

# ***Nowhere to turn?***

## ***Changes to emergency support***

***By Sam Royston and Laura Rodrigues***

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## Executive summary

Since April 2013, new local welfare assistance schemes have been introduced by local authorities to provide emergency and community support to those in need. These are replacing key elements of the discretionary Social Fund (Crisis Loans for living expenses and Community Care Grants) that were abolished in the Welfare Reform Act 2012.

This localisation of the discretionary Social Fund will have a significant impact on families and individuals needing support in a crisis and assistance to settle or re-integrate into their community.

This report is based on Freedom of Information requests to all English local authorities, combined with analysis of online information about the schemes that has been made publically available. The report outlines the main elements of the local welfare assistance schemes and highlights key ongoing areas of concern.

### Key findings:

- There have been significant funding cuts, with the total funding for local welfare assistance schemes reduced by £150 million (in real terms) compared with equivalent expenditure on the discretionary Social Fund in 2010. This comes at a time when demand is likely to be increased.
- The localisation is likely to have major consequences for access to interest free credit in emergencies – nearly two thirds (62%) of schemes were identified as no longer providing loans.
- In 2011/12 nearly £150 million was recovered in Crisis Loan repayments and reinvested in further provision. We are concerned that moving from loans to hand-outs could mean that less assistance is available for families in need.
- Broadly, the cash assistance of the previous provision has been replaced by 'in kind' support – such as food, clothes and second hand furniture - with four fifths (81%) of local schemes providing support directly through goods or services, other than in exceptional circumstances.
- We are concerned that some of the qualifying criteria for accessing local support will create barriers to access for those who need support. In particular, some local welfare assistance schemes:
  - Prevent low income working families from making a claim, even when they are living in poverty
  - Restrict eligibility for those able to access other sources of consumer credit
  - Restrict access for those deemed able to rely on borrowing and support from friends or family
  - Have lengthy residency periods (up to a year) before someone can make a claim.

As the new local welfare assistance provision has only just been implemented, it remains to be seen whether these new schemes will provide a sufficient safety net for those facing crisis situations or in need of community support.

The key recommendations from this report would ensure that local schemes are sufficiently resourced and designed to support those families and individuals who need it most.

**Key recommendations:**

- The government should make no further reductions to funding for local welfare assistance schemes. It should ring-fence the funding which is currently available to ensure that it is used for the purposes intended.
- Local authorities should prioritise making loans rather than providing grants where appropriate, in order to ensure the local fund is made more sustainable by using the money repaid to help other local families. This may also encourage financial independence.
- Central government should seek provide support for local authorities to implement loan schemes and collect repayments.
- Local authorities should review their local schemes to ensure that the right support is offered and that they use appropriate eligibility criteria so that vulnerable families – and particularly low income working families - are not excluded and pushed into the arms of loan sharks.

A detailed list of recommendations for creating a fair and effective local scheme is included at the end of this report.

## 1. Introduction

The discretionary Social Fund provided vital support to vulnerable families and individuals. This included assistance in crisis situations, support to ease exceptional pressure on families and help to enable re-integration into communities.

In the Welfare Reform Act 2012, the government abolished key elements of the discretionary Social Fund, Crisis Loans and Community Care Grants. Key parts of these schemes have then been replaced by funding transferred to local authorities (and the devolved administrations) on a non ring-fenced basis, with the intention that they establish their own local welfare assistance schemes.

Alongside this, there has been a significant cut in funding from what was provided for the discretionary Social Fund in recent years, to the non ring-fenced funding for these local schemes.

This report outlines major changes that have resulted from moving from national provision of Crisis Loans and Community Care Grants to individual local welfare assistance schemes in each local authority.

The main changes include the move from cash based assistance to 'in-kind' support; stricter eligibility criteria to qualify for the schemes (often including the loss of access to emergency support for working families) and that many areas will not be providing loans.

The change from the discretionary Social Fund to local welfare assistance is particularly significant at a time when many other welfare reforms, like Universal Credit, are being introduced. The transition onto a new benefit system will undoubtedly cause uncertainty and reforms like the benefit cap will reduce the support provided for some families.

At the same time, many families<sup>1</sup> are relying on short-term, high cost credit just to make ends meet suggesting that demand for emergency financial assistance is growing.

It is therefore essential, in the context of these reforms, that there continues to be adequate provision for emergency and community support for vulnerable families and individuals.

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<sup>1</sup> Which? Consumer Insight Tracker (2013) <http://press.which.co.uk/whichstatements/which-statement-ahead-of-payday-loan-summit/>

## 2. The current system

### What is the discretionary Social Fund?

The current Social Fund was established under the Social Security Act 1986 and was centrally administered by the Jobcentre Plus on behalf of the Department for Work and Pensions (DWP).

The fund is made up of two key parts. Firstly the 'regulated' Social Fund, which includes the Sure Start Maternity Grant and Cold Weather Payments, makes grants to households based on a fixed set of eligibility criteria. If a claimant meets the eligibility criteria then they will be entitled to an award – this is not at the discretion of a decision maker.

Secondly, the discretionary Social Fund makes payments to households which satisfy the eligibility criteria, but in addition, payments are at the discretion of a decision maker, and are budget limited (the government sets a '*national loans budget*' for Budgeting Loans and Crisis Loans each year). Unlike payments made through the regulated Social Fund, there is no legal right to a payment.

Prior to April 2013, the discretionary Social Fund was made up of three different components:

- Budgeting Loans
- Crisis Loans
- Community Care Grants

Applications to the discretionary Social Fund are normally made via the claimant's local jobcentre, and decisions about payments are made by a local decision maker.

### Different components of the discretionary Social Fund

#### Budgeting Loans

Budgeting Loans are interest free loans which help people with intermittent expenses which are difficult to budget for, after a period on an out of work income replacement benefit (such as Income Support, income based Jobseekers' Allowance [JSA], income related Employment and Support Allowance [ESA] or Pension Credit)<sup>2</sup>.

These loans may cover items including furniture and household equipment, clothing and footwear, rent in advance, removal expenses or travel costs.

#### Crisis Loans

Crisis Loans are interest free loans to help people with immediate short term needs in a crisis. Certain items are excluded (for example, telephone purchase and installation, call charges, televisions or TV licenses.)

For example, one recent DWP report gives the following example of a family awarded a Crisis Loan to help with emergency needs for their child:

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<sup>2</sup> Child Poverty Action Group (2012) "*Welfare Benefits and Tax Credits handbook 2012/13*"

*'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.'*<sup>3</sup>

In some cases so called 'alignment payments' were paid in cases where claimants are awaiting a first payment of benefit (or first payment of wages after having taken up work).

### Community Care Grants

Community Care Grants are non-repayable grants to help people to live independently in the community, or to ease exceptional pressures on families. Claimants are only entitled to support if they receive certain out of work income replacement benefits (income based JSA or ESA, and Pension Credit.)

A briefing note from Family Action describes the experiences of one family who claimed a Community Care Grant after fleeing domestic violence:

*'Lisa was awarded a Community Care Grant after being forced to leave her furniture and most of her possessions behind when she fled a violent partner with her three sons. She lived in a refuge and then temporary accommodation. When she moved into permanent accommodation, she had hardly any belongings and no money to furnish the partially-furnished house.*

*Lisa's fear of being isolated and lonely in her unfurnished, unpainted room was exacerbating her mental health problems, making her unable to unpack any of the items from her move. She slept in the bed of her middle son and her social worker emphasised how important it was to furnish her room, so she could sleep alone and move towards an independent and organised life.*

*Lisa was awarded a grant for a bed, bedding and drawers, which helped her feel more at home, gave her the emotional strength to start unpacking her boxes, and meant her and her middle son were able to sleep comfortably, alone.. She said 'I've been waiting for this flat for six-and-a-half years, and for once in my life I can call a place home for the first time. For once in my life, my kids and I have a home... I just want to get myself better.' Thanks to this help, Lisa was able to start rebuilding her shattered confidence.'*<sup>4</sup>

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<sup>3</sup> DWP (2011) "Local Authority Fieldwork Summary Report"

<sup>4</sup> Family Action (2012) "Social Fund reform in the Welfare Reform Bill: Abolition of Community Care Grants and Crisis Loans"

### 3. The proposed changes

The government has decided to make major changes to the discretionary Social Fund.

At present, Budgeting Loans will continue to be provided through the national loans budget. Under Universal Credit these will be replaced by 'budgeting advances' with some changes to eligibility criteria.

