

Event report

## Social Fund: delivering at London level

A London Funders meeting in partnership with:

**CHILD  
POVERTY  
ACTION  
GROUP**

  
the association of  
charitable organisations

29.06.2012



HOSTED BY



BREWIN DOLPHIN

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VENUE

Brewin Dolphin  
12 Smithfield Street  
London  
EC1A 9LA

Child Poverty Action Group, London Funders and the Association of Charitable Organisations jointly hosted an event on 29 June to discuss the delivery of the Social Fund at London level. The event brought together 60 representatives from local authorities, funding organisations and the third sector to discuss the key issues, and was chaired by Patrick Butler, society editor at The Guardian.

Our panel for the morning kick things off. *From left to right:* Kate Bell, London Campaign-Co-ordinator, Child Poverty Action Group; Patrick Butler, society editor at The Guardian and Councillor Joe Goldberg, London Borough of Haringey



The event launched a new publication by Child Poverty Action Group on some of the issues for Social Fund delivery within London. The executive summary of the report is attached as an appendix to this note. This note summarises the key points to come out of discussion on the day, examining current local authority plans, the challenges for delivery, and ways in which the stakeholders present might work together to address these.

### Current local authority plans

Local authorities were at various stages of developing replacement Social Fund schemes. Some were attending the event as part of this process of development while others had already developed at least a basic model. Most Local authorities were developing a scheme within their benefits directorate, but were working across the Council. Examples of local authorities which have more developed schemes included:

- Kensington and Chelsea, Westminster, and Hammersmith and Fulham have agreed to develop a tri-borough scheme. The basic model will be a non-cash based scheme, using a social enterprise to procure white goods and furniture as replacements for current Community Care Grant provision, and using gift cards for emergency clothing and food. They are also looking to work with local credit unions.
- Lambeth are taking a similar approach, although they will have some form of cash support available. They are setting up a triage system to ensure that people can access those local services that

are available, and are working with a local credit union to offer people loans, which will be subject to a small interest charge.

- Several local authorities were considering establishing interim schemes, enabling them to assess the level of need within their borough within the first year of operating a scheme.
- There is also evidence of local stakeholders meeting to try to shape responses, particularly in North West London.

### Challenges for delivery

- Local authorities are currently being asked to implement a huge number of changes as part of the Welfare Reform agenda, including the localisation of Council Tax Benefit, caps on housing benefit and the overall benefit cap. This means that asking them to prioritise the Social Fund, which has a relatively low level of expenditure, is difficult.
- The scale of cuts – including to legal aid – mean that advice agencies are also under pressure, and cannot necessarily provide help with delivery, particularly not for free. Low income residents are facing not only cuts to their incomes (through benefit cuts) but cuts to services.
- There is a lack of data on what the level of need within local authorities will actually be. DWP are providing some data on current level of Social Fund use within each local authority, but there are doubts about its accuracy. There were suggestions that other information within a local authority might be useful here – for example the local child poverty needs assessments that have been undertaken. It might also be possible for local voluntary and community organisations to help in assessing this.
- There is a lack of leadership around the issue of local connection. Most local authorities are assuming that in order to access replacement Social Fund support, people will need to prove a local connection. However, it is not clear what will happen when people move (including when they are housed in one borough by another, and which borough will be responsible in this case), and how those who can prove no local connection but face a crisis will be provided for. There is the danger of a downward spiral of provision, whereby each borough competes not to have to deal with those who have nowhere else to go.
- There is little clarity about the administration costs, and the settlement letter from DWP which might set these out has not yet been issued. There is a concern that the amount of central government support provided with administration costs is likely to be too low. There is also a concern about what happens after the two year financial settlement. The case was made that monitoring of need will be vital to make the case for future funding.



Chris Hobbs, Grants Officer, Cripplegate Foundation talks about how they are responding to changes

- Local authorities will need to be clear and transparent about what provision and support is available for those seeking help. A concern was raised that greater transparency of provision will lead to greater demand, which local authorities will be unable to meet.

