

## DUNDEE CITY COUNCIL

**REPORT TO: POLICY & RESOURCES COMMITTEE**  
**REPORT ON: SCOTTISH WELFARE FUND**  
**REPORT BY: DIRECTOR OF CORPORATE RESOURCES**  
**REPORT NO: 491 - 2012**

### 1.0 PURPOSE OF REPORT

The purpose of this report is to advise Committee of the proposed arrangements to enable Dundee City Council to deliver the Scottish Welfare Fund, due to be devolved to local authorities in April 2013. This is a temporary scheme for two years prior to a permanent scheme being introduced by the Scottish Government. The report gives background to the arrangements and details of recent national and local developments.

### 2.0 RECOMMENDATIONS

It is recommended that Policy and Resources Committee:

- 2.1 Note the proposed national and local arrangements for local authorities to deliver the Scottish Welfare Fund on behalf of the Scottish Government as part of Welfare Reform.
- 2.2 Instructs the Director of Corporate Services to develop the infrastructure required to support delivery of the Scottish Welfare Fund as part of a temporary scheme for a period of two years within the level of administration grant provided.

### 3.0 FINANCIAL IMPLICATIONS

- 3.1 Devolvement of the Social Fund Successor Arrangements to the Scottish Government comes with a ring-fenced budget of £23.8 million per annum with the Scottish Government contributing additional programme funding of £9.2m per annum to be distributed between all 32 Scottish Local Authorities between April 2013 and March 2015. Alongside this will be a ring fenced administration budget of £5 million in 2013/14 reducing to £4.6 million in 2014/15. In addition, the DWP has recently agreed to transfer £2m to the Scottish Government for set up costs which will be distributed to local authorities.
- 3.2 Funding for the national Scottish Welfare Fund will be allocated to individual local authorities according to an agreed funding formula proposed by the Joint Settlement & Distribution Group. The proposal is to base redistribution of the fund for the interim scheme on historic DWP spend patterns within each local authority area, with the 2011/12 figures recommended as the most appropriate allocation methodology. Work will continue nationally to develop a distribution methodology for the permanent successor arrangements from 2015. It is proposed that administration costs are allocated to local authorities based on 2011/12 applications. The distribution of set up funding has yet to be agreed.
- 3.3 The indicative allocations for Dundee City Council based on the 2011/12 DWP figures are as follows:

Community Care Grants	£986,000
Crisis Grants	£351,000
Administration Budget 2013/14	£180,000
Administration Budget 2014/15	£165,000

3.4 The fund will be cash limited and it is likely that demand for these grants will exceed the money available therefore it is essential that effective financial management processes are in place. In order to ensure consistency of service approach across Scotland, the financial management approach to managing the funds needs to be based on similar principles. In addition to a national application form, local authorities are asked to establish at least 2 budget headings, Community Care Grant Provision and Crisis Grant Provision. Authorities are free to vire between these headings without restriction however over time the aim of the national scheme will be to see a reduction in crisis expenditure with an increase in the proportion of expenditure as necessary on preventative spend in terms of Community Care Grants. Local authorities will have to determine how the annual fund allocation will be phased to reduce the risk of high priority funding applications being rejected each month due to no funding being available.

## **4.0 MAIN TEXT**

### **4.1 Background**

4.1.1 The current Social Fund system administered by the Department of Work and Pensions (DWP) is made up of two separate schemes. The first is the Regulated Social Fund, encompassing sure start maternity grants, funeral payments and cold weather payments. This scheme is remaining within the control of the DWP after 1st April 2013. The second is the Discretionary Social Fund, encompassing community care grants, budgeting loans and crisis loans. Within the discretionary scheme community care grants and crisis loans provision for goods and services are to be devolved to Scottish Local Authorities through the Scottish Government from April 2013. Budgeting Loans and crisis loan provision for alignment payments are remaining within the control of the DWP after 1st April 2013, (n.b alignment payments are required when individuals require money for living expenses at the start of a benefit claim to bridge the gap until a first benefit payment is made).

4.1.2 Within the current discretionary social fund, Community Care Grants and Crisis Loans provide one off payments to cover the costs of items for which it is difficult for individuals to pay for or which have been lost or destroyed as a result of an emergency or disaster. Applicants are eligible if they satisfy the qualifying criteria, but payments are discretionary and budget limited. If an applicant disagrees with a discretionary social fund decision, they can currently seek a review of that decision and then a further review to the Independent Review Service. Decisions are made on the basis of Social Fund Directions and national and local guidance.

4.1.3 The scheme to be created by the Scottish Government from the 1st April 2013 is to be named the Scottish Welfare Fund. The intention is that local arrangements will be put in place by local authorities to start administering the Scottish Welfare Fund on 1st April 2013. In the longer term the Scottish Government propose to introduce a social fund bill in the 2013/14 Scottish parliamentary session to come into force in 2015. This will form the basis of the permanent Social Fund replacement scheme from 1st April 2015. The Scottish Government's aim is that the permanent scheme be informed by best practice arrangements within the temporary scheme.

