

**Title**

**Local Welfare Provision 2016/17**

**Date**

15<sup>th</sup> February 2016

**Is this a Key Decision and has it been included on the Forward Plan?**

This is not a key decision.

**Strategic Director Approving Submission of the Report**

Resources and Transformation

**Report Author(s)**

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**Ward(s) Affected**

All

**Executive Summary**

Under the provisions of the Welfare Reform Act 2012 (c. 5), the crisis loans and community care grants components of the Discretionary Social Fund were abolished from April 2013. Local Authorities were then provided with grant to provide Local Welfare Provision (LWP) for two years up to March 2015. In Rotherham, the Council's LWP scheme initially included three elements:

- Crisis loans (administered by LASER Credit Union)
- Crisis food provision (provided by FareShare Yorkshire)
- Grants via Furniture Solutions.

A report to the then Deputy Leader (Cllr Hoddinott) on 7<sup>th</sup> October 2014 resolved to commence a competitive tendering exercise for a new crisis food provision contract to commence on 1<sup>st</sup> April, 2015. FareShare Yorkshire (FSY) secured the "Food in Crisis" contract for twelve months, to 31<sup>st</sup> March 2016, with an option to extend a further year until 31<sup>st</sup> March 2017. It was noted that any extension would be subject to continued demand, quality performance and finance/grant availability.

At a decision making meeting of Commissioner Manzie on 30<sup>th</sup> March 2015 a report was taken with recommendations approved for ongoing 'crisis' provision over two financial years, 2015/16 and 2016/17, with a total funding commitment of £170,000. Funding allocations were:

- £30,000 each year for "Food in Crisis" work up to March 2017
- £100,000 for crisis loans, for 2015/16 only
- £10,000 contingency for any urgent payments not covered through the loans.

Data collected during 2015/16 for the “Food in Crisis” contract has confirmed that both demand and quality criteria continue to be met. The Commissioning Team therefore recommends that the opportunity is taken to extend the provision through the existing contract to March 2017.

With regard to “crisis loans” it was resolved to let a contract to LASER Credit Union for one year until March 2016, to administer loans to be funded via a £100,000 allocation (plus the retention of £25,000 from a former contract). LASER advise that funding of £60,000 is required to continue to operate the loans for a further year. Financial Services have indicated that this amount could be made available to from repayments of crisis loans provided in the first two years of LWP. Given the availability of this funding, a recommended solution to enable the continuation of this crisis loans element of LWP is to provide £60,000 to LASER in the form of a grant under the Council’s General Power of Competence.

The allocated £10,000 “contingency” fund has not been drawn upon in the current year, so remains able for allocation in 2016/17.

In addition to the continuation of LWP provision into 2016/17, a related matter of support for the “Food in Crisis Partnership” arises this year. The external funding for this partnership function, hosted by Voluntary Action Rotherham (VAR), will expire at the end of March 2016. Additional funding (£25,000) will need to be identified if this work is to continue and VAR have requested £5,000 of Council support to help them lever this in 2016/17, as well as £5,000 towards a linked small grants scheme. Use of the unused contingency funding would allow for this.

While data has been collected from the LWP funded services, both crisis loans and support for the provision of food has been to meet response demand. This needs to move to providing more targeted support to the most vulnerable through planned strategic welfare support, better integrated with other service provision and focused on improving outcomes for those in need of support. Work has commenced through a partnership working group to achieve this and further reports drawing on this will follow during 2016/17 to include recommendations for future local welfare provision.

## **Recommendations**

That Cabinet / Commissioners resolve that:

- i. The contract with FareShare Yorkshire for “Food in Crisis” provision is confirmed and an extension to the contract should be issued to March 2017.
- ii. LASER Credit Union be provided with a grant of £60,000 to continue the provision of crisis loans to residents suffering hardship for the year 2016/17. The provisions for awarding of loans and reporting to the Council to remain as in 2015/16.
- iii. The Council enters into discussions with Voluntary Action Rotherham (VAR) regarding the use of the £10,000 contingency budget. This funding (offered on a one off basis) would be to help to support a complementary small grants scheme alongside Food in Crisis, and the coordination of support to the “Food in Crisis Partnership” work. A separate contract would be drawn up for this funding with VAR, should it be supported.

- iv. Further reports be presented during 2016/17 to establish future strategic direction to tackle poverty in Rotherham, making best use of the data being collected and informing recommendations for local welfare provision in future years.

