



# **London Borough of Lewisham**

## **Local Support Scheme Policy**

**January 2013**

# 1. Introduction

## Context

The Welfare Reform Act, which received royal assent in March 2012, represents the biggest change to the welfare state in 60 years. Its key objectives are to improve fairness, equity and affordability in the benefits system and to design it in a way that actively supports employment.

The Act establishes a wide range of reforms, such as the introduction of a 'Universal Credit' to replace a number of existing means-tested benefits, housing benefit and tax credits for people of working age, a total cap on household benefits of £500 per week for couples/lone parents and £350 per week for single people and significant changes to Local Housing Allowance (LHA) rates.

It is intended to deliver the Government's proposals to cut the spending on benefits by an estimated £18 billion through:

- Improving work incentives.
- Simplifying the benefits system.
- Tackling administrative complexity.

As part of this Act, the Department of Work and Pensions (DWP) has abolished Crisis Loans and Community Care Grants, which are key discretionary elements of the Social Fund scheme. They are being replaced by a combination of locally-based emergency welfare assistance schemes (run by local authorities, but funded by the DWP) and a nationally administered Advance of Benefit facility that will eventually replace Alignment Crisis Loans. This change is effective from 1 April 2013.

## Purpose Of The Policy

Lewisham intends to continue providing a structured scheme that broadly supports the same needs as the previous Crisis Loan and Community Care Grant model – this will be known as the Local Support Scheme. However, we will need to do this in a way that:

- Improves the administrative efficiency for both the claimant and the authority.
- Targets limited funds at those most in need.

- Ensures the sustainability of the scheme for future years.

The purpose of this policy is to provide applicants, third-party organisations, officers and members with a clear understanding of how this new scheme will operate, including its design, eligibility criteria and delivery model. It is supported by a number of appendices, as indicated throughout the document.

### **Aims Of The Policy**

In Lewisham, we want to support those people who are most financially vulnerable. This includes:

- People who are in crisis due to a disaster or other emergency.
- People who need support to regain independence after a period in institutional care.
- People who need support to regain a more settled way of life.
- People who are at risk of losing their independence and ending up in institutional care.

In developing this scheme, we have endeavoured to ensure that those residents most in need are not simply awarded an Emergency Loan or Support Grant, but are instead also given an opportunity to access affordable credit and financial assistance as well as receiving an offer of preventative support. We anticipate that this will encourage them to build greater financial capability and resilience, thus reducing future reliance on the scheme or recourse to other harmful forms of support and credit, such as unlicensed lenders and payday loan companies.

## 2. Emergency Loans

### Purpose Of The Loan

Emergency Loans can be applied for in three circumstances. These circumstances, which broadly mirror the previous Crisis Loan scheme, are as follows:

- To cover immediate short-term needs which will prevent serious risk to the health or safety of a person or their family.
- To help in an emergency or disaster situation such as a serious flood, causing substantial damage, loss or destruction to possessions and/or property by providing funding for urgently needed furniture, cookers, beds, household equipment, food and utilities and clothing and footwear.<sup>1</sup>
- In emergency or disaster situations, including For Rent in Advance, where it is part of a successful application for a Support Grant involving a planned resettlement process<sup>2</sup>

### Eligibility Criteria For The Loan

Applicants for Emergency Loans must meet the following eligibility criteria:

- The applicant must be aged 16 or over.
- The applicant must be in receipt of a qualifying benefit (see Appendix 1).
- All applicants must have been resident in the borough of Lewisham for a minimum of six weeks prior to making their application. Where an applicant is of no fixed abode, the applicant must have a current benefit correspondence address in Lewisham that has been verified by the DWP.
- The applicant must not be an excluded person (see Appendix 1).
- The applicant must not have any savings, capital and/or insurances that can be relied on to meet the need for which they have made their application (see Appendix 1).

---

<sup>1</sup> Loans for items cannot exceed £1,000 in value

<sup>2</sup> The DWP Budgeting loan scheme will continue to make provision for Rent in Advance for applicants who are already in receipt of on-going benefits. The local scheme is designed to ensure that provision is in place for people who, because of a period of institutional care, would not have been eligible for benefits (and therefore a DWP budgeting loan).

