



London Borough of Lewisham

Consultation on local welfare provision

21 November 2014

Introduction

1. The Council is very concerned that funding for Local Welfare Provision will be cut from 2015 and believes this will have a significant impact on our most vulnerable residents. This is especially the case as the funding cut comes at the same time as cuts to other funding and the introduction of a multitude of welfare reforms, including Universal Credit in 2015.
2. The Council believes that the current funding arrangements, where additional funding is made available specifically for Local Welfare Provision and its administration, should continue. The Council has worked hard to implement a scheme to meet local needs and ensure support goes to the most vulnerable. In addition the Council is in the process of setting up a shared service with another London Borough to keep the administration costs to a minimum. Any change to the funding arrangements would put the scheme at risk.
3. The Council fully supports the London Councils response to the consultation. The Council's own response is detailed below.

Consultation response

QUESTION 1 – Do you have a preference for options 1, 2a, 2b, 3a, 3b or 4? Please explain how you have come to this view.

4. The Council's preferred option is 4. The Council is already having to make significant cuts and these are impacting on the most vulnerable. This vital safety net for the most vulnerable should be supported with additional funding from the government. See response to question 2 for more information.

QUESTION 2 - If you have provided representations on option 4, how else would you propose delivering and funding local welfare provision? What evidence can you provide to support this?

5. The impetus and scope of this work will be undermined without the recognition and support of the additional burden placed on Councils, already seeking to find efficiencies around existing cuts to funds.
6. The Council administers a well-managed Scheme which meets the needs of the most vulnerable. We have managed demand to the Scheme so that need is addressed in a variety of ways so that a cash award is not the only available outcome. We have done this by using LWP funding to create resource and referral mechanisms within the Third Sector. In this way we have managed to keep award levels low whilst also still positively addressing and reacting to the various types of need presented.
7. It therefore seems punitive and arbitrary to withdraw funding from a recognised need at the point the majority of Councils are creating, refining and embedding their Schemes as well as cementing links with third sector organisations which build real value into the holistic, local approach many have adopted.
8. Funding is required not only to administer the award levels of grants and loans but to continue to resource administration across dispersal and mediation service providers, many of whom are based within the voluntary sector and cannot continue to work with local authorities without financial assistance.
9. In addition, we plan to implement shared service arrangements with another London Borough to keep administration costs to a minimum.
10. The Council anticipates an increase in claims for LWP with the introduction of Universal Credit and considers these arrangements are vital for a smooth transition process.

11. The data on spending for 2013/14 and the current spending this year has been provided to the Department for Work and Pensions. The information is available on request.

QUESTION 3 – What is the likely impact (and extent of any impact) on groups that display protected characteristics of the four options discussed?

12. Options 1 to 3 would directly impact on protected characteristics as the Council would be unable to deliver a Scheme. Option 4 if agreed would maintain the current position. See appendix 1.

QUESTION 4 – Do you agree that some impacts can only be assessed locally depending on the decisions made by individual authorities?

14. No. Whilst it is accepted that local authorities will be aware of the impact those decisions will have, the decisions will be driven by the withdrawal of Government funding, which is at odds with their commitment to recognise 'additional burden' funding,

QUESTION 5 – If your preference is for option 4, and you have proposed an alternative way of delivering and funding local welfare provision, please outline how this will adhere to the public sector equalities duty.

15. The Council has taken care to ensure that its LWP Scheme complemented, rather than duplicated, any existing service provision the Council had a duty to meet. As a result, the Council's Scheme gives those most in need their only source of additional support. Loss of funding to resource and meet this need will directly impact on those who are most vulnerable. As a result, there will be a detrimental impact against this wide demographic cohort. Option 4 gives the Council its only realistic opportunity to address the needs of all its residents in as an equitable way as possible within the current financial climate.

QUESTION 6 – Do you agree that this is the right timetable?

16. No. It is insufficient for funding for local schemes to be decided on a year-by-year basis. These schemes are meeting real, on-going demand and should be funded on a long-term basis accordingly.

Appendix 1 DWP Consultation: Local Welfare Provision - Equalities impact

“What is the likely impact (and extent of any impact) on groups that display protected characteristics of the four options discussed?”

Social Fund equalities data – DWP Prior to April 2013

Prior to Lewisham introducing local welfare provision in April 2013 applications for financial support through crisis loans (CL) and community care grants (CCG) were administered by the DWP. The majority of applicants for CLs in 2011/12 were young with 63% of applications for “specific items” being aged between 18 and 34. 60% of those applying for living expenses were in the same age profile. In addition, 18% of those applying for “specific items” and 20% of those applying for living expenses were aged between 35 and 44. No applications were received from anyone over the age of 65.

The age range of residents applying for CCGs was slightly wider. Over a fifth of applicants were aged between 18 and 24, nearly half (48%) were aged between 25 and 44 and 14% were aged over 55.

