

The response from the Social Fund Commissioner to the Scottish Government's publication: *Devolution of Community Care Grants and Crisis Loans: Consultation on Successor Arrangements*

Introduction

I reply in my capacity as Social Fund Commissioner, having been appointed by the Secretary of State for Work and Pensions to head the Independent Review Service (IRS)¹ which provides an external and independent review of Jobcentre Plus' decisions on applications to the discretionary Social Fund across Great Britain. I hold a separate appointment for Northern Ireland.

The Independent Review Service's position at the end of the review process provides unique insights into the needs of people who apply to the Social Fund, gathered as a result of reviewing more than five hundred thousand applications across two decades of Social Fund casework. Our work includes a review of decisions made by Jobcentre Plus on community care grants and crisis loans, which are the subject of this consultation. My response draws on the collective experience and evidence from our casework, including findings from our contemporary examination of cases from people living in Scotland.

Policy makers in Scotland have an opportunity to set out clear parameters for successor arrangements to the existing Social Fund, which are tailored to the specific needs of people who live in Scotland. In framing my response I note the Scottish Government's response to the reform of public services, following recommendations set out in the recent Christie Commission report².

My response does not answer consultation questions in equal detail. It focuses in greater depth on issues for which our casework experience provides the strongest evidence base. Our casework experience demonstrates the complexity of the lives and situations often presented by people who use the discretionary Social Fund. In order to reflect the breadth of those experiences I have not provided the YES or NO answers

¹The Social Fund Commissioner's statutory duties and powers are set out in primary legislation at section 37 of the Social Security Act 1998 and include appointing Social Fund Inspectors and other staff as he thinks fit; arranging training as appropriate; monitoring the quality of Inspectors' decisions; providing advice and assistance as appropriate to improve standards; and reporting annually to the Secretary of State for Work and Pensions.

² *Future Delivery of Public Service*, Christie Commission, June 2011

requested in some parts of the consultation paper. Instead, I have aimed to capture the range of considerations for policy makers to balance as they design the successor arrangements.

Q 1 Do you have any other evidence on the operation of the current system which would be relevant to consideration of successor arrangements?

My response is based on Social Fund customers' perspective and experience. During 2010/2011, the IRS considered 42,500³ cases from across Great Britain as part of the review process. This included 6646 cases from people living in Scotland.

Our customer base includes a range of poor and vulnerable individuals and families who are in receipt of multiple benefits. This provides a great deal of insight into the situations and challenges people face, whether in relation to the benefit system, money management, indebtedness, health, housing or family.

I have drawn on evidence from our extensive case work, including an examination in March 2011 of 251 applications made by people living in Scotland; of these, 166 people had applied for a community care grant and 85 people had applied for a crisis loan. I believe this recent case-based evidence offers a unique insight into the characteristics and experiences of people who are using the Social Fund in Scotland. The full report is in the Appendix and I have set out below the key findings that appear to be most relevant to this consultation paper:

- 54 applications (21.5%) were from families with children living in the household. Of these families, 38 were led by one parent.
- 115 applications (45.8%) included an adult with a mental health condition, 110 applications (43.8%) included an adult with a physical health condition and 65 applications (25.9%) included an adult with both a mental and physical health condition.
- 4 applications (1.6%) included a child with a mental health condition, 14 applications (5.6%) included a child with a physical health condition and 2 applications (0.8%) included a child with both a mental and a physical health condition.

³ Some applications can result in both a grant and crisis loan decision. In 2010/2011 Social Fund Inspectors made 53,626 decisions on the cases that came to the IRS for review; of these decisions 8290 related to people living in Scotland.

