

LOCAL SUPPORT TO REPLACE COMMUNITY CARE GRANTS AND CRISIS LOANS FOR LIVING EXPENSES: RESPONSE TO THE CALL FOR EVIDENCE

APRIL 2011



Homeless Link is the national umbrella organisation for frontline homelessness charities in England. Currently we have 500 member organisations. The services provided by our members range from local authority housing services, housing associations, day centres, outreach services, residential care homes, hostels, supported housing, and floating support, through to employment, training and education.

Our specific interest in responding to this consultation is the significant number of homeless and formerly homeless people who currently benefit from accessing the Social Fund. Our response to the consultation is based both on responses to a survey on changes to the Social Fund which we sent to member organisations in March 2011 and on feedback received to a consultation for member agencies on the Social Fund carried out in 2010.

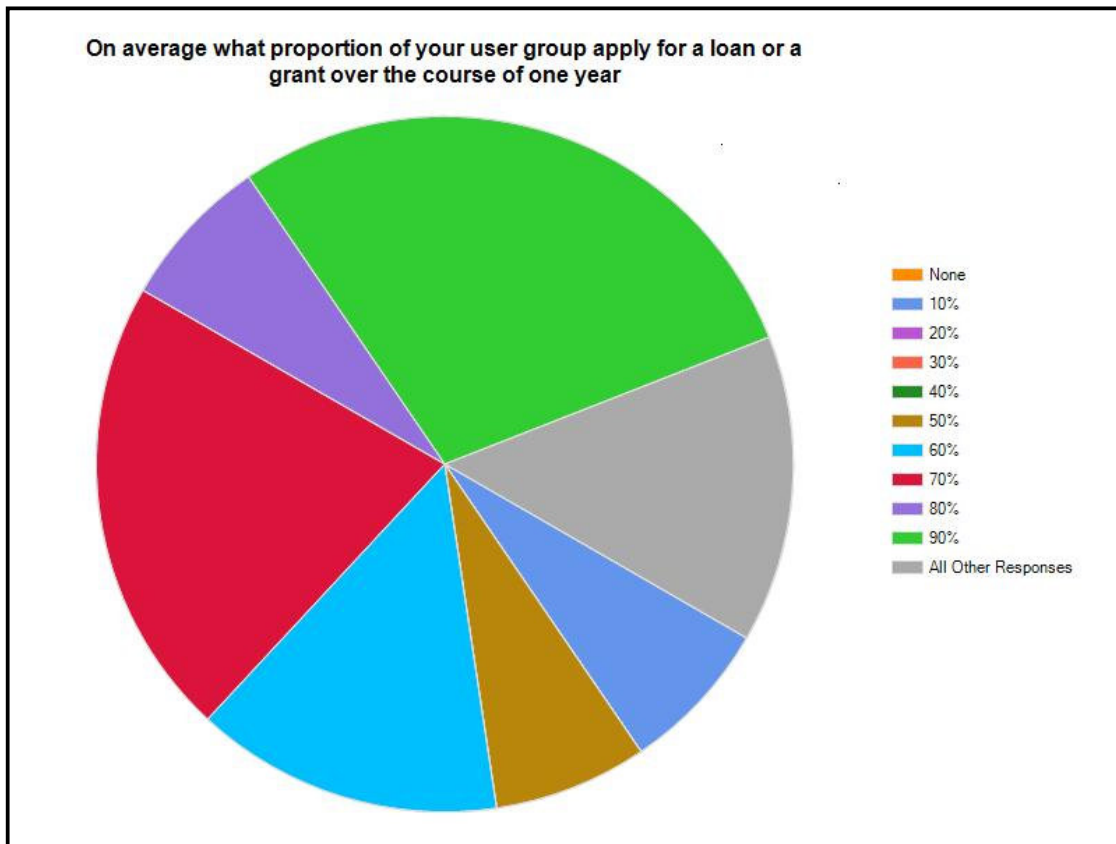
We believe the Department for Work and Pensions (DWP) has not fully explicated the problems with the current Social Fund system. We call upon the DWP to undertake a detailed review of the current system and provide a clear business case for changes, as well as detail on how the proposed system will be funded and resourced.

