clarity, a description is set out in **Annex B**.
50. Although many authorities were aware of the current rules in relations to Community Care Grants or Crisis Loans, there was a high degree of confusion about what the discretionary nature of the scheme means in practice. Some authorities requested examples to help them to understand the likely types of demand. See **Annex C for more details**.
51. Specific concerns were raised that the Department’s current administration of the benefit system would drive demand and increase pressure on local services. For example, authorities remain concerned, despite assurances that financial responsibility will remain with the Department for alignment to benefit or work, that claimants may be confused about which organisation to contact in a range of circumstances. To support local authorities the Department will help to build local contacts and communication strategies between authorities and the Department’s local staff responsible for external relations. Further details will be set out on the Social Fund reform page of the Department’s website.
52. As mentioned earlier many authorities consulted felt that there were clear distinctions between the provision to replace Community Care Grants and the Crisis Loan replacement. On the whole they were comfortable with the new Community Care Grant replacement scheme. However, they were less clear about how they would provide emergency provision and were uncertain about the likely level and nature of demand. Further data will be published on the Social Fund reform web page to support authorities’ understanding of likely demand.

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<sup>3</sup> <http://www.dwp.gov.uk/docs/hb-data-sharing-consultation.pdf>

## Further information to assist in more detailed planning

53. In advance of each meeting localised social fund information was sent to the local authority outlining indicative funding levels and the characteristics of recipients in 2009-10. An example of the information supplied is set out in **Annex I**. This information was well received and enabled authorities to put the scale of the task into perspective. This was particularly the case in some areas with low indicative volumes and funding allocations where the data had led to initial planning assumptions being changed.
54. It was generally felt that the classifications used for the Social Fund data (*pensioners, lone parents, sick and disabled and unemployed*) did not easily translate across to local authorities who tend to identify people by their problems rather than by personal status. Despite this, most authorities thought that the general scope of provision was broadly as they had expected, with the exception of the volumes of applications and awards for older people:
- “...there are not that many older people considering the amount of older people in poverty and particularly looking at the demographics where you would expect to see more. Actually it does not surprise me that the younger age groups with chaotic lifestyles are the ones you would have expected to use these kinds of services and that’s what comes over”* (Medium spending area)
55. Authorities felt that while the data was useful, it did not provide all the information that they required to support their plans. In particular they needed to understand what was driving local Crisis Loan demand as this was likely to be symptomatic of other underlying problems.
56. The Department’s data is limited. It includes some information about the claimant’s circumstances at the time of application. For example, whether they were single or a member of a couple, if they had responsibility for children and the nature of the crisis that they presented with such as lost, stolen or spent money. However, it does not identify wider issues that might be relevant including personal debt or addiction problems.
57. The information that authorities wished to see was:
- The circumstances in which the Department would award a payment on account or advance of benefit. **See Annex B.**
  - The general reasons why people are awarded crisis loans for living expenses and case studies which can provide information beyond the high level categories provided. **See Annexes C and D.**
  - The reasons why loans and grants are refused and the effects of refusal on the individual. **See Annex E.**
  - How much money is given to benefit recipients by the out of hours service and the reasons why. **See Annex F.**
  - The volumes at the point the policy will be transferred. **See Annex G.**
  - The costs of new burden. **See Annex H.**

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58. Some authorities believed that basing their plans on historical Social Fund data could risk mirroring the current system. Consequently the data did no more than confirm their perceptions of current provision, most notably that lower priority groups in their area (such as younger people living at home) were receiving the majority of Crisis Loan payments.

59. One authority thought the Social Fund information was not useful to them as the data could not be corroborated. This is because the Department does not verify a claimant's need, or take follow up action to ensure that the money awarded has been spent on the items specified.

*"I worked in mental health and many people I worked with came out of hospital and you applied for a grant and 50% was spent on what it should have been and 50% was spent on something else and everybody knows that. And that's the problem about giving a financial grant.....and you're not guaranteed that the problem is solved.....that's why I am much more focused on saying well what is the problem? Is the problem that your children don't have clothes? Is the problem that you need a washing machine or do you need food. Well let's solve that problem not give cash" (Medium spending area)*

60. Most local authorities were not particularly concerned about receiving policy guidance, although a few thought that it would be helpful. There was general agreement that if guidance was to be produced that it would be more appropriately for the Local Government Association to produce it rather than central Government.