- 58 of the 85 family units⁴ had either an adult or a child with a mental or physical health condition.
- A significant number of customers saw a healthcare professional regularly: 115 saw their GP, 22 attended a hospital, 8 saw a Community Psychiatric Nurse and 18 saw a counsellor.
- In addition to healthcare professionals, 55 customers (21.9%) had some form of third party support from people and organisations such as Citizen's Advice, welfare rights, law centres, debt advice, housing agencies, rehabilitation workers and probation officers.
- 36 cases (14.3%) involved people leaving some form of institutional or residential care; 31 of these people were leaving prison with the other 5 leaving hospital or a rehabilitation unit.
- 42 cases (16.7%) involved people who had experienced a period of homelessness.
- 97 applications (38.6%) met one or more of the current tests to qualify for a community care grant. In particular:
 - 21 customers needed help to settle back into the community, after leaving care, for example prison or hospital;
 - 29 customers needed help to reduce the risk of them going into care, such as a hospital;
 - 35 customers needed help to ease exceptional pressures on them and their families;
 - 12 customers needed help to set up home as part of a planned resettlement programme following an unsettled way of life.
- 67 applications were for living expenses such as food and fuel; the majority of which (49) were made because the customers had lost or spent their usual income.
- 74 applications (29.5%) were for all the items for a home, as the customers were setting up home from scratch and had nothing to move in with.

⁴ For the purpose of this case examination family units include customers (either a single person or a couple) with children living in the household, customers with children living with another family member, customers themselves living with extended family or a couple without children.

- 75 applications (29.9%) were for multiple household items.
- 63 applications (25.1%) were to replace things customers owned but needed to replace due to wear and tear or other damage.
- 58 applications (23.1%) were for clothing.
- The average amount requested by customers was £1113.89. This covered a range from £30 up to £9847.99. The median figure of this range was £805.
- 207 of all customers (82.5%) had a Social Fund debt; 84 of these customers owed more than £1000.⁵
- The average combined budgeting and crisis loan debt was £706.23, which was repayable at an average repayment rate of 12.24% of a household's income. The average Social Fund debt increased to £1000.83 when looking just at family units.

I have set out these particular issues as they illustrate the type of disadvantages experienced by Social Fund customers in Scotland. In addition, they relate to matters in which Scottish local government is already involved.

I note that the Social Fund literature review, which the Scottish Government published alongside the consultation paper, highlighted some administrative difficulties with the Social Fund. Events have moved on since the inception of the Social Fund in 1988 and I accept the argument for a review of these longstanding arrangements. Nevertheless, our experience of casework over the past two decades indicates that the Social Fund has had an important part to play in supporting those who are most vulnerable. For example, the grant scheme offers one-off support to help people live independently in the community; representing a cost saving when set against the on-going cost of long term institutional care.

Commentators, including the Committee of Public Accounts, have - despite expressing reservations about certain aspects of the Fund's operation - observed that the community care grant provides an important safety net for those most in need⁶. For example, in response to the Social

⁵ I am unable to provide data on wider forms of debt as this information was not available to the decision maker.

⁶ *The Community Care Grant*, Committee of Public Accounts, Eleventh Report of 2010-11, December 2010 HC 573 <http://www.publications.parliament.uk/pa/cm201011/cmselect/cmpubacc/573/573.pdf>

Fund reform proposals a number of organisations with an interest in the Fund wrote to the Minister for Pensions, expressing the view that community care grants and crisis loans provide an extremely important safety net to many of the most vulnerable in our society⁷.

The current grant scheme is largely based around preventative rather than reactive spending. This preventative approach resonates with the recommendations in the Christie Commission report and is consistent with the Scottish Government's commitment to preventative interventions.

Q 2 Do you agree the successor arrangements should operate a single grant fund?

I note that the Scottish Government has already set out its view that successor arrangements should combine the current systems of grants and loans, to form a single grant fund.

Under current arrangements the criteria for receipt of community care grants and crisis loans are quite distinct. The grant scheme is intended to meet a need for community care by helping vulnerable people, on specified income related benefits, who face difficulty arising from special, defined circumstances. Crisis loans are interest free and can be paid for items, living expenses or a mixture of both. Community care grant awards are commonly for items and repayment is not required. Grants were originally intended to form part of a package of support; by complementing the support provided by local authorities, other Government agencies and voluntary organisations.

As the consultation paper recognizes, provision based solely on grants would allow limited funding to be targeted on the poorest and most vulnerable, without increasing their level of debt. There is a case for provision of grants rather than loans where funding is being targeted on very vulnerable people who are unlikely ever to be able to work. This is because those people do not have the opportunity to increase their income in the short or long term. The financial pressure on them is inescapable and can make the process of repaying a loan (or multiple loans) more difficult and drawn-out.