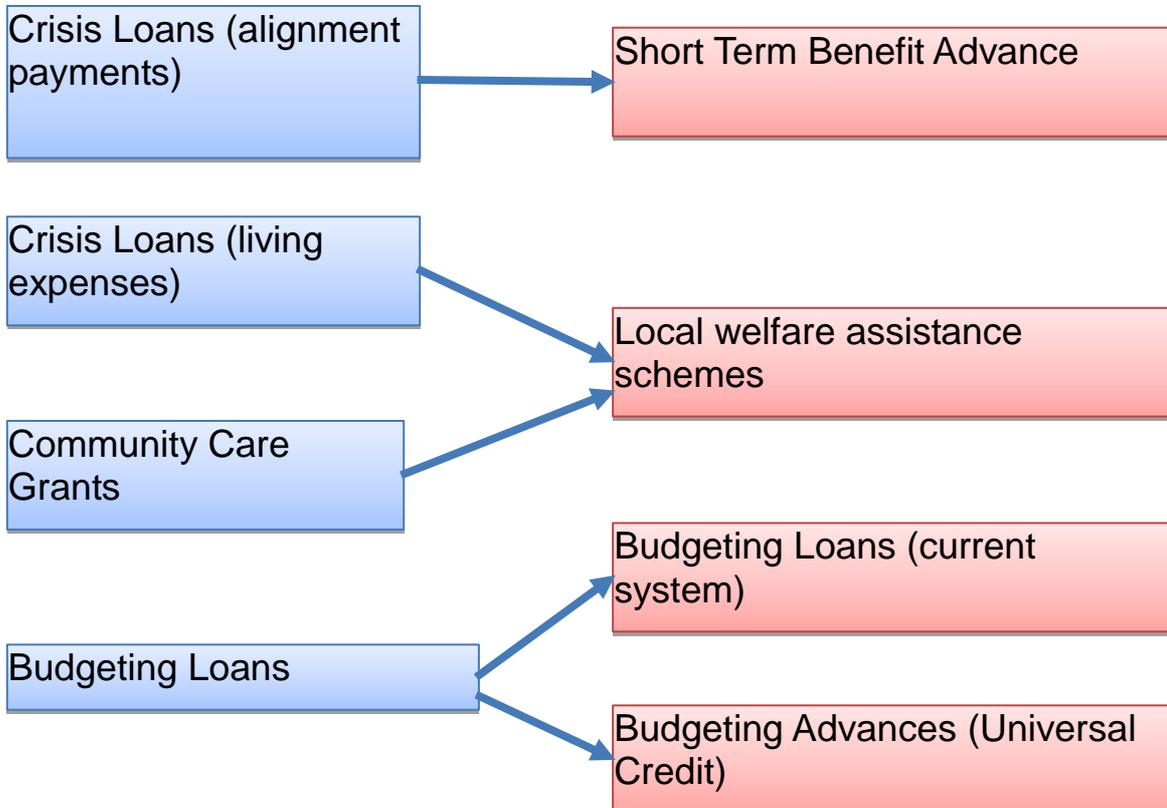
Crisis Loan 'alignment payments', made because of delays on the payment of benefits, have been replaced by 'short term benefit advances'.<sup>5</sup>

Crucially, from April 2013, funding for Community Care Grants and Crisis Loans for living expenses has been transferred to local authorities (and to the Scottish and Welsh governments) to establish local schemes of provision.

In England, these localised budgets are being transferred on a non ring-fenced basis, which means that local authorities are under no obligation to establish a scheme which replicates previous provision.

This report explores what has happened to the levels of support that have been provided, and the schemes that local authorities have put in place.

**Figure 1: Changes to the discretionary Social Fund**

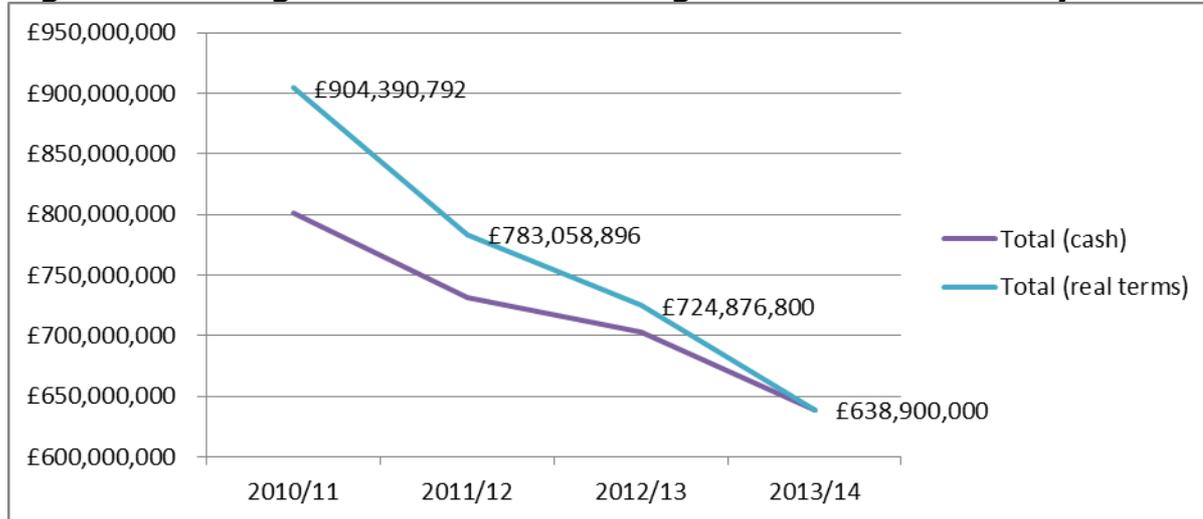


<sup>5</sup> A number of concerns have been raised about the provision of short term advances, but these are outside the scope of this report.

### Changes to levels of funding

Funding for the discretionary Social Fund has reduced dramatically since 2010. In 2013/14 prices, funding in 2010 was worth around £904 million, by 2013/14 equivalent support (including localised funding) will be worth around £639 million – a reduction of more than £250 million per year - approaching a third of overall expenditure.

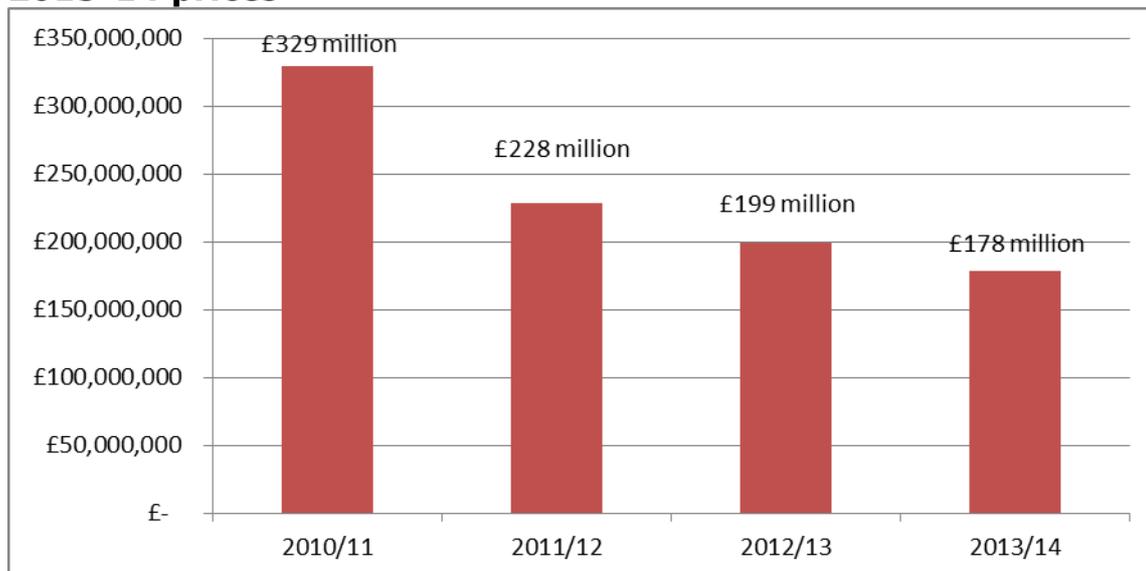
**Figure 2: Changes to levels of funding for the discretionary Social Fund**



### Spending on localised components of the discretionary Social Fund

£178 million has been allocated for 2013/14 across Britain for spending on the localised components of the discretionary Social Fund. In real terms this represents a cut of £151 million (46%) since 2010, on equivalent expenditure through Community Care Grants and the relevant components of the national loans budget.

