

Citizens Advice Scotland

Scottish Association of Citizens Advice Bureaux



A response to the Scottish Government consultation on the devolution of crisis loans and community care grants

By Matt Lancashire, Social Policy Officer

Citizens Advice Scotland and its 81 CAB offices form Scotland's largest independent advice network. CAB advice services are delivered through over 250 service points throughout Scotland, from the islands to city centres.

The CAB service aims:

to ensure that individuals do not suffer through lack of knowledge of their rights and responsibilities, or of the services available to them, or through an inability to express their need effectively

and equally

to exercise a responsible influence on the development of social policies and services, both locally and nationally.

The CAB service is independent and provides free, confidential and impartial advice to everybody regardless of race, sex, disability or sexuality.

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The Scottish Association of Citizens Advice Bureaux - Citizens Advice Scotland
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Consultation Questions

Q 1 Do you have any other evidence on the operation of the current system which would be relevant to consideration of successor arrangements?

In 2010/11, the 81 Citizens Advice Bureaux across Scotland dealt with a total of 560,603 new issues. The largest area of enquiry related to social security benefits, accounting for 36% - over one in three – of all new issues. Of the benefits enquiries brought to bureaux, 6% specifically concerned the Social Fund.

The Social Fund is a major concern for the Scottish CAB service. CAS has long campaigned for reform of the fund to ensure that it provides access to affordable credit for those on low incomes which cannot stretch to sudden, unplanned expenses.

Scottish bureaux have consistently reported over the years that many clients have had issues with the Social Fund. These include accessing the Social Fund, namely the Crisis Loan telephone application system, refusal of awards, insufficient awards and repayment of awards. Both clients and CAB advisers have reported problems in relation to administration of the Social Fund, namely errors and delays in payment.

Crisis loans telephone application

The Crisis Loan telephone application system is failing to meet the needs of our most vulnerable clients, and issues relating to this system represent a significant and ongoing problem. The phone lines are frequently engaged for lengthy periods of time, meaning that clients and advisers are simply unable to get through and start the claiming process.

The impact of failures in the phone application system are felt by bureaux as well as clients. Citizen advice bureaux advise many clients who require help with their applications, which puts pressure on limited resources and creates financial hardship.

Refusal of awards

Applications for Social Fund awards are being turned down in such a way that the system is not meeting the needs of CAB clients in the intended target groups. A key issue is the inconsistencies that can arise from the discretionary nature of the fund.

A West of Scotland CAB reports of an older client with heart disease and mental health issues. She applied for a Community Care Grant for a cooker, washing machine and fridge as she was unable to do her washing, store fresh food or cook hot food. She was turned down for all items as they were not considered priority needs.

Insufficient awards

An additional problem for clients accessing the Social Fund occurs when they are awarded a loan or grant, but it is insufficient for their needs.

An East of Scotland CAB reports of a client who was very distressed because he had been trying for five days to make a Crisis Loan application by phone. With the CAB adviser's help he was finally granted a loan – but as it was for just over £31, he would have to reapply in four or five days.

Repayment of awards

Case evidence indicates that some clients are being granted Social Fund loans which they are then struggling to repay, thus aggravating rather than alleviating their financial hardship.

A West of Scotland CAB reports of a client with mental health issues on Income Support. He has five children and had applied for a Budgeting Loan. He was awarded a loan of £224, which the DWP planned to recover at the rate of over £44 per week from his income support.

Administration errors

A significant number of clients have encountered problems with the way the social fund is administered by the DWP.

Case evidence indicates that administrative errors in the operation of the Social Fund - such as the provision of incorrect forms or poor advice by DWP staff - can cause vulnerable clients distress and financial hardship.

An East of Scotland CAB reports of an ex-prisoner who had just been released from prison after an eight week sentence. The client's flat had been burgled and his appliances damaged or stolen when he was in prison. He went to the local Jobcentre Plus to request funds for replacement goods, where he was given a Crisis Loan form and told to go to a CAB for help completing it. The adviser told the client that it would actually be a Community Care Grant that would be most suitable for him to claim, and called the DWP to request the relevant forms.

The following case demonstrates how administrative errors originating from a client's claim for another benefit can also have a negative impact on their ability to access the Social Fund.