#### **List of Appendices Included**

- A. List of FareShare (Food in Crisis support) Community Food Members referring organisations
- B. Example of monthly Food in Crisis support data collation
- C. Monthly trend data of Food in Crisis support in 2015/16

#### **Background Papers**

'The Local Welfare Safety Net', report of the Commons Work and Pensions Committee (HC 373), January 2016

#### **Consideration by any other Council Committee, Scrutiny or Advisory Panel**

No

#### **Council Approval Required**

No

#### **Exempt from the Press and Public**

No

## **1. Recommendations**

### **1.1 That Cabinet / Commissioners resolve that:**

- i. The contract with FareShare Yorkshire (FSY) for “Food in Crisis” provision is confirmed and an extension to the contract to 31<sup>st</sup> March 2017 should be issued.
- ii. LASER Credit Union be provided with a grant of £60,000 to continue the provision of crisis loans to residents suffering hardship for the year 2016/17. The provisions for awarding of loans and reporting to the Council by LASER to remain as in 2015/16.
- iii. The Council enters into further discussions with Voluntary Action Rotherham (VAR) regarding the use of the £10,000 LWP contingency budget. This funding (offered on a one off basis) would be to help to support a complementary small grants scheme alongside Food in Crisis, and the coordination of support to the Food in Crisis Partnership work. A separate contract would be drawn up for this funding with VAR, should it be supported.
- iv. Further reports be presented to establish future strategic direction to tackle poverty in Rotherham, making best use of the data being collected and informing recommendations for local welfare provision in future years.

## **2. Background**

- 2.1 The Welfare Reform Act 2012 (c. 5) abolished Discretionary Social Fund community care grants and crisis loans from April 2013. Local Authorities were then provided with funding for two years (up to end of March 2015) to provide Local Welfare Provision (LWP). This funding was not ring-fenced to local welfare provision, nor is there any statutory obligation to make such provision.
- 2.2 The Government had intended to cease all funding for LWP to local authorities from April 2015 but, following representations from the LGA and others, decided to make a reduced allocation into the final local government finance settlement for 2015/16 for local welfare and social care pressures.
- 2.3 Following the ending of direct Government grant funding, the Council continued to provide Local Welfare Provision in two categories, “Food in Crisis” and “Crisis Loans”, as follows:

### ***Food in Crisis***

- 2.4 The “Food in Crisis” contract is provided by FareShare Yorkshire (FSY) and was awarded following an open tendering process. The contract commenced on 1<sup>st</sup> April 2015, for one year, at a value of £30,000, with

an option (and outline budgetary provision) to extend for a further year at the same value subject to continued demand and quality performance.

- 2.5 The model is an integral part of Rotherham's support network and is used proactively via referrals from a range of Rotherham Council services, including customer services and Children and Young People's services and Adult Social Care.
- 2.6 The work operates through unique Community Food Members (CFMs) which include GPs, children's centres, asylum and refugee support, faith based organisations and Rotherham CAB. As at December 2015 there were 17 CFMs which are regularly receiving food from FSJ, with the recent addition of Eastwood Village Primary School.
- 2.7 Monitoring data and wider research reveal that:
  - i. 10.9 tonnes of ambient (i.e. non-perishable) food has been provided to Community Food Members (to the end of December 2015) with an approximate value of £15,450. This has:-
    - o Provided 1030 food parcels; and
    - o Supported 1066 adults and 531 young people.
  - ii. Demand has been consistent throughout the year and expected to continue on this basis
  - iii. Individuals have been referred into the model from at least 44 referral agencies (see summary at **Appendix 1**, covering referrals reported to end of October 2015) for a variety of reasons, including benefit delays or sanctions and associated financial hardship which accounted for 54% of all referrals;
  - iv. Data Collection has become more sophisticated over the duration of the contract and the Commissioning Team is now able to report on the number of referrals, referring agencies, reason for referrals and demographics. This data has the potential to feed in more proactively to strategic planning and help to shape future service delivery. An example of the data collected can be found in **Appendix 2** to this report; and
  - v. FSJ has strengthened its relationships with the major food retailers, manufacturers and suppliers to ensure a greater volume of food can be stored and made available to CFMs and sustained for the long term.
- 2.8 Based on the monitoring information to date, (see Monthly Trend Data at **Appendix 3**), it is clear that there is ongoing demand to warrant the crisis food provision, and that the supply by the contract with FSJ is meeting expectations. In fact, this partnership model of working through CFMs was unique to Rotherham and has now been replicated and developed in the other parts of Yorkshire and the UK.
- 2.9 There are also a number of important 'added value' initiatives that have come out of the FSJ work, including festive food collections, warehouse stockpiling of items, and a model which could expand further to support other initiatives such as school breakfast clubs.

