

**Appendix 2**

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<b>Meeting</b>	<b>Cabinet</b>
<b>Date</b>	17 December 2012
<b>Subject</b>	<b>Crisis Fund</b>
<b>Report of</b>	Deputy Leader of the Council / Cabinet Member for Resources and Performance
<b>Summary</b>	<p>Barnet residents in severe hardship have had access to the 'Social Fund' run by the Department for Work and Pensions, which includes discretionary Community Care Grants and Crisis Loans. Central Government is localising these discretionary aspects of the Social Fund to enable local authorities to make the most efficient use of limited funds and best meet needs in the context of a challenging economic climate.</p> <p>This paper proposes a Crisis Fund for Barnet to replace these parts of the Social Fund, better meeting local needs and reducing the chance of fraud. In addition, it is proposed to integrate Discretionary Housing Payments, currently administered by Barnet Homes, within the scope of the administration of the scheme.</p> <p>It is proposed that the new scheme will be administered by the Revenues and Benefits service, although support in completing applications will be provided from a range of agencies including Barnet Homes. Revenues and Benefits will be outsourced in April 2013 as part of the New Support and Customer Services Organisation (NSCSO) and it is expected that the current volumetric pricing model will be able to encompass the increased transaction volumes. Fulfilment of awards will be undertaken by a range of bodies, subject to compliance with procurement procedures.</p> <p>The new scheme will be implemented in April 2013 and the design enables an evolutionary approach to be taken over time.</p>

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Status (public or exempt)	Public
Wards Affected	All
Key Decision	Yes
Reason for urgency / exemption from call-in	N/A
Function of Enclosures	Cabinet Appendix 1: Current Social Fund scheme. Appendix 2: Scheme options Appendix 3: Equalities Impact Assessment Appendix 4: Implementation Plan
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## **1 RECOMMENDATIONS**

- 1.1 To consider the range of possible options for the design of a local discretionary 'Crisis Fund', to replace Community Care Grants and Crisis Loans which are being devolved to local authorities;**
- 1.2 To approve the proposed scheme design;**
- 1.3 To delegate authority for agreeing the detailed eligibility criteria for the scheme and market testing for cost-effective approaches for fulfilment of grants awarded under the scheme to the Assistant Director, Customer Services in consultation with Deputy Leader and Cabinet Member for Resources and Performance;**
- 1.4 To agree to include Discretionary Housing Payments within the scope of the Crisis Fund application and assessment framework;**
- 1.5 To agree the proposed implementation programme, including communications to the public; and**
- 1.6 To agree to a formal review of the scheme being undertaken after it has been in operation for at least 6 months and to use this review to inform the scheme for 2014/15.**

## **2 RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet 17 July 2012, Decision item 12 Consultation on Options for Council Tax Localisation: Cabinet noted Government changes to Council Tax Benefit and the proposal to replace this with a local Council Tax Support scheme. Cabinet agreed options for consultation, communications and consultation programme. Cabinet agreed that a future meeting of the committee would receive a report presenting the consultation findings, proposals for a local Council Tax Support (CTS) scheme, with relevant impact assessments and a proposed implementation plan.**

## **3 CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 The Government have committed to a programme of welfare reform, aiming to simplify the benefits system, create the right incentives to get more people into work, protect the most vulnerable, and deliver fairness to taxpayers and to those claiming benefits. The programme makes a number of changes, including revisions to the housing benefits scheme, the introduction of a cap on the total amount of benefits that can be claimed, and will simplify the existing benefit and credit schemes through the introduction of Universal Credit.**
- 3.2 The reform package gives local authorities funding and responsibility for designing and implementing a Crisis Fund, replacing the discretionary elements of the Social Fund currently administered by the Department for Work and Pensions (DWP). The design of the new scheme gives additional flexibility to the Council to support the most vulnerable, develop incentives, encourage**

individuals and communities to develop resilience and support one another, and minimise the opportunities for fraud.

- 3.3 Despite large cuts to local government funding, continuing economic uncertainty, and a challenging local economy, Barnet Council have a stable budget position based on making the most use of available funding to best meet need. This approach has also been used when designing Barnet's discretionary scheme, aiming to use available government funds in a way which supports local priorities and gives capacity to protect the most vulnerable.
- 3.4 The proposed Crisis Fund scheme has been designed to support the objective to deliver 'better services with less money', making the best use of the totality of available Government funds and the resources of relevant stakeholders to provide a scheme which best meets the needs of Barnet residents, focusing support on those in greatest need, managing the distribution of support through the financial year, and taking proactive action as well as providing reactive support.
- 3.5 The new scheme supports the priority of 'sharing opportunities, sharing responsibilities' by using the first year of its operation as an opportunity to gather detailed information about the causes of hardship and the patterns of demand against a rapidly changing welfare system backdrop. A wide range of stakeholders (including community groups and council functions dealing with those in need in the borough and potential service providers) has been engaged in the consideration of design options, and this consultation has influenced the design of the proposed scheme.

## **4 RISK MANAGEMENT ISSUES**

- 4.1 The timetable for implementation of the Crisis Fund scheme is tight, especially as it coincides with the Government's plans for implementing:
  - A local Council Tax Support scheme
  - The move to a capped system of welfare payments (the Benefits Cap)
  - The introduction of new underoccupancy rules for the calculation of housing benefit
  - The roll-out of Universal Credit
  - The local retention of business rates
- 4.2 Consequently, the time available to decide on the scheme design and to implement a local scheme is limited. The existing discretionary elements of the Social Fund will cease to be administered by DWP on 31 March 2013 so any replacement scheme needs to be in place for start of new financial year.
- 4.3 The Council has mitigated any implementation risk by forming a well-designed project plan and putting in place dedicated project management resources and structures. It will also work closely with the selected NSCSO provider and external agencies to ensure that they are in a position to operate the new scheme from 1 April 2013.
- 4.4 The management of grants of support to applicants against the available funding from Government has required careful consideration to ensure that

budgets are not overspent. It is proposed to implement tight financial controls based on month-by-month profiled historic patterns of demand, with automatic escalation triggers as limits are approached.

4.5 The development and finalisation of any scheme adopted by Barnet must be compatible with various legal obligations:

- 4.5.1 There is no statutory obligation to consult on this discretionary fund in advance of its implementation. The views of a wide range of voluntary and other agencies who deal with those facing hardship of various kinds have already been canvassed and incorporated in this document. In addition, a public communication exercise will be held before implementation to ensure that the availability of the new scheme is widely publicised and understood by all those who may be in need of it. However, in view of the fundamental welfare changes being implemented by central government that will adversely impact on those with already low incomes, the future pattern of demand for support from the Crisis Fund is currently uncertain. It is intended to closely monitor the operation of the scheme and to seek to understand not only the pattern of demand presented by applicants but also the causes of the hardship that they are suffering. It is not expected that meaningful insight into these patterns will emerge until the scheme has operated for at least six months. It is therefore proposed to hold a public consultation into the working and the features of the scheme as part of a review into the effectiveness and equalities aspects of the scheme after it has been in place for at least six months.
  - 4.5.2 The proposed scheme must be supported by a thorough equalities impact assessment and have due regard for equalities implications, to ensure compliance with the Equality Act 2010. The Corporate Plan 2012 – 2013 sets out a commitment that major policies, functions and activities will be assessed for their equalities impacts. The Equalities Impact Assessment is provided at Appendix 4.
  - 4.5.3 The Council has overarching legal duties in relation to a number of matters, including health, child poverty, crime and disorder and housing and in particular a duties in relation to homelessness.
- 4.6 The IT systems for operating the new scheme must be able to support the administration of the selected local scheme and must be implemented in time. The new scheme should also minimise the risk of fraud. The Council has engaged with its existing supplier, Civica, who have developed a Discretionary Fund module that can be customised to local needs and priorities. This module will be available in early December, meets all the requirements of the proposals in this report, and is planned to be fully configured, tested and staff trained in its use by 1 April 2013.
- 4.7 Reputational risks will arise for the Revenues and Benefits Service if there are delays in the processing of claims or the provision of agreed support packages. An assessment has been made of the internal resource requirements for administration and consideration given to a range of options for the cost-effective and timely provision of support packages to those in need.
- 4.8 The timescale for implementation is tight. In order to have an operational scheme working by 1 April 2013 the scheme will need to be agreed with all

interested parties, set up and tested administrative procedures and systems, be clear on referral pathways (e.g. related to safeguarding issues), trained all staff involved, and communicated the new scheme to those who might be in need of it. In order to do this the Council will need to have negotiated with both the successful NSCSO bidder and any suppliers involved in the fulfilment of awards. There is a risk that all these activities will not be completed to the required quality in time for the new scheme to be operational next April. This risk will be mitigated by the development of a soundly based project plan (see Appendix 4) and the appointment of a dedicated and qualified project manager to take this project forward in the implementation phase.