A West of Scotland CAB reports of a client who had been on Jobseeker's Allowance (JSA) for nine months. He had applied for a Community Care Grant and a Budgeting Loan to buy furniture for his children who stay on weekends, but had been turned down on the grounds that he was not in receipt of a qualifying benefit. However, he should have been moved from contribution based JSA to income based JSA after six months, which would have made him eligible for the Social Fund. The Jobcentre reported that this was a clerical error resulting from a failure to update their systems.

Client case evidence indicates that - because of issues in accessing the discretionary Social Fund and problems with its administration, there are vulnerable CAB clients in demonstrable need who are not able to access the fund.

If the Scottish Government wish for any further evidence on the operation and issues with the social fund, CAS can supply further evidence.

Q 2 Do you agree the successor arrangements should operate a single grant fund?

A recent survey of CAB advisers relating to the social fund consultation suggested in principle that unaffordable items and help in a time of crisis should be provided for by a single grant fund¹. The questions answered in this survey of Scottish CAB advisers informs several aspects of our response to the consultation.

Citizen advice bureaux across Scotland have advised many clients who have had difficulties repaying their social fund awards. Case evidence indicates that some clients are being granted Crisis Loans which they are then struggling to repay, thus aggravating rather than alleviating their financial hardship.

A South of Scotland CAB reports of a lone parent client with a 12 week-old baby. Her tax credits had not been paid for four weeks and she had no other income. She had a previous Crisis Loan of £40, but was unable to meet the payments. Another Crisis Loan cannot be considered until the first one has been paid off.

One CAB adviser commented “Loans often cause more hardship because they are repayable”

Operating a loans rather than grants scheme is an attractive model as it provides money for recycling – around half of available spend on current Crisis Loans come from loan recycling. The level of loan recovery is critical to generating money for recycling. The Department of Work and Pensions is able to maintain high levels of loan recovery because it operates deduction from benefits at source. This leaves many benefit claimants with reduced benefits below subsistence levels and a cycle of repeat claims and debt.

CAS therefore accepts in principle that unaffordable items and help in a time of crisis should be provided for by a single grant fund, which will hopefully alleviate benefits debt and repeat claims costing both the client and the government more time and money.

CAS also supports a single grant fund as this will involve less administrative expenditure as it would be straightforward to operate standard arrangements across Scotland with a centralised system. This is likely to reduce the costs of implementation and ongoing delivery. Considerable new infrastructure maybe required to operate a loan, rather than a grants scheme.

The most challenging aspect of any system will be to create budgetary arrangements for the successor arrangements that are demand led and not fixed. A situation where an application could be rejected legitimately on the grounds that too many other people have received an award is unacceptable. Entitlement should be need-focused, with flexibility within the budget to ensure that eligible claimants will receive an award.

Q 3 Do you favour centralised or local delivery of the successor arrangements?

A CAS survey of CAB advisers suggested if responsibility for the replacement of social fund Community Care Grant and Crisis Loans is to be devolved, a central delivery national framework should be set out that protects a claimants conditions of eligibility in law and allows for a right of independent review of adverse decisions. A central delivery system would need to use community and local organisations to enable access and facilitation of the delivery of the social fund to all.

In England, responsibility for this provision will be delivered locally through local authorities. This has been controversial as the budget for Social Fund provision may not be ring-fenced and therefore could be used on other spending – while some have suggested this may lead to a postcode lottery. For example, a person could be offered a food parcel, a grant, or a loan, or not be eligible for anything, depending on where they live.

A centralised delivery system would ensure a post code lottery does not occur. It would potentially reduce the costs of implementation and ongoing delivery and ensure a nationwide consistency of entitlement.

One Adviser from the survey commented ‘A centralised system would save on admin costs. It would be easier to ensure entitlement consistency and that funding is spent as it is intended rather than disappearing into local authority budgets.’

Scottish CAB advisers who responded to the survey suggested that the most efficient way to meet need is by setting up a national scheme and streamlining the decision making costs. This would free up resources to invest both in the grant fund itself, and in involving local partners in the face to face advice and support with applications to those for whom a national gateway (telephone/electronic) is not easily accessible.

A central delivery system would need to be regulated to ensure that its decisions are accurate and timely, and that the right people get the help they need at the right time. This would be more efficient than attempting the oversight of a myriad system of local agents.

Alongside the new grant fund, Scottish CAB advisers suggested the Scottish Government should also invest in ensuring that there is sufficient provision of affordable loans and budgeting advice targeted at low income households and vulnerable individuals. This could be delivered through the voluntary sector and Credit Unions.