## ***Crisis Loans***

- 2.10 The current contract with LASER Credit Union until 31<sup>st</sup> March 2016 was an extension from a previous scheme and provides for the administration of loans to be funded by a £100,000 allocation (plus retention of £25,000 of capital from a former contract).
- 2.11 The details of the current “end to end” scheme, fully managed by LASER, are as follows:
- i. Eligibility is for Rotherham residents only
  - ii. LASER provides the eligibility criteria and assessment for crisis loans, though wider support on eligibility checks is available from the Council (e.g. Revenue and Benefits)
  - iii. All applicants must provide official documentation to open the account. LASER advises the customer on what is acceptable documentation
  - iv. Loans generally granted are up to a maximum of £120;
  - v. In cases of exceptional need (to be assessed by LASER) there can be provision for loans of up to £250
  - vi. In cases of exceptional need (to be assessed by LASER and subject to the correct documentation) same day emergency cash loans can be made available
  - vii. Loans are interest free with a maximum repayment period of one year. Smaller loans may be repaid over shorter periods, but repayment schedules will be based on LASER’s assessment of affordability (note: this is unique, as LASER’s mainstream loans are provided on an Annual Percentage Rate basis)
  - viii. Applicants are subject to an income-based financial assessment for a loan
  - ix. Loans will only be available to applicants who would otherwise be unable to access a loan as a LASER member
  - x. A direct application phone line is open Monday to Friday 9.00am to 2.00pm (with an answerphone facility available out of hours or during busy times)
  - xi. Loan appointments are available Monday to Friday 9.30am to 2.00pm (to meet with current LASER opening times)
- 2.12 The move to this “end to end” model within the funding available was a major change to the scheme operated in the first two years of LWP. The original scheme involved LASER administering loans on behalf of the Council, with repayments being paid back to the Council. In the “end to end” scheme LASER retain the repayments towards covering the cost of administering the scheme. Overall, this means that repayments have continued to be made to the Council from loans provided in the first two years which are treated separately to the current year loans, and that LASER will have a balance from the £125,000 awarded for the current year scheme at the end of the year.

- 2.13 Between 1<sup>st</sup> April and 31<sup>st</sup> December 2015 a total of 716 loans have been granted, at a total value of £70,542.63. Of the loans granted, 431 (60%) give food/bills as the main reason needing a crisis loan.
- 2.14 LASER has recently confirmed that the total costs associated with operating the loan scheme for 2015/16 can be met from repayments of the loans provided. As at December 2015, the total costs were £33,859.55. The repayment of loans stands at £46,272.98, leaving a net income of £12,413.43 and if this continues for the remaining three months of the contract, the total net income is estimated to be around £16,500.
- 2.15 LASER have confirmed that to extend the scheme for 2016/17 on the same basis would again require £100,000 to administer it, but given the retention of the £25,000 from the first two years contract and forecast repayment income noted above, additional funding of around £60,000 for 2016/17 would be required. Financial Services has confirmed that the loan repayment income coming back to the Council from LASER relating to loans provided from the first scheme is forecast to be sufficient to allow the scheme to continue for the coming year.
- 2.16 Given the above information, the crisis loans scheme does appear sustainable in financial terms to run for a further year through to 31<sup>st</sup> March 2017, but only if the £60,000 were available as a top-up to the projected 2015/16 year-end balance which will be held by LASER. In these circumstances it would not be possible to subject the sustainable option to competitive procurement. However, given the wholly discretionary nature of the scheme, providing support to a third sector organisation to assist in addressing hardship, the Council can provide a grant using its General Power of Competence (provided by Section 1 of the Localism Act 2011, clause 20). This is the recommended course of action, given the availability of local repayment funds from the first LWP scheme now available.

#### **Food for People in Crisis Partnership and Small Grants Scheme (VAR)**

- 2.17 The work of the Food for People in Crisis (FIC) Partnership has been coordinated and supported by Voluntary Action Rotherham (VAR) over the last four years with forward funding previously provided by Public Health, prior to its transfer to the Council.
- 2.18 FIC now consists of over twenty organisations across the borough that help people deal with emergency situations by providing them with food - whether a parcel to take home or a cooked meal and other support. FIC partners implement robust assessment processes as the FIC partnership approach is to provide support at the point of identification where possible and, if appropriate, undertake referral/signposting processes to ensure that people who need other specialist support are able to access it.
- 2.19 Funding for this work expires at the end of March 2016. The annual cost of the work is £25,000 for a part-time post which provides a central

contact point for FIC partners. The £25,000 per annum cost is inclusive of all on costs, overhead and running expenditure.