4.9 Operational risks include data and system security, fraud and staff safety. These are being addressed as follows:

- System security will be enhanced by the restriction of system access to authorised officers in the Revenues & Benefits service. Access to the Civica OpenRevenues system is already tightly controlled within the service and access to the Discretionary Awards module will be similarly controlled to only those who have a justified need to access the system and the data contained therein.
- The risk of duplicate and other forms of fraudulent claims will be addressed by using the existing Revenues and Benefits system as a master database to record claims and to cross-check with other data records already held on applicants.
- The risk of fraudulent use of awards will be minimised by avoiding the use of cash wherever possible and instead providing vouchers or goods direct to claimants. In addition, the integration of Discretionary Housing Payments with Social Fund discretionary payments will reduce the risk of payments being made twice on the same case.
- The determination of awards will be undertaken separately from the application process. This will enable checks to be undertaken against existing records on the current Revenues & Benefits system, and will avoid the risk of coercion of staff by applicants in a face-to-face environment.

## **5 EQUALITIES AND DIVERSITY ISSUES**

5.1 Section 149 of the Equalities Act 2010 created the Public Sector Equality Duty. Section 149 states:-

- (1) A public authority must, in the exercise of its functions, have due regard to the need to:
  - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

When making policy decisions, the Council must take account of the equality duty and in particular any potential impact on protected groups.

- 5.2 The development of this proposal for a localised Crisis Fund scheme incorporates the results of discussions with a wide range of agencies that represent those most in need in Barnet. These include Citizens Advice Bureau, Barnet Homes and a wide variety of charities and other voluntary groups. This consultation has enabled us to understand the needs of Barnet's diverse communities in this context.
- 5.3 The proposals for the new scheme have been assessed to ensure that due regard has been given to the public sector equality duty as enshrined in the Equality Act 2010 using the process set out in the Corporate Plan 2012-13. The resulting Equalities Impact Assessment is presented in Appendix 3.
- 5.4 The most recent available data from the Department of Work and Pensions on the level of demand for those aspects of the current Social Fund scheme that are being transferred to local authorities is for 2011/12. The figures for Barnet are:

**TABLE 1: NUMBER AND VALUE OF DWP AWARDS MADE IN 2011/12 FOR BARNET**

	No of applications	No of Awards	Application success rate	Value of awards	Average award
<b>Crisis Loan living expenses</b>	3640	2940	81%	£150,000	£51
<b>Community Care Grants</b>	2060	940	46%	£650,000	£691
<b>Total</b>	<b>5700</b>	<b>3880</b>	<b>68%</b>	<b>£800,000</b>	<b>£206</b>

- 5.5 Limited data is available from DWP on the causes of events giving rise to hardship, or the population groups that have applied for discretionary funding. However, based on our knowledge of lower income households in Barnet and research with community groups we expect the principal groups that will seek support to be:
- prisoners and others returning to the community from residential care
  - young unemployed males (18-30)
  - those who have experienced an adverse event such as fire or flood
  - those whose Housing Benefit does not cover their full rent and need some transitional support before moving to lower-cost accommodation
  - those wishing to move into private rented accommodation but who do not have sufficient funds to find a deposit.
- 5.6 It is proposed that the decision on the detailed eligibility criteria and access

routes for applicants will be delegated to the Assistant Director, Customer Services in consultation with the Deputy Leader and Cabinet Member for Resources and Performance on the basis it is within the agreed scheme principles as outlined in this report.

- 5.7 A further Equalities Impact Assessment will be conducted following the public consultation exercise referred to in section 4.5.1 above, to be conducted in late 2013.

## **6 USE OF RESOURCES IMPLICATIONS (FINANCE, PROCUREMENT, PERFORMANCE & VALUE FOR MONEY, STAFFING, IT, PROPERTY, SUSTAINABILITY)**

- 6.1 In 2011/12 DWP issued around 3,000 Community Care Grants and 1,000 Crisis Loans to Barnet citizens. Total spending on both measures in 2011/12 was £800,000, funded directly by government. In addition, around 600 discretionary housing payments (DHPs), totalling some £240,000, were awarded by Barnet Homes – these were matched by government grants to the Council, which transferred the funding directly to Barnet Homes.
- 6.2 The government has allocated £800,000 of funding to be distributed by Barnet in place of Community Care Grants and Crisis Loans in 2013/14, plus a further £169,000 in administration grant. Funding for DHPs increased substantially in 2012/13 to £900,000, and is expected to increase further, to around £1.6m, in 2013/14.
- 6.3 The main resources risk relating to the administration of discretionary schemes is that available funds may be fully distributed before the end of the financial year, resulting in some applicants being turned down because of lack of funds. Equally, the risk of underspending funds that have been allocated by government, and thereby failing to take advantage of this funding to the local economy, is also real. Measures will be put in place to monitor and control the distribution of funds throughout the year to ensure that these risks are managed. These include tight financial controls based on month-by-month profiled historic patterns of demand, with automatic escalation triggers as limits are approached.
- 6.4 A new module will be procured under the current Civica contract in order to operate the new support scheme. This will interface with the existing Civica OpenRevenues system that is currently used to support the administration of Council Tax and Housing Benefits, Council Tax collection and recovery, and non-domestic rates.
- 6.5 Setup costs of the order of £25,000 are expected to be incurred. An initial £8,000 in setup funding has been given to Barnet and the DWP has indicated that further grant may also be given to assist with one-off implementation costs, transition costs and the recurring costs for the first three years of operating the new system. Any shortfall in specific government funding will be met from the Revenues and Benefits budget.
- 6.6 The administration of the scheme is proposed to be undertaken by Revenues and Benefits, which will be transferred to the successful NSCSO provider in April 2013. Total operating costs are estimated at £150,000 per annum



including both staffing and system costs. The government has allocated administration grants of £169,000 for 2013/14 and £155,000 in 2014/15 to Barnet for this purpose.

- 6.7 Fulfilment of awards made under the scheme could be executed by a range of providers, some already having contracts with the council, for example to deliver support to Adult Social Care clients. It is proposed to use existing supply arrangements at the start of the scheme in April 2013 but prior to that date to conduct market testing to determine the most appropriate and cost-effective method of fulfilling the range of awards that will be made under this scheme, followed by any necessary procurement action.
- 6.8 In order to ensure that the scheme is sustainable, the first year of the scheme will be used as an opportunity to substantially increase the volume and quality of information collected on the circumstances that drive hardship and therefore demand for discretionary support. The features of the scheme will be evolved in the light of this insight and the availability of funding. Data collected during the first period of operating the scheme will be analysed in late 2013 and will inform the design of the scheme in 2014/15.
- 6.9 The Council will be introducing a new Council Tax Support (CTS) scheme from April 2013 which is expected to generate a surplus in 2013/14 which could be used to alleviate hardship amongst those who may be adversely impacted by the CTS scheme. It is proposed that any surplus is used within the framework of the Crisis Fund to grant discretionary rebates against their Council Tax liability under Section 13a of the Local Government Finance Act 1992 for those adversely affected by the introduction of the Council Tax Support scheme. This 'no one size fits all' approach will enable those in the greatest need to be targeted rather than providing blanket protection from the impacts of the scheme for population segments who may have a lesser need than those outside the protected groups.
- 6.10 The detailed eligibility and evaluation criteria for the Crisis Fund will be developed with the benefit of inputs from a range of community groups, agencies interfacing with those in need and council functions to ensure that best use is made of the available funds.

## **7 LEGAL ISSUES**

- 7.1 The Welfare Reform Act 2012 abolishes the current system of discretionary payments from the social fund, which was previously administered by the Department for Works and Pensions. The scheme is replicated by local provision to be provided by local authorities.
- 7.2 The existing scheme covers discretionary payments for community care grants and crisis loans. The 2012 social fund guide provides guidance for current decision makers on when to exercise discretion. In relation to community care grants these are intended to help vulnerable people live as independently as possible and are particularly used to help people establish themselves and remain in the community, for care of prisoners and young offenders released on temporary licence, to ease exceptional pressure on families and to help people set up home as part of a resettlement programme. The crisis loans are

provided for immediate needs such as daily living expenses, for items and services required in consequence of a disaster, for advance rent payments and board and lodging costs.

- 7.3 It is proposed to include discretionary housing payments within the new scheme. These are regulated by the Discretionary Financial Assistance Regulations 2001 and associated best practice guidance. There is new draft guidance to be introduced from April 2013 to take account of the changes to the benefit system. Discretionary housing payments can only be used for further financial assistance where a local authority considers that help with housing cost is needed. This can include help with rent, deposits and lump sums associated with housing need eg. removal costs.
- 7.4 The proposed new guide confirms that a claimant will only be entitled to discretionary housing payments if he/she is entitled to Housing Benefit or Universal Credit and has rental liability and requires further financial assistance with housing costs. It is stated that this can cover shortfalls resulting from the following situations:
- 7.4.1 Reduction in Housing Benefit (HB) or Universal Credit (UC) due to benefit cap;
  - 7.4.2 Reduction in HB or UC due to under-occupation;
  - 7.4.3 Reduction in result of Local Housing Allowance (LHA)
  - 7.4.4 Rent shortfall to prevent homelessness whilst alternative options are considered;
  - 7.4.5 Rent officer restrictions;
  - 7.4.6 Non dependant deductions
  - 7.4.7 Income tapers.
- 7.5 The Council must comply with the current regulations on discretionary housing payments and take account of best practice guidance. In relation to the operation of the crisis fund for other areas, the Council has local discretion in setting criteria for the fund; however it should take account of its public law duties when making this decision.