**Figure 3: Community Care Grants and Crisis Loans (localised components), 2013-14 prices**



In addition to this programme funding, English local authorities, and the Scottish and Welsh governments, have been allocated around £38 million for the administration of their local schemes of assistance. The following table shows the breakdown of localised funding for England, Wales and Scotland.

**Table 1: Local welfare assistance funding 2013/14**

	Programme funding	Administrative funding
England	£144,198,240	£30,470,167
Scotland	£23,795,238	£5,028,112
Wales	£10,206,521	£2,156,714

## 4. The local picture in England

The Children's Society sent a Freedom of Information (FOI) request to all English local authorities, in order to establish what local welfare assistance schemes they have introduced to replace Crisis Loans and Community Care Grants.

Responses to these FOI requests have been combined with analysis of publically available information on local authority websites to give an overview of the local welfare assistance schemes in place across the country.

Where information was unavailable or was not found in the information analysed, results for these authorities are reported as unclear, unknown or not specified. It should also be noted that during the period of data collection, schemes were undergoing a period of rapid change and development. For these two reasons, the numerical data reported should not be considered an exact reflection of the schemes as they currently exist, but rather, as indicative of the overall picture of schemes in place across the country.

### **What support is being offered?**

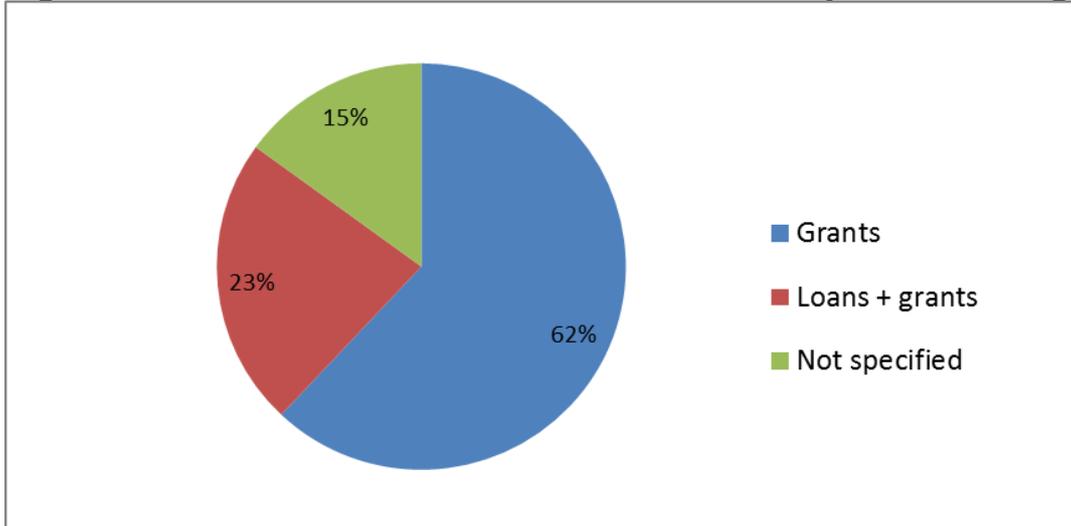
#### **Loans or grants**

Previously the discretionary Social Fund gave access to both grants and loans depending on the circumstances of the claim. As described above, Crisis Loans were interest free loans that were repaid directly to the DWP in instalments mainly through claimant's benefit payments or, in a minority of cases, directly from cash.

However, analysis suggests that nearly two thirds (62%) of local welfare assistance schemes will not provide loans, with a preference towards provision of non-repayable grant awards (whether cash or benefits in kind).

Less than a quarter (23%) of the new local schemes specified that they provide loans as well as grants. Some of the loans will be repaid directly to the relevant local authority. However, most of the loans will be made and collected independently of the council through local credit unions.

**Figure 4: Local welfare assistance schemes - provision of grants and loans**



The local authorities that have chosen not to provide loans may have done so due to the complexity of recovering them. However, there is a concern that without provision of loans, local authorities will not be able to reclaim any funds. In 2011/2012, £148.4 million was recovered from paid back Crisis Loans as part of the discretionary Social Fund<sup>6</sup>.

Even in areas where loans are being provided through local schemes, they are often being provided through credit unions that usually offer relatively *low* interest rather than interest *free* loans. Therefore in many areas there will no longer be access to interest free loans to support families and individuals in crisis.

Crisis Loans offered a crucial form of interest free credit for families in the most desperate circumstances. Loss of access to loans through local welfare assistance schemes undermines a culture of self-reliance and good money management.

As noted above, substantial amounts of money paid out in Crisis Loans were reclaimed in repayments. We are concerned that moving from loans to grants could mean that local schemes become less sustainable, meaning less assistance is available for families in need.

We are particularly concerned about the impact that this will have on families who are ineligible for Budgeting Loans – typically either as a result of being in work, or having not been out of work for long enough to qualify.

**Recommendation 1: Local authorities should make it a priority to seek ways to establish access to interest free or very low interest loans as part of their local welfare assistance scheme.**

<sup>6</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/138029/2012-annual-report-social-fund.pdf.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/138029/2012-annual-report-social-fund.pdf.pdf)

It may be difficult for local authorities to administer loan schemes without assistance. Crisis Loans could be, and in most cases were, reclaimed through direct deductions from benefit payments. Local authorities will struggle to find similarly effective methods for administering loan repayments.

**Recommendation 2: The government should administer a central scheme of interest free loan provision to support local authorities to make loans a part of their local welfare assistance scheme, and which enables local authorities to make direct deductions from benefits for loan repayments.**

Going forwards, The Children's Society will seek to work with national and local government to develop more detailed recommendations about how effective localised loans provision can be put in place within the new local welfare assistance framework.

### Cash assistance or in-kind support

The vast majority (81%) of the local authority schemes are replacing the cash assistance that was provided by the discretionary Social Fund with 'in-kind' support including goods and services. Although the exact nature of 'in kind' provision varied between local authorities, core provision included food, clothing and second hand furniture.

Around two thirds of local authorities have stated that no cash assistance whatsoever will be available, and a further 15% will be providing cash assistance only in exceptional cases. For example:

*'The scheme will not give out any cash but will give out vouchers for items such as:*

- *food*
- *basic toiletries*
- *basic clothing*
- *white goods*
- *second hand furniture.'*

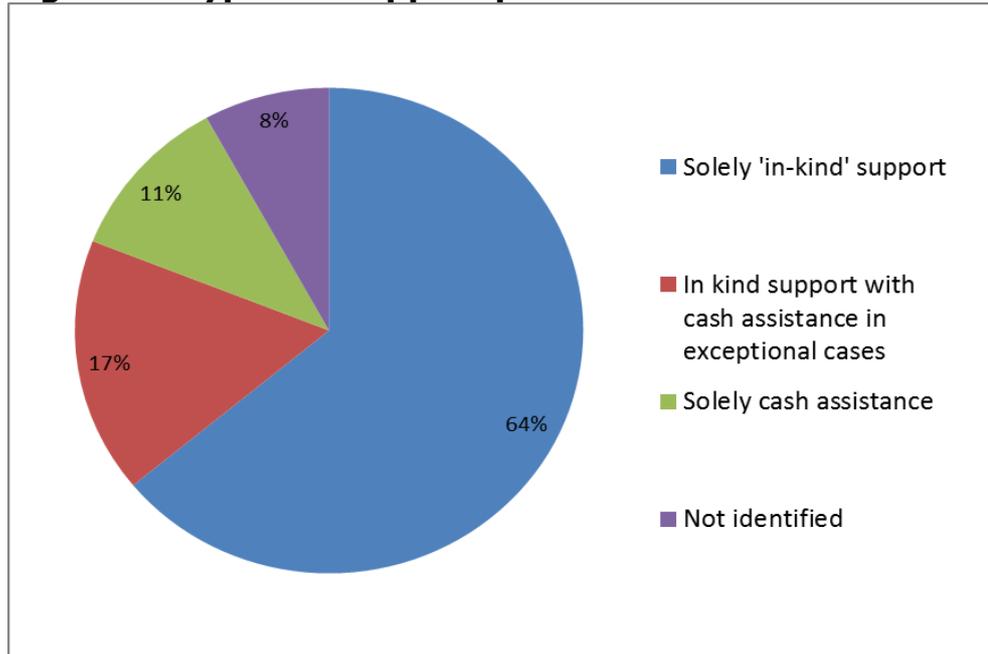
Derby Local Assistance Scheme<sup>7</sup>

Only 11% of the local authorities are providing cash assistance following the Social Fund model. Some are providing solely cash assistance and some are providing a mix of cash and vouchers. The cash will be provided through bank accounts, post office accounts or collected at local pay points.

