

Report to Cabinet Report of Councillor Finch	Forward Plan reference number Ref. FP/988/12/12
Date of meeting 22nd January 2013 Date of report	County Divisions affected by the decision
Decision on delivery of an assessment and award function within a localised social fund scheme	
<hr/> Report by Cllr David Finch <hr/>	
Enquiries to Sarah Richards, Assistant Director Sustainable Environment and Enterprise.	

1. Purpose of report

- 1.1. To set out the requirement to develop a localised social fund scheme
- 1.2. To seek agreement on the proposal for delivering an assessment and award function as part of a localised Social fund scheme

2. Recommendations

- 2.1. Agree the proposal described in this report for delivering an assessment and award function on behalf of ECC as part of a localised Social fund scheme.

- 2.2. Agree to delegate authority to Southend –on –Sea Borough Council to exercise the assessment and award function on behalf of Essex County Council.
- 2.3 Agree to delegate authority to the Executive Director of ESH to finalise the arrangements which will underpin the implementation of the scheme including an appropriate delegation agreement and other documentation.
- 2.4 Agree that this delegation of functions should be reviewed periodically to ensure it is delivering high quality services and meeting the Council's requirements

3. Background and proposal

- 3.1. From April 2013 the Welfare Reform Act 2012 removes two discretionary elements of the 'Social Fund', Community Care Grants (CCGs) and Crisis Loans (CLs), from the DWP who currently administer these nationally via Job Centre Plus.
- 3.2. The DWP has allocated upper tier authorities a non-ring fenced grant to compensate local areas for the end of the national scheme. DWP have been clear that local authorities are not expected to replicate the current national scheme but there is an expectation that a localised offer to meet welfare requirements.

The current national DWP scheme:

Community Care Grants

These are non-repayable grants, usually paid to 'families under stress', or people needing essential items of furniture or other possessions, following rehousing (due to domestic violence, resettlement from institutional care, etc) or a domestic crisis (flood, fire, or simply the breakdown of an essential item such as a cooker). They are paid to those on qualifying benefits, including income support, income based job seekers allowance, income related employment and support allowance, pension credit.

Crisis Loans

These are interest free loans made to people who cannot meet immediate short-term needs in an emergency or when faced with disaster (e.g. no money to buy food, cases of theft). Repayments are made direct from benefits to the DWP in the case of benefit recipients. They are paid to those with few savings in crisis – not just those in receipt of benefits.

- 3.3. The provision of a Social fund scheme incorporates 2 aspects of delivery. There is a requirement to assess applicants against defined eligibility criteria. Following this, there is a need to provide the applicant with the award that has been defined in the assessment process.
- 3.4. In 2011-12 it is estimated that around 31,000 applications were made for DWP assistance from Essex residents. Approximately 20,340 of these were successful, resulting in £2.8m of expenditure. The average sum payable was around £300-£400 for Community Care Grants and £50-£60 for Crisis Loans

- 3.5. Activity so far has been focused on identifying the model for Essex. Engagement with other upper tier councils has highlighted a number of approaches for the assessment process. However a common decision is the creation of an in house team to deal with assessment and award within an existing call centre.
- 3.6. Further to this, there is a requirement for the Unitary Councils of Southend and Thurrock to provide a localised scheme. Their agreed approach is to develop a partnership arrangement with Southend providing the assessment function on behalf of Thurrock.

Options for Delivery

- 3.7. As a result of the consultation and benchmarking exercise, options for delivery of an assessment function have included the creation of an in house team, delivery through partnership with a commercial organisation or developing a service level agreement with Southend to provide the Assessment on behalf of ECC.
- 3.8. When reviewing these options for suitability, a number of factors were taken into account including:
- Initial ECC member steer is that the preferred delivery of a localised scheme, including assessment, should not be within ECC but through partner organisations
 - This assessment process requires access to the benefits system (CIS) this is readily available to unitary and 2nd tier local authorities who are dealing with revenues and benefits but not to County Councils and the private and voluntary sector. The DWP have confirmed that no solution for additional access will be in place by April 2013 and this presents a major risk to the assessment process.
 - Procurement timescales and availability of suitable commercial partners present a high risk that any agreement would not meet the Go Live date for a scheme
 - At present, the funding for a scheme is guaranteed for 2 years. It is unclear as to the future provision but it is unlikely that funding will be continued following this period.
 - District Engagement has been slow to develop and now focused on the delivery following the initial assessment and award
- 3.9. In addition, options were assessed against our key design principles for developing a localised solution set out below:
- Solution will not replicate the current DWP scheme
 - Preferred delivery, including assessment, not within ECC but through partner organisations
 - Delivery as close to the customer as possible
 - Solution will look to build community and individual resilience wherever possible