61. The majority of authorities discussed examples of best practice as a comparator to test their plans against. One issue on which best practice was thought to be important was how to deal with cross boundary issues. This was thought to primarily be a concern in large urban areas where people move between authority areas to maximise the goods or services they receive. One large urban area indicated that it would simply apply its existing homelessness policy and practice to the new provision, including using the existing guidance.



# Additional information

62. Relevant publications and data, including newly published data can be accessed on the new Social Fund reform webpage: [\[link\]](#)
63. A range of additional information that was requested during the consultation is included in the attached annexes:

<b>Annex A</b>	List of local authorities consulted
<b>Annex B</b>	Overview of the wider Social Fund reforms
<b>Annex C</b>	Explanation of the categories used when awarding Crisis Loans for living expenses
<b>Annex D</b>	A series of case studies
<b>Annex E</b>	Reason for refusing a Community Care Grant
<b>Annex F</b>	The out of hours service
<b>Annex G</b>	Local data and likely demand from April 2013
<b>Annex H</b>	Notification of the funding allocation and reporting arrangements
<b>Annex I</b>	Example of the data provided to local authorities in advance of the meetings
<b>Annex J</b>	Most common Community Care Grant items awarded

## Annex A – Local authorities consulted during summer 2011 in alphabetical order

Bedford Borough Council	Newcastle Upon Tyne City Council
Blaby District Council	North Kesteven District Council
Bradford District Council	North Warwickshire Borough Council
Bristol City Council	North Yorkshire County Council
Calderdale Metropolitan Borough Council	Northampton City Borough Council
Cambridge City Council	Northamptonshire County Council
Camden Council	Nottingham City Council
Cheltenham Borough Council	Plymouth City Council
Cheshire West and Chester Council	Royal Borough of Kensington and Chelsea
Coventry City Council	Rushmoor Borough Council
Cumbria County Council	Somerset County Council
Dudley Metropolitan Borough Council	South Northamptonshire Council
Durham County Council	Staffordshire County Council
Hackney Council	Stockton on Tees Borough Council
Hammersmith and Fulham Council	Surrey County Council
Hampshire County Council	Swale Borough Council
Haringey Council	Tameside Metropolitan Borough Council
Hertfordshire County Council	Test Valley Borough Council
Ipswich Borough Council	Wakefield Council
Kirklees Council	Warwick District Council
Knowsley Council	Westminster Council
Lambeth Council	Winchester City Council
Lancashire County Council	Wolverhampton Council
Leicester City Council	Worcester City Council
Leicestershire County Council	Wyre Forest District Council
Middlesbrough Council	
Milton Keynes Council	

## Annex B – Overview of the wider Social Fund reforms

1. A number of local authorities were unclear about the national support that would be retained by central Government.
2. The national scheme will comprise:
  - **Short Term Advances** will replace interim payments of benefit and Crisis Loans for alignment. These will be a payment on account of benefit. It removes confusion over whether a Crisis Loan or interim payment is more appropriate for someone awaiting their first benefit payment. This will streamline the system, so that it is simpler to administer and easier for customers to use, thereby reducing administration costs.
  - **Budgeting Advances** will replace Budgeting Loans and will be an advance within Universal Credit only. It will provide a lending facility for those who are least likely to be able to access mainstream credit. Budgeting Loans will remain for the existing claimants on an income related benefit until the transfer to Universal Credit is complete.
3. The new local provision:
  - **Local provision** will replace Community Care Grants and Crisis Loans for general living expenses. It will be administered by local authorities in England and devolved to the Scottish and Welsh Governments. The intention is that Crisis Loans and Community Care Grants will cease in April 2013. There will be no new duty imposed upon local authorities or the devolved administrations to provide any new assistance.