- 2.20 VAR has requested £5,000 from the Council towards match funding (at 20%) and sustaining this resource in 2016/17, with the remainder to come from alternative sources. The aim would be to ensure that the extension of the FIC activity is synchronised with the potentially extended Fare Share Yorkshire (FSY) contract.
- 2.21 If further funding cannot be secured for the 2016/17 period, then the £5,000 requested would enable a 'wind down' of the work and finalisation of any related FIC small grants work by the end of May 2016, seeking any options to sustain the positive collaboration through other means.
- 2.22 There is also a FIC 'small grant scheme' administered by VAR distributed to FIC partners. Over the last four years VAR has administered the award of eleven small grant rounds and a total of £31,320.61 has been awarded to FIC partners (including providing emergency funding to a FIC partner whose premises had been burgled). A total of 73 grants have been awarded by an independent panel. The grants are monitored by VAR, with no administration costs taken. VAR are also requesting £5,000 for 2016/17 to support the continuation of these small grant awards which will enable FIC to continue to be an integral part of Rotherham's support network for vulnerable people.

### **Strategic Direction**

- 2.23 As part of evaluating localisation of welfare provision, the Commons Work and Pensions Select Committee has recently made a series of findings in a report published in January 2016. These recommend councils taking an approach across all local welfare, especially Discretionary Housing Payments and Local Council Tax Support as well as LWP.
- 2.24 The report goes on to say "The potential benefits of delivering aspects of welfare support locally are well recognised and widely supported. It brings accountability for decision-making closer to the people who require support and, because local authorities run or work closely with a range of social, health, housing and education services, it has greater potential to address the underlying causes of people's needs".
- 2.25 Further to this, the Committee has recommended that there should be a particular focus on approaches which proactively identify vulnerable people and help them to avoid unintended effects of planned national welfare reforms, and most effectively link up discretionary local welfare, housing and Council Tax support with other local services to address the underlying causes of financial difficulties.
- 2.27 In Rotherham to date, whilst an increasingly sophisticated level of data has been collected from the LWP funded services during the course of



the last year, both crisis loans and support for the provision of food has essentially been to meet response demand. This needs to move to providing more support to the most vulnerable people through planned welfare support that is integrated with other service provision across a range of partner agencies, and better focused on improving outcomes for those in receipt of support. To this end, a partnership working group has been established that is currently examining a range of poverty related impacts, including in areas such as: financial capability (e.g. multiple debt); housing and links to the benefit cap, arrears and bedroom tax; children and families (e.g. by supporting early help and intervention); troubled families; health related impacts; and crime. It is intended that this work will provide a better analysis for determining future strategic direction to tackle poverty, making best use of the data being collected. Further reports on this work will include recommendations for local welfare provision in future years.

### **3. Key Issues**

- 3.1 Demand for crisis support remains an ongoing issue in Rotherham which is not anticipated to reduce, given the further impacts of additional welfare reforms during the current Parliament. This is especially the case for help with food, where continuing need and demand is being experienced not only through the targeted Food in Crisis arrangements but also evidenced via Crisis Loans applications.

### **4. Options considered and recommended proposal**

- 4.1 Options are limited in reflection of the level of resources available.
- 4.2 The option of providing £5,000 match funding from the current £10,000 contingency to sustain the FIC Partnership work (paragraphs 2.17 to 2.21 above) is dependent on VAR securing the remainder of the funding, which is not guaranteed.
- 4.2 Funding the continuation of the FIC small grants (paragraphs 2.22 to 2.23 above) is possible at £5,000 for one year, but there is no current budget provision thereafter; or indeed for the Food in Crisis contract beyond March 2017.
- 4.3 Nevertheless, given the demand for food in crisis continues to be significant, and the availability of outline budgetary provision, it is proposed that the option to extend the existing contract with FSJ is utilised and the contract extended for one year for 2016/2017.
- 4.4 Demand for crisis loans also continues, with the main reasons given the need for support with the costs of food and bills. Given that Financial Services has advised that the required £60,000 to sustain a further year of a crisis loans scheme is available (see paragraph 2.15 above), the provision of a grant to continue the scheme for one year using the Council's General Power of Competence would appear to be the most practical way forward.

