

## **Summary Sheet**

### **Council Report**

Cabinet and Commissioners' Decision Making Meeting – 13 February 2017

### **Title**

Crisis support (local welfare provision)

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

Non-key decision, has been included on the Forward Plan

### **Strategic Director Approving Submission of the Report**

Shokat Lal, Assistant Chief Executive

### **Report Authors**

Carole Haywood, Partnerships and Policy Manager, Assistant Chief Executive's Directorate

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### **Ward(s) Affected**

All

## **Summary**

Local Welfare Provision (LWP) commenced in April 2013, following the end of community care grants and crisis loans under the Discretionary Social Fund.

The Government provided funding in the first two years (2013/14 and 14/15), but since then resources have been provided on an annual basis from recycled and unspent local welfare funding.

The current provision by the Council includes:

- Crisis loans administered by LASER Credit Union at zero interest;
- Provision of food by FareShare Yorkshire to local Community Food Members; and
- Support for the "Food in Crisis Partnership" of local providers, including provision of small grants.

This report provides recommendations for ongoing support in 2017/18. These include requested exemptions from standing orders for the letting of contracts, following soft market testing demonstrating that there is no competitive market for the provision of these services.

The award of these contracts will be subject to the proposed 2017/18 budget being approved by Council on 8<sup>th</sup> March 2017.

### **Recommendations**

1. That, pursuant to Standing Order 46 (contracts not requiring tendering / value below £50,000) on the grounds that the conditions in Standing Order 47 are met, a contract be awarded in the value of £30,000 for 2017/18 to FareShare Yorkshire Limited for the provision of ambient food to Rotherham Community Food Members, on the same terms as the current contract.
2. That, pursuant to Standing Order 38 (Exemptions), Standing Order 48 (contracts valued at £50,000 or more) be waived with regard to the provision of crisis loans to be administered by LASER Credit Union for the financial year ended 31st March 2018, and that a contract be awarded in the value of £60,000 on the same terms as the current service level agreement and same eligibility criteria for access to loans.
3. That further work be undertaken to regularise the referral pathways for crisis loans, ensuring that people meet the eligibility criteria before referral to LASER Credit Union.
4. That £10,000 be awarded to Voluntary Action Rotherham for support and co-ordination of the wider Food in Crisis Partnership to enable partnership work across crisis food provision, including the continuation of small grant awards.

### **List of Appendices Included**

None.

### **Background Papers**

None.

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

None

### **Council Approval Required**

No.

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

No

## **Crisis Support (local welfare provision)**

### **1. Recommendations**

- 1.1 That, pursuant to Standing Order 46 (contracts not requiring tendering / value below £50,000) on the grounds that the conditions in Standing Order 47 are met, a contract be awarded in the value of £30,000 for 2017/18 to FareShare Yorkshire Limited for the provision of ambient food to Rotherham Community Food Members, on the same terms as the current contract.
- 1.2 That, pursuant to Standing Order 38 (Exemptions), Standing Order 48 (contracts valued at £50,000 or more) be waived with regard to the provision of crisis loans to be administered by LASER Credit Union for the financial year ended 31st March 2018, and that a contract be awarded in the value of £60,000 on the same terms as the current service level agreement and same eligibility criteria for access to loans.
- 1.3 That further work be undertaken to regularise the referral pathways for crisis loans, ensuring that people meet the eligibility criteria before referral to LASER Credit Union.
- 1.4 That £10,000 be awarded to Voluntary Action Rotherham for support and co-ordination of the wider Food in Crisis Partnership to enable partnership work across crisis food provision, including the continuation of small grant awards.

### **2. Background**

- 2.1 Local Welfare Provision (LWP) commenced in April 2013, following the end of Government funded community care grants and crisis loans under the Discretionary Social Fund.
- 2.2 The Welfare Reform Act 2012 provided for the ending of the Discretionary Social Fund but the Department for Work and Pensions (DWP) were and still are required to provide:
  - Hardship payments, which can be applied for when someone's benefit payments have been stopped temporarily as a result of a sanction;
  - Short term benefit advances, available to people claiming any contributory or means-tested benefit where claimants can show that they are in financial need; and
  - Budgeting loans, available for essential items such as rent, furniture, clothes or hire purchase debts. The smallest loan is £100. They are interest free and normally have to be repaid within two years, but are only available to people who have been in receipt of income-related benefits for at least 26 weeks.
- 2.3 The Government provided grants to local authorities for two years to make local welfare provision although there was no statutory requirement. In April 2013, the Council launched the "Fund for Change" as part of the local welfare provision for Rotherham. The scheme was drawn up after extensive discussions within the Council and with partners.

