

Local welfare assistance to replace Social Fund Community Care Grants and Crisis Loans for general living expenses

Equality impact assessment

October 2011

Equality impact assessment for the new local welfare assistance to replace Social Fund Community Care Grants and Crisis Loans for general living expenses

Brief outline of the policy

1. Community Care Grants are currently payable to anyone in receipt of certain income-related benefits in certain circumstances. They are non-repayable grants awarded for range of expenses including household equipment and are primarily intended to support vulnerable people to return to or remain in the community or to ease exceptional pressure on families. In 2009/10 over 263,000 non-repayable Community Care Grants were awarded at a cost of £141 million, with the average initial award being £437.
2. Crisis Loans are interest-free loans available to anyone (whether on benefit or not) who cannot meet their immediate short-term needs in an emergency or as a consequence of a disaster, where there is an immediate risk to their health or safety. Repayments are deducted from benefit, and suitable recovery arrangements are made for those not on benefit. In 2009/10, around 2.7 million Crisis Loans were awarded to help people deal with emergencies – at a cost of £233 million. The average award was £82. Applicants may be awarded a Crisis Loan for four separate reasons:
 - items or services;
 - rent in advance;
 - general living expenses; or
 - alignment payments to cover living expenses up to the first payment of benefit or wages
3. The Social Fund was introduced over two decades ago as part of the Fowler reforms of the Social Security system. Since then welfare delivery has changed significantly. Current remote administrative processes do not support the high levels of discretion needed to ensure that support is targeted at the most

vulnerable. Changes announced in the November 2010 White Paper 'Universal Credit: welfare that works' (Cm7957) will see Community Care Grants and Crisis Loans for general living expenses – which are the most discretionary elements of the current scheme – being replaced by new locally-based provision delivered by local authorities in England and devolved to the governments in Scotland and Wales.

4. The new local welfare assistance will be designed to meet local needs and priorities. The Government is committed to removing burdens and controls from local government, and so there will not be a new statutory duty requiring local authorities to deliver the service.
5. In line with the Government's wider localism agenda, funding will not be ring-fenced, enabling local authorities and the devolved administrations greater freedom to deliver and dovetail with existing services as they see fit according to local needs.

Rationale for reform

6. From 2006 Crisis Loan applications, awards and expenditure have almost tripled and while recoveries have also been increasing it has not been to the same extent. A large proportion of the money loaned out under the Crisis Loan system is done so using money collected from previous loans with additional money each year. It is important to focus provision on the most vulnerable customers in society and customer groups. We know that the profile of customers who access Community Care Grants, Crisis Loans and Budgeting Loans differ, with users of Crisis Loans primarily Jobseekers Allowance claimants under the age of 35. Recipients of Community Care Grants are more likely to be lone parents and more likely to have a disability.
7. By moving away from a remote model of central administration to local delivery, customers will be better served as we know that those accessing the current service have complex needs (long-term benefit claims, lower incomes) and may benefit from an integrated, locally-delivered approach which will deliver a more responsive, better targeted and relevant service to the most vulnerable.
8. We anticipate that local authorities will want to develop a local system that will reflect the needs of their local area and build upon programmes and services that are already in place, thus enabling financial savings and a more efficient, joined-up delivery model. Local authorities may also wish to utilise existing partnership arrangements or develop new ones, such as furniture reuse services and food banks, to provide services for those in particular need.

Consultation and involvement

9. A formal consultation was held on Social Fund reform under the previous administration in March 2010 following the publication of the Green Paper 'Social Fund: credit, debt and low-income families'. Whilst the majority of the proposals in

that consultation were not taken forward by the coalition government, we did consult on the devolution of elements of the discretionary Social Fund to Scotland following the recommendations of the Calman Commission, and the involvement of local agencies in the delivery of Social Fund loans and grants. The responses to these areas of consultation were largely positive.

10. The Local Government Association, individual local authorities and the devolved administrations have been fully involved and consulted on the proposed changes. We will continue to engage with English local authorities and colleagues in Scotland and Wales throughout this process.
11. We have also published a Government Response to our call for evidence in June 2011 based on consultation with a wide range of stakeholders. Officials have additionally given national and regional presentations, visited local projects and held in depth discussions with over 50 local authorities about their initial thinking on what the new welfare assistance might look like. We will continue to engage with all stakeholders throughout this process.