THE CURRENT SYSTEM

Aspects of the Social Fund, in particular Crisis Loans and Community Care Grants (CCGs), provide vital sources of support for previously homeless people at particular points in their transition to living independently, and in sustaining their tenancies. The short term support and security these services bring can prevent clients falling further into debt and can make a real difference to an individual's successful resettlement into their own accommodation and to ensure sustained success in their tenancies.

The case for reform posited by the DWP in 'The Local Support to Replace Community Care Grants and Crisis Loans For Living Expenses' document notes that there are problems with inconsistency in the decision making process, and that a large number of appeals to the decision are overturned at the independent review stage. The solution lies not in devolving this responsibility to some 353 local authorities in England, each with different ideas and priorities, but in improving the decision making process. With 353 local authorities each administering a discretionary non-ring-fenced Social Fund budget there can only be an increase in inconsistency and poor targeting. If remote processing and telephony services are inadequate to administering the system, then returning to local provision through an interview at a local JobCentrePlus would be a fairer way to address these concerns.

As the chart below shows, in many homelessness services 90% of the user group are applying for a loan or a grant over the course of a year and in 70% of the services responding more than 60% of the user group had need of a grant or a loan in the course of a year. This shows the level at which homeless people are in need of this support in order to rebuild their lives and resettle independently.



COMMUNITY CARE GRANTS

Community Care Grants (CCGs) are crucial to clients making the transition from supported accommodation to their own tenancy. Having funds to buy basic furniture and other materials to help them start up in a new home is critical in the resettlement process. Many of these individuals come from hostel provision into an unfurnished flat, and lack basic possessions and funds to purchase things we take for granted, such as a kettle or bedding.

In most cases our clients apply for CCGs when taking up an unfurnished tenancy. In my opinion it is essential to make that new tenancy suitable from day 1 to minimise the risk of the tenancy failing and undoing all the work by that person to move away from homelessness. I think the most important things are what we all appreciate, a bed for comfort, curtains for privacy, a cooker, kettle, bed covers, carpet to cover hard floors. (Survey respondent)

Respondents to the survey acknowledged there are problems with the current system, with 26% stating the current system works 'poorly' and 47% indicating the current system works 'adequately' for their client group. The main issues identified by our members were:

- Difficulties arise because the client is required to supply the address of the home they are moving into at time of application for a CCG for home basics, however the resettlement process for many clients means that there is often less than a week between an offer of a property and moving in, but a response to a CCG application can take up to six weeks, thus leaving people with a completely unfurnished and therefore unliveable home.
- The fact that people need support to manage the complex application process.
- The adequacy of the grants to cover needs.

- The inconsistency of decisions and allocations, even between clients in exactly the same circumstances.

Too long a lead in time for decisions for CCGs that directly impacts on people's ability to move into an allocated property. Many grants refused and the time taken means that other sources of furniture cannot be found - even if they were available.

A landlord will usually make an offer at the point of viewing giving the client 1 week maximum before they need to take up the tenancy, but if (a grant or loan) is not granted the client is left with no option but to refuse the property or move into it with absolutely nothing.

(Survey respondents)

In general CCGs do not meet the needs of vulnerable people. We are very thorough when supporting a client to make a claim and always submit a supporting letter with the application form which is very detailed and includes the client's vulnerabilities, what they have done to address any issues, what pre-tenancy work has been done and what support they will continue to get. This makes very little difference and most clients get a very small amount to help them set up home. The CCG awards are also very inconsistent and vary from client to client.

A high proportion of clients are offered a social fund loan instead of the community care grant – however often upon receiving assistance with the appeal the grant application can be successful.

(Survey respondents)

Our survey made clear that CCGs are relied upon by a very large proportion of homeless people using our members' services as a significant element of the support required to transition to independent living.