## **8 CONSTITUTIONAL POWERS (RELEVANT SECTION FROM THE CONSTITUTION, KEY/NON-KEY DECISION)**

- 8.1 Council Constitution, Part 3, Responsibility for Functions – section 3.7 provides that the Cabinet may discharge any executive functions whether or not they are also delegated to officers.
- 8.2 The decision on the adoption of a scheme to replace the discretionary elements of the Social Fund is a decision for the Executive.

## 9 BACKGROUND INFORMATION

### 9.1 Summary

- 9.1.1 As part of its welfare reform programme, the government is transferring responsibility for the administration of the discretionary elements of the 'Social Fund' from DWP to local authorities from April 2013. In 2013/14 government will provide non-ring-fenced grant funding of £800,000 plus a further £169,000 for administration to cover the discretionary elements of Community Care Grants and Crisis Loans. In addition, in order to mitigate the impact of its welfare reforms, government has increased funding for Discretionary Housing Payments (DHPs), from £240,000 in 2011/12 to £900,000 in 2012/13, and is expected to increase the sum further to around £1.6m in 2013/14.
- 9.1.2 The council needs to design and implement a suitable scheme to cover the discretionary elements of the Social Fund, to take effect on 1 April 2013. This report:
- Discusses the options for such a scheme
  - Makes proposals for a local Crisis Fund scheme to be adopted by Barnet from 1 April 2013
  - Identifies how DHPs can be brought within the scope of the scheme
  - Identifies the bodies who may be involved in the administration of the scheme
  - Provides an implementation plan that ensures that the new scheme will be fully operational by 1 April 2013.
- 9.1.3 The following design principles for the new scheme are proposed:
- Integrate the discretionary elements of the Social Fund and Discretionary Housing Payments into a single application framework
  - Separate the application process from the process of determining claims
  - Use those closest to applicants to provide support in applying for grants
  - Use existing data on claimants where possible
  - Make only grants not loans, in order to minimise administration costs
  - Provide both proactive and reactive support
  - Minimise cash payments wherever possible
  - Prioritise those in most need against limited funds
  - Evolve the scheme in the light of experience.
- 9.1.4 Devolution of the discretionary elements of the Social Fund to local authorities offers the opportunity to develop a scheme that takes a holistic view of a client's needs and allocates support from the most appropriate source of funding. The government's funding for the replacement of the Social Fund is not ring-fenced, and this provides the opportunity to take a more strategic view and allocate some of the funds to proactive, preventative measures to address the root causes of hardship.
- 9.1.5 The Crisis Fund should interface and align with organisations providing other forms of support (e.g. charities, Citizens Advice Bureaux, other advice/guidance agencies and Credit Unions) but will not replace them. Recognising that these organisations have a close relationship with many citizens who may seek support in times of hardship, they should have a key

role in supporting and advocating for clients.

- 9.1.6 In order to ensure effective and safe administration of the scheme, it should be managed by one organisation, separate from those supporting those applying for awards, to avoid front-door pressure from applicants. This organisation should have oversight of all cases and the ability to cross-reference to other relevant council records to avoid fraud.
- 9.1.7 This change also provides an opportunity to explore different options for the fulfilment of the types of needs expressed by claimants. There are now a number of external providers who are skilled and experienced in this area, and these can offer economies of scale and low administration costs.

## 9.2 Background to Discretionary Support Localisation

- 9.2.1 In 2011 the Government published the Welfare Reform Bill as part of its policy to address benefit expenditure as set out in the spending review. The Bill received royal assent on 8 March 2012 and is now the Welfare Reform Act 2012. The Act details some of the biggest changes to the welfare system for decades in an attempt to reduce public sector expenditure and enact the Government's policy to devolve powers to local authorities. Changes contained in the Welfare Reform Act 2012 mean that discretionary elements of the Social Fund scheme, currently administered by DWP, will be replaced by new locally based provision delivered by local authorities from April 2013.
- 9.2.2 The Government has advised local authorities of indicative funding amounts for these changes – the levels in Barnet's settlement letter are as follows:

**TABLE 2: GOVERNMENT FUNDING2**

Year	Type of funding	Funding amount
2012/13	Setup funding	£7,994
2013/14	Programme funding	£799,385
	Administrative funding	£168,916
2014/15	Programme funding	£799,385
	Administrative funding	£154,830

Government has confirmed that the Council is not expected to replicate the previous Community Care Grant and Crisis Loan schemes, nor that it would be appropriate to place a new duty on local authorities in respect of the new provision. However, they do expect that the funding is used to provide a new scheme that focuses on those facing greatest difficulty in managing their income, and to enable a flexible response to unavoidable need.

- 9.2.3 Community Care Grants were primarily intended to help vulnerable people live as independent a life as possible in the community. They were awarded to households receiving means-tested benefits such as Jobseekers Allowance. The prime objectives were to:
- Help people to establish themselves in the community following a stay in institutional or residential care;
  - Help people remain in the community rather than enter institutional or residential care;
  - Help with the care of a prisoner or young offender on release on temporary licence;
  - Ease exceptional pressures on families, eg the breakdown of a relationship (especially if involving domestic violence) or onset of a disability, or a calamity such as fire or flooding;
  - Help people setting up home as part of a resettlement programme following eg time in a homeless hostel or temporary accommodation; or
  - Assist with certain travelling expenses, eg for funerals of a family member or hospital visiting.
- 9.2.4 Crisis Loans were intended for applicants who are unable to meet their immediate short term needs in an emergency or as a consequence of a disaster. They were awarded for immediate living expenses in order to avoid serious damage or risk to the health and safety of the applicant or a member of the family.
- 9.2.5 In 2011/12 DWP in Barnet issued around 3600 Crisis Loans with a total value of £150,000 and over 2,000 Community Care Grants with a total value of £650,000.
- 9.2.6 Community Care Grants and Crisis Loans have in general been issued via Job Centre Plus offices in the form of money (often cash), with limited verification applied as to whether the funds were used for the purpose(s) specified by the claimant. In Barnet Community Care Grants have also been awarded in the form of cheque, bank transfers or cash. Crisis Loans have been awarded in cash or bank transfer and are recovered by deduction from ongoing benefits, a recovery route that will not be available to us under the new Council Tax Support Scheme.
- 9.2.7 In addition to these grants and loans, Barnet Council already provides financial assistance on a discretionary basis as follows:
- **Discretionary Housing Payments:** Funded by Government via the Council and administered by Barnet Homes, these are used to support Housing Benefit claimants who require assistance in meeting their rent or with securing rented accommodation
  - **The Mayor of Barnet's Benevolent Fund:** Small one-off grants to Barnet residents who are in financial need
  - **Payments under Sections 17 and 18 of the Children's Act:** Cash payments administered by the Children's Service and provided to families who have children in need, or for their carers, as assessed by a social worker
- 9.2.8 All these funds are discretionary, with funding provided by government to the council. It is within the council's remit to design schemes to distribute the funds in the best way its sees fit to meet local needs. Decisions on decision-

making rules, the application process and the administration processes and responsibilities are therefore entirely the council's responsibility.

9.2.9 Discretionary Housing Payments, currently administered by Barnet Homes, could form an increasingly important part of the spectrum of support that the Council can offer those in severe hardship. Government is increasing the level of DHP funding in order to address the expected need to support or re-house significant numbers of people who will be impacted by the economic climate and welfare reform.

9.2.10 A number of other changes flowing from the Welfare Reform Act and previous legislation are likely to further reduce the income of people already on low incomes, leading to greater demands on local authorities and other bodies, eg charities, to provide emergency or other support. These include:

- Localisation of Council Tax Support, which will result in many low-income people of working age being asked to pay a contribution to their Council Tax for the first time;
- Capping of total benefits for working age claimants to £500 per week, also introduced in the Welfare Reform Act and to be implemented from April 2013;
- Under-occupancy limits, which from April 2013 will reduce the Housing Benefits of those families living in houses with more bedrooms than are required for their size of family;
- Capping of Local Housing Allowances, introduced from April 2011 but subject to transitional protection which will run out for all by December 2012.

9.2.11 Government predictions for the economy for next year show limited growth, making it unlikely that the current pattern of demand for hardship support will abate. The overall programme of welfare reform will benefit many people in work and provide a stronger incentive to work; but there is likely to be continued demand for hardship support in specific cases, particularly amongst those who are less able to take up work opportunities.

9.2.12 These changes provide an opportunity to review the totality of discretionary hardship provisions under the control of the Council, taking a strategic approach to developing a coherent and unified application and assessment structure for a Crisis Fund that will prioritise those in greatest need, prevent multiple applications to different parts of the Council from the same applicant, and control expenditure within expected funding levels.

### **9.3 Analysis**

#### **9.3.1 Current state**

In 2011/12, there were a total of 5,700 applications for discretionary support to DWP in Barnet, of which around 3,900 were successful. In addition, almost 600 applications for Discretionary Housing Payments were approved by Barnet Homes and over 2,500 Section 17/18 awards were made on the decision of social workers in Children's Services. In total, around £1.4m was paid out, broken down as shown in the table overleaf.