4.1.4 In October 2012 the Scottish Government and COSLA formalised a partnership agreement to work collaboratively to meet the challenges of implementing these new arrangements. A Design and Implementation Group (DIG) has been established to oversee the arrangements. In addition, COSLA has established a National Practitioners Network which supports local authorities through information sharing, guidance and provides local authorities the opportunity to influence the national developments associated with the scheme.

### **4.2 The Scottish Welfare Fund**

4.2.1 The Scottish Welfare Fund will be wholly grant based with no loans provided through the new scheme. In order to achieve better and more sustainable outcomes, the Scottish Government and COSLA are recommending that authorities should consider taking a holistic approach to the Scottish Welfare Fund and consider linking processing of grant awards alongside other sources of assistance and services for clients.

There is a clear emphasis on wider forms of assistance such as white goods procurement, access to budgeting, money advice, energy advice, housing options, income maximisation, community care assessments, provision of OT equipment, employability services and food parcel provision.

4.2.2 The fund is intended to:

- Provide a safety net in an emergency when there is an immediate threat to health and safety (Crisis Grants)
- Enable independent living or continued independent living, preventing the need for institutional care (Community Care Grants)

4.2.3 A grant can be awarded in case of crisis to meet expenses that have arisen as a result of an emergency or disaster in order to avoid serious damage or serious risk to the health and safety of the applicant or their family (eg money being lost or stolen and living expenses are required to be met, breakdown of relationships within the family, perhaps involving domestic violence, flood or fire causing substantial damage.)

In support of independent living a grant can be awarded to:

- Help people establish themselves in the community following a period of care where circumstances indicate that there is an identifiable risk of the person not being able to live independently without this help
- Help people remain in the community rather than going into care where circumstances indicate that there is an identifiable risk of the person not being able to live independently without this help
- Help people set up home in the community, as part of a planned resettlement programme, following an unsettled way of life
- Help families facing exceptional pressures and who lack the resources to meet irregular costs to provide a safe and secure environment for their children
- Help people to care for a prisoner or young offender on release on temporary licence.

4.2.4 It is anticipated that the likely users of the scheme (not an exhaustive list) will be:

- disabled people
- lone parents
- unemployed people
- older people
- care leavers
- homeless people
- ex-offenders
- carers

4.2.5 Local authorities have discretion on where in their organisation applications are processed and how they link in with existing supports. They will also have discretion on the type of assistance offered (e.g. cash, assistance in kind, provision of white goods, re-used goods/furniture). Application to the fund can be either referral from an agency or self-referral with eligibility criteria primarily based on current Social Fund criteria with some changes following feedback from stakeholders and DWP experience of managing the scheme. One of the key changes is that crisis grants will be linked to qualifying benefits (with an option for local discretion) while current crisis loans are not.

4.2.6 To encourage consistency across Scotland, there will be a standard national application form and applications may be made face to face, on the phone, via on-line applications or by downloading and posting the form. This will however be subject to the local authority's ability to provide these options.

4.2.7 National guidance in relation to the operation of the fund continues to be developed by the DIG and will also include the process for reviewing unsuccessful applications where the applicant does not agree the outcome.

4.2.8 Scottish Government has also proposed monitoring arrangements for the Scottish Welfare Fund from April 2013. These arrangements will provide statistical information about how the

new fund is working, how effective the scheme is against the previous DWP scheme and will serve to inform the development of the permanent scheme from 2015.

As well as providing statistical data the monitoring arrangements will require some form of qualitative measures to be in place to assess how well the scheme is performing from the customer's and administrators' perspectives. Local authorities will be asked to collate their own data and forward this to the Scottish Government on a quarterly basis.

### 4.3 Estimated Demand

- 4.3.1 In relation to the number of applications expected DWP have provided a local authority analysis of volumes of applications and amounts of expenditure on Community Care Grants and Crisis Loans. Figures from 2011/12 for the Dundee City Council suggest the following volume figures:

2011/2012	Crisis Loan Living Expenses	Community Care Grants
<b>Summary</b>		
<b>Number of Applications received</b>	6,100	2,840
<b>Total expenditure</b>	£240,500	£859,000
<b>Number of Awards</b>	4,700	1,390
<b>Success rates</b>	77%	49%

The above figures illustrate the level of demand for Social Fund Assistance in Dundee. This demand is likely to increase as welfare reform changes impact on low income families and individuals and the change from a crisis loan, requiring to be repaid, to a grant.