⁷ <http://www.platform51.org/downloads/resources/misc/LettertoSteveWebbMP.pdf>

A single grant fund would remove any uncertainty about whether to request help in the form of a grant or a loan. This should simplify matters and reduce the potential cost, time and effort wasted by the applicant and the administrator in dealing with misdirected requests that cannot hope to succeed. Set against this, a single grant fund would remove a currently available opportunity for disadvantaged people to access affordable short term credit; the impact of which will depend on the extent to which they can access the advance of benefits facility proposed under Universal Credit⁸.

The consultation paper acknowledges that operating a loan scheme would allow money to be re-cycled as loans are paid back into the fund. In the event that a single grant fund is adopted, loss of re-cycled funding will be off-set to some extent in that the process of loan recovery carries administrative costs and may require initial investment in the form of staff training and development of new systems. However, loss of income from recycled funding will intensify the need for intended outcomes of grant provision to be very clearly defined.

Our casework experience tells us that some Social Fund applicants have deep seated financial difficulties which they find difficult to manage without the help of a grant. Our findings from case work analysis of a sample of 500 customers from across Great Britain show that many customers who experience multiple disadvantages already have high levels of personal indebtedness.⁹ Other customers are very competent at managing their finances. Access to the current interest free Social Fund loans process helps them to budget effectively and this can help to prevent problems from escalating.

Whatever form successor arrangements take, there needs to be clarity about what type of support is available, the specific outcomes this support is intended to promote, a mechanism for evaluating the impact of local provision and a system that is easy for users to navigate.

⁸ In its December 2010 White Paper, *Universal Credit: welfare that works*, the UK Government proposed a new nationally administered advance of benefit facility to replace Social Fund budgeting loans and alignment crisis loans (those made to claimants with immediate needs while awaiting payment of their benefit award).

⁹ *Experiences of Social Fund Customers*, July 2010, Independent Review Service case analysis report <http://www.irs-review.org.uk/infocent/reports/sfc/ExpSFCustomersReport.pdf>

Q 3 Do you favour centralised or local delivery of the successor arrangements?

In responding to this question, I note the relationship which local and central government have forged in Scotland since the 2007 Concordat¹⁰, which gives local authorities greater flexibility in reaching decisions on where money should be spent to achieve agreed outcomes.

A number of fundamental principles should apply to social care or welfare provision, irrespective of whether provision is delivered centrally or locally. Both forms of delivery model should be underpinned by common principles, such as:

- provision of high quality support
- transparency about the type of assistance which is available
- clarity about the situations in which help can be given and who to approach
- consistency of objectives across locations, so there is actual and perceived fairness between different groups of citizens
- safeguards to protect the needs of vulnerable people.

Both systems of delivery (at central or local level) present their own opportunities and challenges. On the face of it, delivering successor arrangements through a centralised model offers a greater opportunity to promote equity of treatment. However, establishing an external overview of local arrangements (for example, through some form of independent grievance model) would help to promote public confidence in locally based service delivery and equity of treatment.

While it could be argued that centralised delivery more readily lends itself to the promotion of consistency, it does not automatically follow that a centralised model would achieve consistency across locations. The Community Care Grant scheme is a centralised, cash-limited fund, within which the national budget is distributed between 23 Jobcentre Plus, Social Fund districts across Great Britain.¹¹ Two of these district budgets – Inverness and Springburn - cover Scotland.

¹⁰ Scottish Government, *Budget Spending Review* 14th November 2007

¹¹ The decision makers in each district are responsible for managing their part of the budget so that they do not spend more than their allocation. The Area Decision Maker in each district must specify the level of priority that may be met from that district's grants budget. Decision makers at all levels in the process must take account of the Area Decision Maker's guidance when deciding whether an application has enough priority to be paid from the limited budget.

Our casework experience shows us that this arrangement results in a centralised model that delivers different outcomes for Social Fund customers, dependent upon where they live. These different outcomes tend to be a result of local budget constraints rather than a response to distinct local factors. It will be important to design new arrangements where any difference in outcomes across local areas relates to the needs of individuals, rather than the needs or preferences of the organisations delivering the service.

