

Rt Hon Iain Duncan Smith MP
Secretary of State for Work and Pensions
Caxton House
Tothill Street
London
SW1H 9DA

18th November 2013

Dear Secretary of State

Local Welfare Provision

As you will be aware in April 2013 elements of the discretionary social fund, crisis loans and community care grants, were abolished and some funding devolved to local authorities in order to set up local welfare provision schemes.

You will also be aware that no legal duty was attached to this funding stream and it did not represent 'ring-fenced' grant to local authorities. In November 2012 Steve Webb MP wrote to my colleague Cllr Teresa O'Neill confirming that government did not expect local authorities to replicate the existing scheme of crisis loans and community care grants either in whole or in part.

A number of concerning trends have come to our attention regarding the ways in which DWP provision and new appeal and sanction systems are placing unexpected pressure on local welfare provision schemes. The Leaders of London local authorities have agreed to contact you regarding these emerging issues.

The experience in London so far is that a significant amount of the demand for local welfare provision is arising directly from issues with DWP administered benefits including;

- JSA & ESA sanctions
- Clients referred despite potentially being eligible for hardship payment or Short Term Benefit Advances from Job Centre Plus
- Delays in administering Short Term Benefit Advances

From this month, a new system of mandatory reconsideration before appeal will be implemented meaning that individuals wishing to challenge a decision made by DWP will be required to undergo a compulsory reconsideration of that decision by the Department before formally lodging an appeal.

This is concerning in cases where individuals have been refused Employment Support Allowance (ESA) following a Work Capability Assessment. Where an appeal is lodged the client is entitled to receive the basic rate of ESA whilst the appeal is considered. However, the new rules mean that they must now wait whilst the mandatory reconsideration is carried out during which time they are not entitled to receive ESA.

The only benefit available to them during this period would be Job Seeker's Allowance (JSA) for which they must effectively declare themselves fit for work and be available for work. As you will be aware, 45% of appeals against adverse ESA decisions in London are successful indicating there are significant numbers of people for whom a JSA application is neither appropriate nor advisable.

This is of concern to London boroughs as they are already experiencing significant demand from residents presenting with issues with ESA and the mandatory reconsideration changes are likely to increase the number of households in financial hardship.

I would be grateful therefore if you were able to provide specific responses to the questions below:

- 1) Do you acknowledge that given the high success rate of appeals against adverse ESA decisions, there will be some individuals for whom claiming JSA during a period of compulsory reconsideration before appeal will be inappropriate or impossible? If so, could you indicate what financial support is available to counter financial hardship in the meantime?
- 2) How long does the department expect a mandatory reconsideration to take? What measures can be put in place to fast-track ESA cases?
- 3) Do you feel that there are sufficient numbers of trained Disability Employment Advisors available in Job Centres to adequately advise significant numbers of clients with health/disability problems that may need to sign onto JSA whilst there is mandatory reconsideration of their ESA decision?
- 4) Could you indicate the steps that the department is taking to monitor the impact of the introduction of Short Term Benefit Advances and when any findings are expected to be made public?
- 5) Will you instruct officials to work with London Councils to carry out an exercise to analyse a segment of demand data from a London local authority in order to better understand the kinds of issues arising?

The Department has said repeatedly that it is for local authorities to decide to whom they should make payments. The new local authority administered local welfare provision was not intended to replace the abolished national schemes but I fear that we are in the position that local authorities will have to plug the gaps in DWP provision on a more concerted basis in order to prevent even higher costs arising in terms of dealing with homelessness and child protection issues.

Local authorities will find it increasingly difficult to develop the more innovative approaches to local welfare provision that were envisaged at the time funding was devolved and instead will be required by DWP administration processes to replicate the failed system of crisis payments - precisely what was not intended.

I would be grateful if you would give these matters your urgent attention. Although local welfare provision is only a small part of the wider welfare reform programme, the issues I have raised represent wider concerns that the most complex and in-need cases become the responsibility of local authorities devolving only risk and cost.

Yours sincerely,

A handwritten signature in black ink that reads "Jules Pipe". A horizontal line is drawn underneath the signature.

Mayor Jules Pipe
Chair