

Consultation response

Devolution of Community Care Grants and Crisis Loans: Consultation on Successor Arrangements

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Shelter
Scotland

Summary

- Shelter Scotland welcomes the opportunity to respond to the Scottish Government's consultation on the devolution of community care grants (CCGs) and crisis loans. The redesigning of these vital streams of funding for vulnerable people is an opportunity to improve on the current system and to make the process more efficient and more effective.
- The social fund is a small, but important source of funding for people who do not have the basic goods they need to make their tenancy successful. Whatever succession arrangements are put in place, they must focus on providing a fair, fast and transparent service that can respond quickly to people in crisis.
- Shelter Scotland supports the removal of loans and the proposed move to a system of 100% grants to avoid people building up further debt. With the removal of government loans however, there must be support and advice about other reputable loans/finance available to those who fall outwith the eligibility criteria.
- In line with the delivery of a fast, efficient service, the devolved community care grant system should be administered centrally to ensure consistency and cost-effectiveness. The means of receiving a social fund grant should also be extended to include options for goods instead as well/instead of money in some circumstances and vouchers for certain shops where appropriate.
- Eligibility for the devolved social fund should focus on the immediate financial circumstances of the applicant and give reasonable preference to those in certain categories who are entering into a new tenancy who are particularly vulnerable i.e. due to a period of homelessness. Eligibility should not exclude those in receipt of incapacity benefit or those in employment but should instead be a more general means testing of available household finances.
- The devolved social fund must retain the independent review process and it should be built in that any unsuccessful applicant is given clear reasons why they have not received a grant. This transparency will help applicants and supporting staff understand the eligibility criteria better, to make applications more successfully and to avoid frustration with current inconsistencies.

Introduction

Shelter Scotland welcomes the opportunity to respond to this consultation on how the social fund will be distributed when devolved to the Scottish Government. The discretionary social fund is a vital lifeline for vulnerable people often in a difficult or crisis situation and the devolved fund must be retained for this purpose and not be absorbed by other budgets. It is important that whatever successor arrangements are put in place, money is available for those **in greatest need** and that the eligibility criteria, the framework for decision making and the appeal process are all clear, accessible and transparent.

The devolution of the social fund is an opportunity to redesign the system so it meets the needs of the most vulnerable people quickly and efficiently. The current system for administering community care grants is slow, inconsistent and generally cumbersome for applicants and support staff working with people making applications. The current system delivers very inconsistent decisions and Shelter Scotland has numerous cases studies highlighting this. A large number of applications are unsuccessful but the explanations for this is not sufficiently clear, as such a lot of time and money is wasted submitting applications with no idea if they will be successful or not.

These inconsistencies and delays make the process very frustrating and inefficient but more importantly waste money that could be used to get people vital goods they need to sustain their tenancy and move out of crisis. Whatever system is put in place, there must be clear eligibility guidelines and a robust appeals process. The devolved service must be designed to operate in the most efficient and cost-effective way possible.

Responses to questions

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

As noted above, the current system is inefficient and inconsistent and a large number of applications are unsuccessful with no explanation of why. Shelter Scotland would be happy to provide case studies upon request.

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

- Yes**
- No**
- Don't know**

The consultation document lays out the possibility of the devolved social fund abolishing the crisis loans and moving to a 100% grants based system. Shelter Scotland agrees crisis loans should be abolished since they can compound poverty and financial hardship. It seems that much of the money given out through crisis loans is never repaid and interest-free loans can give people an unrealistic experience of the implications of having a loan on the open market.

Shelter Scotland is concerned however, that under the devolved system, some people who are outwith the eligibility criteria (whatever that may be) for a grant, but still in financial difficulty would be forced to get a loan from a high cost credit company therefore increasing their financial difficulties and debt. As stated in the consultation document, 53% of applications are unsuccessful and with application numbers unlikely to go down anytime soon, there is a concern that that without an interest free governmental loan available for those with no other sources of income available to them, people will be forced to find other and certainly worse, alternatives.

If the crisis loans are abolished then, another mechanism should be put in place to meet the needs of those who may not qualify for a CCG but who are still in a financial crisis. This could link in with the suggestion of offering support and advice as part of the successor arrangements for grants. When someone is applying for a community care grant, it seems appropriate that they should be offered support around budgeting, debt management and sources of finance. At this point (whether the application is successful or not), the role of credit unions and other reputable sources of finance/loans should be discussed to encourage people to stay away from doorstep lenders and to ensure people know the options available to them.

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

- Central delivery**
- Local delivery**
- Don't know**

Shelter Scotland can see the advantages and disadvantages of both central and local delivery for successor arrangements and as such would need to see more detail about how each of these would/could be implemented before being able to decide which would be the most appropriate model.

A centralised administration could help to reduce administration costs, complexity and inconsistency. A central system would mean a build up of expertise for dealing with applications and help to ensure that the same rationale is used for decision-making. It is important, however, that the devolved system isn't simply a rebranded version of the existing system with large, impersonal call-centres dealing with applications producing the same frustrations and inconsistencies that people experience engaging with the current system. If goods are included in what is offered through CCGs then there is potential, through a centralised system, for significant cost savings on bulk ordering and purchasing.