### 4.4 Service Delivery within Dundee City Council

- 4.4.1 Dundee City Council's Welfare Reform Group has identified and considered a number of service delivery options, including the responsibility for implementation and administration of the Scottish Welfare Fund being with the Revenues and Benefits Service or responsibility for the fund sitting with the Welfare Rights Service. However it is deemed by the Welfare Reform Group that the most effective method of service delivery is to adopt a shared responsibility approach between the Revenues and Benefits Service and Welfare Rights as this model will draw upon the current skills, strengths and knowledge of both these services and is best placed to deliver a more holistic approach as encouraged by the Scottish Government.
- 4.4.2 The model will see the Crisis Loan element of the Scottish Welfare Fund administered by the Revenues and Benefits Service with the Community Care Grants element administered by the Welfare Rights Service.
- 4.4.3 This approach will allow the relevant knowledge and skills to be specifically targeted towards the appropriate group of applicants. A joint approach will also allow for the sharing of knowledge and information in order to better determine entitlement to these grants, leading to consistent decision making. This approach will also ensure that the right referrals are made at the right time.
- 4.4.4 Revenues experience and expertise could be best utilised in dealing with applications for Crisis Grants. The administration of these grants is similar to part of Revenues current responsibilities in respect of the administration of Housing Benefit /Council Tax Benefit and Discretionary Housing Payments.
- 4.4.5 Welfare Rights experience and expertise could be best utilised in dealing with applications for Community Care Grants. Many of the applicants for Community Care Grants may already have had contact with Social Work or be known to Welfare Rights. Additionally Welfare Rights have excellent knowledge of available schemes, charities and other forms of assistance potentially allowing Scottish Welfare Fund budgets to go further and reach larger numbers of clients in hardship. Social Work are also better placed to make decisions on vulnerability and

have direct access to both the Social Work K2 (client record system) and Event Recording databases to check previous Social Work involvement.

A key tenet of this service would be to promote early intervention and consider all forms of assistance available to clients, whether other funding or alternative solutions such as money advice, income maximisation or food parcel or white goods provision.

- 4.4.6 As Revenues have an experienced customer services team, this service would be the contact point for applications for both grants to be made. The primary application route will be by telephone although the development of on-line applications will be explored. Local Authorities are expected to consider provision for face to face applications however these would be kept to a minimum. Revenues will also access the DWP customer information system (CIS) to verify entitlement to a qualifying benefit prior to the application being forwarded to the appropriate function to consider. Any further information required, or enquiries made in respect of applications made, would be dealt with by either Revenues in respect of Crisis Grants and Welfare Rights in respect of Community Care Grants.
- 4.4.7 This process is more likely to deliver the best outcomes for service users through a more efficient process while applying a whole system approach to tackling their needs. This is consistent with the Scottish Government's aims on public sector reform in creating a client focussed and integrated delivery landscape while supporting the Government's desire to tackle poverty and inequality through building the capacity of individuals, families and communities to manage better in the longer term. In addition, such an approach would support Dundee City Council's Fairness Strategy.

#### **4.5 Resource Implications**

- 4.5.1 The administration grant provided to Dundee City Council to deliver the Scottish Welfare Fund will be fully required to support the staffing establishment, purchase of IT software and other costs such as postages, telephony costs etc. The staffing structure will require the creation of additional temporary posts within the Revenues and Benefits service and Welfare Rights to form a team to deliver the distinct fund elements. The team will be co-located, with an emphasis on working closely together to ensure a smooth and efficient customer journey, the sharing of information, and a shared objective to find longer term solutions for the individuals and families.
- 4.5.2 Local authorities are required to purchase an IT system to administer the fund locally from within their administration grant. COSLA has provided IT providers with details of the management and performance information they require to monitor the fund, however there is no one preferred national provider. A number of the IT providers also currently provide IT systems to Revenues and Benefits services across the country and are therefore known to the service. Officers are currently assessing the options available and will work with the Corporate Procurement team to procure the appropriate IT support system. It is estimated at this stage that the cost of such a system would be around £12,000 - £15,000 per annum which will be funded from the Administration Grant.

#### **4.6 Other Considerations**

- 4.6.1 There are a number of other issues which need to be considered in developing the service delivery model and these are currently being progressed by the Welfare Reform Group. This includes the assessment of the options around the provision of the award (e.g. cash, vouchers, new or second hand white goods etc) and the creation of the infrastructure required to support this. Work is being led nationally by Scotland Excel in developing a national framework for the provision of white goods, with the Scottish Welfare Fund being a significant element of this. Officers from Dundee City Council are contributing to this.
- 4.6.2 In addition work is also ongoing nationally (including the DWP) regarding the development of a communication strategy regarding the changes to the fund and this will require a local perspective to make clear to potential applicants how and where they should apply.

## **5.0 POLICY IMPLICATIONS**

5.1 This report has been screened for any policy implications in relation to sustainability, strategic environment assessment, anti-poverty, equality impact assessment and risk management. There are no major issues.

5.2 A full Equality Impact Assessment on the Scottish Welfare Fund has been carried out by the Scottish Government and can be found as follows:

<http://www.scotland.gov.uk/Topics/People/welfarereform/socialfund/FullEQIA>

## **6.0 CONSULTATIONS**

The Chief Executive, Director of Corporate Services, Head of Democratic and Legal Services, Director of Social Work and Director of Housing have been consulted.

## **7.0 BACKGROUND PAPERS**

No background papers have been referred to.

Marjory Stewart  
**Director of Corporate Services**

DATE: 21<sup>st</sup> December  
2012