



From the Minister of State
for Work and Pensions

Baroness Eaton DBE DL
Local Government Association
Local Government House
Smith Square
London
SW1P 3HZ

DWP Department for
Work and Pensions

Caxton House
Tothill Street
London
SW1H 9DA

Telephone
020 7340 4000

Email
ministers@dwp.gsi.gov.uk
www.dwp.gov.uk

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Dea Margaret

LOCAL GOVERNMENT ASSOCIATION RESPONSE TO THE CALL FOR EVIDENCE RE THE LOCAL SUPPORT TO REPLACE COMMUNITY CARE GRANTS AND CRISIS LOANS FOR LIVING EXPENSES

Thank you for your letter of 28 March.

I was disappointed to read the LGA's response to the current call for evidence, given it does not offer any positive ideas on how we can develop local services.

There does seem to be continuing misunderstanding of the policy proposals, particularly the assumption that local authorities are being asked to take on Crisis Loan payments in their entirety. This has never been the case. A new system of payments on account will replace Crisis Loan payments that occur because of the way the benefit system operates.

The emergency element that will transfer to local authorities is unrelated to the benefits system. These payments tend to be made in cases of destitution following for example a mugging, fleeing a violent relationship, or a domestic disaster such as a serious house fire or a flood. Many of these will be cases where other wraparound support from local agencies may be needed.

Funding is available for the new service for the current spending review period. This includes meeting the costs of new burdens. New and ongoing pressures will be considered as part of the negotiations for the next and subsequent spending reviews.

I gave a commitment when we met to see what linkages we could find between Social Fund customers and those using local authority services. Our officials subsequently met to discuss how this work would be progressed. I understand that your officials were invited to provide LGA or LA service user data that could be run alongside our Social Fund data to test the extent of the overlap. We have not received a response. It would be helpful to know if this is a possibility.

↳ This is the key to progress!

My officials are finalising our first set of LA level Social Fund data. They have also analysed our data for linkages with LA services. I intend to include all of this in the response document to the call for evidence. This will be available shortly.

Thank you for your offer of a further meeting. I agree this would be helpful. My office will contact yours to make the necessary arrangements.

In the mean time I have attached some initial thoughts on the points raised in your note.

With best wishes,


STEVE WEBB MP
MINISTER OF STATE FOR WORK AND PENSIONS

Local government being put in a position of managing the volume of emergency hardship cases resulting from people's interaction with the benefit system

This is not the case. Any urgent needs arising from individual's interaction with the benefits system will be dealt with through a new system of Payments on Account. This process will allow for a proportion of benefit to be drawn down early to tide people over to their first benefit payment, or when they are awaiting an increase to their benefit following for example a reduction in their hours worked, or the birth of a child.

Payment periods in Universal Credit

Payment periods are still under consideration.

Exposes local government to risk on future welfare policy decisions about benefit levels, conditionality and financial sanctions

Hardship schemes exist within the current benefit structures to support individuals and families affected by financial sanctions following a failure to comply with benefit rules. Hardship arrangements are being included in Universal Credit.

Demand for Crisis Loans is spiralling; poor targeting of pensioners; legitimate demand, and moving away from a loans system

Changes to manage down demand over the remaining two years of the current Crisis Loan scheme were announced on 3 March. These took effect from 4 April. Our intention is to manage volumes back down to pre 2006 levels to support the introduction of new local services.

The national scheme does not target pensioners effectively. The bureaucratic application process and remote decision-making are barriers for this group. This should improve with the introduction of new local services.

The issue of legitimate demand is complex. If it is defined as the amount applied for by those who either are refused a Community Care Grant on budgetary grounds or receive an award then it is true that in 2009-10 the percentage of legitimate demand met was 32%.

However, if legitimate demand is defined as the number of applications which are either refused a Community Care Grant on budgetary grounds or receive an award then in 2009-10 the percentage of legitimate demand that was met initially was 85%.

It is true that the current loans scheme is part funded by recycled money repaid from previous loans. The new provision will not be a loans based service. Our intention is to transfer funding for the service. This will allow local authorities, or organisations working on their behalf, to make small one-off grants or payments in kind to people in emergency situations.

The current localisation proposal possibly creates a practical problem since it wrongly assumes that the responsibility can be bolted onto adult social services

No such assumption has been made.

The refusal of Crisis Loans and Community Care Grants has in the past created a physical threat to staff that have led to regional delivery

This is not true. Jobcentre Plus moved to a virtual network for all benefits and Social Fund payment processing.

The potential of including the new service as part of Universal Credit

Government policy is to introduce new local support services that build on existing local services, not a national service.

Linking the new service with a local delivery model

The policy intention is to allow local communities to develop their own service to reflect local needs and build where appropriate on existing services which are either delivered in-house or contracted to other agencies. This does not fit with the suggested prescriptive local delivery model.

The service needs to be fully funded in the medium term

All aspects of Government funding can only be guaranteed for the lifetime of the relevant spending review period. The new local service will be funded for the duration of the current spending review period. Funding for subsequent years will be considered in the usual way.

The books need to be opened to local government to allow local authorities to understand the current funding arrangements

My officials have discussed data-sharing arrangements with LGA officials. We are currently finalising our first set of LA level Social Fund data. This will be included as an annex to the response document to the call for evidence which will be published shortly.