- The applicant must not have failed to repay a previous Emergency Loan or must be able to demonstrate that they are actively and consistently repaying a previous Emergency Loan.
- The applicant must not be eligible for financial assistance from the DWP, such as a Budgeting Loan or an Advance of Benefit facility.
- The application cannot be made as a result of financial loss associated with the imposition of a DWP sanction or disallowance.<sup>3</sup>
- The applicant must not be seeking support to pay for an excluded item (see Appendix 1).
- The applicant must be willing to sign up to the Credit Union terms and conditions for issuing and repaying the loan, including the application of a 2% monthly interest rate.
- The applicant must agree to all terms and conditions set out at the start of the application process.

### **Application Process**

The primary method for making an application for an Emergency Loan will be via an online form available from the Lewisham website.

For applicants who are not able to make an application online without support, they can either:

- Seek assistance from a third party or friends/family to complete the application on their behalf.
- In exceptional circumstances, make their application over the phone.

The application process will ask a series of questions about the circumstances leading to the application for the Emergency Loan and determine the applicant's eligibility based on the criteria set out in this policy. The process will also determine the appropriate value of the loan based on the circumstances outlined in the application. All decisions regarding the award of Emergency Loans will not be based solely on need, but will also take into account the applicant's ability to repay and, where relevant, their repayment history.

---

<sup>3</sup> Applicants who have been sanctioned by the DWP are eligible to apply for hardship loans via the DWP

In some circumstances, it may be necessary for an applicant to produce supporting evidence linked to their application. In these circumstances, this will be identified as part of the application process and the contact will be made directly with the applicant to explain evidence requirements.

Applications can be submitted online at any time but will be assessed between 9.00 and 17.00 on normal working days . Upon receiving an application, the council will make decisions on whether to award the loan within *two working days* (unless the necessity for additional supporting evidence prevents us from doing so).

Applicants will be notified of the decision via email/telephone call/letter and informed of the next steps they need to take to collect their award or, in the case of a negative decision, how to request a Review.

### **Making The Award**

The council intends to work in partnership with Lewisham Plus Credit Union for the administration and recovery of Emergency Loans.

Those making successful applications to the Emergency Loan scheme will be referred to Lewisham Plus Credit Union who will make arrangements to disburse funds to them.

Depending on individual circumstances, this may include:

- Visiting a named Credit Union branch in the borough.
- Opening a Credit Union account.
- Providing appropriate evidence (i.e. identity/bank details).
- Agreeing to the terms of repayment for the loan.
- Participating in wider discussions around financial management and budgeting.

Applicants will be asked to present to the Credit Union to receive their loan on the next working day following the decision being made.

The Credit Union will make arrangements to pay the value of the loan, as agreed by the Council, to the applicant. All subsequent contact regarding the administration and repayment of the loan will be between the applicant and the Credit Union.

The value of the loan award will be based either:

- For items - on the schedule of rates for items based on an average high street price
- For living expenses – on the 2011/12 DWP Crisis Loan rates

The schedule of rates for items and living expenses will be reviewed on an annual basis (Appendix 2).

### **Support For Those Whose Applications Are Unsuccessful**

As part of the online process, all unsuccessful applications will also be provided with additional information setting out other ways that they can meet their needs. This could include:

- Accessing food or furniture via a voluntary sector partner service.
- Presenting independently to the Credit Union for access to an affordable loan.

### **3. Support Grants**

#### **Purpose Of The Grant**

Under the Local Support Scheme, Support Grant packages or non-repayable grants (not exceeding £1,000) can be applied for by people who:

- Are re-establishing themselves in the community after a period of institutional or residential care.
- Need support to remain in the community rather than enter institutional or residential care.
- Are setting up home as part of a planned resettlement process.
- Need support to ease exceptional pressures on a person or family.
- Need support to care for a prisoner or young offender on temporary release.