**TABLE 3: NUMBER AND VALUE OF DISCRETIONARY AWARDS MADE IN BARNET IN 2011/12**

	No of applications	No of Awards	Application success rate	Value of awards	Average award
<b>Crisis Loan living expenses</b>	3640	2940	81%	£150,000	£51
<b>Community Care Grants</b>	2060	940	46%	£650,000	£691
<b>DHPs</b>	N/A	574	N/A	~£240,000**	£418
<b>Section 17 payments</b>	N/A*	2500	N/A*	£298,000	£119
<b>Section 18 payments</b>	N/A*	140	N/A*	£24,000	£171
<b>Total</b>		<b>7094</b>		<b>~£1.4m</b>	

\*Section 17 and 18 grants are made on the basis of recommendations by social workers and do not have to be applied for by clients

\*\*Recognising the transitional impact of its welfare reforms, the Government has substantially increased the level of funding for DHPs in 2012/13, resulting in available funds in Barnet being £900,000 for 2012/13 and £1.6M in 2013/14

### 9.3.2 Expected changes from current scheme

Whilst delivering continuity with the current Community Care Grant and Crisis Loans schemes, this initiative will bring a number of changes compared with the current scheme. These include:

- At £800,000, the 2013/14 settlement from government for Crisis Loans and Community Care Grants is the same as the figure currently forecast for 2012/13. However, demand for support is likely to increase as a result of other elements of welfare reform, and this sum will need to be managed carefully to avoid its exhaustion before the end of the year.
- The average value of a crisis loan is only about £50. The cost of recovering arrears in these loans could therefore easily exceed the value of the loan. For this reason, most local authorities are planning to limit any future scheme to grants rather than loans (but see points on Discretionary Housing Payments below)
- A future scheme should be designed to target those in greatest need, guide applicants to the most appropriate form of support and remove duplication between council functions and external agencies. At present residents may make independent applications to a range of council functions (including Barnet Homes) and be awarded a number of grants without any of the functions having knowledge of any of the other applications from that resident. Conversely, some residents may not be aware that any discretionary grants or loans are available from the council and as a result receive no funds from the council despite possible having a better case for support than some of those who do receive support.
- Discretionary Housing Payments are funded by government to support citizens in funding their housing needs, eg to pay rent in excess of the Local Housing Allowance, or to meet the requirement for a deposit for privately rented accommodation. Barnet Homes have administered the distribution of DHPs since 2007. Whilst in March 2012 the government exceptionally

allowed any surpluses to be carried over into 2012/13, they have stated that this will not be allowed in future years and so any DHP funds not spent during the financial year will be lost. This would represent a lost opportunity for the council to distribute available funds to those in need in Barnet.

### 9.3.3 Scheme Design Considerations

The following strategic factors have been considered in developing the new scheme:

- The impact of socio-economic conditions and welfare changes on different social groups in Barnet, and the resulting demand for hardship support
- Best use of the available sources of funding to provide hardship support for residents of the borough
- The extent of proactive measures to reduce the need for support, as opposed to reactive support in response to demand
- Coordination of the range of discretionary funding streams to get best impact
- The purpose and form of the new scheme, including:
  - Who should qualify for awards
  - How the scheme operates and who should be involved
  - How it should be implemented and evolve over time.

More detailed aspects of scheme design and administration that have been considered and addressed include:

- Provision of both monetary and non-monetary awards, including not only support in kind (eg food, white goods and furniture) but also advice, on topics such as domestic budgeting skills and how to access affordable credit
- The bodies best placed to deliver the various aspects of the scheme, ie:
  - Support to applicants by groups and organisations already providing hardship support, eg CAB, charities
  - Back office administration by LBB/NSCSO
  - Fulfilment of awards (delivery of goods and services) by organisations who already work in this field
- The evolution of the scheme over time
- System support, particularly from Civica, the Council's current IT supplier in support of benefits
- A mechanism for balancing the demand for grants/loans with the supply of funding in order not to over- or under-spend
- Fraud prevention, including avoiding multiple applications to different boroughs
- Public awareness.

### 9.3.4 Research findings

A wide range of advice agencies interacting with those in need have been consulted with regard to their views on demographic segments seeking support, the circumstances that lead to the need to the need for support and the support currently provided.

The findings from this research are that:

- Advice agencies act as a valuable source of assistance in completing claims, and make phone calls and provide letters in support of claims and appeals
- The drivers of Crisis Loans and Community Care Grants are wide-ranging,



and include cessation/delay of benefits payments, need for rent advance, relationship breakdown/fleeing homes, and release from prison

- Many awards are given as cash, leaving open the possibility for fraud
- Some awards are given as Crisis Loans or CCGs when other mechanisms exist for funding, eg rental deposits should be covered by Discretionary Housing Payments.

#### 9.3.5 Other London Boroughs

Barnet liaises with representatives of other London boroughs on a regular basis. The current situation is summarised below.

- Few councils are considering loans, on the basis that they are too costly to administer. Cards or vouchers are favoured instead of cash.
- Most councils are consulting with the third sector and others who are in regular contact with citizens in need.
- Many are planning to integrate/align the Social Fund replacement with DHPs
- The vast majority of councils are planning to use their Revenues and Benefits service to administer the scheme.
- Fulfilment options are not yet crystallised, although many councils are considering second hand furniture recycling. A number are considering using Family Fund (see later), but also considering internal delivery of a support scheme
- Most authorities have been looking at a range of systems to support administration, including Civica, Northgate, and in-house solutions
- Concerns expressed by councils include:
  - Risk of fraud
  - Flexibility of the scheme to accommodate demand
  - Limited data available from DWP on both the claim history of individual claimants and statistical data on the reasons that people fall into hardship
  - Ability of local charities and other local suppliers to cope with potential demand

### 9.4 Purpose and Design principles

#### 9.4.1 The following are suggested as aspects of the purpose of a Crisis Fund for Barnet:

- a) To provide a **temporary safety net** for those who are in extreme hardship and who do not have recourse to any other forms of support
- b) To **alleviate crisis** caused by factors outside the control of the claimant
- c) To support the Council's strategy to **encourage work** by reducing dependency on public support
- d) To support a **healthier lifestyle**, in particular by reducing the misuse of alcohol and drugs
- e) To give people **more independence and control** over how they live their lives

#### 9.4.2 In line with the purpose, the following scheme design principles are suggested:

- **Integrate** the discretionary elements of the Social Fund and Discretionary Housing Payments into a **single application framework** in order to make

best use of available funding from government

- **Separate the application process from the process of determining claims** in order to minimise the opportunity for fraud and coercion
- **Use those closest to applicants to provide support in applying for grants**, leveraging the close relationships that already exist between voluntary and community groups and those in need
- **Use existing data on claimants** where possible in order to minimise administration costs and the opportunity for fraud
- **Make only grants not loans**, in order to minimise administration costs
- **Provide both proactive and reactive support**, devoting a significant portion of funds to prevention of hardship. Provide reactive support only to meet needs that cannot be met by other means
- **Minimise cash payments** wherever possible in order to minimise the risk of fraud and ensure that grants are made for the purpose for which they were made
- **Prioritise those in most need against limited funds.** Funds are limited. However, the Government is increasing funding for DHPs substantially for 2013/14 in the expectation that welfare reforms will adversely impact some groups, who will need some transitional support. We should take full advantage of these funds by assessing the totality of the needs of the applicant to identify the most appropriate way of meeting those needs from the full range of discretionary funds available.
- **Evolve the scheme** in the light of the experience in the early phase of the rollout of welfare reform – the profile of claimants is likely to become significantly different from that of today.

## 9.5 Design features considered

Appendix 2 identifies a number of design features that have been considered and evaluated, together with the pros and cons of each option.