Q 4 If you support local delivery, which organisation or organisations should deliver the successor arrangements?

N/A

Q 5 If you support central delivery, how would a client focussed approach be maintained?

Scottish CAB advisers suggested a national delivery framework eligibility criteria would avoid entitlement variations between localised schemes across Scotland and also give a claimant the right to an independent review of decisions on whether criteria had been met.

A central delivery system can make use of existing community and local organisations to support claimants in accessing the social fund, and variations in local economies and environments can then be taken into account in making decisions. This would also allow for the delivery of a service to claimants to be varied across Scotland in order to meet differing local needs.

Q 6 Which delivery channels are most appropriate? For example, face-to-face, on-line etc.

6a) CAS believes that successor arrangements must operate Scotland wide. A survey of CAB advisers suggested a national delivery system with a national freephone telephone application number and online gateway were the most appropriate delivery channels.

There must also be support to access the fund and to make applications by alternative means, which should be supported through suitably funded community-based services across Scotland, such as citizens advice bureaux. Special attention would need to be given to enabling access in remote areas of the country and for particularly vulnerable claimants.

6b) N/A

Q 7 What groups (e.g. older people) and life events (e.g. moving back into the community) do you consider should be the focus of the successor arrangements?

7a) Scottish CAB advisers who responded to the survey suggested that rather than focus on specific demographic groups, the focus should be on those who had the greatest financial hardship.

The impact of the welfare reform bill in Scotland will mean a significant number of benefit claimants of different demographics living on reduced incomes and in financial hardship. The successor arrangements are a potential tool for them to mitigate their financial circumstances rather than use a high cost 'doorstep lender', or other sources of unaffordable credit.

An example of this is people with disabilities who face the biggest impact and reduction in income from the proposed welfare reforms. National reassessment

for sickness and disability benefits, alongside cuts in public services, will inevitably mean that many people will not receive support to deal with their disabilities that they currently rely on. This is just one group who may use the successor arrangements or 'doorstep lenders' to mitigate that income reduction and consequent financial hardship.

Scottish CAB advisers suggested that the successor arrangements should focus on supporting access to the fund for vulnerable groups at risk of poverty such as:

- JSA claimants
- Older people
- Families
- Care leavers
- Homeless people
- Kinship carers
- Disabled people
- Young people.

7b) Scottish CAB advisers suggested the following are important and expensive life events which households on a low income or in persistent poverty will struggle to manage:

- Pregnancy
- Redundancy
- Eviction/repossession
- Homelessness
- Debt issues
- Birth/adoption/looking after a relative (especially since the restrictions to eligibility criteria for UK maternity grants)
- Long term illness or accident
- Family breakdown
- Lack or failure of household goods
- Moving (including from a care setting (or to avoid going into care), between homes in the community, after a period of homelessness or imprisonment)
- Transport costs at times of crisis such as hospital admission, family member detention or bereavement.

A national scheme may be able to incorporate other locally administered schemes to support these costs, but only if adequate safeguards ensure that this doesn't restrict the eligibility criteria or adequacy of the funds available.

Q 8 Do you agree that the successor arrangements should provide goods rather than grants? Should the arrangements provide:

Crisis Loans and Community Care Grants are an essential lifeline for people on low incomes who are unable to afford unplanned, one-off expenses and

who cannot access affordable mainstream credit.

Scottish CAB advisers suggested in the survey that both goods and grants should be provided by successor arrangements and the circumstances of the claim will determine whether an award of a cash grant or goods is suitable.

One CAB adviser commented ‘sometimes goods are appropriate, other times cash grants. A crisis loan and community care grant is awarded for different reasons. Each case is different. One person might need a cash grant to cover living costs and a goods grant wouldn’t be suitable. In other circumstances if someone needed a cooker or white goods they could receive the goods direct.’

A cash grant in some circumstances is a more suitable option and supports financial capability. The award amount of a crisis loan cash grant must be of a level that meets the need for which they are intended. If only low-quality or used goods and services can be accessed with the level of cash grant awarded, this risks repeat applications.

A West of Scotland CAB reports of a client who had been told her benefit claim was delayed and would take four weeks to process. She was awarded a Crisis Loan of £46.90 to cover a one week period, and will then have to reapply for an emergency payment. The services, energy and goods she wished to purchase and use were unaffordable at this level of payment.

