

Local Welfare Assistance Update

Purpose of report

For discussion.

Summary

This report updates Members on the latest developments on the Local Welfare Assistance fund and associated review by Department for Work and Pensions (DWP) and the LGA.

Recommendation

That the Finance Panel note progress and offer any further steer on the issues covered.

Action

Officers to take forward in line with Members' direction.

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Local Welfare Assistance Update

Background

1. The Social Fund was administered nationally by the Department for Work and Pensions (DWP) until 2012. Crisis loans and community support grants were localised from 2012/13 as the Local Welfare Assistance fund. This transfer was accompanied by a 10 per cent cut in funding and DWP retained responsibility for loans and advances in relation to delays or errors in payment of benefits. County and unitary councils were given a share of £144 million for 2013/14 and roughly the same for 2014/15.
2. Councils receive the funding as a separately identified, but non-ringfenced, grant payment at the beginning of the financial year. In 2015/16 the fund is being withdrawn as a distinct grant and although Ministers take the view it is being rolled into core council funding it forms part of an overall envelope which will be cut by 8.2 per cent in cash terms¹ and so funding for the scheme has in effect been abolished. The Chairman of the LGA wrote to the Department for Communities and Local Government (DCLG) and DWP Ministers in February and March respectively to raise concerns about its removal and proposed monitoring.
3. The localisation of the fund has received a considerable amount of media coverage and scrutiny, some of which highlighted concerns about the accessibility of local schemes and whether councils were effectively spending or underspending the funding.

Local Schemes

4. The LGA has consulted with councils, including through a number of round table sessions last autumn, to understand how local schemes were being set up and to explore some of the challenges and possible reasons for low take-up. This highlighted the extremely innovative and effective ways in which councils have managed the fund compared to the previous DWP-managed model. The former loan-based model was difficult to administer and cash payments are highly open to abuse, so many councils have sought better targeted ways of deploying the funding and better understanding the real needs of clients. In particular, councils have made more use of payments in kind, for example second hand white goods and pre-paid vouchers. Most were making a conscious effort to shift emphasis towards early intervention and building resilience and self-reliance. These approaches have helped to make the limited pot of money go further and be more effective in tackling genuine need.
5. Some councils have chosen to pool the grant into their general fund, making it harder to identify the expenditure it has financed. This approach, while completely consistent with the un-ringfenced nature of the grant, has been cited by Government to support its decision to end the funding.

¹ Between 2014/15 and 2015/16

Government and LGA Review

6. The Government committed to a review of local schemes before any future funding decisions were taken and councils see the announcement that the funding will end in 2015 as pre-empting that promised review. The review is, though, now taking place following correspondence between Sir Merrick Cockell and Steve Webb (Minister of State at DWP) (see **Appendix A**). The DWP review, based on a questionnaire, was sent to Chief Executives on 30 April. It seeks quantitative information on how councils have spent the fund in 2014/15 and how they intend to spend it in 2014/15 (See **Appendix B and C**).
7. The LGA has sought to complement this review by carrying out research that provides a narrative and set of examples on the schemes and assistance councils have delivered. The research will contribute to a greater understanding of local welfare schemes via a suite of case studies, which will complement DWP's quantitative study. The LGA research will cover the set up processes and challenges councils faced, how the schemes were managed, their outcomes and the impact of the removal of separately identifiable funding from 2015/16. In particular, it will seek to show how local management of the fund has led to innovation, better targeting, and effective prevention and demand management.
8. The case study research will support lobbying on future funding, and provide examples of good practice and efficient support for vulnerable people, which can be shared across the sector. A request for examples, to be sent to the LGA, was included in the DWP letter to Chief Executives.

Next steps

9. The LGA is now commissioning this research which along with the DWP review is expected to be complete before the parliamentary recess in mid-July. We will report the research to the Finance Panel before sharing with the DWP and publishing it.