#### **Eligibility For The Grant**

The eligibility for the Support Grant scheme is the same as the Emergency Loan scheme with the exception that:

- An applicant must be in receipt of (*or about to be in receipt of*) a qualifying benefit.
- You must be proven to be a resident of LB Lewisham for 6 weeks prior to date of application, or about to be resettled into accommodation in Lewisham borough or another Local Authority by LB Lewisham Housing Options as part of a planned programme of resettlement or discharge of housing duty

And with the following additional requirements that:

- An applicant must not have been awarded a Support Grant in the previous 12 months.
- The provision of the service to meet the need for which the application has been made is not provided for under another statutory duty.

#### **Application Process**



As with Emergency Loan, the primary method for making an application for a Support Grant will be via an online form available from the Lewisham website.

Because the majority of applications for DWP Community Care Grants are completed jointly with an advocacy organisation, it will be possible (with the applicant's consent) for third parties to submit Support Grant applications on behalf of an applicant and receive notification of their progress.

In rare circumstances where an applicant is unable to complete the online claim process, it will be possible for an application to be made over the phone.

As with the DWP scheme, the nature of the grants being awarded means that most applications for Support Grants will also require the provision of further evidence regarding the individual or family's circumstances. Where evidence is required, this will be clearly set out in the online application process. Where possible, we will reduce the amount of evidence required by accepting verification from third parties when they are completing assisted applications.

Upon receiving an application, the council will make decisions on whether to award the grant within *nine working days* (unless the necessity for additional supporting evidence prevents us from doing so). We may also signpost the applicant to another service within the Council if all or part of the need for which the application has been made can be met via another area or department.

Applicants will be notified of the decision via email or letter and informed of the how the award will be made.

### **Making The Award**

Unlike the current DWP Community Care Grant scheme, the application process for Support Grants will not, in most cases, involve the applicant requesting a sum of money for resettlement needs. Instead, the circumstances presented by the individual applicant will determine the amount awarded by the Council, based on pre-set resettlement packages. A schedule of the award levels which have been set for these packages is included in Appendix 2.

The Council intends to use a mixture of pre-paid cards/vouchers and locally sourced replacement items to meet the needs of successful applicants to the Support Grant scheme. As such, an applicant will be offered either:

- Locally sourced second-hand items (for white goods all second hand items will have been safety checked and guaranteed for a minimum of sixty days).
- A voucher or prepaid card loaded to the value of the resettlement package, which can be used at specified stores to purchase agreed items.

The decision on whether to award items or vouchers will be made by the Council on the basis of the need for which the application has been made and the availability of specific second-hand items.

## **4. Review Process**

A customer who is unhappy about the outcome of their application for an Emergency Loan or Support Grant is entitled to ask for a review of the decision provided that they have satisfied all the requirements set out within the scheme and can demonstrate that a material error has been made. All applicants will be advised of this right as part of the notification process.

A review request can either be made by the applicant or on their behalf by a third-party and should outline in writing (i.e. email or letter) the reasons why they do not agree with the decision. All requests must be received within 28 days of the applicant being notified of the original decision on their application.

The review will be undertaken by a Benefits Manager within the Council's Benefit Service who has not been involved in the original application or decision-making process. The outcome of the review will be communicated to the applicant within 2 working days for Emergency Loans and 14 days for Support Grants.

We will not accept review requests from applicants who do not meet the eligibility criteria, did not agree to the terms and conditions set out in the application process or subsequently failed to fully comply with these terms and conditions.

## **5. Management Of The Scheme**

The Local Support Scheme policy sets out a process of fair and equitable decision making for the disbursement of limited funding provided by the DWP. It is important to note that, as with the DWP scheme, if all funds from the scheme have been spent, it will not be possible to approve any further loans or grants, regardless of whether the individual applying has met the criteria set out here. In these circumstances, the Council will endeavour to identify alternative sources of support that may be available to individuals. It will not be possible to request a review of a decision on these grounds.

The criteria set out in this policy have been designed to prevent funding being exhausted too quickly during the financial year. It is the intention of the Council to review the scheme during the first year to determine whether we are able to amend the criteria set out in this policy to enable us to more appropriately meet the needs of residents in future years.