CRISIS LOANS

Respondents to our survey noted that Crisis Loans are often used where another scheme would be more appropriate, such as for rent in advance, meaning a client starts a tenancy in debt which is clearly an unhelpful beginning. Respondents also noted that for many of their clients the repaying of debt accrued through Crisis Loans was a significant burden and impacted on their ability to move forward in their lives. As with CCGs, the decision making about amounts allocated and eligibility for a loan vary markedly between clients. As such, there is a need to review the Crisis Loan system.

Whilst limiting the number of loans in a 12-month rolling period assists in limiting the burden of debt accrued, it does not mean that people will not be in need of support more than three times in a year. Living on such a low income is extremely difficult and for many homeless and formerly homeless people the journey to employment and financial independence is long and challenging. A three loans in a year system could be supplemented by the use of food parcels or vouchers (or similar, depending on need) to ensure a crisis does not result in destitution. However, despite the difficulties with a loan system, we believe that the current scheme does offer much needed financial support when people are in an emergency or crisis situation and can prevent people losing their tenancies.

LOCALISATION OF EMERGENCY PROVISION

We have concerns about the proposal that the current fund held by the DWP to pay out grants and loans for general living expenses will be transferred to local authorities as a non-ring fenced allocation. Community Care Grants and Crisis Loans as they currently exist will be no longer be available, Local authorities will be encouraged to set up locally administered emergency provision aligned with other local care and support services, but it will be at their discretion and not a statutory duty. This is being suggested at a time of substantial pressure on local authority resources and in some areas significant funding cuts to support services for vulnerable people.

Responses from our members expressed a lot of concern about the proposals and there is very little trust that it will work for the homeless client group. Local authorities under pressure are likely to use extra funds for statutory client groups. A non-ring-fenced fund with no criteria about who should receive a grant opens up a system 'akin to parish relief' with vulnerable people having to make the case that they are the most worthy to receive food vouchers or second hand furniture. This is likely to impact on the capacity of homeless people to move on into independence.

If there is no duty to provide this then the grants could disappear locally and young people would have to remain in emergency or supported accommodation instead of being given the 'opportunity to progress in their own tenancy. (Survey respondent)

We help our clients to access housing in all London boroughs and some areas outside London. If the centralised system was to go, we would: a) face a situation where some boroughs didn't provide rent in advance; b) have to work with a different system in each borough where there was such a scheme. (Survey respondent)

The proposed changes to the Social Fund come at the same time as significant changes in housing benefit and other welfare reforms. Further to this, following changes in funding for many of our members, the provision of floating (visiting) support to vulnerable tenants is likely to be reduced.¹ The cumulative effects of these pressures should not be underestimated.

One of our respondents predicted a likely increase in petty offences such as shoplifting and street begging as a result of cuts in these essential funds.

The ending of the Social Fund and the transfer of the budget from DWP to a local authority level without ring-fence or guidance, will inevitably lead to enormous inconsistency between authorities and the development of a postcode lottery in accessing assistance. In addition, there is no detail in the consultation document about the amount of funds that will be transferred to local authorities and we are concerned that there will be a reduced budget passed on to local authorities to implement substitute schemes for the Social Fund.

LOCAL SCHEMES AND PARTNERSHIPS AS A REPLACEMENT FOR GRANTS AND LOANS

The consultation paper suggests that local authorities may use the transferred budgets from DWP to establish, for example, furniture re-use services, credit unions, homelessness prevention funds and food banks, to provide services for those in particular need. The paper gives a few examples of local schemes and partnership working. These types of schemes have been developed all over the country in response to need and are already well used by the voluntary sector in their work resettling vulnerable people. Community Care Grants in themselves are not enough to meet all

¹ Homeless Link 'Counting the Cost of Cuts to Homelessness Support' March 2011 see http://homeless.org.uk/sites/default/files/Homeless_Link_Counting_the_Cost_of_Cuts_final.pdf

needs and people supplement that amount by using these types of schemes. A number of the respondents to our survey made this point.