Appendix A - Letter from Sir Merrick Cockell to Steve Webb MP

Steve Webb MP
Minister of State
Department of Work and Pensions
Caxton House
Tothill Street
London
SW1H 9NA

29 April 2014

Dear Minister,

LOCAL WELFARE ASSISTANCE & REVIEW OF COUNCIL SCHEMES

Thank you very much for your letter of 20 March responding to the concerns we raised about your proposals in relation to the programme funding for local welfare provision for 2014-15, and your Department's commitment to reviewing the schemes that councils have delivered since the funding was localised in April 2013.

As suggested in that correspondence our officials have now met and I am very pleased that we have been able to agree a way forward that will minimise the administrative burden on councils and enable your department to draw on the LGA's work to explore different local approaches to delivering local welfare support.

As set out in my earlier correspondence it is the LGA's view that the majority of councils have used the fund efficiently and innovatively to provide vital support to their most vulnerable residents, and we welcome your Department's openness to exploring this in more detail.

It is also our view that the removal of separately identified funding will present considerable challenges for some councils, particularly those in more deprived areas, and most especially in the light of the overall reductions in funding for local services. I think it is important for us to be candid about the fact that the LGA's views on this issue continue to diverge from those of Government.

Should you wish to discuss any aspect of this work with me directly I would of course be very happy to meet.

Yours Sincerely

Sir Merrick Cockell
Chairman
Local Government Association

Appendix B – Letter from DWP to unitary and upper tier council Chief Executives

Dear colleagues,

LOCAL WELFARE PROVISION

On 27 January 2014 the Minister for Pensions, Steve Webb MP wrote to you with details of the local welfare provision funding for 2014-15. In that letter he said the Department for Work and Pensions would be asking about the support being provided by local authorities and what each local authority forecast is for the coming year.

Review

Following on from his letter please find attached a short questionnaire. It is anticipated that you will already be recording the information requested as part of your normal financial and audit activities and as part of your own strategies for increased transparency.

Following correspondence between the Minister and Councillor Sir Merrick Cockell, Chairman of the Local Government Association (LGA) we have also agreed to work with the LGA to draw out examples of different approaches to local welfare provision. We anticipate that this will demonstrate the innovation and variety of partnerships that have been developed by councils to deliver support in their areas, and facilitate the sharing of good practice.

The outcomes of this review will be included in a report to be made available for all local authorities in the Autumn.

Could you return the completed questionnaire to:

Seán McGinn

Social Fund & Local Welfare Provision

Social Justice Directorate

Department for Work & Pensions

Level 1 East

Rockingham House

West Street

Sheffield S1 4ER

Email : sean.mcginn@dwp.gsi.gov.uk

Could you please return the completed questionnaire **no later than 16 May 2014**.

To share details about your local scheme with the LGA please contact Dan McCartney dan.mccartney@local.gov.uk by 16 May 2014

Appendix C – DWP Questionnaire accompanying letter to Chief Executives

LA Name	Cash	Goods	Services	Other (1)	Total
1. How did you spend the fund in 2013/14?					
£					0.00
Volumes					0
2. With which partners did you spend the 2013/14 fund?					
District/2nd tier council					0.00
Voluntary and Community Sector					0.00
Private Sector					0.00
LA Sector					0.00
	0.00	0.00	0.00	0.00	0.00
3. How do you plan to spend the 2014/15 allocation?					
Quarter 1 £					0.00
Quarter 2 £					0.00
Quarter 3 £					0.00
Quarter 4 £					0.00
Total	0.00	0.00	0.00	0.00	0.00
Volumes					0

(1)	Other - Please provide brief details on how this is accounted for.
(2)	Where you didn't spend your full 2013/14 allocation what were the reasons for this?
(3)	Please provide an explanation of the nature of spending in 2014/15
(4)	Please provide a brief description of the scheme you delivered in 2013/14, how it aligned with existing services, with whom you delivered it and the outcomes achieved.

NB Do not limit yourself to the boxes above. If you wish to provide more detail please provide additional documents where helpful.