A localised system could make the application process more integrated with existing processes where people are engaging with a council i.e. if the application was managed by your homelessness officer when you are allocated a tenancy. It should make the system more personal, more responsive to individual needs and make it possible to approve applications more quickly. There would also be the possibility of working with local furniture recycling initiatives and other local schemes to get good value for money. The downside of a local delivery model is that the social fund is a relatively small amount of money and to divide it by 32 local authorities could be expensive to administer and mean a very inconsistent approach.

It would be useful to see some proposals of how each approach could be implemented and the possible cost implications of each. Whatever approach is adopted it needs to be efficient to ensure the maximum amount of grant money goes to the people who need it. One way to do this would be to take advantage of existing schemes and networks that offer goods and services and try and link up national and local initiatives. This is particularly relevant in the case of furniture recycling projects and starter packs but there may well be other opportunities that should be explored. The devolved social fund should be used as an opportunity to standardised starter packs for tenancies and should be strongly linked in with local authority tenancy sustainment staff and voluntary sector support services.

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

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

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

A way to maintain a client-focused approach to community care grants is for the central delivery agency to work with local authority and voluntary organisations who already support clients to make applications.

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?

Because this is a limited discretionary fund, there must be clear guidelines on who is eligible for a community care grant and a framework for deciding if an application is rejected or approved. This money is designed to help those in greatest need who have no other sources of finance available to them, but have a clear need for essential goods. With this in mind, a system should be put in place that aims to help low-income households on a means-tested basis but not restricted to those in receipt of benefits. It would not be appropriate to restrict eligibility only to those in receipt of benefits since some low-income households also find themselves in financial crisis.

Currently, if a person is in receipt of incapacity benefits then they are ineligible for a community care grant which excludes some people who are facing significant financial hardship. There should be a more general means-testing of a household's financial circumstance and what money they actually have available. This would ensure that whatever the circumstances of the household applying, the social fund is directed towards those most in need.

In addition, there are key life stages that should be taken into account when looking at applications particularly:

- Leaving institutions: prison, care, long-term hospitalisation, the forces
- Resettling after a period of homelessness
- First tenancy – particularly young people
- Households with children
- Single people with high support needs and no recourse to other funds

By giving additional consideration to applicants in these groups, this would help households to sustain tenancies and potentially help to avoid future cycles of financial hardship and homelessness.

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**

The ideal community care grants system would combine the options of receiving either essential goods that have been applied for, the cash equivalent or vouchers for certain suppliers (i.e. large, inexpensive shops with many outlets e.g. Argos).

The advantage of providing the goods is that you are guaranteed the household is getting the essential item that they need and the money isn't being spent elsewhere or paying off other debts etc. Although this option minimises choice, it means that savings could potentially be made on bulk purchases of white goods etc by the Scottish Government, and it could mean that people get the goods they need more quickly. For some people this may not be the most appropriate option and the option should be available to receive the grant in cash.

A further two options should also be considered: allowing support organisations to be the designated payee for community care grants and also providing vouchers for goods as a halfway house between goods and payments. Allowing support organisations to be the payee for grants would help ensure that the most vulnerable households are given the help and support they need to get the essential goods they have applied for. Building in the option of using vouchers with certain shops/suppliers would mean applicants still have choice over the goods they purchase but will not be able to divert the funds elsewhere.

The more flexibility there is in the allocation of grant goods/funds, the more people the funds will be able to help. In addition, more choices may speed up the process of getting people the essential goods the needs which at the moment can be very slow.

As mentioned earlier, the social fund should work with existing furniture recycling initiatives and providers of starter packs to get maximum value from the money available and to ensure the quick and efficient delivery of goods to the people who need them.

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

If goods are to be provided, they should be large items where bulk buying could make a significant saving e.g. white goods, furniture and household items, whereas applicants should be given a choice of cash or goods for smaller, more personal items.

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?

Although many applicants will be working closely with support agencies and will have all the support they feel they require at that time, this does seem a relevant time to provide information and signposting towards other support especially around money management and debt advice. Accepting this advice should not be a condition of receiving a grant/loan but should be offered to all applicants (successful or not) to try and avoid repeat applications and further financial difficulties.

The support should focus primarily on debt management, budgeting and signposting to reputable credit unions as mentioned above. In addition, information and signposting to advice on other forms of support could also be made available.

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

The Independent Review Service works well and is one of the successful elements of the current system. An independent appeals system is critical to a discretionary fund of this kind and must be designed as an integral part but this could be the first stage as opposed to the last.

The appeals process should be designed so that there is an opportunity to review trends in decisions and to feed back to policy makers.

One of the problems with the current system is that applications are rejected with no clear reason why and the letters do not make it clear that in every case there is a right to appeal. Any redesigned social fund should stipulate that each rejected application should have a detailed explanation why it was unsuccessful. This will help to minimise people's frustration at having their application rejected but will also help support workers to understand what makes a successful applications and in turn help them to better advise their clients.

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

It is vital that the devolved social fund is retained in Scotland for its primary purpose of helping the most vulnerable people access the goods they need to support their household and sustain their tenancy.

Further information, detailed above and consultation is now required to understand more about how the devolved fund would work in practice.

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