- Solution will be cash free and not include loan provision
- Solution will be future proof – funding available until end 14/15

Proposal

- 3.10. Taking into account the considerations above, the proposal that we are seeking approval to move forward on is to develop an arrangement with Southend council to provide the assessment and award function on behalf of ECC.
- 3.11. Southend Council would provide a full social fund assessment service from initial customer contact through to decision notice and notification to provider. This would include any requests for a review or complaint about the service. There would also be a fully auditable financial monitoring in place to allow us to monitor spend and forecast demand
- 3.12. Applications to the fund would be made by telephone and dealt with by fully trained operatives within an existing benefits structure. These operatives would be experienced in delivering a complex assessment function to a similar demographic.
- 3.13. Following a successful application, Southend Borough Council would then make a referral to the agreed partners to provide delivery of the award. For unsuccessful applicants, signposting to alternative support would be provided.
- 3.14. Delivering the assessment process using Southend Council would allow us to develop a pan Essex approach for assessment criteria and eligibility. This would provide clarity and a coordinated approach to the scheme.
- 3.15. In addition, as a unitary authority, access to the CIS system is already present and so this would not require any additional development of systems and data protection agreements from the DWP.
- 3.16. To review and test this option for delivery, The project team are currently carrying out a due diligence exercise to ensure that any such arrangements would be robust and would deliver value for money, along with being aligned to ECC principles and Key Design principles. The progress and position of the due diligence exercise are detailed below.

Fraud Implications

- 3.17. To ensure that we manage any potential risk of fraud, the social fund project has been flagged for review as part of protecting the public purse. Members of the Audit team have been engaged and as part of the SLA, safeguards will be reviewed to ensure any risk is mitigated.
- 3.18. The assessment function will sit within the current Benefits section for Southend and as such, there are existing mechanisms in place which safeguard against any potential fraudulent activity. These mechanisms are part of an existing national requirement.

ICT Implications

- 3.19. Southend will be utilising a software system provided by Northgate. Northgate have developed a software application to meet the new local authority requirements of administering elements of the Social Fund from 1st April 2013. The service includes hardware, software, network, database administration and release management.
- 3.20. As part of our consideration and proposal, a thorough due diligence exercise has been carried out by ICT. This has confirmed that the proposal is compliant with requirements for data security, resilience and monitoring.
- 3.21. In addition, Northgate systems are currently successfully used to deliver blue badge applications for Southend and comply with the necessary standards required for this function.

4. Policy context

(Demonstrate how the issue is relevant to the Essex Works Commitment 2012/17 and any other relevant strategic plans.)

- 4.1. The proposal aligns with our commitment to protecting and safeguarding vulnerable people and will ensure that there is appropriate access for those in a crisis situation who require support.

5. Financial Implications

- 5.1. A full financial briefing is attached in Appendix 1.
- 5.2. Funding for a localised social fund scheme will be transferred to Essex County Council in December 2012. This payment will cover the initial set up costs along with administration and programme funding for 2013/14.

Financial year	Set up/Administrative funding	Programme funding
2012/13 Set up	£ 24 613	
2013/14	£520 096	£2 461 324
2014/15	£476 724	£2 461 324

- 5.3. Administrative funding is intended to be used to administer a local welfare scheme; in broad terms to handle applications, assess need and eligibility and then to put people in contact with the services they require to meet their needs. If agreed in principle, the arrangement with Southend will be funded from the administrative funding allocated by DWP

- 5.4. Southend have provided draft costs for the proposal and these have been scrutinised to assess their robustness and whether they represent value for money. These are in summary;

Staff costs to receive and assess applications including management supervision	£304 750
Software required to administer applications	£ 50 000
Accommodation and IT for staff assessing applications	£ 24 200
Staff training and recruitment	£ 20 000
TOTAL	£398 950