Other policy options considered

12. The policy options considered were:

- Do nothing and continue to meet the increasing demand of the crisis loans and provision of Community Care Grants.
- Moving the delivery of Crisis Loans to a face to face service in Jobcentre Plus offices.
- Localise and refocus elements of the Social Fund

The first two options were not pursued as they would mean a large increase in Government expenditure and would not represent value for money for the taxpayer.

Impact of abolishing Community Care Grants and Crisis Loans for general living expenses and replacing them with a new Local Welfare Assistance

13. This section analyses the impact of replacing Community Care Grants and Crisis Loans for living expenses with a new local welfare assistance in terms of gender, race, disability, age. The current system of grants and loans are of particular importance to people who are covered by equality legislation. This may be due to:

- having characteristics that make them more or less likely to take up either a Community Care Grant or a Crisis Loan
- take up and differential outcomes

14. In addition when the Social Fund decision maker considers an application for a Community Care Grant (non-repayable) in contrast to a Budgeting Loan (repayable), they use criteria which are favourable towards some of our diverse groups. For example:

- if there is a disabled child in the household incurring higher care costs;
- young people leaving Local Authority care; and
- customers are providing support to vulnerable friends or relatives.

Gender

Crisis Loans

15. In 2009/10 58% of final decisions for Crisis Loans were made in respect to single males, 34% made in respect to single females and 8% made in respect to couples. The success rates were the same for single males and females (76%) and 74% for a couple. The majority of applications are made by unemployed recipients¹ and the award rate is a reflection of the profile of customers who currently claim JSA as 28% of the JSA caseload are female without children². In the current system there are no differences between male and female success rates and no indication this would change if a similar assessment of eligibility is applied using a similar criterion in a locally-delivered system.

Table 1: Crisis Loan applications by gender

Category	Number	% of total
Couple	292,960	8%
Single Female	1,182,720	34%
Single Male	2,018,430	58%
Total	3,494,110	100%

Table 2: Crisis Loan award success rates based on final decisions by gender

Category	Number	Success rate
Couple	217,720	74%
Single Female	902,330	76%
Single Male	1,537,740	76%
Total	2,657,790	76%

Community Care Grants

16. In 2009/10 49% of Community Care Grant final decisions made in respect to single females, 36% made in respect to single males and 15% made in respect to couples. The success rates for single females were higher (49%) than single

¹ Social Fund Annual Report <http://www.dwp.gov.uk/docs/2010-annual-report-social-fund.pdf>

² Using DWP data from May 2010 and DWP online tab tool http://83.244.183.180/100pc/dla/tabtool_dla.html

males (42%) but lower than couples (53%). Single females who are more likely to be caring for children are advantaged by the current system. During the assessment stage higher number of women than men are seen as having sufficient needs to be awarded a Community Care Grant. There is no evidence to suggest that this will change under a locally-delivered system using similar criteria.

Table 3: Community Care Grant applications by gender

Category	Number	% of total
Couple	92,540	15%
Single Female	311,590	49%
Single Male	228,090	36%
Total	632,220	100%

Gender Reassignment

17. The Department does not hold information on its administrative systems on transgender persons. The Government does not envisage an adverse impact on these grounds.

Table 4: Community Care Grant final awards and success rates based on final decisions by gender

Category	Number	Success rate
Couple	49,440	53%
Single Female	151,550	49%
Single Male	96,450	42%
Total	297,440	47%

Age

Crisis Loans

18. In 2009/10 a small proportion of Crisis Loans final decisions were made in respect of customers under 18 (3%) and over 45 (13%). The largest proportion (37%) of final decisions were made in respect of customers between 18 to 24 years old. Customers 65 and over also have lower success rates. Younger people are currently advantaged by the current system and older people are disadvantaged. We do not have sufficient information to understand why older people are less likely to apply and be awarded a crisis loan. However localising the service may allow a more equal range of customers' access provision for dealing with risks to health and safety.