- 2.4 Applications for assessment were done through the Council, and the main elements of the scheme were:
- Small emergency payments for people whose health or safety was at immediate risk and who had no other means of support;
  - Interest free loans provided through Laser Credit Union for people who were in financial difficulty and needed additional or less urgent support to meet essential expenses; and
  - Provision of goods through the Council's Furniture Solutions Team for those needing help to resettle or stay in the community. The financing of this provision was discounted from April 2015 when the Government LWP grant funding ceased.
- 2.5 Since the end of grant funding in 2015, the Council has supported the provision of crisis loans by LASER Credit Union and the supply of food to Community Food Member by FareShare Yorkshire, together with support for the Food in Crisis Partnership.

#### Local Welfare Provision from April 2015 onward

- 2.6 As part of the provisional local government finance settlement for 2015/16, the Government announced that the direct grant for LWP would cease. Since then, resources for LWP crisis support have been provided from recycled and the Council's revenue budget unspent local welfare funding fund balances carried forward.
- 2.7 For the two financial years 2015/16 and 16/17 the Council provided:
- £30,000 for the continuation of food provision in 2015/16, with a further £30,000 allocated for food poverty work in 2016/17
  - £100,000 for the crisis loans in 2015/16 (plus £25,000 retained from the original contract) and £60,000 in 2016/17.
  - £10,000 contingency fund in 2015/16. This was not used and carried forward into 2016/17 when it was used to support the Food in Crisis Partnership.

Both the small emergency payments and "Furniture Solutions" funding from LWP were discontinued from April 2015. The take-up of emergency payments was very low, with most people referred for crisis loans, and other support was available for furniture.

#### Crisis Loan Provision and LASER Credit Union

- 2.8 In April 2015 the Council decided to no longer assess applications or make referrals for crisis loans. Consequently, a new scheme that retained some elements of the original scheme was introduced under a one-year contract extension (to March 2016).

- 2.9 The main change to the service was that LASER would operate an 'end to end' scheme from initial assessment through to awarding the loan and collecting the repayments. The contract was not put out to competitive tender because it continued to be judged that LASER was the only local organisation with the capacity (both infrastructure and staffing resources) and ability to provide this service for the next 12 months, and that to seek other providers under such circumstances would not represent value for money.
- 2.10 The current provision, established in April 2015, included new eligibility criteria and funding for 2015/16 of £100,000 to provide for administrative costs as well as the loans fund.
- 2.11 The agreed criteria and process for accessing crisis loans are as follows:
- i) Eligibility is for Rotherham residents only
  - ii) LASER provides the detailed eligibility criteria and assessment for crisis loans, though wider support on eligibility checks is available from the Council (e.g. Revenues and Benefits)
  - iii) All applicants must provide official documentation to open the account. LASER advises the customer on what constitutes 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 reflect current LASER opening times)
- 2.12 Under this scheme, 1,037 interest free loans were issued between April 2015 and March 2016, totalling £97,753.59 (an average loan of £93.90).
- 2.13 For 2016/17, as the previous contract had been extended without open procurement, it was deemed not possible to extend the contract again. As an alternative, £60,000 funding was made by way of a grant, with a service level agreement, awarded under the Council's general power of competence.

- 2.14 The number of loans provided has reduced in recent months, but this is likely to reflect the disruption of services at LASER. Monitoring figures for April to December 2016 (as also reported in the 2016/17 Corporate Plan quarter three performance report) show 487 loans being provided with a total value of £39,456, giving an average loan of £81.02. However, the reasons for loans being provided remain fairly consistent. Loans to pay for food and bills continue to account for half of those awarded. One significant development is the number of loans provided because of benefit delays. These rose from 54 for the whole year in 2015/16 to 41 in the first half year for 2016/17. This also corresponds with an increase in benefit delays attributed to requests for food in crisis support, as noted below.
- 2.15 A meeting with LASER took place in November 2016 to explore the minimum resource required to continue to operate the crisis loans for a further year. The critical factors are the relatively fixed core staffing and operating costs, which LASER has advised require at least £60,000 to make the scheme viable.
- 2.16 LASER has recently raised the concern that a number of people presenting for loans (either referred by other organisations or self-presenting) are being assessed as not eligible. Currently there is no formal referral process to LASER from other organisations, which is leading to people presenting for a loan when they do not meet the criteria or have any means of repayment. LASER feels that there needs to be a clearer, more consistent referral process to prevent this happening. LASER does refer people on for other support, particularly to organisations including Citizen's Advice Bureau, but there are currently no formal protocols (or understanding) which again needs to be addressed now and as part of any future provision.