## 9.6 Future Scheme Design

The proposed scheme design, that meets the principles above and addresses the topics outlined in section 9.2, is illustrated in Figure 1 overleaf. This model consists of three operational layers, as follows:

- An **Application Layer** (shown in blue), in which applicants can access the scheme through a range of channels, including the internet and face-to-face facilities run by the council, Barnet Homes, Citizen Advice Bureaux and Charities. Applicants will be able to obtain support in completing their application from these agencies, who will also be able to make recommendations to the administration layer regarding a specific application;
- An **Administration Layer** (shown in green), physically separate from the application layer, where the claim is assessed and an award granted or declined; and
- A **Fulfilment Layer** (shown in red), where approved awards are generated and delivered to successful applicants

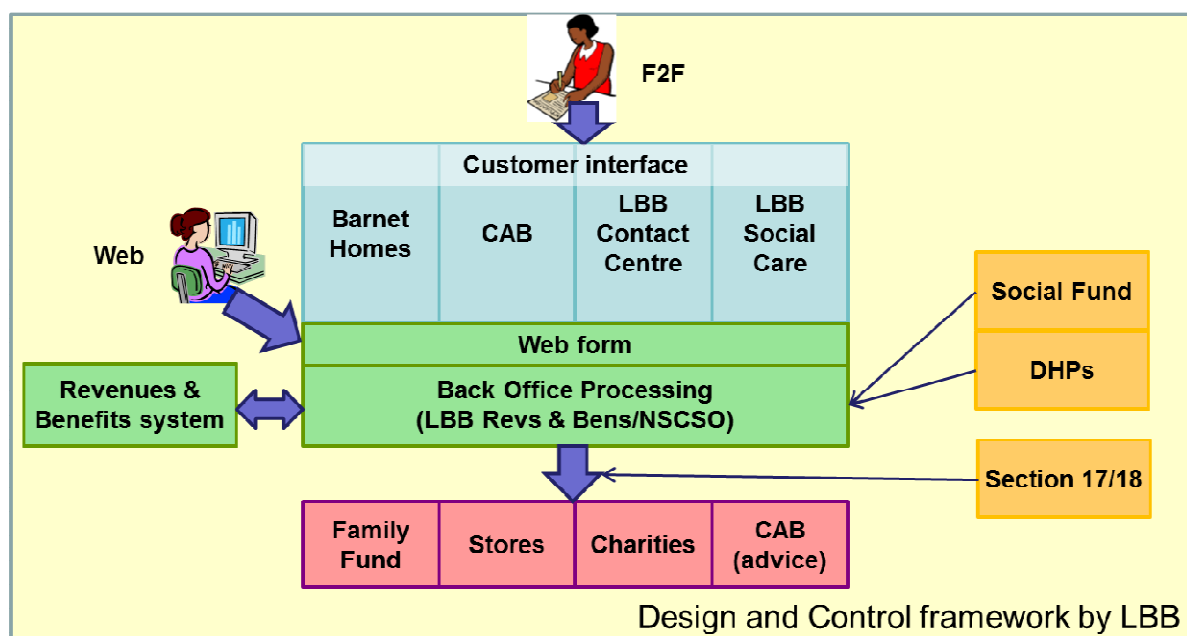
Control of the overall scheme will be executed by the Council's Revenues and Benefits function. Administration will be supported by that function's existing Benefits system, which already contains details of all Housing and Council Tax Benefits

applicants against which applications to the Crisis Fund will be checked.

The overall scheme will integrate funds from both the Social Fund and DHPs into a single framework, thereby optimising the use of these funds. Section 17/18 awards may make use of the fulfilment services in the scheme. Any surplus from the new Council Tax Support scheme is also proposed to be integrated within the same framework, to enable support to be provided to those suffering hardship as a result of their Council Tax liability.

This design meets the purpose of the scheme as stated in paragraph 9.4 and separates the customer interface (in blue) from claim administration (in green) from award fulfilment (in purple). It integrates the administration of applications for both Social Fund awards and Discretionary Housing Payments, and provides an opportunity for Section 17/18 awards to be made using the Crisis Fund fulfilment process.

Further details on how the scheme will work are provided in the paragraphs below.



**Figure 1:** Future scheme design

### 9.6.1 Scope

The scheme will encompass the following sources of funding, but will recognise the constraints on their use:

- Crisis Loan living expenses
- Community Care Grants
- Discretionary Housing Payments – these are subject to tight guidelines on their use and can only be used to support housing rent and deposit payments

### 9.6.2 Application and evaluation process

All applications for discretionary hardship support will be made to either the council or one of a number of partners, including Citizen Advice Bureau, Charities and Barnet Homes. There will be a single electronic application process, accessible by claimants on-line, or via telephone/face-to-face interaction with council officers and

other professionals who would have access to the 'Crisis Fund' system.

Arrangements will be made for out of hours support to enable emergency grants to be made in appropriate circumstances.

### 9.6.3 Administration process

Determination of applications for support will be undertaken centrally by LBB Revenues & Benefits service (with the NSCSO provider from 1 April 2013) in order to ensure security, consistency of approach and overall financial control. Determination will be supported by the Civica Discretionary Awards Module, which will be integrated with the existing Civica OpenRevenues Housing and Council Tax Benefits system. This will check the financial status and other details of applicants for hardship support against the records in OpenRevenues where appropriate.

Applications will be evaluated against defined criteria, including:

- Basic eligibility, eg nationality, age, length of residence in Barnet, benefits claimant
- Previous history of applications for hardship support
- Level of savings accessible to the applicant
- Domestic circumstances of the applicant, including whether they are in a defined vulnerable group
- Nature of the requested support (eg financial or otherwise)

Applications will be allocated to a priority level, with higher priority levels securing a larger proportion of their request than lower priorities.

In assessing claims, a holistic picture of the claimant's financial situation will be built up and those needs that relate to rent or deposits will be met first from DHPs. For example, if a claimant is paying £150/week in rent but is only receiving £120/week in benefit and as a result cannot afford to buy groceries, the £30/week shortfall should be drawn from the DHP fund rather than any of the other (non-ringfenced) funds.

### 9.6.4 Decisions

Decisions will be made within a short timescale, with higher priority being given in emergency cases. Target times will be defined in the detailed scheme design but will be no more than one week in routine cases and within two hours in emergency cases. Those refused support will be signposted to other agencies outside the Council who may be able to help.

### 9.6.5 Fulfilment

Delivery of financial awards will be made via a number of mechanisms, including BACS transfer, redeemable voucher or pre-paid debit card, with cash or cheque payments being avoided wherever possible. A procurement exercise will be undertaken to select a suitable supplier but this may not be completed in time to meet the operational deadline of 1 April 2013. As an interim measure, existing fulfilment arrangements will be used, including those already in place via Adult Services. The council will also engage with suppliers of second hand furniture and other recyclable items to provide an end-to-end supply/deliver/install service. The provision of advice will be delivered by a range of agencies outside the council, including Citizens Advice Bureau, with whom discussions have already been

initiated.

#### 9.6.6 Appeals

Consideration will be given to an appeals process. The detailed design of this process will be developed in conjunction with agencies supporting those in need before implementation and submitted for approval via Delegated Powers Report alongside the detailed eligibility and evaluation criteria before the scheme comes into operation.

#### 9.6.7 Financial Control

Tight financial monitoring and control will be implemented by setting monthly budgets based on month-by month profiling of available funds (initially based on historical pattern) and then limiting awards within a small tolerance of these monthly budgets. Criteria for granting awards will be adjusted on a monthly basis to ensure that surpluses or deficits do not develop.

#### 9.6.8 IT systems

The processes above will be supported by a fit for purpose IT system, integrated with the existing Revenues and Benefits system. Civica has already developed such a system which can be configured to the designs of any local authority, integrates with the existing OpenRevenues Revs & Bens system and will be available in pilot form in early December 2012..

#### 9.6.9 Eligibility Criteria

The detailed eligibility and evaluation criteria for the award of grants under the new scheme will need to be evolved over time as the nature and scale of demand for awards under the new scheme develops in the light of the emerging impact of the government's welfare reform programme. The following initial eligibility criteria for qualifying for any grant are proposed:

- 16 or over, and
- Barnet resident or about to move into Barnet for a valid reason (eg release from institution), and
- In receipt of a qualifying benefit, and
- UK or EU citizen, and in possession of a Home Office letter, and
- Savings of less than a defined amount, and
- Claim not covered by insurance, and
- No more than one previous discretionary award in the past year, and
- Immediate and serious risk to the health and safety of the applicant or their family, or
- Need essential assistance to establish yourself, or to remain in, the community, or
- Need financial assistance to meet housing-related costs

Having passed the above screening criteria, claims will then be assessed on the basis of the circumstances that led to the hardship, the claimant's needs and the availability of funds.

A portion of funds will be reserved for proactive interventions, eg budgeting courses,

designed to prevent the recurrence of the cause of the specific hardship that gave rise to the claim. Awards may be made conditional on attending such courses.

Detailed eligibility criteria will be worked up along the lines above, and will be approved via the council's delegated powers process prior to implementation.

#### 9.6.9 Link with Council Tax Support Scheme

The Council will be introducing a new Council Tax Support (CTS) scheme from April 2013 which is designed to generate a surplus in 2013/14, to be used to alleviate hardship amongst those who may be adversely impacted by the CTS scheme. On base assumptions it is expected that this surplus could be up to £500,000 in 2013/14. It is proposed that any surplus is transferred into the Crisis Fund to aid those in hardship in a way that is most appropriate to the individual. This 'no one size fits all' approach will enable those in the greatest need to be targeted rather than providing blanket protection from the impacts of the scheme for population segments who may have a lesser need than those outside the protected groups.

The detailed eligibility and evaluation criteria for the Crisis Fund will be developed with the benefit of inputs from a range of community groups, agencies interfacing with those in need and council functions to ensure that best use is made of the available funds.

### 9.7 Implementation

A project to design, develop and implement a hardship support scheme has been initiated in Revenues & Benefits. The project will ensure the successful implementation of a coherent local Crisis Fund scheme in Barnet that will be seen to be fair, will prioritise and address the real needs of citizens, will be economic to administer and will work with the available funds.