One challenge for a local delivery model will be finding ways to counterbalance the reduced scope for achieving economies of scale. Set against this, local delivery presents an opportunity for third sector engagement with local organisations that possess valuable evidence based knowledge about local needs and existing local provision. Local agencies tend to be well placed in terms of ease of access for citizens in their local communities. This local understanding and expertise can offer the opportunity to focus the targeting of the funding available. Our recent case analysis of people living in Scotland showed that 81 people (32.3%) were already engaged with other agencies or organisations: including medical professionals, housing staff, rehabilitation workers and debt advice organisations. This data points to the existence of established local interventions which could be used to help deliver any successor arrangements.

I believe it is possible to adopt the principles I have outlined, without compromising the ability of local authorities and their partners to respond to, and provide for, distinctive needs within their local communities. Whatever delivery model is adopted, the current economic background underlines the importance of delivering high quality services at lower cost. Local delivery is capable of achieving this through pooled budgets and place based approaches. On the other hand, a centralised delivery model is capable of achieving costs savings due to economies of scale. I believe that either form of delivery model is capable of providing cost-effective services that balance the needs of customers and taxpayers, as long as the principles I outlined earlier are built into the design of the successor arrangements.

Q 4 If you support local delivery, which organisations should deliver the successor arrangements?

My response to the preceding question endeavoured to identify some of the challenges and opportunities presented by local/centralised systems of delivery, rather than to support either form of delivery as an ideal model.

In the course of my work I have met with a number of representatives and Chief Executives from various advisory, charitable or voluntary organisations in Scotland. However, I do not have sufficiently detailed, direct knowledge across the breadth of local communities in Scotland to enable me to identify the most suitable delivery agents. I do believe that the third sector has an important role to play in any locally based provision. However, I recognise that others commentators are far better placed to provide an evidence-based view about the specific organisations that are best placed to deliver effective successor arrangements.

Given that our casework experience indicates that Social Fund customers often experience multiple disadvantages, I consider that a local delivery model should allow specialists to work in partnership where there are multiple problems. A holistic approach to complex situations is likely to prove more effective and would appear to be consistent with the Single Outcome Agreement¹² approach that has been adopted in Scotland.

Q 5 If you support central delivery, how would a client focused approach be maintained?

Our casework experience indicates that the personal circumstances of many Social Fund customers place them at increased risk of disadvantage and vulnerability. In this context, a client focused approach is vital and will be influential in promoting public confidence. In my answer to an earlier question, I set out the principles that should underpin any method of delivery.

Central delivery is often characterised by remote casework processes and decision making that exclude face-to-face contact. This heightens the importance of training staff to recognise when there are underlying issues that mean certain individuals need extra support to help them engage with the process. A centralised delivery model brings into focus the need to design simple, effective and proportionate processes that ensures people are not disadvantaged by this lack of face-to-face contact.

However, I believe that this is achievable, given our experience of delivering a centralised public service across Great Britain. We adopt

¹² A Single Outcome Agreement is the means by which Community Planning Partnerships agree their strategic priorities for their local area and express those priorities as outcomes to be delivered by the partners, either individually or jointly, while showing how those outcomes should contribute to the Scottish Government's relevant National Outcomes.

<http://www.scotland.gov.uk/Topics/Government/local-government/SOA>

flexible ways of conducting reviews tailored to the needs of the individual case, without inflating costs or compromising the quality standards that underpin our work. I set this approach out in detail in my most recent Annual Report¹³. In light of this, I believe that a centralised model is capable of maintaining a client focused approach; as long as staff are equipped with the skills and flexibility to tailor their response to the individual circumstances of the case.

Q 6 What delivery channels are most appropriate? For example, face-to-face, on-line etc?

Our casework experience tells us that the Social Fund customers we deal with have different needs and abilities. Some of them negotiate our process without help; others enlist the help of a representative. Our recent analysis of cases from Scotland showed that in 40 (16%) of the 251 cases examined, the customer had a representative acting on their behalf.

In light of the vulnerability of people who apply to the Social Fund it will be important to offer a choice of access methods, to avoid any disadvantage increasing the possibility of unequal outcomes. I am aware that increasingly government services are designed on the basis of on-line applications. This method is efficient and cost-effective for users and providers. However, at least some of the vulnerable people who use the Social Fund may engage better with other methods of access. This is why we offer alternative methods for customers to contact us, including: letter, telephone, fax and e-mail.

Offering an on-line service is convenient for many people and should produce cost savings. Those savings should help with the unavoidable extra cost of providing an inclusive service to those who need more costly or resource intensive arrangements.