#### Food in Crisis

- 2.17 The continuation of food in crisis support into 2015/16 was taken forward through open procurement which resulted in one tender being received from FareShare Yorkshire (FSY). The contract was to provide surplus ambient food to Community Food Members (CFM), including GPs and children's centres. 49 organisations (e.g. housing associations, Jobcentre Plus, Probation Service and Rotherham Council departments) have referred people to FareShare CFMs in the current year.
- 2.18 The current contract commenced on 1st April 2015 at a value of £30,000 per annum and runs to 31<sup>st</sup> March 2017.
- 2.19 The FareShare contract is supporting over twenty organisations, mainly located in areas of deprivation. Current CFMs supported are:
- British Red Cross;
  - Brookfield Swinton, Coleridge and Rotherham Central children's centres;
  - Eastwood Village Primary School;
  - Canklow Road Surgery and The Gate Surgery;
  - Clifton Learning Partnership;
  - Full Life Church Maltby;
  - GROW;

- Liberty Church;
- Rotherham Citizens Advice Bureau;
- Cortonwood, Kimberworth and Parkgate/Rawmarsh Salvation Army centres;
- The Hub; and
- Wath Community Foodbank.

2.20 Figures for the full year 2015/16 show that 2,526 adults and 1,510 under 18s were supported. In addition:

- 2,015 referrals for a food parcel were received;
- 2,119 food parcels were provided; and
- 900 people were engaged in long-term support.

2.21 Monitoring figures for 2016/17 so far (as included in the 2016/17 Corporate Plan performance report for quarter three) show that the number of people supported to the end of the 2016 calendar year date has been 4,198 (with detailed data to the end of November showing that at least 1,800 of these will have been under 18s):

- 1,712 referrals for a food parcel have been received (data as at end of November);
- 2,489 food parcels have been provided (data as at end of December); and
- 736 people have been engaged in long-term support (data as at end of November).

Demand for crisis food support continues to rise, especially among families with children. Year on year figures for April to September 2015 and the same period in 2016 show a rise from 1,232 referrals to 1,712. The biggest changes are in relation to benefit sanctions and delays. These are as follows:

	Apr/Nov 2015	Apr/Nov 2016
Sanctions	240	357
Delays	289	452

2.22 Taken together, the activity across crisis loans and food provision continues to indicate that food crisis is the most common issue. Whilst it is not known if crisis loans given for food are because of benefit delays, issues relating to benefits are the largest (and increasing) factor in relation to people applying for crisis provision.

### Food in Crisis Partnership (£10k allocation in 2016/17)

- 2.23 As part of the crisis provision for 2016/17, approval was given to allocate £10,000 in contingency funding for 2015/16 to support and maintain the Food in Crisis Partnership, including a small grants scheme. Voluntary Action Rotherham provides this support. The Rotherham Food for People in Crisis Partnership (FiC Partnership) consists of over twenty organisations across the borough that help people deal with emergency situations by providing them with food, whether it's a parcel to take home or a cooked meal and other support.
- 2.24 The funding would enable VAR to provide support to coordinate the Food in Crisis partnership and its activities; provide support for the collection of data and information which helps to identify and inform the overall Food in Crisis picture and trend analysis. In addition, information is also collated on why people are in crisis, what support is being offered and the Rotherham neighbourhoods where referrals are from. Furthermore, VAR would also coordinate the 'People on Need' activity, which includes the coordination and promotion of appeals and donations.

### **3. Key Issues**

- 3.1 Poverty in Rotherham is reflected in high levels of financial exclusion, debt problems and fuel poverty. The loss in benefits in 2015/16, due to government welfare reforms, was estimated at £66 million and this is expected to double by 2020/21. Low income households, particularly families in which people are without work or in insecure work, are at high risk of experiencing a crisis. Benefit sanctions and delays have forced a growing number of households to use food banks, as can be seen from the data collected by FareShare from the CFMs.
- 3.2 A new benefit cap was introduced in December 2016. This has meant that a couple or a household with children have had their benefits capped at £384.62 a week, and single people's benefits have been capped at £257.69 a week. Estimates suggested that 466 families would be affected, however, after data-cleansing, this figure was more likely to fall to 400. For approximately one third of families, the impact is a reduction in income of £20 a week or less. There are twice as many lone parents affected; approximately half have three children or more, one third have four children or more, and 13% have five children or more.
- 3.3 Whilst the reduction in benefits has been implemented through a cut to Housing Benefit payments and those affected are able to apply for Discretionary Housing payments, it appears likely that many families will be forced to seek additional crisis support. It will be important to accurately monitor the impact on demand for crisis support in order to effectively plan current and future provision.