We already use Gumtree, Freecycle, Community Furniture, any means possible to access free or cheap furniture for our young people. But some things such as carpets are not possible to be used in this way, hygienically they should be able to purchase new kettles, cook ware, bedding etc.
(Survey respondent)

Such schemes are fine and well, but let us never say they are a 'replacement', the difference is object of charity, or entitlement to welfare. Second class citizen begging parish relief, second-hand goods for the undeserving poor.

The proposal to move CCGs and Crisis Loans to local authority control, without ring-fencing or clear guidelines, is likely to result in inconsistency and lack of clarity about entitlement.

The loss of CCGs will severely impact on the ability to successfully resettle homeless people into sustained tenancies. Research has shown that effective resettlement can depend to a large degree on the client feeling settled into a positive living environment, and not having basic furniture can have a very detrimental effect on this process.² The relatively low cost of a resettlement grant can have a huge longer term impact on someone resettling effectively, which can prevent tenancy breakdown and a return to homelessness. The cost of this scenario is far greater both to the individual and to society in the long term. Homeless Link is very concerned that the proposed changes to the system will undermine this vital provision, increase tenancy breakdowns. Under the proposals there is no expectation or guarantee that a form of grant system will be made available by local authorities.

The current system of Crisis Loans is almost self-financing and the repayment of loans is used to fund future loans. We are very concerned that under the new proposals there is no guarantee of continuing locally administered 'loan-based' schemes. The loss of this critical resource is of great concern to us as we believe having loans available in an emergency or crisis assist greatly in ensuring people can sustain their tenancy and prevent homelessness. We are concerned that local authorities will not have the capacity to administer a loans system and deduct repayments, resulting in Crisis Loans being replaced with non-cash goods such as food parcels or vouchers, which may not meet the specific needs of the client or the particular crisis. While the current Crisis Loan system is not perfect it does provide a safety net when individuals are in an emergency and crisis and need urgent financial help. We believe that losing the ability to provide Crisis Loans will have damaging consequences and could result in an increased risk of tenancies failing and risk of homelessness.

CONCLUSION

Homeless Link is extremely concerned about the proposed changes to the Social Fund. Grants and loans are an essential part of the process for resettling homeless people and ensuring that their tenancies are sustained and successful. These changes in the larger context of caps to Housing Benefit, extension of the shared accommodation rate, the overall benefit cap and the cuts to support and advice services are going to have far reaching consequences on the capacity of people who have experienced the upheavals of homelessness or institutionalisation to settle and integrate back into society. The Social Fund is part of a wider welfare system and safety net which helps people to resettle and prevents the need for more acute and costly interventions. As one of our members has put it:

² See for example Broadway Keeping Homes report, 2008,
<http://www.broadwaylondon.org/ResearchInformation/Research/LongerTermOutcomes>

The welfare reform proposals are stigmatising the most vulnerable and stripping away their dignity. Ultimately there will be a much larger cost to society as more vulnerable people will end up needing statutory services. (Survey respondent)

While Homeless Link would like to see the Social Fund continue to be provided by the DWP and oppose its abolition, as a bare minimum we ask that if the Social Fund is devolved to local authorities then:

- The funds must be safeguarded for use for these specific purposes and transferred at the current amount.
- Clear guidelines need to be provided to local authorities on how to administer the funds, client need, eligibility, and fair and consistent decision making on amounts that will be offered and the circumstances in which grants would be paid.
- A system of transparency is required to ensure that all funds are traceable and the impact can be reviewed regularly

The reform proposal outlined by the DWP does not describe a complaints or appeals mechanism. This is a fundamental requirement and if the Social Fund is devolved the Government needs to provide clear guidance to local authorities on this mechanism to ensure consistency and fairness, whether one lives in Brent or Bradford.

Homeless Link requests that the Government appoint a Social Fund Commissioner to review the current system and independently provide a report on the impact of any reforms.

We call on the Government to rethink the proposed reform of the Social Fund. Particularly whilst fundamental other reform of the welfare system, including the introduction of the Universal Credit, takes place there is a real danger of creating a situation in which people are left without an essential welfare safety net. The Social Fund is a valuable component of the work of the DWP, and its support of vulnerable people in particular, and a detailed review and consultation process is warranted.

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April 2011
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