Workstreams within the project include:

- Analysis and modelling of current state and design options
- Stakeholder consultation (decision needed on whether we go to full public consultation or limit this to other agencies, eg Barnet Homes, charities, CAB etc)
- Delivery partners – engaging with preferred NSCSO provider, public/third sector agencies and private sector suppliers to agree who is best placed to deliver the scheme and to establish appropriate contractual arrangements
- Equalities
- Liaison with other local authorities and other interested groups
- Supporting IT systems
- Scheme design
- Scheme implementation, including testing, training and on-going monitoring of the scheme
- Project governance and management.

It has been confirmed that the volume of scheme administration transactions can be catered for by the successful NSCSO provider within the volumetric pricing arrangements already under negotiation. Discussions will be held with the successful provider during the mobilisation period (January – March 2013) to ensure that the new scheme is picked up and operated successfully from 1 April 2013.

The implementation strategy is to implement a basic scheme in 2013/14 and to review the evolving caseload as the full impact on hardship of the government's welfare reforms emerges. In the light of this we will develop the scope and design of the scheme, in particular considering the extent of proactive support and how to best collaborate with the third sector to support people who may be on the verge of crisis and to respond to short-term need.

It is proposed to conduct a detailed review of the operation of the scheme after at least 6 months in order to assess its effectiveness and value for money and to ensure that the continuity with the current Social Fund scheme that has been incorporated in the scheme design provides the best support for those in need. This will include consultation with both recipients of awards from the scheme and agencies supporting those in need, together with a re-evaluation of equalities impacts.

The timetable for implementation is extremely tight. For the scheme to go live in April 2013, several milestones will need to be achieved. These are:

**TABLE 4: IMPLEMENTATION MILESTONES**

<b>Milestone</b>	<b>By</b>
Cabinet agree new scheme	17 December 2012
Start transition to preferred NSCSO provider	January 2013
Scheme principles and features developed into working procedures	15 January 2012
Civica Module configured in line with working procedures and fully tested	15 February 2013
Staff fully trained in new scheme and system	15 March 2013
Go Live	1 April 2013

A detailed implementation plan is provided in Appendix 4.

## **10 LIST OF BACKGROUND PAPERS**

- 10.1. Appendix 1 provides details of the current Social Fund scheme.
- 10.2. Appendix 2 details the options evaluated in deriving the proposed new scheme
- 10.3. Appendix 3 provides the Equalities Impact Assessment
- 10.4. Appendix 4 provides a detailed implementation plan for the new scheme

<b>Cleared by Finance (Officer's initials)</b>	
<b>Cleared by Legal (Officer's initials)</b>	

## APPENDIX 1: The current Social Fund scheme

A **Community Care Grant** is a non-repayable payment awarded for the purpose of meeting a need for community care. Grants may be awarded to people who are leaving accommodation in which they received care, to help people to continue to live in the community, or to help people on a resettlement programme to set up home. Grants can also be awarded to help ease exceptional pressures on families, to care for a prisoner or young offender on release on temporary licence, or to help with certain travel costs. They are available to people getting Income Support, income-based Jobseeker's Allowance, Employment and Support Allowance (income-related), Pension Credit or payment on account of one of them. They are also available to people who are leaving care within 6 weeks and who are likely to get one of those benefits or entitlements on leaving.

A **Budgeting Loan** is an interest-free loan intended to help spread the cost of certain one-off expenses over a longer period. A Budgeting Loan can help towards the cost of various items for example, things needed for or to improve the home, clothing and footwear, travelling expenses and certain debts.

They are available to people getting Income Support, income-based Jobseeker's Allowance, Employment and Support Allowance (income-related), Pension Credit, or payment on account of one of them for at least 26 weeks.

Budgeting Loans have to be repaid.

A **Crisis Loan** may be available to anyone aged 16 or over, whether or not they get any benefit, who needs help to meet expenses in an emergency or because of a disaster. A loan must be the only way of preventing serious damage or risk to the health or safety of the person or to their family.

Crisis loans are interest free but have to be repaid.

**Sure Start Maternity Grants** are to help pay for things for a new baby. You may be eligible for a Sure Start Maternity Grant if you or your partner are getting Income Support, income-based Jobseeker's Allowance, Employment and Support Allowance (income-related), Pension Credit, Working Tax Credit where a disability or severe disability element is included in the award or Child Tax Credit at a rate higher than the family element. A Sure Start Maternity Grant is a lump sum payment which does not have to be repaid.

**Funeral Payments** are to help with the necessary costs of a respectful funeral which you or your partner are responsible for arranging. You may be eligible for a Funeral Payment if you are getting Income Support, income-based Jobseeker's Allowance, Employment and Support Allowance (income-related), Pension Credit, Working Tax Credit where a disability or severe disability element is included in the award, Child Tax Credit at a rate higher than the family element, Housing Benefit or Council Tax Benefit. The payment covers various aspects of the funeral, but is recoverable from the deceased person's estate if they have left one.

**Cold Weather Payments** are made to some people getting Income Support, income-based Jobseeker's Allowance or Employment and Support Allowance (income-related), and to all people getting Pension Credit to help towards extra heating costs when there is a spell of very cold weather in the area where they live.

**Winter Fuel Payments** are made to people aged 60 or over to help towards their winter heating costs.

### **Community Care Grants and Crisis Loans**

Following a period of consultation on the localisation of Community Care Grants and Crisis Loans for living expenses, the government proposes to transfer the arrangements for provision of these elements of the Social Fund to local authorities from 01 April 2013.



The DWP will retain responsibility for alignment payments and budgeting loans which will be replaced by a new scheme of short term advances.

The design of the new local provision will be for local authorities to determine although it is anticipated that this will be aligned with existing services. The settlement given to local authorities to administer this scheme will be based on 2005/6 expenditure levels.

### **Current administration of the Social Fund scheme**

People apply for **Crisis Loans** if they need financial help with an emergency or disaster. Customers can only get Crisis Loans for an emergency if it is for:

- living expenses
- rent in advance
- board and lodging and hostel charges
- emergency travel when stranded away from home
- The cost of repaying emergency credit on a pre-payment meter.

The amount of any Crisis Loan awarded is the smallest amount needed to tide the customer over or remove the crisis. There is no minimum amount. The maximum amount that can be paid is £1,500 less any other Social Fund loan outstanding. They are paid in a maximum of two days and are normally limited to 3 awards in a 12 month period.

People apply for **Community Care Grant** if they need financial help to live independently in the community or to ease exceptional pressure on themselves or their family. Grants are intended to promote community as opposed to residential care. They enable customers to buy essential items without having to repay the money.

Essential items include bedding, clothing, cookers, furniture and carpets. There is no limit to what is claimed though some items are excluded from the grant. The minimum payment awarded is usually £30 (but travelling expenses can be lower).

There is no upper limit. The grant is reduced by any capital/savings in excess of £500 or £1000 for those 60 and over. They are paid in a maximum of nine days.

- Applications for a Crisis Loan for living expenses and rent in advance are made over the phone or using text phone.
- Community Care Grant applications are by post via a downloaded form.
- Alternative means include downloading a claim form and posting or taking it to a local Job Centre Plus office.
- Crisis Loans and Community Care Grants are usually paid into a customer account.

## APPENDIX 2

### Evaluation of design options

Item	Design Option	Pros	Cons	Proposal
Scope	Include Discretionary Housing Payments within scope of Hardship Scheme	Consistency of approach across all discretionary funds Make best use of available government funding Supports holistic view of claimant's circumstances	Administration would need to be transferred back from Barnet Homes to Revs & Bens/NSCSO	Include in base scheme from the outset
	Include Section 17/18 payments within scope of Hardship Scheme	Consistency of approach across all discretionary funds Make best use of available government funding Supports holistic view of claimant's circumstances Take advantage of cost-effective fulfilment services, eg from Family Fund	Section 17/18 grants are made on the recommendation of social workers, and do not have to be applied for	Exclude from scope of main scheme but potentially open up fulfilment processes to Children's Services
	Include Mayor of Barnet Benevolent Fund within scope of scheme	Consistency of approach across all discretionary funds Make best use of available government funding Supports holistic view of claimant's circumstances	Risk that the Fund becomes subsumed into general Hardship scheme	Exclude for time being – review when scheme established
Customer application interface	Web based	Low cost Integrates with existing systems In line with government strategies	Not all applicants have direct access	Use web-based application form supported by face-to-face agencies where needed
	Paper based	Accessible to all	Higher cost Duplication of administrative effort	
Support for applicants	From LBB	Already available at limited number of access points, ie Barnet House, Burnt Oak	Limited access points Do not fully understand applicant groups	Use all these agencies for application support
	From Barnet Homes	Already available at Barnet House	Limited access points Do not fully understand applicant groups	
	From general support agencies, eg CAB, charities, community	Large number of access points Fully understand the situation of 'their' group		

	groups	Already provide support for Social Fund applications		
Administration	Administration of scheme performed by Revs & Bens/NSCSO	Ease of integration with existing Civica back office system and processes Substantial numbers of experienced administrative officers Separation of application process from administration of awards		Revs & Bens/NSCSO to administer awards process.
	Administration of scheme performed by others, eg Barnet Homes	Close understanding of the circumstances of those in hardship	Very limited scale or depth of expertise No separation of application process from administration, leaving open the possibility of coercion	
Fulfilment	Awards made in cash	Ease of use by claimant	Risk of misuse of award for purposes other than those intended Opens up opportunity for coercion and/or fraud LBB not set up to distribute cash	Do not use cash at all, even for DHPs (use bank transfers to landlords instead)
	Awards made in form of vouchers	Reduce potential for misuse/fraud Limit use of award to the item(s) and purpose intended	Potential stigma attached to vouchers Outlets where vouchers can be used may provide limited choice	Use vouchers for the majority of awards, tailored where possible to limit their use to the intended item(s)
	Provide proactive advice/support as part of award package	Addresses root cause of hardship rather than symptoms – prevents recurrence	No guarantee that claimants will follow advice given	In appropriate circumstances, make reactive award conditional on claimant taking advice
	Use Family Fund – national charity who already provide white goods, furniture, clothing etc to those in need	Low cost of administration – £5K setup plus £1K per annum for access to portal LBB could specify awards via their portal and the request would be actioned within [48] hours	National rather than local scheme – cut out local charities etc	Use Family Fund for white goods and other new items
	Use local charities	Supports localism	May not be able to keep up with demand	Use local charities for second hand goods, eg furniture