### How can we work together in the future?

- There was a strong feeling that a pan-London solution to the challenges of local connection was required, possibly led by London Councils. This group could play a key role in lobbying for this solution.
- There is a need for information sharing about current plans, and best practice models.
- Once schemes are established, it would be extremely useful to have detail about local criteria in one place. The possibility was raised that CPAG might be able to take a lead in this area.
- Second tier organisations which can help with this kind of work will need support from funders.
- However good the schemes developed at either local or London level are, there is insufficient funding to meet need. We need to be promoting alternative systems, including credit unions.

### Challenges for independent funders

The new regime from April 2013 will set up challenges for independent funders too. The meeting heard from Chris Hobbs of Cripplegate Foundation (just “one funder in one borough” as he said, but a funder that gives some £240,000 per year in small, one-off grants, especially for household goods). His Foundation’s grants to people in need are accompanied by a welfare benefits check, with the intention of helping lift them out of desperate need. But Cripplegate only aims to help people where the state will not do so and under the new scheme from next April will face some hard decisions.

Islington Council and the Foundation are good at working together, liaising over how they both support the borough’s advice needs, for example. Chris believes strongly that what emerges from planning for the localisation of the Social Fund needs to be thought through cross-sector, involving the knowledge, skills and data of all the relevant grantmakers and service providers so that any solution uses available money and expertise to its maximum value. This could include creating a common gateway for people needing help, an integrated referral system and a common application process. Ideally it would also build in the best existing additional services such as Cripplegate’s benefits checks, support for financial capability work, or access to affordable credit.

At borough level this needs work on principles and practical matters if partnerships are to be developed that maintain the independent character of component organisations, but pull them together to provide a coherent, accessible service. There is evidence that some boroughs are getting to grips with developing these local relationships constructively. For national

grantmakers, however, delivering support to their clients across multiple boroughs, the changes seem more daunting. Keeping track of different borough policies and processes in order to work in a complementary way will be impossible if there is no regional or sub-regional harmonisation. Glasspool Charity Trust knows that 60-70% of the people they help also have Social Fund support – in future that would mean being aware of the policies of a daunting number of local authorities.

Aside from these communications and data-sharing issues, many national charities are also thinking deeply about different ways of supporting people. Keeping people away from high interest payday lenders is a priority and so methods of advancing small deposits for individuals to open a credit union account, or strengthening the capital base of credit unions more directly are the sorts of approaches under consideration. There was a great sense of willingness amongst all the independent funders at the meeting to work with local authorities to make sure that whatever emerges can be more than the sum of the parts, and great encouragement to the boroughs present to find a way, perhaps through London Councils, of working together to find interim solutions.

### Next steps

CPAG, London Funders and the Association of Charitable Organisations will be meeting to discuss how best to progress these plans. If you would like to be involved, please contact Kate Bell at CPAG on [kbell@cpag.org.uk](mailto:kbell@cpag.org.uk)

### APPENDIX

**Summary of *Delivering the Social Fund at London Level: opportunities and risks* available at <http://www.cpag.org.uk/content/new-report-how-can-social-fund-be-delivered-local-level>**

This report forms part of CPAG's new programme of work on child poverty within London, where four in ten children fall below the poverty line. Currently, the social fund provides an essential, if imperfect, source of support to many families on a low income. Following the Welfare Reform Act 2012, key functions of the social fund will be devolved to local level in 2013. It is vital that replacement schemes, provided by local authorities, continue to provide support for these families.

The report is based on a roundtable held in April 2012 with representatives from local authorities, voluntary sector organisations and credit unions; a series of in-depth discussions with five local authorities and potential delivery partners; and desk research. It aims to provide an insight into current thinking rather than a comprehensive account of future local authority provision in London – which for the most part remains at a very early stage of planning.

The social fund, currently administered by the Department for Work and Pensions (DWP), seeks to meet a range of needs that are not met by regular benefit or tax credit payments. There are two parts of the fund:

- the regulated social fund – Sure Start maternity grants, funeral expenses payments, cold weather payments and winter fuel payments;
- the discretionary social fund – community care grants, budgeting loans and crisis loans.