Table 5: Crisis loan applications by age

Age band	Number	% of total
Under 18	89,110	3%
18 to 24	1,283,090	37%
25 to 34	1,007,410	29%
35 to 44	655,930	19%
45 to 49	216,170	6%
50 to 54	129,410	4%
55 to 59	75,090	2%
60 to 64	23,700	1%
65 to 69	8,150	0%
70 to 79	5,280	0%
80 to 89	730	0%
90 and over	40	0%
Total	3,494,110	100%

Table 6: Crisis Loan award and success rates based on final decisions by age

Age band	Number	Success rate
Under 18	67,110	75%
18 to 24	942,990	73%
25 to 34	773,410	77%
35 to 44	515,070	79%
45 to 49	170,720	79%
50 to 54	102,200	79%
55 to 59	59,170	79%
60 to 64	17,710	75%
65 to 69	5,600	69%
70 to 79	3,370	64%
80 to 89	430	59%
90 and over	20	55%
Total	2,657,790	76%

Community Care Grants

19. In 2009/10 the lowest proportions for final award decisions were made in respect to those below the age of 18 and over the age of 45. However, success rates are higher for those customers aged 45 and over. Older people are currently advantaged by the system in respect of higher success rates and this may improve through a locally-delivered service.

Table 7: Community Care Grants applications by age

Age band	Number	% of total
Under 18	8,490	1%
18 to 24	152,250	24%
25 to 34	167,460	26%
35 to 44	133,970	21%
45 to 49	50,760	8%
50 to 54	36,570	6%
55 to 59	27,020	4%
60 to 64	21,490	3%
65 to 69	13,730	2%
70 to 79	15,600	2%
80 to 89	4,390	1%
90 and over	490	0%
Total	632,220	100%

Table 8: Community Care Grants final award and success rates based on final decisions by age

Age band	Number	Success rate
Under 18	3,700	44%
18 to 24	57,530	38%
25 to 34	73,970	44%
35 to 44	66,800	50%
45 to 49	25,990	51%
50 to 54	19,500	53%
55 to 59	14,990	55%
60 to 64	12,810	60%
65 to 69	8,420	61%
70 to 79	10,260	66%
80 to 89	3,130	71%
90 and over	350	70%
Total	297,440	47%

Disability

Crisis Loans

20. The definition of disability used in the tables below is based on whether a benefit recipient has a disability marker on the administrative datasets which is added by advisers when a customer states they have a disability.

21. In 2009/2010 31% of Crisis Loan final decisions were made in respect of disabled people and this represents an increase of 11 percentage points on the previous year. Overall success rates are very similar for disabled customers (76%) compared to non disabled customers (77%). There have been improvement in the number of disabled customers accessing Crisis Loans and there is no evidence to suggest that this will change in a locally-delivered system.

Table 9: Crisis Loan applications by disability

Disability status	Number	% of total
Not disabled	2,334,300	66%
Disabled	1,096,270	31%
Not considered	5,650	0%
Unknown	76,690	2%
All	3,512,920	100%

Table 10: Crisis Loan final awards and success rates based on final decisions by disability

Disability status	Number	Success rate
Not disabled	1,766,750	76%
Disabled	844,360	77%
Not considered	4,260	75%
Unknown	54,460	71%
All	2,669,830	76%

Community Care Grants

22. In 2009/10 33% of Community Care Grant final decisions were made in respect of disabled people and this represents an increase of 12 percentage points on the previous year; the increase is probably due to the introduction of Employment and Support Allowance where the income related part is a qualifying benefit for Community Care Grants. Overall success rates are higher for disabled customers (48%) than for non-disabled customers (43%). Disabled customers are currently well served by the Community Care Grant system and there is no evidence to suggest that this will change in a locally-delivered system.

Table 11: Community Care Grants applications by disability

Disability status	Number	% of total
Not disabled	358,890	57%
Disabled	210,620	33%
Not considered	4,850	1%
Unknown	59,560	9%
All	633,930	100%

Table 12: Community Care Grants final awards and success rates based on final decisions by disability

Disability status	Number	Success rate
Not disabled	155,980	43%
Disabled	101,540	48%
Not considered	3,120	64%
Unknown	37,190	62%
All	297,830	47%

Ethnicity

Crisis Loans

23. In 2009/10 79% of Crisis Loan final decisions are made in respect of white customers with some ethnic groups receiving less than 1% of the final decisions and this remains consistent with previous years. Overall success rates are slightly higher for white customers than other groups. We do not currently know why there are different success rate for customers from different ethnic groups. A locally-delivered system would be able to identify the most vulnerable people in their area and intervene based on a risk to health and safety which could address this issue.

