

## ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	<b>Meeting:-</b>	<b>Cabinet</b>
2.	<b>Date:-</b>	<b>19<sup>th</sup> December 2012</b>
3.	<b>Title:-</b>	<b>Rotherham Festive Food Fund – offering safe, affordable borrowing to vulnerable people in Rotherham over the Christmas period</b>
4.	<b>Directorate:-</b>	<b>Environment and Development Services</b>

### 5. Summary

This scheme was agreed in principle at the Partner Strategic Welfare Steering group on Wednesday 12<sup>th</sup> December 2012. This is a partnership approach to supporting vulnerable people over the festive period to enable them to get access either a loan for food at no interest, get a referral to a food bank or be referred to the Department for Work and Pensions current crisis loans.

The proposal is to offer short term, affordable credit to people in crisis to prevent, where possible, people from accessing high cost credit/finance.

The scheme will also offer a chance to test the Partnership with a pilot scheme with the Credit Unions on how to manage the crisis loans under the new social fund (Fund for Change), which will be in place from April 2013.

### 6. Recommendations

**Cabinet note the report and endorse the proposal.**

## **7. Proposals and Details**

The 'Festive Food Fund' will run from Wednesday, December 19, to Friday, January 11, and the vouchers will be redeemable up until the end of January.

The fund will comprise an £80, 000 loan to the Laser Credit Union based in the Old Town Hall, Rotherham. The credit union will then administer interest – free crisis loans of up to £100 per family who meet the necessary criteria.

Other support for people in crisis during this period will be the ten local food banks across the borough. NHS Rotherham is donating £20,000 to support the 'food in crisis' work supported by Voluntary Action Rotherham to assist the food banks with stock during the December and January period.

The loans themselves will be issued by the credit union in the form of £25 food vouchers, which can then be redeemed at the PAK supermarket, Wellgate. The supermarket does not sell alcohol, and one of the requirements of the fund is that vouchers cannot be redeemed against cigarettes or alcohol

The Festive Food Fund provides an opportunity to provide financial support to the residents of the Borough of Rotherham during the festive period. This can be achieved by offering small, short term interest free loans, to households who are at risk of having no food. Ultimately, the fund is designed to prevent residents taking out high interest loans, for food over the festive period.

### **Fund Criteria:**

Applicants will need to be able to demonstrate exceptional circumstances, and have exhausted all other options, and have an ability to repay any loans issued.

The loan application will be referred by staff from a number of support organisations including: RMBC, CAB, VAR, JC Plus, NHSR. Alternatively, a request can be made direct from a resident of Rotherham. Due to the quick turnaround for these loans. Laser will make the final decision on accepting or declining the loan.

The Festive Food Fund should only be administered to those households who meet the following criteria:

- Rotherham households who genuinely cannot afford to feed themselves or their family over the festive period. For example assistance could be provided to a resident of the Borough of Rotherham who has accumulated debts with high interest lenders, has suffered a loss of earnings or reduced hours, or a change in their lives or circumstances resulting in financial difficulty during the festive period. Supporting information would be required as evidence that households were experiencing genuine

difficulties in paying their food bill (this could include payslips, proof of benefit, confirmation from employers, bank statements etc)

- A loan payment should only be made to those households who are willing to act on money and debt advice in order to resolve the problems that have lead to their financial difficulties
- A loan payment should only be made in circumstances where households can demonstrate that their loan repayments will be affordable following the receipt of a payment from the fund – i.e. that their situation will be sustainable in the longer term
- A loan payment is to be a one off payment made to residents for food over the festive period, where all other options have failed
- A loan payment should not be made where there is another way to resolve the problem.
- Where a loan payment is agreed customers will be provided with a voucher for food at PAK Supermarket. The voucher cannot be used for anything other than food. No cash payments will be made
- Only one loan can be made per household
- The maximum payment permitted to any household through the fund is £100
- Where people don't want a food voucher through the crisis loan then they will be offered the option of going to one of the **local food banks**
- **All loans will be offered interest free** in exchange for the customer opening a bank account with the Credit Union
- Depending upon financial circumstances, loans will be paid back interest free at £5 per week.
- An additional requirement of the loan will be that the Credit Union can share the data with the Local Authority and the DWP under a data sharing protocol in order that a profile can be built of the families/people and how they fit in with the wider corporate priorities (Social Fund/Troubled Families/Disadvantaged area work)

## 8. Finance

The fund will be made available through £80,000 of the Council's funding, and £20,000 from NHSR.

The Council will second 2 members of staff to LASER for the festive period. No costs will be paid by or to LASER for these staff.

The Council will pay LASER the following amounts to cover LASER's costs in administering this scheme:

- Set up costs at the start of the Scheme - £1,235
- Staff costs for staff seconded from other credit unions - £750 per person per 30 hour week
- Staff time in training and supporting extra staff seconded to assist in delivering this scheme - £450
- Stationery - £150
- Membership fee - £2 per new member
- Arrears and debt collection - £5 per arrears letter, £40 to use the DWP Eligible Loan Deduction Scheme, £50 to use a debt collection agency, per loan
- Budget Management Meeting - £25

## **9. Risks and Uncertainties**

There are a number of risks associated with such a scheme;

- Demand may outstrip supply.
- Referrals should ideally be through existing referrals routes to avoid misuse and to meet the need of the most vulnerable.
- There is a risk of (bad debt) non-recovery of some the money, given the criteria and quick turn around of the funding
- Staffing at Laser - risk of not being able to meet demand

## **10. Policy and Performance Agenda Implications**

The proposal supports the Council's agenda of supporting the most vulnerable.

## **11. Background Papers and Consultation**

None.

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