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<sup>7</sup> <http://www.derby.gov.uk/advice-and-benefits/benefits/local-assistance-scheme/>

**Figure 5: Types of support provided: 'in kind' or cash assistance**



The 'in-kind support' provided ranges from pre-pay cards/vouchers; furniture/household goods; direct payments to companies (e.g. for utilities); fuel top-ups; food packs to passes for emergency travel. Many local authorities state that it will be recycled, second hand or charity goods that will be provided.

Solely providing 'in-kind' support is concerning as vouchers and providing goods directly can be inflexible and inconvenient for claimants, and in some cases, stigmatising. For example pre-pay cards and vouchers are often only for certain stores which may be difficult and costly for families to access.

As a comparison, asylum seeking families on Section 4 support (under the Immigration and Asylum Act 1999) have had to rely on the pre-pay Azure card. Evidence from the cross-party parliamentary inquiry into asylum support for children and young people<sup>8</sup>, supported by The Children's Society, indicates that these cards do not always offer the best value for money. The inquiry also found that Azure cards can be restrictive meaning that, for example, families cannot access public transport or buy milk from their local store. Families also reported experiencing technical faults with the cards and feeling stigmatised while using the card. Although not a direct comparison, asylum seekers experience of Azure cards highlights difficulties with the use of 'in-kind' support for vulnerable families.

It is a concern that in many cases a system of cash loans for households in need have become hand-outs of food or second hand furniture.

Whilst in some circumstances such 'in-kind' support may be very helpful, this fundamentally changes the nature of the support offered, taking it from a means of

<sup>8</sup> [http://www.childrensociety.org.uk/sites/default/files/tcs/asylum\\_support\\_inquiry\\_report\\_final.pdf](http://www.childrensociety.org.uk/sites/default/files/tcs/asylum_support_inquiry_report_final.pdf)

accessing interest free loans and community grants, to something closer to charitable hand-outs. Further, this model may even end up costing more (since the money which was previously repaid on loans will be lost.)

**Recommendation 3: As stated in the previous section, we would urgently encourage local authorities to seek ways to provide interest free or very low cost cash loans for families in financial crisis.**

#### Providing funding directly to services

Some local authorities are using the funding from the Social Fund to directly support local voluntary groups like food banks and local furniture projects. For example:

*'Use the limited funding available to.... grow the strong network of existing community, voluntary and charitable support organisations.'* Hampshire<sup>9</sup>

We are concerned that this could be overly restrictive, since claimants may need to access these voluntary organisations in order to get the support they need. In some cases, households not in contact with local voluntary sector services may be among those most in need of support.

Funding services directly may mean that some costs like emergency travel expenses or payments for credit or pre-payment electricity meters are more difficult to access. Crisis Loans previously provided payment for these costs in emergency situations.

**Recommendation 4: All local authorities should create a scheme of financial provision to help families with emergencies and with living independently in the community. Access to services is crucial, but must be additional to this assistance, rather than an alternative.**

#### Needs met by the new local schemes

The vast majority of the new local schemes are providing support for the range of needs that were covered by Crisis Loans and Community Care Grants. Crisis Loans mainly covered living expenses, emergency travel expenses, fuel costs, board/lodging and hostel charges and rent in advance. Community Care Grants were for families and individuals to establish or resettle in their community (after leaving prison or local authority care) and to ease exceptional pressure on families.

The significant exception is that where Crisis Loans previously provided support for rent in advance to private landlords, some of the local schemes have stated that they will not be providing rent in advance:

*'The LWP (Local Welfare Provision) scheme is not a rent deposit scheme nor a rent in advance scheme.'* Medway

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<sup>9</sup> <http://www3.hants.gov.uk/adultservices/local-welfare-assistance>

*'Unfortunately the Council will not be able to help people in the following circumstances: To fund rent in advance/rental deposits'* Buckingham<sup>10</sup>

Research from Crisis<sup>11</sup> found that 69% of housing advisors who work in Private Rented Sector access schemes have used Crisis Loans to fund rent in advance. These schemes support vulnerable people into private accommodation. Without access to Crisis Loans, it will be harder for these schemes to place people in permanent housing and could lead to increased homelessness. As one respondent to the Crisis survey said:

*'Crisis Loans are absolutely vital in enabling clients to source rent in advance'* Housing adviser (Crisis)

The majority of local authorities<sup>12</sup> are providing support for rent in advance for example Cornwall and Ealing. However some areas are not, meaning that families will find it much more difficult to get into suitable housing.

### **Recommendation 5: Local welfare assistance schemes should include provision for rent in advance.**

#### **Who will be entitled to receive support?**

##### **Benefit receipt**

Prior to the localisation of the Social Fund, eligibility for Community Care Grants was based on receipt of an out of work means tested benefit such as income support, income based JSA, income related ESA, and Pension Credit.

However, Crisis Loans did not have the same eligibility criteria. To be entitled to a Crisis Loan *'you must be without sufficient resources to meet the immediate short term needs of yourself and/or your family'*<sup>13</sup>. Therefore there were no prescribed qualifying benefits for Crisis Loans and this helped to ensure that working households not entitled to benefits, could gain access to support in cases of emergency.

However, this is not the case with many of the local schemes of assistance. Analysis suggested that at least half of these schemes have some form of qualifying benefit criteria for an emergency/crisis component. A quarter of schemes indicated that claimants would have to be in receipt of out of work income replacement benefits in order to be entitled to support. Others either did not restrict eligibility on the basis of benefit receipt, or were unclear.

One example of a scheme where a claimant can only qualify if they are on out of work benefits states:

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<sup>10</sup> <http://www.buckscc.gov.uk/media/883294/LES-website-info-final-28march2013.pdf>

<sup>11</sup> Crisis written submission <http://www.publications.parliament.uk/pa/cm201012/cmselect/cmcomloc/1406/1406vw.pdf>

<sup>12</sup> Where they have stated this on their website. Many local authorities have not stated this.