Table 13: Crisis Loan applications by ethnicity

Ethnic group	Number	% of total
White	2,777,560	79%
Mixed	69,020	2%
Asian or Asian British: Indian	19,790	1%
Asian or Asian British: Pakistani	31,230	1%
Asian or Asian British: Bangladeshi	9,740	0%
Asian or Asian British: Other Asian	9,830	0%
Black or Black British: Black Caribbean	78,920	2%
Black or Black British: Black African	61,830	2%
Black or Black British: Other Black	21,270	1%
Chinese or Other Ethnic Group: Chinese	1,040	0%
Chinese or Other Ethnic Group: Other Ethnic Group	30,050	1%
Prefer not to say	178,790	5%
Unknown	223,840	6%
All	3,512,920	100%

Table 14: Crisis Loan awards and success rates based on final decisions by ethnicity

Ethnic group	Number	Success rate
White	2,130,500	77%
Mixed	51,460	75%
Asian or Asian British: Indian	14,090	71%
Asian or Asian British: Pakistani	21,240	68%
Asian or Asian British: Bangladeshi	6,200	64%
Asian or Asian British: Other Asian	6,920	70%
Black or Black British: Black Caribbean	58,310	74%
Black or Black British: Black African	44,000	71%
Black or Black British: Other Black	15,580	73%
Chinese or Other Ethnic Group: Chinese	710	68%
Chinese or Other Ethnic Group: Other Ethnic Group	21,090	70%
Prefer not to say	134,080	75%
Unknown	165,640	74%
All	2,669,830	76%

Community Care Grants

24. In 2009/10 65% Community Care Grant final decisions were made in respect of white customers with some ethnic groups receiving less than 1% of the final decisions and this remains consistent with previous years. However, there is a higher number of prefer not to say or unknown responses in this data set. Overall success rates are slightly higher for all ethnic minority customers (average of 46%) than white customers (average of 44%) and overall success rates have decreased at the same rate for ethnic minority and white customers from 2008/09 figures. Customers from ethnic groups are currently well served by the Community Care Grant system and there is no evidence to suggest that this will change in a locally-delivered system.

Table 15: Community Care Grant applications by ethnicity

Ethnic group	Number	% of total
White	413,490	65%
Mixed	10,650	2%
Asian or Asian British: Indian	3,080	0%
Asian or Asian British: Pakistani	6,970	1%
Asian or Asian British: Bangladeshi	2,260	0%
Asian or Asian British: Other Asian	2,270	0%
Black or Black British: Black Caribbean	14,030	2%
Black or Black British: Black African	15,010	2%
Black or Black British: Other Black	3,760	1%
Chinese or Other Ethnic Group: Chinese	480	0%
Chinese or Other Ethnic Group: Other Ethnic Group	8,710	1%
Prefer not to say	32,830	5%
Unknown	120,400	19%
All	633,930	100%

Table 16: Community Care Grant final awards and success rates based on final decisions by ethnicity

Ethnic group	Number	Success rate
White	180,470	44%
Mixed	4,680	44%
Asian or Asian British: Indian	1,340	43%
Asian or Asian British: Pakistani	3,100	44%
Asian or Asian British: Bangladeshi	1,000	44%
Asian or Asian British: Other Asian	1,070	47%
Black or Black British: Black Caribbean	5,940	42%
Black or Black British: Black African	6,900	46%
Black or Black British: Other Black	1,670	44%
Chinese or Other Ethnic Group: Chinese	280	58%
Chinese or Other Ethnic Group: Other Ethnic Group	3,900	45%
Prefer not to say	15,250	46%
Unknown	72,240	60%
All	297,830	47%

Sexual orientation

25. The Department does not hold information on its administrative systems on the sexual orientation of claimants. The Government does not envisage an adverse impact on these grounds.

Religion or belief

26. The Department does not hold information on its administrative systems on the religion or beliefs of claimants. The Government does not envisage an adverse impact on these grounds.

Marriage and Civil Partnership

27. The Department does not hold information on its administrative systems on the civil partnership status of claimants. The Government does not envisage an adverse impact on these grounds.

Pregnancy and maternity

28. The Department only holds information on pregnancy and maternity on its administrative systems where it is the primary reason for incapacity. It cannot therefore be used to accurately assess the equality impacts. The Government does not envisage an adverse impact on these grounds.

Monitoring and evaluation

29. At present we do not intend to monitor the impact of the policy as this will cease to be DWP business.