Alison Garnham, Chief Executive, Child Poverty Action Group addresses the audience. At a recent meeting on [The Funding Landscape](#), she described changes to funding of the advice sector as '[a perfect storm](#)'

Group discussion: This meeting gave time for funders to voice their concerns about delivery and to think through ways of working together



It is parts of the discretionary scheme that are being devolved to local authorities. From 2013, local authorities will have responsibility for meeting the needs for one-off items of expenditure for benefit claimants through community care grants, and for emergency financial support for all local residents through crisis loans. The money formerly spent in local areas on delivering this support will be devolved to a local level, but will not be ring-fenced; rather, the purposes of this funding will be set out in a settlement letter.

The primary drivers for the level of social fund demand are economic; the number of people who are on a low income in a given area, and the costs they face. The DWP has provided data on current local level demand and expenditure, while the money devolved to a local level for crisis loans will be pegged to 2005/06 levels of spending. But there are a number of factors which CPAG believes may act to increase demand on the fund.

- The impact of overall benefit cuts; around 55 per cent of cuts to financial support have not yet hit families.
- The specific impact of the local housing allowance cap and overall benefit cap on London: it is estimated that 54 per cent of families who will be hit by the overall benefit cap live within the capital.
- Changes to disability benefits, which will see some residents losing access to contributory employment and support allowance, and some losing support when the personal independence payment replaces disability living allowance for adults. Around 30 per cent of total community care grant expenditure and 20 per cent of expenditure on crisis loans goes to disabled people.
- The introduction of universal credit in October 2013. While we hope for a smooth transfer to the new system of universal credit, any glitches in delivery may have an impact on demand for the social fund.

Most local authorities we spoke to were at an early stage of thinking around the delivery of the fund. There was clear potential for authorities to offer a more integrated service than that currently provided, but many authorities were concerned that this would be difficult with the level of funding.

A number of promising approaches are emerging, which include:

- **No big bang.** A number of local authorities were considering putting an interim scheme in place, enabling them to assess the level of need within their local area before finalising the delivery model. If this route is taken, it will be important to monitor outcomes carefully, and ensure that the interim scheme does not become a permanent option by default.

- **Integrated assessment processes.** Local authorities run a number of discretionary payment schemes, including, for example, discretionary housing payments and Section 17 payments for children in need. There may be access to other funds, such as those from charitable foundations, within the borough. It seems sensible for residents to be assessed for their eligibility for this type of support at one time – rather than having to pass through multiple assessment procedures. This will require joint working across housing, revenue and benefits, and adult and children’s social services. We are not recommending that the different forms of payment are integrated into one fund; they have clear and distinct purposes. Rather, we are suggesting there may be options to ‘hide the wiring’ from the residents’ perspective, so that wherever they enter the system, whether through housing, social services or through applying for a social fund type payment, their eligibility for the full range of support is determined.
- **Maintenance of some form of cash scheme.** Local authorities may see a dilemma between the desirability of making cash payments to avoid stigma and the potential for savings from the bulk procurement of goods to be provided in kind. We set out a number of steps that councils should consider to reduce stigma if they do go down the route of providing goods in kind. However, whatever the route chosen, we think that local authorities will need to retain some type of provision to make cash payments in the case of emergencies; most notably when people are threatened with their fuel being disconnected and for travel costs.
- **Clear referral routes to other help and support.** There is a real potential for local authorities to improve existing arrangements to deliver a more integrated scheme that not only meets immediate need, but enables residents to access further help and support. Credit unions and advice agencies have a role to play here.