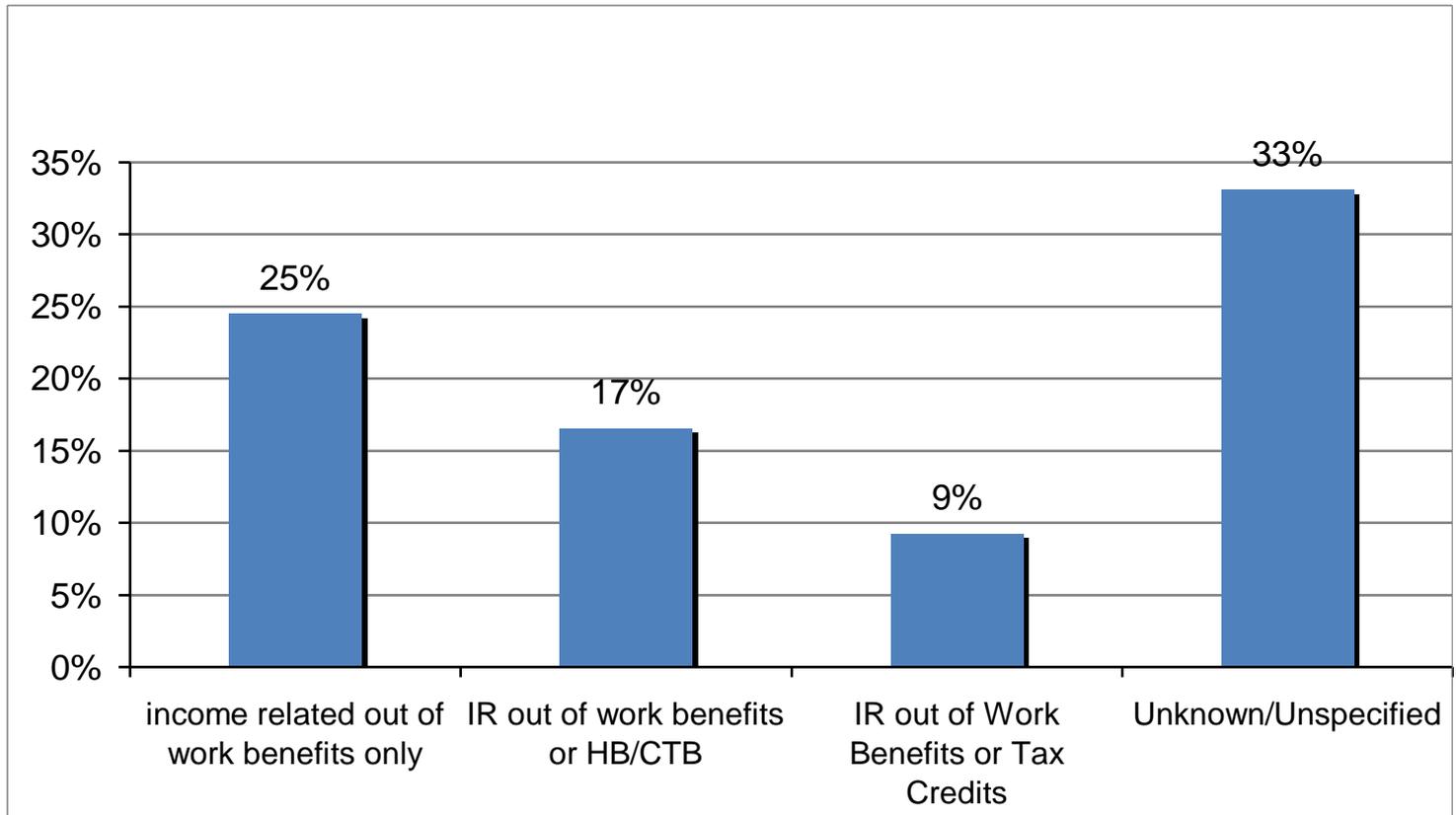
<sup>13</sup> Child Poverty Action Group (2012) *Welfare Benefits and Tax Credits handbook 2012/13*

'In order to qualify people must be in receipt of one of the following qualifying benefits:

- *Income Support*
- *Income based Jobseekers Allowance (JSA)*
- *Income based Employment and Support Allowance (ESA)*
- *Pension Credit'*

Cambridgeshire Local Assistance Scheme<sup>14</sup>

**Figure 6: Local welfare assistance eligibility – qualifying benefit criteria**



We are deeply concerned that Social Fund localisation could cut off access to emergency support for many low income working families. Previously in an emergency these families were able to access Crisis Loans, as the following case study illustrates:

<sup>14</sup> <http://www.cambridgeshire.gov.uk/NR/rdonlyres/93AF1DB4-4902-4CC3-82A8-18B04AC87FEE/0/EligibilityCriteriaforCLAS.pdf>

### Case study 1: Natalia and Richard

Natalia and Richard have three children aged 7, 5, 8 months. Natalia works as a cleaner and Richard receives Employment Support Allowance.

When Natalia was pregnant with her third child the family received a letter from HM Revenue and Customs stating that they would no longer be receiving Child Tax Credit. The letter was sent to their address but to a different name and was clearly an error as the family circumstances had not changed. Their Child Tax Credit was not paid for around two months meaning the family faced a substantial shortfall on their usual budget for those months.

The loss of this income had a significant impact on the family meaning they struggled to afford the basics, feed their children and pay their utility bills. Natalia's local children's centre (Ash Valley run by The Children's Society) signposted her onto JobCentre Plus to apply for a Crisis Loan. The family were awarded a Crisis Loan of £120 which eased the pressure they had been facing. Natalia said the Crisis Loan was essential as:

*"[It] helped us as we didn't have anywhere else to go"*

Without the loan, she says they would have "starved".

The family have been able to pay back the loan in instalments through Richard's Employment Support Allowance.

It is essential that low income working families like Natalia and Richard's are able to access support in an emergency.

**Recommendation 6: Local welfare assistance schemes should not use qualifying benefit criteria which prevent low income working families from making a claim.**

#### Access to credit

Some local welfare assistance schemes will take into account access to credit when considering eligibility for support:

*'You must not have any savings or access to personal loans that will meet your needs.'*

*Enfield Emergency Support Scheme<sup>15</sup>*

*'In deciding whether to make a BWF award we will have regard to the applicant's circumstances including... any sources of credit such as cash cards, store cards, credit cards, cheque cards, cheque accounts, overdraft facilities, loan arrangements'*

*Bromley Welfare Fund<sup>16</sup>*

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<sup>15</sup> [http://www.enfield.gov.uk/info/200059/advice\\_and\\_benefits/2322/emergency\\_support\\_scheme](http://www.enfield.gov.uk/info/200059/advice_and_benefits/2322/emergency_support_scheme)

In total we found six local authorities which explicitly stated that access to credit would be considered in deciding whether to make an award.

It is a huge concern that, for several local welfare assistance schemes, claimants are ineligible to receive support if they have alternative access to consumer credit. In many cases, part of the reason for requiring local welfare assistance may be the consequence of use of credit. Many families are turning to very high cost credit, and so-called 'legal loan sharks' to make ends meet, and becoming trapped in a spiral of debt from which it is hard to escape. Requiring families to access consumer credit prior to using local welfare assistance risks driving households further into debt and accruing high rates on interest on their borrowing, storing up further problems for the future.

**Recommendation 7: Local welfare assistance schemes should never consider the applicant's access to consumer credit in determining eligibility for local welfare assistance.**

**Help from friends and family**

A number of local welfare assistance schemes require that applicants are deemed unable to procure the necessary support from friends and family prior to accessing the local authority scheme.

*'To apply for support a person must... be unable to get help from anywhere else (for example from own savings, family, friends, other public or voluntary organisation)'*  
Redbridge Emergency Support Scheme<sup>17</sup>

*'We want to know if you have any other possible sources of help to cover the costs of the help which is likely to be available quickly from other people, for example, employers, relatives, close friends, charities and benevolent funds.'*  
Wandsworth discretionary Social Fund<sup>18</sup>

The Money Advice Service warns that *'If a friend or family member asks for financial help, it can be really hard to refuse'*<sup>19</sup>. This is particularly likely to be the case in circumstances where claimants are in financial crisis of the kind where they would seek local welfare assistance. However, lending money can leave family or friends struggling financially as a result.

Furthermore, borrowing from family and friends can put pressure on relationships, particularly if the borrower gets into problems in making a repayment.

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<sup>16</sup> [http://www.bromley.gov.uk/downloads/file/1634/bromley\\_welfare\\_fund](http://www.bromley.gov.uk/downloads/file/1634/bromley_welfare_fund)

<sup>17</sup> [https://www2.redbridge.gov.uk/cms/council\\_tax\\_benefits\\_housing/welfare\\_and\\_benefits/redbridge\\_emergency\\_support.aspx](https://www2.redbridge.gov.uk/cms/council_tax_benefits_housing/welfare_and_benefits/redbridge_emergency_support.aspx)

<sup>18</sup> [http://www.wandsworth.gov.uk/info/200008/benefits/1481/wandsworth\\_discretionary\\_social\\_fund/3](http://www.wandsworth.gov.uk/info/200008/benefits/1481/wandsworth_discretionary_social_fund/3)

<sup>19</sup> <https://www.moneyadviceservice.org.uk/en/articles/should-you-borrow-from-family-or-friends>

**Recommendation 8: Local welfare assistance schemes should not expect applicants to seek assistance from friends and family before making a claim for support.**

**Age**

Most local authorities allow claimants over the age of 16 to make a claim for support. However, 10 schemes reported restricted access for those aged under 18 – and in eight cases an award would not be considered where the applicant is aged under 18.

*'Awards will not be made for the following circumstances... the applicant is aged under 18 years.'* Camden Local Social Fund<sup>20</sup>

Many 16 and 17 year olds may face crises which mean that they need to rely on emergency provision to meet their needs. Moreover, previously Community Care Grants provided support for care leavers when setting up home. Young people can leave care and live independently from the age of 16. It is, therefore, vital that emergency and community support is available for them from this age.

**Recommendation 9: Local welfare assistance schemes should be accessible to 16 and 17 year olds.**

**Local connection**

The majority of schemes had some form of residency or local connection criteria for receipt of support from the local scheme. However, the nature of the local connection criteria varied a great deal between schemes.