Q 7 What groups (e.g. older people) and life events (e.g. moving back into the community) do you consider should be the focus of the successor arrangements?

Grants should be targeted at supporting vulnerable people who because of age, chronic illness or disability are unable to help themselves, and supporting people who need to re-integrate into society in order to play a full and active role in the community in the longer term. I would endorse

¹³ The Social Fund Commissioner's Annual Report 2010/2011 – http://www.irs-review.org.uk/infocent/reports/ar1011/IRSAR2010_11.pdf

the continuation of support to help someone to establish or remain in the community and to stabilise an unsettled life. At least a quarter of the people whose cases we looked at in our recent case analysis fell into one of those situations.

I note that the consultation paper (at 3.23) suggests that the eligibility criteria could be modified to focus on particular groups, or that the current life event triggers could be changed. Supporting older people to remain in the community was given as an example. Historically, take up of the Social Fund by older people has been consistently low for many years; with only around 10% of the grants budget going to pensioners each year. This is despite pensioners being a group who, at present, might reasonably be expected to meet the conditions for a grant; a situation which has been criticised by the National Audit Office¹⁴ and the Public Accounts Committee¹⁵.

Policy decisions on new eligibility criteria are unlikely to be the only factor that impacts effective targeting on particular groups, such as older people. Levels of awareness are also likely to have some impact. Under current arrangements, access to a community care grant relies on people applying for one. Research commissioned by the Department for Work and Pensions in 2002¹⁶ found that one of the main barriers to community care grant uptake for pensioners was lack of knowledge about the Social Fund.

Under new arrangements the existence of localised support may be brought to the attention of greater numbers of older people. This is particularly so for those who already engage with local partnerships that aim to improve the quality of life experienced by older people. Local services could provide information about localised support to target groups, including older people, at particular points in time when they are likely to be concerned about their situation and looking around for sources of assistance: such as when they are moving home, leaving hospital or seeking help with health related matters.

Increased levels of awareness might lead to an increase in the level of funding directed towards older people, including those who need help to live in the community. If different patterns of awareness emerge under

¹⁴ National Audit Office – *Department for Work and Pensions The Community Care Grant Report* HC 286 Session 2010-2011

¹⁵ *The Community Care Grant*; Committee of Public Accounts, Eleventh Report of 2010-11, December 2010 HC 573 - <http://www.publications.parliament.uk/pa/cm201011/cmselect/cmpubacc/573/573.pdf>

¹⁶ Department for Work and Pensions Research Report No 172 – *Social Fund use amongst older people*, Elaine Kempson et al

new arrangements, this has potential to impact both the groups which benefit from the available funds and the volume of requests that are made for local support.

I can see that a focus on life events, or particular groups, is attractive because of its clarity and simplicity. However, if the life events or target groups are too widely drawn, I believe this approach may fail to deliver help to those who are most vulnerable in community care terms or raise questions about viability on the grounds of cost. Ultimately the outcomes that the Scottish Government seeks to achieve should determine the focus of targeting, rather than specific groups or life events.

Q 8 Do you agree that the successor arrangements should provide goods rather than grants? (Should the arrangements provide: goods, grants, both, don't know?)

Public bodies have a responsibility to provide a high quality service to users while also achieving best value for money for the taxpayer. Bulk purchasing power could help to achieve cost savings. Provision of goods rather than cash grants, through a procurement contract, could provide good quality items at lower cost than that available to the customer on the high street. Awarding reasonable quality goods should help to provide durable solutions and ensure the safety of items such as cookers and fires.

The resulting saving would allow more needs to be met. And, provision of goods rather than a cash grant would act as a disincentive to applications for things people do not actually need. In addition, provision of quality goods with warranties is likely to lead to a reduction in the need for replacement items over time. I note that the Public Accounts Committee made a recommendation regarding central purchasing contracts in their recent report on the community care grant.

Q 9 If you agree that the successor arrangements should provide goods, what goods should be considered for inclusion?

In answering this question I am mindful of the Scottish Government's belief that funding should continue to address similar needs. Our experience tells us that often people want help with white goods, other household equipment and clothing. Where the need is for standard items of this nature, these goods appear to lend themselves more readily to delivery by means of a procurement scheme or local recycling stores.