# APPENDIX 3

## Equalities Impact Assessment

<b>1. Details of function, policy, procedure or service:</b>	
Title of what is being assessed: <b>Crisis Fund Scheme</b>	
Is it a function, policy, procedure or service?: <b>Service</b>	
Department and Section: <b>Revenues &amp; Benefits</b>	
Date assessment completed: <b>December 2012</b>	
<b>2. Names and roles of officers completing this assessment:</b>	
<b>Lead officer</b>	John Gregson
<b>Stakeholder groups</b>	
<b>Representative from internal stakeholders</b>	
<b>Departmental Equalities rep</b>	Julie Pal
<b>HR rep (for employment related issues)</b>	
<b>3. Full description of function, policy, procedure or service:</b>	
<p><b>Why is it needed?</b></p> <p>As part of its welfare reform programme, the government is transferring responsibility for the administration of the discretionary elements of the 'Social Fund' from DWP to local authorities from April 2013. In 2013/14 government will provide non-ringfenced grant funding of £800,000 plus a further £169,000 for administration to cover the discretionary elements of Community Care Grants and Crisis Loans. In addition, in order to mitigate the impact of its welfare reforms, government has increased funding for Discretionary Housing Payments (DHPs), from £240,000 in 2011/12 to £900,000 in 2012/13, and is expected to increase the sum further to around £1.6M in 2013/14.</p> <p>The council needs to design and implement a suitable scheme to cover the discretionary elements of the Social Fund, to take effect on 1 April 2013. Recognising the increased funding of DHPs and the desirability of taking an holistic view of each claimant's needs, it is proposed to integrate DHP applications within the same framework as the Crisis Fund.</p> <p><b>What are the outcomes to be achieved? What are the aims and objectives?</b></p> <p>The project's broad strategic objective is to implement a local Crisis Fund scheme, within budget and on time, to provide backstop support to those in extreme hardship in the community while managing the financial risk to the Council.</p> <p>The key business objectives of the project are:</p> <ul style="list-style-type: none"> <li>• To ensure that the scheme: <ul style="list-style-type: none"> <li>○ Is fully operational from 1 April 2013;</li> <li>○ Aligns with Barnet's strategic corporate objectives;</li> <li>○ Feeds into the budget and MTFS processes in a timely fashion;</li> <li>○ Is legally compliant;</li> <li>○ Is fit for purpose and allows flexibility for adjustment in the light of emerging demand trends;</li> <li>○ Meets the Government's Welfare Reform agenda;</li> </ul> </li> </ul>	

- Takes account of other wider welfare reforms and Council service delivery changes (in particular NSCSO)
- To analyse and review a range of potential delivery options to:
  - Maximise the opportunities presented by increased funding from government for discretionary awards;
  - Ensure ease of access to those in need;
  - Minimise administrative costs and the opportunity for fraud;
  - Prioritise awards to those in greatest need;
  - Ensure tight financial control in order to stay within budgets
- To engage with the full range of relevant stakeholders to
  - Ensure that the scheme design is informed by the inputs of organisations having contact with those likely to present in need, and that the views of various groups are seen to have been considered;
  - Ensure support and advice is available (eg. from 3rd sector), regarding support for claimants;
  - Ensure that staff skills, experience and knowledge are integral to the development and formation of the scheme;
  - Ensure that the scheme addresses all relevant equalities requirements

**Who is it aimed at? Who is likely to benefit?**

This scheme is aimed at those in the borough who present with significant or acute hardship and who have exhausted the full range of other support to which they may be entitled. In particular, segments of the population who may seek support from the scheme include:

- Those recently released, or about to be released, from prison or other residential establishment
- Young unemployed males (18-30)
- Those who have experienced an adverse event such as fire or flood, or have been the victim of crime
- Those whose Housing Benefit does not cover their full rent and need some transitional support before moving to lower-cost accommodation
- Those wishing to move into private rented accommodation but who do not have sufficient funds to find a deposit

**How have needs based on the protected characteristics been taken account of?**

The Hardship scheme is aimed at all in the borough regardless of any protected characteristic. The future pattern of demand for support to alleviate hardship is likely to change fundamentally following the implementation of changes to welfare provision that will come into effect from 1 April 2013, so past patterns of demand are not necessarily a guide to the design of the future scheme.

Nevertheless, research has been carried out with a wide range of community and other groups to gain an insight into the typical causes of hardship and what measures are most appropriate in addressing both the symptoms and causes of hardship. Bodies consulted are shown below.

Voluntary organisations:

- Barnet Refugee Service
- Barnet Somali Community Group
- Chinese Mental Health Association
- Citizens' Advice Bureaux
- Disability Action in Barnet
- Farsaphone Association

- Jewish Care
- Jewish Women's Aid
- Outreach Barnet
- Safe Start Foundation
- Sangam Advice Centre
- Step Forward
- Teenage Parents
- The Ridgeway
- Threshold
- Turning Point
- Welfare Rights Unit
- Young Parents

Housing bodies:

- Barnet Homes
- Central&Cecil Housing Trust
- Safe Start Housing

London Borough of Barnet:

- LBB Adults Service
- LBB Children's Service
- LBB Housing Service

Central Government/NHS/Prisons:

- Barnet, Enfield & Haringey Mental Health Trust
- Chase Farm Hospital
- Department for Work and Pensions/Job Centre Plus
- DWP/JCP Fraud Team
- HM Prison Wormwood Scrubs
- London Probation in Partnership with Threshold Barnet Centre
- Middlesex University
- PDCS Local Service
- Royal Hospital for Neuro Disability
- The Pension Service

**What data sources have been used to inform this assessment?**

Historic data in this area is very limited. DWP have administered the existing Social Fund scheme

(including Community Care Grants and Crisis Loans), but have made only high-level volumetric and value information available. Similarly, data on applications for Discretionary Housing Payments is limited to volumetric and value information. These data sets have been used to evaluate the scope and scale of the administrative burden for the new scheme, but no equalities data on previous claimants is available to inform this Equalities Impact Assessment.

Since the government's welfare reforms may have a large and profound impact on many people who are currently not in hardship, it is likely that historic data on claimants to the Social Fund will be a poor predictor of the profile of future applicants. Our strategy is therefore to collect data on applicants to the new scheme during the early period of its operation, and to conduct a further Equalities impact Assessment in late 2013, when a clearer pattern of demand has been established.

In the interim, as an illustration of the profile of people who may present with hardship to the new scheme, data has been compiled for the proposal to introduce a Council Tax Support Scheme in Barnet. This uses available data on current benefits held on the Revenues and Benefits system, and the results of a consultation exercise on this subject held between 1 August 2012 and 24 October 2012. In addition, national and local data sets have been used to inform the analysis of how protected groups may be impacted by the proposed Council Tax Support scheme.

The available data is shown in the table below. Note that, since data on protected characteristics is not collected via the Revenues and Benefits system, data from respondents to the consultation questionnaire who receive Council Tax Benefit is shown as a proxy.