## DWP Provision

- 3.4 Whilst the Government ended the Discretionary Social Fund in April 2013, there is still emergency and hardship support provision available to people in receipt of qualifying benefits provided by the DWP. The current provisions are available through short term benefit advances, hardship payments and budgeting loans. Overviews of these are set out below.
- 3.5 Short term benefit advances are available to people who have:
- Been able to show that they are in financial need. This means that if they don't get a benefit advance there is a serious risk of damage to the health and/or safety of them and/or their family. There is no set list of situations this covers, but as an example, not being able to pay for gas or electricity could be a risk to health.
  - Made a new claim for a benefit but will be in financial need until they receive their first payment. To qualify, they must have been awarded the benefit or the decision maker considers that it is likely that they are entitled to the benefit;
  - Had a change in their circumstances that will increase the amount of benefit they are entitled to; or
  - Been unable to pay their benefit on the due date. This could, for example, be due to a technical problem in processing their claim or payment.
- 3.6 If a benefit has been cut because of a sanction or penalty for fraud, a claimant might be able to get some emergency money to help cover household expenses like food and bills through hardship payments. A hardship payment is usually a loan, which will have to be paid back when the sanction ends. The DWP will usually get the money back by taking an amount of money from the claimant's benefit payment each month until it's paid off.
- 3.7 Budgeting loans are to help pay for essential things like furniture, clothes, moving costs or hire purchase debts. The smallest amount that can be borrowed is £100. Budgeting loans are interest-free and normally have to be repaid within 104 weeks. They are available to people who have been in receipt of income-related benefits for at least 26 weeks.
- 3.8 Figures have been requested from the DWP covering how much has been provided in hardship payments, short term benefit advances and budgeting loans in Rotherham since April 2013. This information has not yet been provided. However, the reasons for access to crisis food support shows a growing demand arising from benefit sanctions and delays, which may suggest that people are not accessing hardship payments or short term benefit advances.

### Crisis Support: other local comparators

- 3.9 There is a range of crisis support provision in other local authority areas. In particular, there are very different approaches to the provision of cash. Some areas, such as Wakefield, Kirklees and Leeds, make no cash provision at all, providing goods instead. Bradford and Doncaster both provide cash, but as loans not grants other than in exceptional circumstances. Calderdale provides vouchers for supermarkets, which appears similar to the festive food provision that was provided in Rotherham in the past. Barnsley and Sheffield make loans available through credit unions. None-cash schemes are more common than cash schemes, which may be because the administrative costs are lower.

## **4. Options Considered and Recommended Proposal**

- 4.1 Whilst there would be options to discontinue some or all of the current crisis provision, demand continues for all forms of support, as evidenced by the monitoring returns.
- 4.2 The level of resources available is sufficient to maintain a viable level of service provision, especially in relation to loans where core costs could not be met with a lesser allocation.
- 4.3 The recommended allocation is for one year, enabling a review of ongoing demand before any allocation in future years is confirmed.
- 4.4 The award of these contracts will be subject to the proposed 2017/18 budget being approved by Council on 8<sup>th</sup> March 2017.

## **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.

## **6. Timetable and Accountability for Implementing this Decision**

- 6.1 Should the recommendations in this report be supported, arrangements need to be put in place to secure uninterrupted provision into 2017/18.

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

- 7.1 A budget allocation of £100,000 is to be recommended to Council on 8th March for 2017/18 to be funded from recycled and unspent local welfare funding made available by Government in previous years. This will enable the minimum level of activity for crisis provision that is viable for the organisations to operate.

7.2 Owing to there being no forward contractual commitment for the FareShare contract or LASER service level agreement, procurement is required for continuing these services. However, it was considered that there would not be other providers in the market to tender for these contracts. Consequently, a soft market test has been undertaken that involved seeking expressions of interest through the Council's procurement processes over a two-week period. This has resulted in only the current providers expressing any interest in the future delivery of the services, and helps to confirm that there is unlikely to be any other suitable providers that would tender for the proposed provisions should an open procurement exercise have been undertaken. In these circumstances it is recommended that:

- a) In relation to the provision of food by FareShare, that Standing Order 46 be applied (contracts not requiring tendering / value below £50,000) on the grounds that the conditions in Standing Order 47 are met; and
- b) Pursuant to Standing Order 38 (Exemptions), to waive Standing Order 48 (contracts valued at £50,000 or more) with regard to the provision of crisis loans to be administered by LASER Credit Union for the financial year ending 31st March 2018, as set out in the report.

## **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 reduction in local welfare provision. However, a continued focus on addressing food poverty and crisis loan provision 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 hardship.

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

11.1 There are no equalities or human rights implications arising from the report.

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

12.1 Withdrawal of all or part of the current crisis support will have an impact on the work of partner organisations. It could also result in greater demand on services provided by the Council.

### **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. Ongoing liaison with LASER with regards to how this service fits with its business model will be explored through the contract.
- 13.2 The loss of coordination through the Food in Crisis Partnership would risk a fragmented approach to food in crisis provision and may result in provision that is unable to adequately meet demand.
- 13.3 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 how 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 Officer(s)**

Shokat Lal, Assistant Chief Executive

Approvals Obtained from:-

Stuart Booth, Assistant Director of Financial Services, Finance & Customer Services

Peter Hudson, Chief Finance Manager, Finance & Customer Services

Stuart Fletcher, Service Manager (Commercial and Governance), Legal Services