In a number of circumstances it would be more appropriate to provide goods and not cash grants. Scottish CAB advisers commented that this would ensure that quality goods which are fit for purpose can only be bought with a goods award. Many clients have suffered in the past from low and inadequate cash awards for goods. This limits their selection and often means they purchase low quality or second hand goods which breakdown. This results in these clients making repeat applications.

A North of Scotland CAB reports of a client who was awarded a community care grant for a cooker. The level of the community care grant awarded meant that he could only purchase a third hand cooker. The cooker broke down after three weeks and was deemed un-repairable. The client wants to make another application for a cooker.

Scottish CAB advisers suggested that a goods award would be cheaper to administer than cash grants in certain circumstances. It could lower repeat applications and build in innovative new ideas such as block procurement of goods. The block procurement of items such as white goods would ensure that quality first hand items with a guarantee were awarded to claimants ensuring repeat claims occurred less often. This would then reduce the costs of the successor arrangement.

Q 9 If you agree that the successor arrangements should provide goods, what goods should be considered for inclusion?

Scottish CAB advisers suggested that the goods which should be considered

for inclusion are

- Cookers
- White goods eg. fridge and washing machines
- Kitchenware
- Carpets
- Beds
- Bedding
- Furniture
- Homestart packs eg. cutlery, plates, kettles, toasters etc

Q 10 Do you agree that the successor arrangements should include other support, such as budgeting advice?

Scottish CAB advisers suggested that budgeting advice should be available without cost to people accessing the successor arrangements. However this should not be a compulsory condition of receiving an award from the fund.

One CAB adviser who responded to the survey commented ‘People should be signposted towards budgeting advice but it shouldn’t be a compulsory part of the system. The social fund is there for people who have an immediate crisis and disaster’

The successor arrangements must have two key and equal priorities of supporting those who are experiencing a crisis or disaster and building financial capability. Budgeting advice is a secondary priority for any scheme and should not be conditional. The Money Advice Service delivered through citizen advice bureaux and the availability of subsidised affordable credit through credit unions is a better place to consider building financial capability and intervening before needs are acute.

Q 11 If you agree, what support should be considered for inclusion?

See answer to question 10.

Q 12 What do you consider are the essential characteristics of an effective appeals process?

Scottish CAB advisers suggested that an effective appeals process must be independent, timely and accessible to claimants.

One CAB Adviser commented ‘the appeals procedure needs to be quick,

independent and have clear simple procedures. It should provide active feedback to the agency that awards grants to ensure any reoccurring errors are rectified.

It is important to emphasise the role of independent advice and the Scottish Citizens Advice Service in supporting access to justice. At present, the appeals process for the social fund is managed by the Tribunals Service in the form of a benefits tribunal. Currently these are deemed to be accessible and informal by a significant number of CAB advisers.

One adviser in the survey commented ‘From an adviser’s point of view it seems that the current independent tribunal appeals process for the social fund works well.’

This statement should not be accepted however, without conclusive evidence that the vulnerable people who will need to use the system agree that this is the case in practice. The barriers faced by vulnerable people are demonstrated by the increased success rates at appeal when there is a CAB representative to assist the claimant in arguing their case.

This is borne out in ESA appeals where over 70% of clients who had CAB representation had their appeals upheld. This reduced to 40% with no representation.

Q 13 Do you have any other views on the succession arrangements?

CAS is concerned about the plans made by DWP ‘for payments on account’ of universal credit. DWP have a long history of administration and benefit issues which have caused distress and financial hardship for many of our clients in Scotland. If clients do not receive payments of Universal Credit for these reasons they must be able to access the successor arrangements and not be turned away. The Scottish Government must clarify with DWP how the fund’s decision making apparatus will be able to assist claimants in this situation.

CAS also suggests that alongside plans for a replacement for the Social Fund, the Government re-visit and strengthen the existing local authority powers to provide cash assistance to those temporarily without resources. These must be adequate to protect our most vulnerable citizens should the successor arrangements fail them for any reason.

CAS believes a national single grant system which provides cash awards and goods is a scheme which will reduce severe poverty and alleviate hardship at points of transition and crisis in a individual’s life. It is vital that any national scheme uses appropriately funded community and local organisations to enable access and facilitation of the delivery of the social fund to all.

Please send your response to Catriona McKay at catriona.mckay@scotland.gsi.gov.uk by Friday 28 October 2011.

ⁱ Twenty-Five CAB advisers responded to the Social Fund consultation survey