However, our casework experience, and feedback we get from support workers, indicates that there are times when “a one size fits all” approach to the provision of goods is unlikely to achieve the desired outcome. One example that was quoted to us was that a larger, more studier bed might be required for someone who is significantly overweight. Another example was that gas cookers in multi-occupied flats must have a safety flame suspension device.

For the most part provision of standard items, by means of a procurement scheme or local recycling store, would deliver what the service user needs at reasonable cost. However, the new arrangements should recognise that there will be some cases which require a more flexible and tailored solution.

Q 10 Do you agree that the successor arrangements should include other support, such as budgeting advice? (Yes, No, Don’t know)

Q 11 If you agree, what support should be considered for inclusion?

In response to previous consultation responses¹⁷, I have always taken the view that holistic support should be available to those with more complex needs, such as those associated with homelessness, mental health conditions or drug and alcohol misuse.

The majority of customers included in our Scottish case analysis had outstanding Social Fund debt; in most cases ranging from £100 to £1500. The average Social Fund debt was £706.23 which the customers were required to pay by instalments from benefit income. The level of Social Fund debt does not automatically mean people have budgeting difficulties. Nevertheless, at least some of those who are trying to repay debt from low income would benefit from the offer of budgeting advice.

It would be helpful to make budgeting advice available to those who want it. However, if budgeting advice became compulsory it may have the unintended consequence of leading people to seek help from lenders who charge high rates of interest, ask few questions and do not provide money advice. The opportunity to undertake a financial health check can also

¹⁷ Social Fund Commissioner’s Responses to Department for Work and Pensions Consultations on *Social Fund Reform: debt, credit and low-income households*, June 2010 and *21st Century Welfare*, September 2010

Written evidence to the Work and Pensions Committee’s inquiry into *The White Paper on Universal Credit*, December 2010

prove helpful in some cases, to identify whether someone is receiving all of the benefits available to them.

Q 12 What do you consider are the essential characteristics of an effective appeals process?

- Accessible and easy to use.
- Resolution at the earliest opportunity.
- As few layers of bureaucracy as possible.
- Free to the user and cost effective for the tax payer.
- Proportionate.
- Fair processes and fair treatment.
- Consistency of approach.
- High quality standards.
- Independence and impartiality.
- Invokes public confidence.
- Addresses any power imbalance between the customer and the decision maker.
- Focused on the needs of users.
- Achieves closure in a high proportion of cases, in order to keep disputes out of the courts or tribunal system
- An audit process that measures levels of satisfaction and evaluates the customer experience.

Q 13 Do you have any other views on the succession arrangements?

The proposed abolition of the discretionary Social Fund does not mean that the needs which it currently meets will disappear. Our case examination shows that some people already engage with local services or agencies. Equally it shows that some vulnerable people - who have received Social Fund grants up to now - do not, for whatever reason, engage with local support networks at the moment. This raises the question of how to identify and support the needs of those who are less visible within local communities, before those needs escalate and generate more expensive costs across a range of local services. The challenge for policy makers will be how to achieve the best balance between reactive and preventative support.

A number of changes were made recently to the discretionary Social Fund scheme, which may be of interest to policy makers as they consider the design of successor arrangements. These included restrictions from April 2011 on crisis loans which were introduced in order to protect the

discretionary Social Fund loan budget¹⁸. The Minister for Pensions also announced an amendment¹⁹, with effect from 4 July 2011, to the rule about repeat awards for grants and crisis loans. This amendment extended from 28 days to 12 months the period which prevents repeat applications being awarded for the same expenses. An exception is still available where there has been a relevant change of circumstances. The Minister stated that the 12 month-limit was chosen because it is broadly in line with manufacturers guarantee periods and is within the scope of the Sale of Goods Act.

Devolution of community care grants and crisis loans to Scotland presents an opportunity to provide a policy response shaped by the needs of people living in Scotland. I believe there is potential to develop successor arrangements that deliver positive and focused outcomes which balance the needs of service users and taxpayers. I also consider it important to keep in mind the positive elements of the current Social Fund scheme when setting up the new arrangements.

Karamjit Singh CBE
Social Fund Commissioner
26th October 2011

¹⁸ DWP Press Release 3 March 2011 – Changes to Crisis Loans – protecting the vulnerable

¹⁹ HC Deb, 30 June 2011, c70WS