There are also a number of key risks that local authorities will need to consider when establishing new schemes. These include:

- **The inability to accurately predict demand.** It is difficult to predict the real levels of demand in each local authority under the present system – the current data suggest a mismatch between predicted levels of need and expenditure.
- **Reputational risk from turning people down.** The reduced level of funding means that local authorities will inevitably be turning down claimants who would previously have been eligible for support.
- **Cross-borough issues and postcode lotteries.** An integrated approach is required across London boroughs to ensure that local connection rules or their absence do not create a situation in which London residents who cannot prove a local connection (eg, if they are moving because of domestic violence) become concentrated in those areas which have not imposed such rules.
- **Dealing with emergencies.** It is not yet clear how local authorities would deal with a large scale emergency (eg, riots or floods) which significantly increased the demand for emergency support.
- **Out of hours provision.** The level of money devoted under the ‘new burdens’ scheme, by which funding for services devolved from central to local government is determined, will limit the level of service which local authorities will be able to provide at the

assessment and application stage, although there should be benefits from an integrated assessment process across council departments. But this funding is unlikely to cover the costs of an out of hours service, potentially leaving residents with no source of support in an emergency.

The salience of these risks will in part depend on the level of administrative funding provided by central government to support local delivery. Although the main aim of this report is to provide a resource for local authorities thinking about how to develop a scheme, some key messages emerged for central government.

**Clarity over administrative funding.** Local authorities require clarity over administrative funding in order to be able to plan provision, and need it soon.

**Taking a lead on local connection.** Government at a national or regional level could helpfully take a lead in clarifying issues around local connection and eligibility. If one authority chooses to apply local connection rules and others do not, those who do may see an unsustainable increase in demand for their schemes.

**Contingency arrangements around universal credit.** Local authorities are seriously concerned that any delivery problems with universal credit will end up on their doorsteps, and place pressure on their discretionary funds. We know that the implementation and IT for universal credit have been carefully planned. Nevertheless, we think that the government needs to make clear contingency plans, and to share these with local authorities well before the initial roll out of universal credit in October 2013.

**Monitoring and evaluation.** Central government will be reviewing social fund localisation in 2014/15. We recommend that the outcomes it monitors include the prevention of hardship and destitution; access to affordable credit; and the perception of the service by claimants.

Localisation of the social fund is an experiment which could have positive impacts for local residents, providing a more responsive and integrated service. But we do not yet know whether it will be possible to deliver these within the current budgets; the government must be prepared to rethink its approach and the level of funding provided if the reforms mean that low-income families are left with nowhere to turn in a crisis.

Funders in thought: With over 60 delegates, this meeting proved that there has never been a more important time for funders to come together and share learning and best practice.