## Annex C – Explanation of the categories used when awarding Crisis Loans for living expenses

1. During discussions there was uncertainty about the classifications used when awarding crisis loans. By law, an award of a crisis loan must be to help meet expenses that have arisen as a consequence of an emergency or a disaster and must also be the only way of preventing serious damage or serious risk to the health or safety of a person or their family. The attached table shows the reason for an application, what expenses can currently be met, which elements will be retained as part of the national scheme and which will form part of the new local service. Further details on crisis loans for living expenses including an explanation of who might be eligible for one can also be found on the Department’s website at: <http://www.dwp.gov.uk/publications/specialist-guides/technical-guidance/sb16-a-guide-to-the-social/crisis-loans/#whocancl>

Current reason for a CL application	Current expenses that may be met	How will this be met in the future
<p><b>Leaving Care</b></p> <ul style="list-style-type: none"> <li>• 16-18 year olds</li> <li>• disabled</li> <li>• prisoners and young offenders</li> <li>• elderly leaving respite care</li> </ul>	<p><b>Living expenses</b> (food and heating only)</p>	<p>Local authority provision</p>
<p><b>Leaving Care – Rent in Advance*</b></p> <p>For example young people or prisoners etc leaving care.</p> <p>Only applies if they qualify for a Community Care Grant on leaving care</p> <p>* The risk to health and safety criteria does not apply in these circumstances</p>	<p><b>Living expenses</b> (food and heating only)</p>	<p>Met by Discretionary Housing Payments from the local authority or Budgeting Loans/ Budgeting Advance from DWP</p>

Current reason for a CL application	Current expenses that may be met	How will this be met in the future
<p><b>Rent in Advance (ordinary)</b> Moving from one home to another, but the serious risk to the claimant's (families) health or safety is a criteria</p>	<p><b>Living expense - rent</b></p>	<p>Met by Discretionary Housing Payments from the local authority or Budgeting Loans/ Budgeting Advance from DWP</p>
<p><b>Lost or Stolen money/giro</b></p>	<p><b>Living expenses</b> (food and heating only)</p>	<p>Local authority provision</p>
<p><b>Alignment (period before 1<sup>st</sup> payday).</b> This is where a claimant cannot manage until their first benefit pay day or first wage when going back into work.</p>	<p><b>Living expenses</b> (food and heating only)</p>	<p>Short Term Advances from DWP</p>
<p><b>Capital not realisable</b> This is when a crisis arises because the claimant cannot immediately access assets e.g. premium bonds, house sale, insurance etc.</p>	<p><b>Living expenses</b> (food and heating only)</p>	<p>Local authority provision</p>
<p><b>Reconnection of fuel supply</b> The customer is in crisis and fuel has been cut off.</p>	<p><b>Help with a reconnection charge</b> (help may also be given when the claimant is in the red on their fuel meter but only to the extent that they are brought back to zero on the prepayment meter).</p>	<p>Local authority provision</p>

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Current reason for a CL application	Current expenses that may be met	How will this be met in the future
<b>Benefit Spent – living expenses required</b>	<b>Living expenses</b> (food and heating only)	Local authority provision
<b>Benefit disallowance</b> Either the claimant is in a vulnerable category e.g. lone parent, disabled etc <i>(However as hardship payments equal the 60% maximum amount they are unlikely to receive a crisis loan)</i>	<b>Living expenses</b> (food and heating only)	DWP Hardship Payments
<b>Benefit sanction</b> But only in the circumstances outlined under disallowance	<b>Living expenses</b> (food and heating only)	DWP Hardship Payments
<b>Disaster</b>	<b>Living expenses</b> (food and heating only) or <b>essential household items</b>	Local authority provision

## Annex D – Case Studies

1. Local authorities asked to see case studies from the current scheme. The following examples all resulted in awards..

### Crisis Loans

#### **Case Study 1**

Mr G is a 43 year old married Jobseeker, and he has an 18 month old son. He applied for a crisis loan of £50 to help him buy food and pay for fuel for 4 days. He had received his usual fortnightly Jobseeker's Allowance but 4 days before his next payment of benefit was due his son had become unwell suddenly and had to go into hospital. Mr G lives in a semi-rural area with no car and as there was no public transport, and the hospital was unwilling to provide hospital transport, Mr G had to pay for a taxi to and from the hospital. This spent the final £50 of his benefit, which the family would normally expect to have lasted them for food until the next benefit payday.

#### **Case Study 2**

Miss H is the lone parent of one son aged 18 months. She receives Income Support each Monday.

Miss H applied for a crisis loan of £90. She had lost her purse while out doing her main weekly shop. The purse had been on top of the hood of her baby's pushchair. She bought a couple of small things from a freezer shop, and she had her purse at that stage; she discovered it was missing when she arrived at the large supermarket when she went to look for a £1 coin to get a trolley. She had walked from her home to both shops and retraced her steps, as well as asking the staff in the freezer shop if a purse had been found, without success. Miss H said she also gets child benefit and child tax credits, but these are paid 4-weekly, with her next payment not being due for 10 days. All of this meant she needed money for food and for her electricity meter from Tuesday to Sunday inclusive, after which her next Income Support would be due.