Similarly, those applying for CLs in 2011/12 were mainly single men (62% of applicants were for “specific items” and 54% of applications for living expenses). This proportion was reversed for CCGs with 60% of applications made by single women. Lone parents were also a significant group with 18% of CL applications. Lone parents were also responsible for 23% of applications for “specific items” and 39% of CCG applications.

Local Welfare Provision (LWP) – Lewisham Post April 2013

From April 2013, Lewisham administered LWP through a new scheme of emergency loans and grants. In the first year of the new scheme, lone parents were responsible for 31.6% of applicants for emergency loans although the largest group was still single adults (56.7%). In addition, 18.4% were aged under 25, 47.1% were aged between 25 and 39, 32.8% were aged between 40 and 65 and just 1.7% over the age of 65 .

The figures for support grants were similar, with lone parents comprising 35.7% of applicants and single adults comprising 60% of applicants.

The DWP were not able to provide information on tenure types or ward profile for Lewisham residents applying to the previous scheme, but the data recorded for the LWP scheme confirmed that the majority of applicants between (43%) live in the social rented sector (either council or RP), 20% in the private-rented sector and 37% in temporary accommodation (B&B, hostel or leased accommodation). Of the remainder, 13% were of no fixed abode supporting the decision to retain a clause to allow these applicants to apply using their benefit correspondence address.

The wards with the highest number of applicants were the more deprived in the borough – 12.2% for residents of Rushey Green, 9.1% for Lewisham Central, 7.4% for Evelyn, 6.6% from New Cross and 6.3% from Perry Vale. Applications were also received from wards perceived as being more affluent including 8.2% of applications from Telegraph Hill, 6.9% from Sydenham and 6.5% from Brockley.

Impact of funding withdrawal

Continued cuts to funding budgets have made Councils very aware of the need to be creative in their approach to providing services, and also to ensure that applicants are aware of their responsibility to use these services wisely.

Financial Inclusion has been a key theme in our Scheme for our residents who are demonstrably within the most vulnerable sectors of our community and for whom, especially those aged 18-39, the LWP is the only financial safety net available to them. We are especially aware that this age group are susceptible to taking on payday loans where there is no alternative credit available, particularly as a result of their having just the one source of income, their weekly welfare benefit.

We work closely with the Lewisham Plus Credit Union and with CAB Money Advice. Withdrawal of the funding made available to create and support third these organisations will, in all probability, increase the reliance on payday loans resulting in real risks to security of tenure, utility bills and employment retention as incomes reduce against excessive amounts to repay.

In its response to House of Commons Business Innovation & Skills Committee's report into payday loans, the Government acknowledges the problems inherent with payday loans:

<http://www.publications.parliament.uk/pa/cm201314/cmselect/cmbis/1136/113604.htm>

and recognises that "...Money advice is also important: giving borrowers the knowledge and skills that will help them to borrow responsibly, choose the best type of loan for them and stay out of debt in future."

Successful money management education has resulted in less repeat applications than was experienced by the former Social Fund. We have taken on board the unrealistic and unsustainable expectation created by the former Social Fund Scheme, of a 'secondary income' stream created by loans. Superficially, this demonstrates a reduction in spend and application levels experienced by the former DWP Scheme but our holistic approach to debt management has created a more resilient customer base with access to affordable credit.

Recovery of applicant loans repayments has been as effective as that demonstrated by DWP, even without the advantage of direct recovery from DWP benefits. We have utilised the Credit Union in assisting us in this endeavour. The positive outcome of

which is that applicants have had access to budgetary advice and money management enabling them to both better manage their on-going incomes whilst repaying LSS debt.

Confidence in the success of our Scheme, and probity in the applicant demand and spend levels will enable us to both broaden the scope of the working relationships created to date and create wider links going forward.

All of this solid groundwork will ultimately assist the DWP's vision of a more individual independence from Welfare Benefits:

<https://www.gov.uk/government/policies/simplifying-the-welfare-system-and-making-sure-work-pays/supporting-pages/introducing-universal-credit>

Conclusion

The impetus and scope of this work will be undermined without the recognition and support of the additional burden this places on Councils, already seeking to find efficiencies around existing cuts to funds. It therefore seems punitive and arbitrary to withdraw funding from a recognised need at the point the majority of Councils are creating, refining and embedding their Schemes as well as cementing links with third sector organisations which build real value into the holistic, local approach many have adopted.

Funding is required not only to administer the award levels of grants and Loans but to continue to resource administration across dispersal and mediation Service Providers, many of whom are based within the voluntary Sector and cannot continue to work with Councils without financial assistance.

Lewisham is proud of its tradition of responding to change with cost-effective innovation. With regard to closer working with other Local Authorities, a key part of this first year has been to better profile the applicant base and cross match that with those of neighbouring Authorities. With this in mind we have opened discussions with two neighbouring Authorities to see whether a cross-borough application, award and dispersal Scheme would better and more equivocally assist our mutual residents going forward into 2014/15 and beyond.