Protected group	Breakdown	Council Tax Benefit recipients		Consultation statistics <sup>3</sup> (weighted)	All households	
		National statistics <sup>1</sup>	Barnet statistics <sup>2</sup>		National statistics <sup>4</sup>	Barnet statistics <sup>5</sup>
Age	Working age	51%	96%	92%	72%	62%
	Older than working age	49%	4%	8%	28%	13%
	Under 25		7%	11%		32%
	25-34		27%	27%		17%
	35-44		31%	26%		15%
	45-54		17%	18%		13%
	55-64		12%	10%		10%
	65 and over		4%	8%		13%
Disability	In receipt of a disability benefit	18%			6%	4%
	Not in receipt of a disability benefit	82%			94%	96%
	Consider themselves to have a disability		33%	24%	19%	13%
	Do not consider themselves to have a disability		67%	76%	81%	87%
Gender	Male	38%	39%	45%	48%	48.5%
	Female	62%	61%	55%	52%	51.5%
Marital status	Married					48%
	Never married					36%
	Separated					2%
	Divorced					6%
Lone	Female	93%			91%	

parents	Male	7%			9%	
Pregnancy /maternity	Pregnant or on maternity leave		5%	4%		
	Not pregnant or on maternity leave		95%	96%		
Race/ ethnicity	White	90%	64%	62%	91%	65%
	Ethnic minority	10%	36%	38%	9%	35%
Religion	Christian		46%	49%	70%	55%
	Muslim		14%	11%	5%	7%
	Jewish		10%	9%	1%	15%
	Hindu		6%	7%		
	Other religion		7%	5%		
Sexual orientation	No religion/agnostic/atheist		16%	19%	22%	13%
	Heterosexual		90%	89%		
	Bisexual		5%	5%		
	Lesbian		3%	3%		
	Gay		2%	2%		

<sup>1</sup>National statistics taken from 3 years of Family Resources Survey 2005/6 to 2007/8, quoted in Retrospective EIA for Housing Benefit and Council Tax Benefit

<sup>2</sup>Barnet statistics on Council Tax Benefit recipients taken as a proxy for actual figures from responses to the consultation questionnaire

<sup>3</sup>Consultation respondents weighted in line with the proportions of Council Tax Benefit recipients and non-recipients in Barnet's population

<sup>4</sup>National statistics on general population taken from 2011 Census

<sup>5</sup>Barnet statistics on the general population taken from 2011 census data and the GLA annual population survey 2010

#### 4. How are the equality strands affected? Please detail the effects on each equality strand, and any mitigating action you have taken so far

The proposed scheme aims to replicate the existing discretionary provisions of the Social Fund and integrate the application and evaluation process with that for Discretionary Housing Payments, thereby simplifying the process from the applicant's point of view and optimising the use of available funds to alleviate hardship. Overall, therefore, it is expected that there will be a slightly positive impact for all groups from the introduction of the scheme. However, some groups may be affected by the changes in the application process, and these are considered below.

Equality Strand	Affected?	Explain how affected	What action has been taken already to mitigate this?
Age	Potentially	The primary method of applying for grants will be through a web form that will be accessible via the Barnet web site. Older residents may be less familiar with the use of the internet than younger residents and therefore may find it more difficult to apply for support.	It is proposed that support for applicants in filling in the web form will be available in person at a range of locations, including LBB face to face centres at Burnt Oak and Barnet House, Barnet Homes, CAB and charities. In addition, support will be available by phone from the LBB contact Centre.  For those who do not have access to the internet and cannot leave their



			home, an application by phone process will be available via the Council's contact centre.
Disability	Potentially	The primary method of applying for grants will be through a web form that will be accessible via the Barnet web site. Disabled residents may be less able to use the internet and therefore may find it more difficult to apply for support.	<p>Whilst detailed agreements have yet to be finalised, it is intended that support for applicants in filling in the web form will be available in person at a range of locations, including LBB face to face centres at Burnt Oak and Barnet House, Barnet Homes, CAB and charities. In addition, support will be available by phone from the LBB contact Centre.</p> <p>For those who do not have access to the internet and cannot leave their home, an application by phone process will be available via the Council's contact centre.</p>
Gender	No	Whilst gender data on applicants to the new scheme is not available, around 60% of Council Tax Benefit recipients are female and 40% male. Many female recipients are lone parents and will therefore have childcare responsibilities.	The ability to apply for support via the internet may be an advantage for younger people, including lone parents, who are familiar with this form of communication. For those who do not have access to the internet and cannot leave their home, an application by phone process will be available via the Council's contact centre
Gender reassignment	No	Whilst gender reassignment data on applicants to the scheme is not available, there is no evidence that any of the proposed changes will have a disproportionate impact on those with gender reassignment	No distinction has been made on the grounds of gender reassignment in the design of the scheme.
Marital status	No	Whilst marital status data on applicants to the scheme is not available, there is no evidence that any of the proposed changes will have a disproportionate impact on those of any marital status	No distinction has been made on the grounds of marital status in the design of the scheme
Pregnancy and maternity (including teenage parents)	No	Whilst pregnancy/maternity data on applicants to the scheme is not available, there is no evidence that any of the proposed changes will have a disproportionate impact on those of those in this category.	No distinction has been made on the grounds of pregnancy/maternity status in the design of the scheme
Race	Yes	Whilst race data on applicants to the scheme is not available, the proportion of Council Tax Benefit claimants from ethnic	Support in completing the form will be available from a wide range of agencies, potentially including those who support ethnic minorities. The

		minorities is the same as that of the general population in Barnet. Nevertheless, those from ethnic minorities may have difficulty in understanding the application form and process.	web form will be translatable using proprietary translation packages available free on the internet
Religion or belief	No	Whilst religion data on applicants to the scheme is not available, there is no evidence that any of the proposed changes will have a disproportionate impact on those of those in this category.	No distinction has been made on the grounds of religion in the design of the scheme
Sexual Orientation	No	Whilst sexual orientation data on applicants to the scheme is not available, there is no evidence that any of the proposed changes will have a disproportionate impact on those of those in this category.	No distinction has been made on the grounds of sexual orientation in the design of the scheme

**5. What will be the impact of delivery of any proposals on satisfaction ratings amongst different groups of residents**

This scheme will make changes in the procedures for applying for existing discretionary grants and loans (Community Care Grants, Crisis Loans and Discretionary Housing Payments). Changes will be made in how awards are granted – in particular cash awards (used fairly extensively by DWP hitherto) will be minimised and only used if there is no alternative. Previous recipients of such awards may therefore be dissatisfied in comparison with their previous experience. The restriction of awards to non-cash media may generate general dissatisfaction and in particular may create adverse reaction from substance abusers, who under the current scheme may have been accustomed to receiving regular cash awards that they have used to fund their habits.

**6. How does the proposal enhance Barnet's reputation as a good place to work and live?**

This proposal is not unique to Barnet – many councils are implementing a similar scheme. As indicated above, the simplified application process and integration with DHPs will result in a slightly positive impact on claimants to the scheme, although this is unlikely to have a significant effect on Barnet's reputation as a whole. On balance, therefore, it is considered that the proposed scheme is likely to have a neutral effect on Barnet's reputation as a good place to work and live in comparison with alternative locations.

**7. How will members of Barnet's diverse communities feel more confident about the council and the manner in which it conducts its business?**

The new scheme will bring together under a unified framework a number of discretionary awards that are available to those in need. It will also simplify the administration of such awards and reduce the risk of fraud. All these positive aspects should increase the confidence of the community as a whole in the Council's ability to conduct its business in an efficient and effective manner.

**8. What measures and methods have been designed to monitor the application of the policy or service, the achievement of intended outcomes and the identification of any unintended or adverse impact? *Include information about the groups of people affected by this proposal. Include how frequently will the monitoring be conducted and who will be made aware of the analysis and outcomes? Include these measures in the Equality Improvement Plan (section 13)***

The application process for awards under the new scheme will include data gathering on protected characteristics. The number, value and nature of applications for grants under the new scheme will be closely monitored and reported, in particular during the first 6 months of its operation, to ensure the impact of welfare reform is fully understood and this insight will be fed into the evolving design of the scheme.

**9. How will the new proposals enable the council to promote good relations between different communities? *Include whether proposals bring different groups of people together, does the proposal have the potential to lead to resentment between different groups of people and how might you be able to compensate for perceptions of differential treatment or whether implications are explained.***

The proposal is likely to have a neutral effect on these aspects – the new scheme is unlikely to impact any community differently from any other.

**10. How have residents with different needs been consulted on the anticipated impact of this proposal? How have any comments influenced the final proposal? *Please include information about any prior consultation on the proposal been undertaken, and any dissatisfaction with it from a particular section of the community.***

As a discretionary scheme, there is no legal obligation to consult the general public on this scheme, and so far no public consultation has taken place. Substantial changes in government welfare provision implemented from 1 April 2013 are likely to have a profound impact on the profile of people applying for hardship support and the drivers of hardship, which are likely to change substantially from historic patterns. It is therefore proposed to conduct a public consultation on the scheme operation and design in late 2013, following the collection of sufficient data on the profile of applicants during the early period of its operation.

11. Decision:			
No Impact <input type="checkbox"/>	Positive Impact <input type="checkbox"/>	Neutral Impact <input checked="" type="checkbox"/>	Negative Impact or Impact Not Known <sup>1</sup> <input type="checkbox"/>
12. Comment on decision			

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<sup>1</sup> 'Impact Not Known' – tick this box if there is no up-to-date data or information to show the effects or outcomes of the function, policy, procedure or service on all of the equality strands.

## APPENDIX 4

### Implementation Plan

The implementation plan for the Crisis Fund project is shown overleaf. Key milestones are:

- Approval of scheme design by Cabinet 17 December 2012
- Eligibility and evaluation criteria documented 31 December 2012
- System available for configuration/testing 7 January 2013
- Resources for testing and operation secured 31 January 2013
- System configured 19 February 2013
- Staff trained 28 February 2013
- Agreements with suppliers concluded 28 February 2013
- System tested 15 March 2013
- Go live 26 March 2013

A summary of the project plan is shown overleaf.