## **Appendix 1: Glossary of terms**

### **For the purposes of applying this policy, qualifying benefit will mean:**

Income Support, Job Seekers Allowance (income based) Employment Support Allowance (income related) Pension Credit (any type)

### **For the purposes of applying this policy, excluded person will mean:**

People in hospital or care homes (unless within 2 weeks of discharge) Prisoners, members of Religious Orders, persons in relevant education who do not qualify for Qualifying Benefits.

Or a person subject to Immigration Control, which will mean:

- A person who is, or would be, treated as a Person From Abroad (PFA) but falls into a category where they have entitlement to IS, ESA(IR),JSA(IB) can be considered for an Emergency Loan (EL) in the normal way.
- A person who is, or would be, treated as a PFA for the purposes of IS,JSA(IB) or ESA(IR) and has no entitlement to those benefits can be considered for a EL only to alleviate the consequences of a disaster and will be classed as an 'Exceptional Person' and will be required to provide evidence of the disaster.

### **For the purposes of applying this policy, we will apply the following savings thresholds: for Support Grants:**

- Working Age capital threshold £500
- Pension Age threshold £1000
- Applications for total payment in excess of these amounts which are considered for payment will have these excess capital amounts deducted from the award given
- Additionally, for emergency Loans we will consider whether any income, insurances and/ or capital available to the applicant and/or partner will be taken into account in meeting the need presented.

### **For the purposes of applying this policy, excluded item will mean:**

- a need which occurs outside the U.K.
- an educational or training need, including clothing or tools
- distinctive school uniform, sports clothes or equipment
- travelling expenses to and from school
- school meals in certain circumstances
- expenses in connection with court proceedings such as fees, fines or costs
- removal costs on permanent re-housing by the local authority following homelessness, a compulsory purchase order or closing order
- the cost of domestic assistance or respite care
- repairs to property owned by the local authority or public housing bodies

- medical, surgical, optical, aural or dental items or services. A medical item should not include everyday items needed because of a medical condition, for example, cotton sheets due to allergies to synthetics
- work-related expenses, for example fares, work clothes
- debts to Government Departments, for example Income Tax or National Insurance arrears
- investments
- Council Tax, water charges
- most housing costs, for example deposits, mortgages, rent, service charges, hostel charges, major repairs
- telephone costs
- travel costs

In addition the following items are excluded from Support Grants:

- fuel and standing charges
- any expenses which the local authority has a statutory duty to provide
- any daily living expenses
- mobility need
- any travel expenses/costs
- holidays
- television or radio charges
- garaging, parking, purchase and running costs of any motor vehicle except where payment is considered for emergency travel expenses
- maternity or funeral expenses as they are covered through the regulated Social Fund
- any item/service provided by another Local Authority Department

## Appendix 2: Schedule of award levels

### Items

Household type	Item	Average high street cost
<b>Start up menu: Single person</b>	1 x bedframe (single)	nil
	1 X mattress	nil
	1x wardrobe (canvas)	£40.00
	2x bedding sets	2x £8.00= £16.00
	1x quilt/pillow	£8.00+3.00= £11.00
	1 x chest of drawers(canvas)	£35.00
	1 x minicooker	£85.00
	1x table + chairs	£80.00
	1 X sofa bed	£170.00
	1 X pots and pans	£20.00
	1 x crockery/cutlery	£16.00
	1 x fridge inc delivery	£120.00
	<b>TOTAL PACKAGE</b>	<b>£566.00</b>
<b>Start up menu: Couple</b>	1x wardrobe (canvas)	£65.00
	1 x quilt /pillow	£9.00+ £3.00=£12.00
	2x bedding sets	2x £10.00 = £20.00
	1 x chest of drawers (canvas)	£35.00
	1 x minicooker	£85.00
	1x table + chairs	£80.00
	1 X sofabed	£170.00
	1 X pots and pans	£20.00
	1 x crockery/cutlery	£16.00
	1 x fridge inc delivery	£120.00
	<b>TOTAL PACKAGE</b>	<b>£591.00</b>
<b>Lone parent + 1 child under 2yrs</b>	1 x travel cot and mattress	£33.00
	1 x cot bedding	£28.00
	1 x mattress	£65.00
	1 x bed	£50.00
	1x wardrobe (canvas)	£40.00
	1x quilt and pillows	£11.00
	1x bedding set	£8.00
	2 x chest of drawers (canvas)	£70.00
	1 x minicooker	£85.00
	1x table + 4 chairs	£80.00
	1 X pots and pans	£20.00
	1 x crockery/cutlery	£16.00
	1 x fridge/freezer inc delivery	£160.00
	<b>TOTAL PACKAGE</b>	<b>£666.00</b>
<b>Lone parent + 1 child 2yrs plus</b>	2 x bed (single)	2x 50      £100.00
	2 X mattress	2x 65      £130.00
	1x wardrobe (canvas)	£40.00
	2x quilt and pillows	£22.00
	4x bedding sets	£32.00