## Community Care Grants.

### **Case Study 3**

Ms T made an application for a Community Care Grant to purchase a cooker, curtains, washing machine and fridge freezer. Her application was made as a consequence of her involvement in a court action which resulted in violence and threats. The police provided her with a panic alarm for her old home. However, the customer still wished to move to new accommodation as her health was suffering because of the stress. Ms T's support worker confirmed the details were accurate.

### **Case Study 4**

Mr G made a Community Care Grant application for a single bed. The bed was intended for the customer's son who suffers from Attention and Hyper Mobility condition. The symptoms of this condition include poor danger-awareness, falling and sleep problems. The son's health condition resulted in him jumping on the bed with such frequency that the base of his bed had broken and he was now sleeping on the bed mattress which was affecting his health conditions.

### **Case Study 5**

Mrs B applied for a Community Care Grant for a dishwasher including delivery and fitting costs, and for an orthopaedic bed. Mrs B was 76, and received Attendance Allowance, along with her Pension Credit. She had rheumatoid arthritis and took medication to help combat long-standing clinical depression.

Mrs B's bed frame and mattress was old and no longer gave proper support. She lived in a housing association flat. Mrs B's needs had recently been assessed by social services.

The Occupational Therapist (OT) sent a letter of support. Mrs B's arthritis had got much worse, to the point she could only stand for a few minutes. It was especially bad in her hands, legs, and neck, and she was not sleeping properly. The OT also expressed concerns about Mrs B's worsening state of mind. Mrs B found washing-up difficult, and she had cut herself after dropping crockery. The carers were reluctant to help with this task. If Mrs B had a dishwasher her kitchen would need minor alterations. The OT had agreement for this from the Housing Association and was in the process of making arrangements.

### **Case Study 6**

Ms L applied for a Community Care Grant for a mattress and quilt. She received Income Support and Disability Living Allowance, and suffered from depression. She also wet the bed due to stress incontinence and had asthma. Ms L had coughing fits every night, suffered with arthritis and has a long-standing history of psychosis and manic depression. She was bed wetting at least once a night. All of this and in particular the lack of sleep was affecting her mental health.



## Annex E – Main reasons for refusing a Community Care Grant

1. The main reasons for refusing a Community Care Grant are as follows:
  - The applicant is not eligible (i.e. not in receipt of one of the income related qualifying benefits).
  - Secretary of State's Direction 4, which legally specifies circumstances in which a Grant can be paid, has not been met.
  - The application has insufficient priority for an award.
  - There is insufficient budget.
  - Applicant has sufficient savings to meet the need or has applied for the same need in the past 12 months.
  - The item or service requested is excluded (see below).
  
2. Exclusions - a Community Care Grant cannot be awarded for the following:
  - a need which occurs outside the United Kingdom
  - an educational or training need including clothing and tools
  - distinctive school uniform or sports clothes for use at school or equipment to be used at school
  - travelling expenses to or from school
  - school meals taken during school holidays by children who are entitled to free school meals
  - expenses in connection with court (legal proceedings) such as legal fees, court fees, fines, costs, damages, subsistence or travelling expenses
  - removal or storage charges where an applicant is being re-housed following a compulsory purchase order, a redevelopment or closing order, a compulsory exchange of tenancies, or under homelessness legislation
  - domestic assistance and respite care
  - any repair to council property and, in Scotland, any repair to property of certain housing trusts
  - a medical, surgical, optical, aural or dental item or service
  - work related expenses
  - debts to government departments
  - investments
  - costs of purchasing, renting or installing a telephone and of any call charges
  - any expense which the local authority has a statutory duty to meet
  - costs of fuel consumption and any associated standing charges
  - housing costs, other than minor repairs and improvements and charges for accommodation associated with certain visits allowed for under the community care grant scheme e.g. to attend a relative's funeral
  - council tax, council water charges, arrears of community charge, collective community charge contributions or community water charges.