Around half of schemes indicated that the claimant needed to be resident within the borough. In a small number of cases claimants could apply for assistance if they were moving to the area, or if they had a local connection, such as family living there.

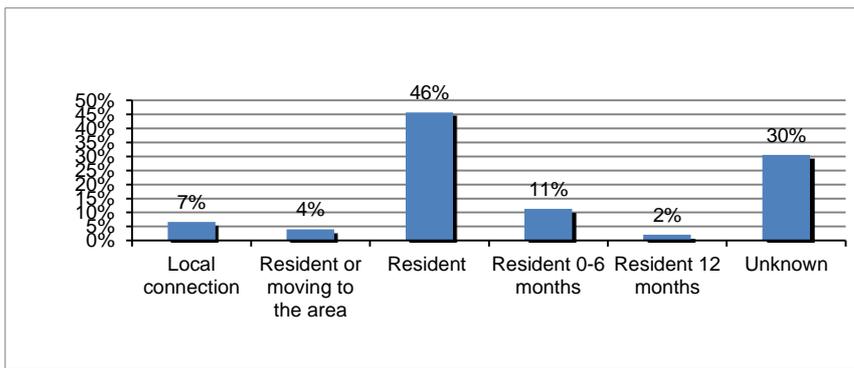
In another small number of cases, residency criteria were considerably stricter. In three cases claimants had to have been resident for at least a year before they could apply for help.

In about a third of cases we were unable to establish what, if any, residency criteria is used.

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<sup>20</sup> Camden Local Social Fund Policy and Procedures [https://www.camden.gov.uk/ccm/cms-service/download/asset/?asset\\_id=3023473](https://www.camden.gov.uk/ccm/cms-service/download/asset/?asset_id=3023473)

**Figure 7: Local welfare assistance eligibility – residency criteria**



In some cases, exceptions to residency criteria were specified in certain circumstances (such as families fleeing domestic violence, care leavers housed outside the local area, homeless households). However, such exceptions are not given in every case.

**Recommendation 10: Local authorities should not set lengthy periods of residency before households can get access to local welfare assistance.**

**Recommendation 11: Exemptions from residency criteria should be established and specified for all local welfare assistance schemes.**

### Repeat awards

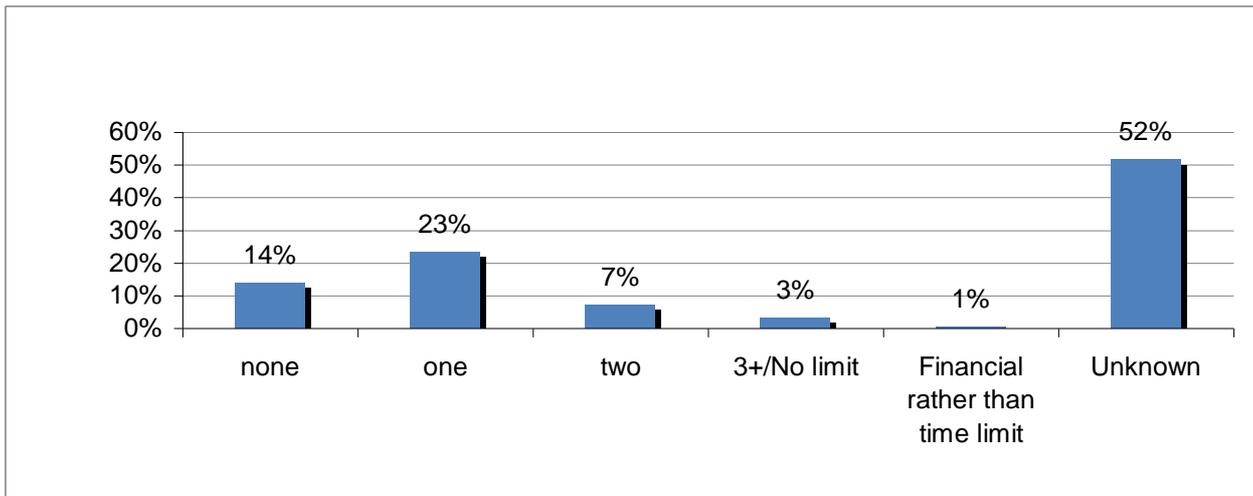
In many cases schemes specified that awards were restricted in cases where claimants had already received previous assistance. Around one in eight local authorities (14%) said that those who had received assistance in the last year could not reapply to the scheme. In a further quarter of cases (23%) it was specified that only two claims could be made.

In one case a local authority reported using a financial rather than a time limit on repeat awards (no more than £1500 can be received in a year<sup>21</sup>).

In around half of cases, limits on repeat awards could not be identified. This may be either because the local authority does not have a policy on making repeat awards, or because this could not be found in the sources available.

<sup>21</sup> <http://www.cornwall.gov.uk/default.aspx?page=33460>

**Figure 8: Local welfare assistance eligibility - repeat awards (per year)<sup>22</sup>**



In some cases repeat *claims* are prohibited, regardless of whether an award is made. It seems particularly unfair to restrict repeat applications in such cases.

*'The system will only allow you to apply twice in a 12 month period even if you are unsuccessful in both of these applications. Please be certain you need to make an application.'* Derby Local Assistance Scheme<sup>23</sup>

Whilst it is understandable that local welfare assistance schemes wish to prevent claimants overusing the provision available, it is important that restrictions on repeat awards do not limit access to those in need.

### **Recommendation 12: Repeat applications should not be automatically rejected.**

#### **Administration of claims**

##### **The application process**

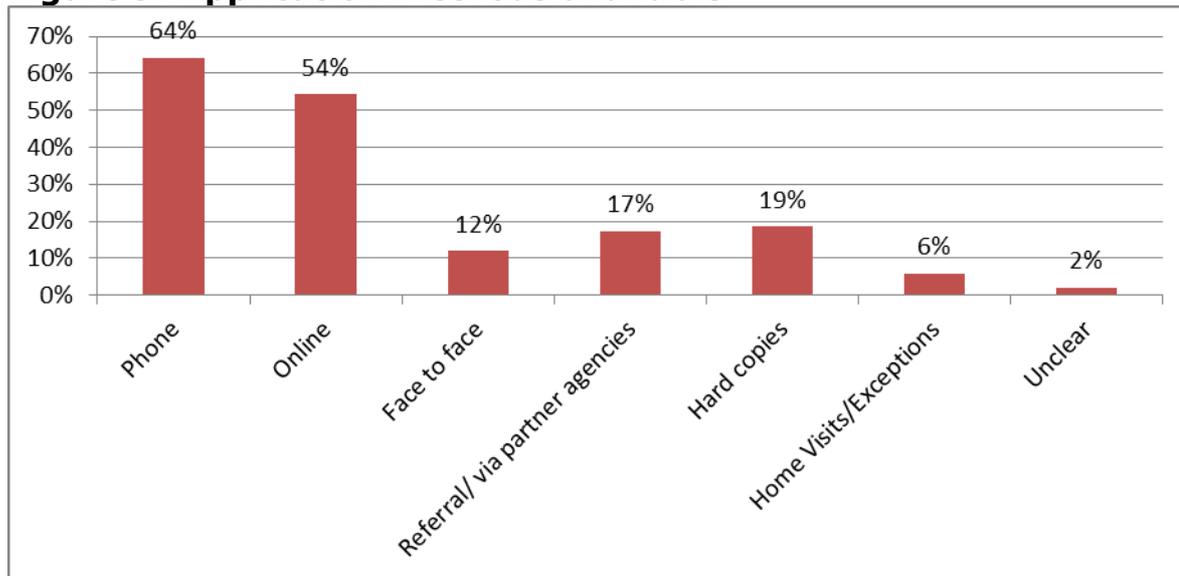
The most common method of application was by phone – nearly two-thirds of local authorities indicated that phone application would be accepted. More than half offered online application methods.

As can be seen in the table below face-to-face access methods were less common. Only 12% of local authorities said that they offered face-to-face applications. Only one local authority said that they offered home visits (although two others said they offered some form of flexible application for hard to reach cases).

<sup>22</sup> Where crisis and community schemes have different repeat provision, repeat access to crisis schemes are recorded.

<sup>23</sup> <http://www.derby.gov.uk/advice-and-benefits/benefits/local-assistance-scheme/>

**Figure 9: Application methods available**



The majority (55%) of local authority are offering more than one option for applying for their new schemes. However, a minority of the new local schemes have only one method of applying – 16% can only be applied for on the phone (normally only during office hours) and 10% can only be applied for online. Two schemes have stated that their application process is through posted application forms only.