	2 x chest of drawers (canvas)	£70.00
	1 x minicooker	£85.00
	1x table + 4 chairs	£80.00
	1 X pots and pans	£20.00
	1 x crockery/cutlery	£16.00
	1 x fridge/freezer inc delivery	£160.00
	<b>TOTAL PACKAGE</b>	<b>£745.00</b>
<b>COUPLE + 1 child under 2yrs</b>	1 x travel cot and mattress	£33.00
	1 x cot bedding	£28.00
	1x wardrobe (canvas)	£40.00
	1 x quilt /pillow	£9.00+ £3.00=£12.00
	2x bedding sets	2x £10.00 = £20.00
	1 x chest of drawers (canvas)	£35.00
	1 x minicooker	£85.00
	1x table + chairs	nil
	1 X sofabed	£170.00
	1 X pots and pans	£20.00
	1 x crockery/cutlery	£16.00
	1 x fridge inc delivery	£120.00
	<b>TOTAL PACKAGE</b>	<b>£547.00</b>
<b>Couple plus 1 child 2yrs +</b>	Bed Double + mattress	£160.00
	Bedding set double + duvet, sheet and 2x pillows	£25.00
	Bed Single + mattress	£115.00
	Bedding set single + duvet, sheet and pillow	£29.00
	2 x chest of drawers (canvas)	£70.00
	1 x minicooker	£85.00
	1x table + 4 chairs	£80.00
	1 X pots and pans	£20.00
	1 x crockery/cutlery	£16.00
	1 x fridge/freezer inc delivery	£160.00
	1x wardrobe (canvas)	£40.00
	<b>TOTAL PACKAGE</b>	<b>£800.00</b>
<b>Amount per each additional child under 2yrs</b>	Cot/bedding/crockery/	£77.00
<b>Amount per each additional child 2yrs plus</b>	Bed/bedding/crockery/	£158.00
<b>Cooker awarded for family unit with 2+children</b>		£169
<b>Single items</b>	Cooker (electric only) inc delivery	£180
	Fridge/freezer inc delivery	£160.00
	Bed Single + mattress	£115.00
	Bed Double + mattress	£160.00
	Bedding set single + duvet, sheet and pillow	£29.00
	Bedding set double + duvet, sheet and 2x pillows	£25.00
	Table and 4 chairs	£80.00



Wardrobe	£40.00
Chest of drawers	£35.00
Washing machine (inc delivery and installation)	£196.00
Crockery + cutlery	£16.00
Pots and pans	£20.00
1 x minicooker	£85.00
Clothing + footwear child under 2	£50.00
Clothing " child 2-10	£70.00
Clothing " child 11-16	£80.00
Clothing and footwear Adult (17yrs +)	£100.00

### Living expenses

Current scheme	DWP full weekly amount	Non – householder	Householder
Single 18-24 years	£56.25	£16.88	£33.75
Single 25 years +	£71	£21.30	£42.60
Couple	£111.45	£33.44	£66.87
Lone parent	£71	£21.30	£42.60
Each dependent child	£64.99	£64.99	£64.99

Current scheme	DWP Full Weekly amounts	Non house holder 30%	Householdr 60%
Single 18-24yrs	£56.25	£16.88	£33.75
Single 25yrs +	£71.00	£21.30	£42.60
Couple	£111.45	£33.44	£66.87
Lone Parent	£71.00	£21.30	£42.60
Each Dep child	£64.99	£64.99	£64.99