- 4.6 The existing contract with Fare Share Yorkshire (FSY) and the resources available to support the provision of Crisis Loans would bring these two areas of LWP support onto the same timeline. However, these allocations will only address provision for 2016/17 when a longer term strategic view is needed linking the range of activity targeted at tackling poverty. Consequently it is recommended that further reports be presented to establish future strategic direction to tackle poverty in Rotherham, making best use of the data being collected and informing recommendations for local welfare provision in future years

## **5. Consultation**

- 5.1 Informal discussion has taken place with current providers in relation to continuing provision into 2016/17. Formal arrangements will be put in place as soon as a decision is taken.
- 5.2 Wider consultation with partners will also be necessary (in particular VAR), dependent on any proposals in relation to any "Food in Crisis Partnership" arrangements.

## **6. Timetable**

- 6.1 Arrangements need to be in place now to secure un-interrupted provision into 2016/17, should the recommendations in this report be supported.

## **7. Financial and Procurement Implications**

- 7.1 The £30,000 required for the FareShare Yorkshire (FSY) contract is already budgeted, with an opportunity to extend the scheme for a further 12months built into the contract.
- 7.2 The support (via current unused contingency funds) recommended to be provided to continue "Food in Crisis Partnership" working would not be subject to competitive procurement, but would take the form of a grant agreement with Voluntary Action Rotherham towards the costs of sustaining their existing contract.
- 7.3 The contract with LASER Credit Union to provide Crisis Loans has already been extended. It would not be possible to either complete a competitive procurement in time for commencement on 1<sup>st</sup> April, or let a contract on the current terms with the £60,000 available via the use of loan repayments from the first two years of the LWP scheme. Nevertheless, given the availability of sufficient funding to extend the crisis loans arrangements with LASER as a top-up to the existing provision for a further year, and given the wholly discretionary nature of the scheme, it is recommended that the Council provide a grant using its General Power of Competence (as provided by Section 1 of the Localism Act 2011).

## **8. Legal Implications**

- 8.1 None of the crisis support functions or partnership working covered in this report are statutory duties of the council. However, support given to people in crisis may provide relief from additional hardship and demand for statutory service provisions.

## **9. Human Resources Implications**

- 9.1 There are no directly identified human resources implications within the council arising from this report. There may, however, be workforce implications for the contracted organisations concerned, depending on the final decisions made.

## **10. Implications for Children and Young People and Vulnerable Adults**

- 10.1 There will be inevitable implications for families with children and vulnerable people arising from any loss of any local welfare provision. However, a continued focus on addressing food poverty and crisis loan provision, as recommended in this report, will help continue to meet the most acute demand for hardship support and contribute towards the council's wider offer to those families suffering from this hardship.
- 10.2 The further work on strategic development referred to in paragraph 2.27 above, both within the Council and working with partners, will enable linkages to tackling poverty among the most vulnerable groups. Specifically, this will offer new opportunities to address early help, prevention of children in poverty; the troubled families programme; public health and housing activity, among other areas. The collection of data through this approach will allow analysis of how the council can work with partners to improve outcomes across services, to help better direct future service planning and help tackle child poverty in Rotherham.

## **11 Equalities and Human Rights Implications**

- 11.1 The proposed continuation of current LWP provisions for 2016/17 raises no equalities or human rights implications.

## **12. Implications for Partners and Other Directorates**

- 12.1 Failure to secure future funding for the Food for People in Crisis Partnership will result in the loss of the Partnership Support Worker (Food for People in Crisis) post and co-ordination of activity across partner organisations.
- 12.2 Partners are engaged in working group arrangements to develop a future strategic direction to tackling poverty in Rotherham.

## **13. Risks and Mitigation**

- 13.1 Whilst providing interest free Crisis Loans is not the core business of LASER they recognise the need to diversify to ensure they can sustain the existing infrastructure.

- 13.2 The use of grant giving powers under the General Power of Competence without competitive procurement could lead to challenge, however, discretionary provision of support for crisis loans can be accommodated under that power.
- 13.3 The loss of co-ordination through the Food for People in Crisis (FIC) Partnership would risk a fragmented approach to food in crisis provision and may result in provision that is unable to adequately meet demand.
- 13.4 Any reduction in service for vulnerable people in Rotherham has the potential to affect public opinion of the Council. This risk could be mitigated by ensuring all local agencies, including LASER, have a clear understanding of what other services are available in Rotherham and now to refer people onto these services immediately. This includes the food in crisis provision which does have some capacity to increase the supply of food to vulnerable people.

#### **14. Accountable Officers**

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