Some families will find it difficult to apply if there is only one option available, for example, if the only option is to apply online and they have no access to the internet. Similarly, applications only by phone will make it difficult where families have no phone credit. Posted applications are clearly unsuitable for families needing emergency support as the process will be very slow. As the previous Social Fund commissioner stated:

*'The vulnerability of people who apply to the discretionary Social Fund heightens the importance of ensuring a choice of access methods under new arrangements'<sup>24</sup>*

A small minority of schemes will not accept direct applications as they only accept applications through referrals from services or voluntary organisations. For example, the Cambridgeshire scheme applications can only be made from referrals via 'authorised agents'<sup>25</sup>. This places further restrictive conditions on applying as the Social Fund commissioner also stated:

*'Our casework experience indicates it cannot be assumed that people who currently apply to the Social Fund are already known to Social Services or other professional bodies... (As) a number of the vulnerable people we deal with are not currently receiving any other source of formal support or assistance.'<sup>26</sup>*

<sup>24</sup> [http://www.irs-review.org.uk/infocent/reports/ar1112/IRSAR2011\\_12.pdf](http://www.irs-review.org.uk/infocent/reports/ar1112/IRSAR2011_12.pdf)

<sup>25</sup> Authorised agents are: social care worker, health profession, children's centre worker, housing officer etc, <http://www.cambridgeshire.gov.uk/social/welfare-changes/cambridgeshirelocalassistancescheme>

<sup>26</sup> [http://www.irs-review.org.uk/infocent/reports/ar1112/IRSAR2011\\_12.pdf](http://www.irs-review.org.uk/infocent/reports/ar1112/IRSAR2011_12.pdf)

Previously Community Care Grants were applied for in writing through Job Centre Plus<sup>27</sup>. Crisis loans<sup>28</sup>, as they were for emergency needs, could be applied in a number of ways: in person at the Job Centre; over the phone through the dedicated national Crisis Loan telephone service; and in writing.

**Recommendation 13: It is essential that local welfare assistance schemes are as accessible as possible for families in emergency situations. Access needs to be provided both by phone and online. However, there should also be clear face-to-face routes available to make claims (this may be via partner services such as Citizens Advice Bureaux).**

**Recommendation 14: Whilst it is important to work closely with local services to ensure that their clients have access to local welfare assistance, it is just as important to ensure that isolated families who are not engaged with local services are still able to get support. For this reason, local welfare assistance should not be available solely via referrals.**

#### Expected time for decisions on an application

Previously Crisis Loans and Community Care Grants had targets for completion of the decision making process. In urgent cases (where living expenses or other needs required a very urgent decision) 90% of cases were expected to be completed within 24 hours of receipt of the papers<sup>29</sup>. In all other cases, 90% were expected to be completed within 21 working days of receipt of the papers<sup>30</sup>.

The last Social Fund commissioner's annual report<sup>31</sup> showed that the targets were exceeded with 93.7% of urgent cases completed within 24 hours and 99.2% of all other cases completed within 21 working days.

Less than half (46%) of the local authorities have acknowledged the need for a faster response to emergency needs. These range from a decision within two hours to 48 hours. However, one local authority is providing a much longer time for a decision in an emergency with claimants waiting five days for a response. The table below shows local authorities providing responses to emergency needs

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<sup>27</sup> <http://www.legislation.gov.uk/ukxi/2008/2265/regulation/2/made>

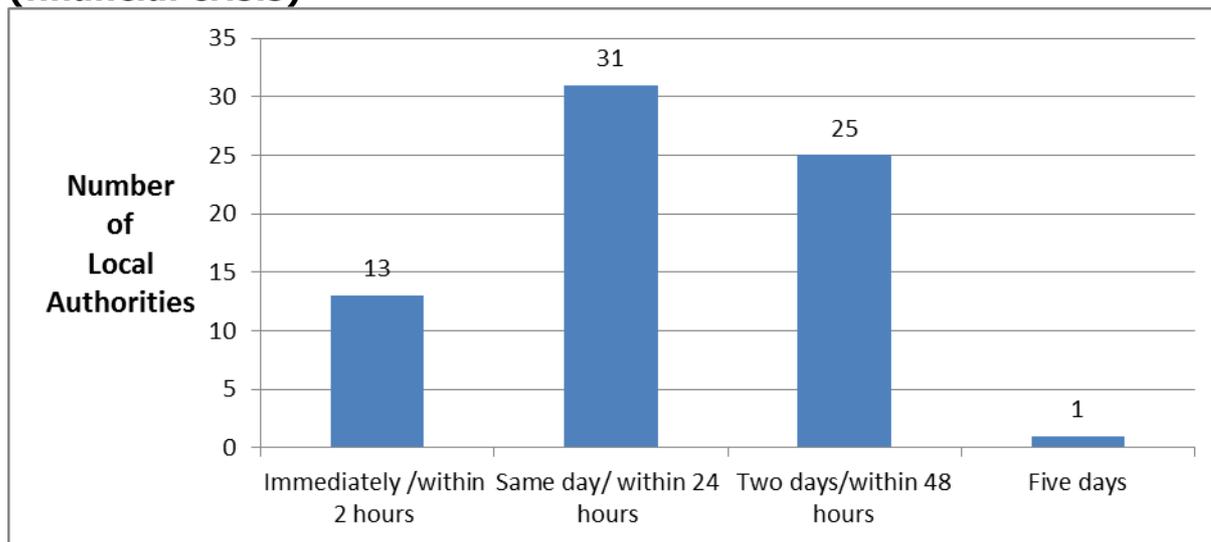
<sup>28</sup> <http://www.dwp.gov.uk/docs/social-fund-guide.pdf>

<sup>29</sup> [http://www.irs-review.org.uk/infocent/reports/ar1112/IRSAR2011\\_12.pdf](http://www.irs-review.org.uk/infocent/reports/ar1112/IRSAR2011_12.pdf)

<sup>30</sup> [http://www.irs-review.org.uk/infocent/reports/ar1112/IRSAR2011\\_12.pdf](http://www.irs-review.org.uk/infocent/reports/ar1112/IRSAR2011_12.pdf)

<sup>31</sup> Social Fund Commissioner's Annual Report 2011/2012 [http://www.irs-review.org.uk/infocent/reports/ar1112/IRSAR2011\\_12.pdf](http://www.irs-review.org.uk/infocent/reports/ar1112/IRSAR2011_12.pdf)

**Figure 10: Local welfare assistance: time expected to make a decision (financial crisis)**



A small minority (8%) of local authority schemes have not acknowledged the need for a quick response for emergency support. In these areas, claimants will be waiting between four days and two weeks for a decision, even in an emergency.

It is important that when a family needs emergency support the decision to provide them with this is made quickly and efficiently. It is a concern that some local authority schemes have stated they will not meet the Crisis Loan target of a decision within 24 hours and that a few local authorities have not identified the need for a swift response to emergency situations.

**Recommendation 15: All local authority schemes should have a process for fast tracking cases of emergency financial need and aim to make a decision in these cases within 24 hours of the relevant evidence being provided.**

A quarter of the local schemes have separated out community and emergency support and are providing different decision deadlines accordingly. There is wide variety between these deadlines with most schemes providing a decision within five to 10 working days.

Therefore, the vast majority of community support schemes are providing a decision within the 21 days (15 working days) that Community Care Grants were decided on. However, one local authority has stated that the deadline for their decision will be within one month although they acknowledge that in practice a decision should be made be quicker than this.

The community support decision deadlines are shown below.

**Figure 11: Local welfare assistance: Time expected to make a decision (community support)<sup>32</sup>**



**Recommendation 16: All local authority schemes should ensure that decisions on community care support schemes are made within at least 21 days (15 working days) of the relevant evidence being presented.**

**Case study 2: Kingston upon Thames local welfare assistance scheme**

As a good practice example, Kingston upon Thames has clearly stated when decisions will be made on applications to its crisis support and community care support schemes:

Kingston upon Thames - Crisis support:

*'Applications received before 2pm (on a normal working day Monday to Friday) will be decided within 4 hours. Applications received after 2pm but before 5pm (on a normal working day Monday to Friday) will be decided by 2pm the next working day. Applications received at all other times will be decided by 2pm the next working day'*

Kingston upon Thames – Community care support:

*'As long as all necessary information is available applications will be decided within three working days.'*

For nearly half (43%) of local authorities we were unable to establish how long it will take them to make decisions on a claim to their local scheme.