**Attendance list**

Karen	<b>Ahmed</b>	Divisional Director of Adult Commissioning, LB Barking and Dagenham
Yussef	<b>Ali</b>	Grants Officer, St Katharine & Shadwell Trust
Kate	<b>Bell</b>	London Campaign-Co-ordinator, Child Poverty Action Group
Michelle	<b>Binfield</b>	Interim Project Manager, LB Lambeth
Nicola	<b>Brian</b>	Director of Communications, People's Health Trust
Ann	<b>Buchanan</b>	Benefits Support Manager, LB Barnet
Paul	<b>Burgin</b>	Children's Pathways Commissioner, LB Havering
Patrick	<b>Butler</b>	Editor, The Guardian (Chair)
Gill	<b>Catherall</b>	Income Maximisation Team Manager, LB Camden
Sally	<b>Causer</b>	Service Development Manager, Southwark Citizens Advice Bureau
Angela	<b>Chu</b>	Housing Strategy Manager, LB Merton
Andrew	<b>Clark</b>	Programme Manager, LB Southwark
Ben	<b>Coleman</b>	Policy Advisor, Family Fund
Kerrie	<b>Coumbe</b>	Business Analyst, LB Bexley
Helen	<b>Crowther</b>	Policy and Communications Intern, CASE
Shelley	<b>Dabell-Smith</b>	Benefit Team Leader, LB Enfield
Lynsey	<b>Dalton</b>	Benefits and Money Adviser, The Royal British Legion
Linda	<b>Damerell</b>	Adviser, Croydon Neighbourhood Care
Adam	<b>Demosthenous</b>	Capacity Building Officer, LB Camden
Paul	<b>Ellary</b>	Operations Manager, RB Kensington & Chelsea
Janet	<b>Elphinstone</b>	Welfare Rights Adviser, RB Greenwich
Maura	<b>Farrelly</b>	Community Resources Officer, LB Tower Hamlets
Caitlin	<b>Farrow</b>	Policy Officer, LB Newham
Dominic	<b>Fox</b>	Chief Executive, Association of Charitable Organisations
Kathleen	<b>Frenchman</b>	Trustee, Richard Cloudesley's Charity
Alison	<b>Garnham</b>	Chief Executive, Child Poverty Action Group
Anita	<b>Gibbons</b>	Head of Children's Policy & Commissioning Support, City of Westminster
Theresa	<b>Gilson</b>	Head of Service Delivery, Prisoners Abroad
Kristina	<b>Glenn</b>	Director, Cripplegate Foundation
Joe	<b>Goldberg</b>	Councillor, LB Haringey
Chloe	<b>Grant</b>	Programme Officer, Save the Children
Maureen	<b>Hayes</b>	Case Worker, Support Network, Institution of Mechanical Engineers
Katie	<b>Higginson</b>	Grants and Policy Officer, BBC Children in Need
Jerry	<b>Hill</b>	Voluntary Sector Project Officer, LB Waltham Forest
Chris	<b>Hobbs</b>	Grants Officer, Cripplegate Foundation (speaker)
Dave	<b>Hobday</b>	Head of Community Engagement and Partnerships, Merton Voluntary Service Council
Ashley	<b>Horsey</b>	Chief Executive, Commonweal Housing
Gaynor	<b>Humphreys</b>	Director, London Funders
Grace	<b>Hussey</b>	Head of Benefits Processing, Safeguarding & Security, LB Islington

Dawn	<b>Jackson</b>	Casework Manager, Elizabeth Finn Care
Mary	<b>Jeffery</b>	Fund Manager, Rowland Hill Fund
Rachel	<b>Kelly</b>	Senior Officer, LB Camden
Joanna	<b>Kennedy</b>	Zacchaeus 2000
Andrea	<b>Lagos</b>	Policy Officer, LB Brent
Robin	<b>Lomas</b>	Manager, Friends of the Elderly
Kirsty	<b>Marshall</b>	Caseworker, Independent Age
Andrew	<b>Matheson</b>	Community Engagement, LB Southwark
Maeva	<b>McGoldrick</b>	Policy and Public Affairs Manager, Community Links
Catherine	<b>McLoughlin</b>	Network Development Coordinator, London Funders
Erik	<b>Mesel</b>	Grants & Public Policy Manager, John Lyon's Charity
Jane	<b>Nicholson</b>	Welfare Adviser, The Insurance Charities
Melanie	<b>Nock</b>	Grants Manager, Hammersmith United Charities
Lib	<b>Peck</b>	Cabinet Member for Regeneration and Strategic Housing, LB Lambeth
Judith	<b>Smith</b>	Director of Help and Advisory Services, Charity for Civil Servants
Kerry	<b>Standing</b>	London Borough of Brent
Mary	<b>Stimson</b>	Chair of Grants Committee, Glasspool Charity Trust
Rachael	<b>Takens-Milne</b>	Grants Manager (Special Initiatives), Trust for London
Jason	<b>Tetley</b>	Chief Executive, Glasspool Charity Trust
Gary	<b>Thorpe</b>	Housing Benefit Manager, LB Lewisham
Cathy	<b>Togher</b>	Programmes Manager, London Community Foundation
Paul	<b>Treloar</b>	Head of Policy and Communications, LASA
Laura	<b>Wilkes</b>	Policy Manager, Local Government Information Unit
Malcolm	<b>Williams</b>	Chief Executive, Shipwrecked Mariners Society

With thanks to Brewin Dolphin for providing excellent meeting facilities and Kate Bell, Child Poverty Action Group for writing this report.