## Consequences of Refusal

3. Some authorities asked about the consequences of being refused a grant or loan. Research commissioned by the Department indicated that people employed a range of strategies to deal with the refusal of an award. Asking family or friends for help and saving up and buying second hand goods were the ones most commonly reported.  
<http://www.bristol.ac.uk/geography/research/pfrc/themes/sse/pfrc0404.pdf>
3. Community care grant applicants who are refused a grant may also already have savings which they can use.

## Main reasons for refusing a Crisis Loan

4. Crisis Loans are now mainly awarded for living expenses, rent in advance, charges for board and lodge and hostels, travel expenses when stranded from home, and cost of repaying emergency credit on a pre-payment meter. Other needs (for example, household items, bedding, clothing) may only be considered where the need is as a consequence of a disaster.
5. A Crisis Loan can only be awarded if there are no other means available to the applicant, and an award will prevent serious damage or serious risk to health of the applicant or their family. Those applying for living expenses because they are waiting for their first payment of an income related benefit normally meet these conditions. In 2010/11, 75% of initial refusal decisions were because a Crisis Loan was **not** the only means by which serious damage or serious risk might be prevented.
6. Other reasons for refusal are:
  - inability to repay
  - application is to compensate for a benefit sanction
  - recent application for same need (for example, already had living expenses loan for the same period)
  - application is for an excluded item or service.

## Consequences of refusal

7. Follow up action is not taken to establish how people manage when they are refused a Crisis Loan, as the Department has either determined that the claimant is not in crisis, or does not satisfy the rules. When a Crisis Loan is refused claimants may take the following action:
  - obtain food parcels from charitable organisations such as the Trussell Trust
  - borrow money from relatives or friends
  - sell non essential possessions
  - manage on the limited funds and/or food stores already held until next income payday
  - borrow from other lenders.

## Annex F – The out of hours service

1. The Department currently provides an *out of hours service*. This is available to anyone (via referral agencies like Social Services or the Police) in emergency situations when the Department's offices are closed. Applicants will only be dealt with by the service if there would be a serious risk to their health or welfare, or that of a member of their family, if they had to wait until the next working day to contact the Department. Average payments are small, £33.10 in 2010/11, as they are only intended only to see people through until the next working day.
2. Out of hours payments are Crisis Loans for living expenses and as such will transfer to local authorities as part of the reforms. In 2010/11 11,374 referrals were made in Great Britain which led to 4667 payments at a total cost of £154,484.

## Annex G – Local data and likely demand from April 2013

A new Social Fund webpage located on the Departmental website will contain local individual level data on numbers of applications, awards and amounts. In addition updated data will be published for each quarter until the new service is rolled out in April 2013.

1. The future data releases will take account of the changes to the allocation methodology announced by the Minister for Pensions in March 2011. Budgets are being altered gradually between October 2011 and March 2013.
2. All social fund budget areas will be funded to meet a similar level of legitimate demand by the final quarter of 2012-13. The legitimate demand model takes account of both the monetary amount applied for by those who receive an award or are refused on budgetary grounds and the volume of such applications. Using this definition means that all applicants who meet the dual qualifying criteria of eligibility to a defined means tested benefit and meeting the specific conditions set out in the Secretary of State's Direction 4 are taken into account when setting the allocation. Using the average of both value and number of applications takes account of the evidence that some people apply for more money than they actually require to meet their need and that there is some variation in the costs of goods and services around the country.
3. The data will also take account of the changes to crisis loans that were implemented from 4 April 2011. These were introduced to manage down crisis loan demand to affordable levels, ensuring that Budgeting Loans would continue to be available throughout the year. The changes were:
  - Crisis Loans for items such as cookers and beds are now only available following a disaster such as flooding;
  - the rate paid for living expenses has reduced from 75 per cent to 60 per cent of the personal allowance benefit rate; and
  - a cap of three Crisis Loan awards for general living expenses in a rolling 12 month period has been implemented.
4. The effect of these policy changes is being monitored and will be reported at the end of the current financial year. Local authorities have expressed surprise about the numbers of single young males receiving crisis loans for living expenses. What we know about this group is:
  - 48% of single males under the age of 25 who apply for a crisis loan are not in receipt of council tax or housing benefit and of those awarded a crisis loan 47% are not on either benefit.
  - Single Males under 25 are generally less successful in their Crisis Loan for living expenses applications than either couples or single females (single males 68.4%, Couple 76.4%, single females 76.9%). Those who are also in receipt of Council Tax Benefit and/or Housing Benefit are 71.0% successful

## Local authority fieldwork summary report

in their application, whereas those not on Council Tax Benefit or Housing Benefit are only 66.4% successful.