<sup>32</sup> The majority of local schemes gave deadlines in working days so the other schemes deadlines were converted into working days for consistency e.g. 7 days became 5 working days.

## Reviews

The majority (63%) of the new local schemes are offering an internal review process where an applicant is dissatisfied with the decision made about their claim. Most of these schemes state that there is no right of appeal provided but an applicant can ask for a reconsideration of the decision (a review) where there has been a factual error in the decision made or new evidence has come to light. These reviews will usually be undertaken by local authority officers who were not originally involved in the decision to refuse the award. However, a very small minority provide only the local authority complaints procedure as the forum for contesting a decision.

Previously the discretionary Social Fund had a formal two stage process of review. Applicants who were dissatisfied with a decision could apply for the decision to be reviewed. This was firstly considered by a reviewing officer within Jobcentre Plus and if the applicant remained dissatisfied they could ask for a further review by a Social Fund inspector at the Independent Review Service. In 2011/2012 the Jobcentre Plus dealt with over 204,000 applications for first review and Social Fund inspectors reviewed over 51,000 Jobcentre Plus decisions<sup>33</sup>.

It is concerning that some local authority schemes have not stated whether there will be a review process available to applicants who wish to contest the decision made. These reviews are vital to correcting errors, which are likely to arise frequently. Indeed, Social Fund inspectors changed 36% of the decisions they reviewed in 2011/2012<sup>34</sup>. Without recourse to a review, some families might miss out on vital support for their emergency or community care needs. As the Social Fund Commissioner (appointer of Social Fund inspectors) states:

*'An independent grievance process should be an integral part of any decision making system that seeks to meet the needs of poor and vulnerable people.'*

Social Fund Commissioner<sup>35</sup>

**Recommendation 17: All local authority schemes should provide a transparent review process so applicants can challenge the decision made in their case.**

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<sup>33</sup> [http://www.irs-review.org.uk/infocent/reports/ar1112/IRSAR2011\\_12.pdf](http://www.irs-review.org.uk/infocent/reports/ar1112/IRSAR2011_12.pdf)

<sup>34</sup> [http://www.irs-review.org.uk/infocent/reports/ar1112/IRSAR2011\\_12.pdf](http://www.irs-review.org.uk/infocent/reports/ar1112/IRSAR2011_12.pdf)

<sup>35</sup> [http://www.irs-review.org.uk/infocent/reports/ar1112/IRSAR2011\\_12.pdf](http://www.irs-review.org.uk/infocent/reports/ar1112/IRSAR2011_12.pdf)

## 5. Conclusion

Local welfare assistance schemes form a crucial replacement for the loss of Crisis Loans and Community Care Grants from the discretionary Social Fund.

Local authorities have been placed under both time and financial pressure in establishing local schemes. Funding that was distributed for the first year of this localisation was cut by nearly half compared to the funding available for equivalent elements of the Social Fund in 2010/11.

Despite this, many local authorities have made real efforts to introduce innovative and effective replacement schemes. From partnerships with local credit unions to offer loans to support low income households, through to setting challenging targets to ensure that claims are dealt with promptly.

However, perhaps inevitably, we believe that there are many lessons to be learned from the early implementation of these schemes. Some key recommendations for an effective local welfare assistance scheme are outlined in the following pages.

## Recommendations

Kind of support offered	Recommendation	Reason
<b>Grant or loans</b>	Local authorities should seek ways to offer interest free loans.	<p>Crisis Loans offered a crucial form of interest free credit for families in the most desperate circumstances. Loss of access to loans through local welfare assistance undermines a culture of self-reliance and good money management.</p> <p>Substantial amounts of money paid out in Crisis Loans were reclaimed in repayments. We are concerned that moving from loans to hand-outs could mean that less assistance is available for families in need.</p>
<b>Cash assistance or in-kind support</b>	Some access to cash assistance should be maintained.	In at least some circumstances, access to cash assistance is necessary to meet individual needs.
	All local authorities should use the money they receive to establish a scheme of financial assistance for people who need support in times of crisis, or to live independently in the community.	<p>The funding for local welfare assistance schemes needs to cover the costs for families previously covered through Crisis Loans and Community Care Grants.</p> <p>Access to services is crucial but must be additional to this assistance rather than an alternative.</p> <p>Whilst it is understandable that local authorities may wish to use some of this money to support services to promote the longer term financial well-being of these families, it must not be forgotten that many people require an immediate financial subsidy.</p>
<b>Kinds of needs met</b>	Local welfare assistance schemes should include support with rent in advance.	Many families require support with rent in advance in order to move into a sustainable home. In many cases these families will not be able to access help through Budgeting Loans as they do not meet the eligibility criteria.

Eligibility criteria	Recommendation	Reason
<b>Benefit receipt</b>	Local welfare assistance schemes should not restrict eligibility to households in receipt of out of work benefits.	Schemes which mean that claimants can only be eligible if they receive out of work income replacement benefits will remove entitlement from working claimants.  These households are also ineligible to receive Budgeting Loans; as a result, access to support for working families in financial crisis could be effectively non-existent.
<b>Access to credit</b>	Local welfare assistance schemes should not restrict eligibility on the basis of access to consumer credit.	Limiting access to claimants where they are able to access alternative forms of credit risks driving families into a cycle of debt from which it may be extremely difficult to escape.
<b>Help from friends and family</b>	Local welfare assistance schemes should not restrict eligibility on the basis of access to help available from friends and family.	Whilst many people will turn to friends and family in times of financial crisis, it is not right to expect them to do so. Borrowing money from friends and family where this is not appropriate could risk straining relationships, and could put other households under financial pressure.
<b>Age</b>	Local welfare assistance schemes should be open to claimants aged 16 and over.	There are many circumstances in which 16 and 17 year olds may need access to provision.
<b>Local connection</b>	Local authorities should not set lengthy periods of residency before households can get access to local welfare assistance.	Lengthy residency requirements could result in households who have recently moved having long periods where they are not eligible for any scheme of assistance.
	Exemptions from residency criteria should be established and specified for all local welfare assistance schemes.	Whilst it is reasonable to have some residency criteria, some exemptions are necessary, for example, for families fleeing domestic violence, who may not yet have set up home in a new area.

Eligibility criteria (contd.)	Recommendation	Reason
<b>Repeat awards</b>	Repeat applications should not be automatically prohibited, particularly in cases where an award has not previously been made.	<p>Whilst it is understandable that local welfare assistance schemes wish to prevent claimants from over using the provision available, it is important that restrictions on repeat awards do not limit access to those in need.</p> <p>In particular, it seems overly restrictive to limit applications from households who have previously made a claim but have received no support.</p>

Administration of claims	Recommendation	Reason
<b>Application process</b>	Access needs to be provided through both phone and online, but there should also be clear face-to-face routes available to make claims (this may be via partner services such as Citizens Advice Bureau).	Different households may face different barriers to access. For this reason different forms of access (including phone, online and face-to-face) should be available.
	Applications should not be limited to referrals only.	Whilst it is important to be working closely with local services to ensure that their clients have access to local welfare assistance, it is important to ensure that isolated families who are not engaged with local services are still able to get support. For this reason, local welfare assistance should not be available solely via referrals.
<b>Expected time for decisions</b>	All local authority schemes should recognise where the need is urgent and aim to make a decision in these cases within 24 hours of the relevant evidence being provided.	It is vital that when families are in financial crisis this is identified and that assistance is provided as soon as possible.

Administration of claims (contd.)	Recommendation	Reason
<b>Expected time for decisions</b>	All local authority schemes should ensure that decisions on community care support schemes are made within at least 21 days (15 working days) of the relevant evidence being presented.	In cases where households are provided with support in order to live independently in the community, this support needs to be administered promptly. Three weeks seems a reasonable time frame for achieving this.
<b>Reviews and appeals</b>	All local authority schemes should provide a review process for applicants to ask for a reconsideration of the decision made in their case where there is fresh evidence or factual errors were made.	<p>Claimants should always have recourse to challenge the decision that is made about their claim. This review should be made by someone with knowledge of the rules for the local welfare assistance scheme, but who was not involved in the original decision.</p> <p>Ensuring that an effective review/ appeals process is in place will help to ensure fair and consistent decision making.</p>