



Department for Work and Pensions
Caxton House
Tothill Street
London SW1H 9DA

15 April 2010

Local support to replace Community Care Grants and Crisis Loans for living expenses

Dear Sir/Madam,

Shelter welcomes the opportunity to respond to the call for evidence on replacing the Social Fund with locally based support. Shelter is a national campaigning charity that provides advice, support and innovative services. More than one million people a year come to us for advice and support via our website, helplines and a national network of services.

Shelter is concerned that this call for evidence has been launched in tandem with the Welfare Reform Bill, which will abolish the Social Fund. We are disappointed that the Bill received its second reading before this enquiry was concluded and are concerned that the relevant clause could reach committee stage before responses have been collated. We urge the DWP to share responses to this enquiry with the welfare reform committee members before clause 69 is considered.

This failure to respect the need for consultation with stakeholders is becoming an unwelcome theme of Government policy making. Shelter has already raised concerns at the timing of the Local Decisions consultation into the future of social housing, where again MPs were asked to debate fundamental reforms before the consultation had concluded. Similarly the Welfare Reform Bill is skeletal in detail and Shelter is alarmed at the far-ranging powers it will grant the Security of State as well as the lack of detail which has been made available on policy intentions.

The case for reform

Shelter is aware that the Social Fund is in need of reform, particularly in light of critical reports from the Public Accounts Committee and National Audit Office. Shelter has previously highlighted a number of concerns with the Social Fund, not all of which have been resolved. Our advice and support staff report protracted applications lasting weeks

or months to secure essential items such as washing machines or fridges and it is routine for staff to have to appeal against Community Care Grant decisions.

For housing benefit recipients moving into a new home, delays in the Social Fund can create particular problems which place households at risk of arrears, eviction and a cycle of homelessness. Housing benefit cannot be paid on two homes unless a claimant has already moved into the second property. However the majority of social and privately rented properties are let unfurnished. This can result in claimants, who may be homeless and moving out of temporary accommodation, being reluctant to physically move into a permanent home until funds have been secured for essential furniture. However, because tenancies generally have to be agreed to quickly, households may fall into arrears while waiting for a CCG decision or other assistance.

A case for localisation?

It is unclear why the DWP is proposing that the functions of the Social Fund should be devolved locally, especially at a time when benefits are being centralised under Universal Credit, and its vision for the future of the Social Fund is sketchy at best. In addition it is unclear from the document which level of local authority will be expected to administer the fund in non-metropolitan districts. The Public Accounts Committee previously recommended that no such transfer of responsibilities should take place until the DWP has set out the business case for doing so¹, and this criterion has not yet been satisfied. Abdication of responsibility for the Social Fund is no substitute for addressing the legitimate criticisms levied at the current system.

Criticisms of the Social Fund identified by PAC's most recent report include "patchy" awareness of the grant and uneven distribution across different groups of people and across different areas of the country². The committee concluded that it had "concerns about the fairness of the scheme" because "an applicant's chance of receiving a grant vary according to where they live." It seems likely that these flaws would be compounded if the national scheme is abolished and replaced with locally-devised alternatives which will entrench the postcode lottery.

The National Audit Office has also found patchy awareness of the Social Fund, including among Job Centre Plus advisers, and inconsistent quality of decision making³. Similarly more recent DWP research raised concerns at regional inconsistencies of priorities and awards⁴. Again, it is unclear how devolving responsibility for the scheme will tackle this and indeed it will be more difficult for Shelter advisers and other third sector organisations to advise clients on how they may access increasingly variable and patchy schemes.

¹ House of Commons Committee of Public Accounts. The Community Care Grant. 2010.

² Ibid.

³ NAO: Helping Those in Financial Help. 2005.

⁴ DWP. Social Fund Community Care Grants – DWP consumer insight. 2011.

Shelter is concerned that local authorities will not be under any statutory duty to provide assistance to replace the Social Fund and that devolved budgets will not be ring-fenced. With council budgets coming under increasing financial pressure, there is a clear risk that local authorities will not provide discretionary assistance and will refocus funds on other priorities. The Social Fund is already unable to meet more than two-thirds of legitimate demand and this is unlikely to improve if budgets are reduced⁵.

The decision to remove the ring-fence from Supporting People funding provides an early example of how local authorities can be reluctant to prioritise spending on the most vulnerable and least visible groups. Research by Homeless Link into the initial impact of the spending cuts suggests that two in five local authorities are making unjustifiably large cuts to Supporting People budgets, based on the settlement they have received from central Government⁶. We are concerned that Social Fund budgets could be similarly targeted for cuts.

Cuts to Supporting People are significant as the call for evidence argues that local authorities should “develop a local system that will reflect the needs of their community and build upon programmes and services that are already in place.” However, in many cases Supporting People funding provides the services that local authorities could expect to build on, and an erosion of Supporting People projects will make it more difficult for local authorities to establish workable alternatives for the Social Fund.

It appears to be the Government’s current intention that local authorities will be free to decide whether to offer assistance in the form of loans or grants. Loans provide value for money to the extent that repayments can be recycled back into the system. However, loans are difficult for local authorities to administer, especially if benefits through which repayments could be claimed will be administered nationally. Shelter’s experience of the Preventing Repossession Fund was that local authorities were reluctant to establish loan schemes because of the administrative burden and instead opted to make funds available as grants. This may be preferable for the claimant and local authority but offers less value for money from the scheme and will benefit fewer households overall, with the risk that homelessness may then increase with the resultant financial burden for local authorities.