5. It cannot be assumed that non-receipt of Housing Benefit or Council Tax Benefit means that the individual is living at home with a parent or guardian. They may for example be staying with friends. However, the main reasons for not being awarded Housing Benefit are:
  - having savings of over £16,000, unless the 'guarantee credit' of Pension Credit is awarded
  - living in the home of a close relative
  - being a full-time student (unless you're disabled or have children) or
  - being an asylum seeker or sponsored to be in the UK.

## Annex H – Notification of the funding allocations and reporting arrangements

1. The Government response to the Call for Evidence indicated that the purpose of the funding will be set out in a settlement letter from the Secretary of State for Work and Pensions to local authorities to provide clarity of purpose. This may be supplemented with a requirement to report on how the funding has been used. This is something that we are considering further and will share with local authorities and others as the work develops.

### **New burdens**

2. An assessment of the new burdens that this change will transfer to local authorities is currently being completed. Information provided by local authorities during this consultation is being used to inform this process. Details are likely to be made available in spring 2012.

# Annex I – Example of the data provided to local authorities in advance of the meetings

## Sheffield

Community Care Grant (CCG) Finance 2009-10

Crisis Loans for Living Expenses (CLLE) Finance for 2005-06

All data have been rounded to the nearest 10

Number of Community Care Grant Applications Received	<b>7,050</b>
Total Expenditure on Community Care Grants	<b>£1,576,800</b>
Number of Community Care Grant Awards	<b>3,710</b>

Number of Crisis Loans for Living Expenses Applications Received	<b>12,180</b>
Total Expenditure on Crisis Loans for Living Expenses	<b>£464,400</b>
Number of Crisis Loans for Living Expenses Awards	<b>8,800</b>

### Characteristics of CCG Recipients 2009-10

<b>Lone Parent Status</b>	
Lone Parent	<b>32%</b>
Not a Lone Parent	<b>51%</b>
Unknown	<b>17%</b>

### Characteristics of CLLE Recipients 2009-10

<b>Lone Parent Status</b>	
Lone Parent	<b>20%</b>
Not a Lone Parent	<b>73%</b>
Unknown	<b>7%</b>

<b>Age of youngest child</b>	
0-5	<b>5%</b>
6-8	<b>5%</b>
9-12	<b>4%</b>
13-16	<b>59%</b>
No children 16 or under	<b>28%</b>

<b>Age of youngest child</b>	
0-5	<b>19%</b>
6-8	<b>2%</b>
9-12	<b>2%</b>
13-16	<b>2%</b>
No children 16 or under	<b>74%</b>

<b>Age of recipient</b>	
Under 18	<b>1%</b>
18 to 24	<b>21%</b>
25 to 34	<b>25%</b>
35 to 44	<b>23%</b>
45 to 54	<b>14%</b>
55 to 64	<b>8%</b>
65 to 69	<b>3%</b>
70 to 79	<b>3%</b>
80 to 89	<b>2%</b>
90 and over	<b>0%</b>
Unknown	<b>0%</b>

<b>Age of recipient</b>	
Under 18	<b>2%</b>
18 to 24	<b>35%</b>
25 to 34	<b>31%</b>
35 to 44	<b>20%</b>
45 to 54	<b>8%</b>
55 to 64	<b>2%</b>
65 to 69	<b>0%</b>
70 to 79	<b>0%</b>
80 to 89	<b>0%</b>
90 and over	<b>0%</b>
Unknown	<b>0%</b>

<b>Household type</b>	
Couple	<b>18%</b>
Single Male	<b>32%</b>
Single Female	<b>50%</b>

<b>Household type</b>	
Couple	<b>10%</b>
Single Male	<b>56%</b>
Single Female	<b>34%</b>

<b>Recipient has a disability</b>	
No	<b>52%</b>
Yes	<b>36%</b>
Not considered	<b>0%</b>
Unknown	<b>11%</b>

<b>Recipient has a disability</b>	
No	<b>64%</b>
Yes	<b>34%</b>
Not considered	<b>0%</b>
Unknown	<b>2%</b>

## Annex J – Most common items awarded as part of a Community Care Grant