- 5.5. Southend have stated that in order to resource the provision, 10 full time FTE would be needed to handle applications anticipated across Essex excluding Southend and Thurrock. This is based on the assumption that each application for welfare assistance will take approximately 40 minutes and that each member of staff will complete 10 applications each day. In addition, there is an assumed need for one FTE manager for the team and 0.25 for senior management involvement.
- 5.6. Staffing costs for assessors have been calculated at £25000 per full time equivalent including on costs. A comparison based on current ECC salary bands and on similar roles in other local authorities including on costs and management costs again indicates that staffing costs are comparable and therefore reasonable.
- 5.7. Based on comparisons with other similar benefit assessment functions, the number of completed applications and required resource to fulfil this commitment is felt to be consistent and of a reasonable cost.
- 5.8. Accommodation and IT costs have been calculated based on floor rental costs per desk and then the IT to provide a workstation. These costs have been reviewed based on ECC's own facilities management/ICT costs and appear reasonable.
- 5.9. It is essential that administrative and programme (delivery of welfare) costs remain within the funding allocations to be provided by DWP. An increase in applications of over 29% would bring the administration costs up to the level of funding that will be provided by the DWP for next year (£520096). Southend have however indicated that they will cap the costs to ECC to those quoted and set out above.
- 5.10. In terms of delivery, Workshops are being held with delivery partners in December and January to map out potential sources of support and it will be possible after these workshops to estimate the costs of welfare support. Further analysis of DWP data will also be undertaken in the new year to forecast future demand.

- 5.11. It is essential that there are robust mechanisms in place to monitor spend and respond to demand on the social Fund. Detailed reports provided by Southend will enable ECC to forecast spend and to model financial demand for the subsequent year.. In addition, Southend have also stated that they will prioritise applications to ensure that the funding allocation for welfare support is not exceeded. Head room will be built into the forecast of spending once sufficient data is available to model demand accurately

6. Legal Implications

- 6.1. From a procurement perspective, the value of the administrative fund for this project would make this above the EU threshold and therefore if we were to procure services from an external partner, it would follow the Public Contracts Regulations 2006 Schedule 3 Part B services Category 25 or 27 route and therefore subject to procurement timescales. That said, the financial services element could bring the procurement within Part A Category 6, or perhaps a combination of the two in which case the classification will be determined by which has the greater value.
- 6.2. However, the legal position for ECC is that it is possible to agree with another council, in this case Southend, that they will carry out one of our functions on our behalf. This power is contained in section 19 (of the Local Government Act 2000 as an executive function and administered through a delegation agreement with Southend. This would arguably not require the agreement of an SLA to be subject to the procurement process.
- 6.3. Consideration was also given as to whether this type of assessment was in scope for any of the current contracts/ arrangements that we have. There is a possibility that this function could be included within an existing government framework but this would still require a tender exercise. In addition, inclusion is based on interpretation of a software framework and not specifically around providing an assessment function.
- 6.4. Another issue of a commercial procurement would be the access requirements for CIS. Additionally, entering into an agreement with a commercial organisation would impact on one of our key principles to deliver a scheme as close to the customer as possible and to build community resilience.

7. Staffing and other resource implications

- 7.1. No HR implications have been highlighted on the issue of entering into arrangements with Southend Council. Currently, there is no similar function carried out within ECC and responsibility for recruitment and management of staff would be held by Southend.

8. Equality and Diversity implications

- 8.1. Development of Southend's EIA has been specifically designed with safeguards for vulnerable people, particularly with regard to child poverty and disability. For example, funds will be made available to those lacking essential living needs with no other recourse to meet these needs. To support the pan Essex approach, ECC are currently reviewing documents to ensure that this is fit for purpose.
- 8.2. In addition to this, a full EIA will be developed in conjunction with the SLA to ensure that this has no negative implications on equality issues.

9. Recommendations

- 9.1. Based on the information set out above, the recommendation for Cabinet is to give approval to develop an arrangement with Southend borough Council. This will be to provide the assessment and award process for a localised social fund scheme on behalf of ECC.
- 9.2. This option provides the best fit to our key principles and will allow us to focus on the delivery aspect of the scheme in order to develop a solution for April 2013

10. Background papers

- 10.1. Detailed Financial Briefing
- 10.2. Eligibility policy



Social Fund Finance
due diligence.docx



Social fund eligibility
policy.doc

11. Section 151

- 11.1. This has been signed off by the section 151 officer and no further comments have been raised

12. Monitoring officer

- 12.1. Comments have been received and incorporated into the report