Shelter is concerned at the proposed alternatives to the Social Fund. We do not consider food banks to be a suitable alternative to crisis loans. Some of Shelter’s clients already access food banks provided by churches and other local charities, but these are accessed as a last resort when households are in desperate need and should not become an established part of the welfare state. Shelter’s services staff observe that where clients have resorted to food banks many feel embarrassed and demeaned and we would be extremely concerned if their wider use was necessitated by Government policy.

⁵ House of Commons Committee of Public Accounts. The Community Care Grant. 2010.

⁶ <http://homeless.org.uk/cuts2011>

Furniture recycling schemes may be appropriate in some circumstances but can be burdensome to provide as local authorities and agencies, rightly, have to comply with health and safety obligations. There is not yet an established network of furniture banks across the country. For example, Shelter's Support Services in Sheffield have access to just one service, which is currently struggling financially and has been forced to charge agencies for deliveries, the prohibitive cost of which can mean clients are unable to claim furniture. Where informal schemes do exist they may suffer from uncertain supply and cannot guarantee that furniture will be available when households require it to establish a new home.

Finally, the proposal must be seen against the backdrop of reforms enacted by the Localism Bill, which will allow local authorities to forcibly discharge their homelessness duty into the private rented sector. This will create greater demand for deposits and rent in advance and it is not yet clear how local authorities will manage this demand, but it could mean that money designated for Social Fund purposes will be re-directed into homelessness services. This will address the immediate problem of securing a roof for a household but will not provide the same support to sustain a tenancy. Furthermore, if local authorities do place homeless households in the private rented sector, reduced LHA rates mean there is a risk that households could be forced to spend more of their income on meeting shortfalls. This will leave them less able to manage unexpected financial demands or to furnish new properties and more likely to require assistance from the Social Fund. For non-homeless households, reduced LHA rates and the resultant pressures on households finances will also reduce their ability to prepare for unexpected costs, as well as making it more difficult to meet repayments to the Social Fund.

Shelter is also concerned that local administration of the fund could potentially place local authorities in a conflicted position. An authority could find a household homeless and place them in accommodation, and yet also refuse the same household a Community Care Grant to furnish the property, thereby undermining their ability to sustain the tenancy. Further guidance will be required for local authorities on how the devolved Social Fund should sit within their homelessness prevention strategies.

Value of the fund

Despite the criticisms levied at the Social Fund, Shelter's experience of helping homeless households secure and sustain tenancies demonstrates how valuable the outcomes can be for households. Research on tenancy failure by Heriot Watt University identified a lack of furniture as a major risk factor and recommended that improved access to furniture would help with tenancy sustainment.⁷

⁷ Pawson et al. [Investigating Tenancy Sustainment in Glasgow](#), 2006

An independent evaluation of Shelter's three-year Homeless to Home project confirmed that many homeless families become homeless with few or no possessions and with little prospect of earning a reasonable income⁸. As such a major part of the projects' services involves helping people secure essential items for their new homes:

"....nearly every family, it is startling really, that at every interview you meet a new referral and they say ' I have moved into a property and I haven't got anything' and they haven't got anything, no cooker, no beds, basic items, nothing" (Project Manager of Homeless to Home in Birmingham)

Of the families using the Homeless to Home projects, 77 per cent reported it was difficult to manage on the money they had; 58 per cent reported that it was difficult to get hold of white goods and nearly half the families reported difficulties getting furniture. The evaluation noted that a large part of the project included assisting families with benefit claims, including applications to the Social Fund.

Although the Social Fund is in need for some reform it provides a valuable lifeline to households not in priority need. The majority of people who are awarded any type of crisis loan are single men, under 35 and not disabled⁹. Such groups will often not be eligible for other grants and assistance and the Social Fund may provide the only available funds to establish or retain a home. If this source of funding is lost there is a risk that homelessness among this group will increase, and because this group is not in priority need this may result in an increase of rough sleeping.

Shelter has previously argued that all homeless households moving into permanent accommodation should be able to access a 'setting up home grant,' if they require it. This should be delivered through a restructured Community Care Grant budget. The 'setting up home' grant would be a fixed amount sufficient to cover the costs of moving in and setting up a home. This would establish a decent family environment in the new home and promote tenancy sustainment.

In conclusion Shelter does not believe the case has been made for the devolution of the Social Fund, especially if this is not coupled with clear obligations for local authorities. In the current funding context we are extremely concerned that non ring-fenced funds will be redirected into other local authority priorities, removing a vital lifeline for some of Shelter's most vulnerable clients. This is likely to lead to increased levels of repeat homelessness, with inevitable consequences for local authority budgets and welfare spending. The Government must make the case that local authorities are best placed to design schemes

⁸ Jones et al. Firm Foundations: An Evaluation of the Shelter Homeless to Home project. 2002.

⁹ [DWP Equality Impact Assessment 2011.](#)

to recognise and support local needs, and if this case is made, any devolution of funds must be backed by a statutory duty on local authorities to provide assistance.

Kind regards,

Kate Webb
Policy Officer