

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1	Meeting:	Deputy Leader
2	Date:	11th March, 2013
3	Title:	Waiver of Standing Order to Award the Contract for Local Welfare Provision (Crisis Loans) to LASER Credit Union Ltd
4	Directorate:	Resources

5 Summary

Changes to the discretionary social fund as part of the Welfare Reform Act 2012 will see community care grants and crisis loans abolished from April 2013. Local authorities will be provided with funding to establish replacement local support schemes for vulnerable groups. Within the timescales available to the council to interpret and understand the guidance on these changes, obtain information from the Department for Work and Pensions, and establish a system to go live by 1st April 2013, it has not been possible to go fully out to the wider market to seek potential providers.

Taking the above factors into account, the council wishes to award a short term 6 months contract to LASER Credit Union Ltd to deliver the loan element of the crisis support 'Fund for Change' as there is no alternative local provider of the model the council and its partners wish to implement. The contract will be retendered at 6 months for the remaining 18 months of funding; this allows time for a full market tender.

There is a requirement to waive standing orders so that the contract can be awarded to LASER Credit Union Ltd for six month period 1st April, 2013 until 30th September 2013.

The exemption from standing orders is in accordance with Standing Order 38 (Exemptions) and Standing Order 49.

6 Recommendations

That Deputy Leader:

- 6.1 Agrees to exempt from Standing Orders in accordance with Standing Order 38 (Exemptions) and Standing Order 49 (Tender invitation and receipt of tenders) for delivery of the local welfare provision (crisis loans) for the period 1st April 2013 until 30th September 2013 and agree to the award of the contract to LASER Credit Union Ltd.**

7. Proposals

7.1 Context and background to local welfare provision changes

Community care grants and crisis loans, part of the social fund administered by the DWP, will be abolished from April 2013. Local authorities have been allocated funding to establish replacement local schemes, but there is no statutory provision.

Community care grants are primarily intended to help vulnerable people live as independent a life as possible in the community.

Crisis loans are intended for people who are unable to meet their immediate short term needs. A crisis payment should be the only means of avoiding serious damage or serious risk to the health or safety of the applicant or a member of their family.

Crisis loans are aimed at people who need short term living expenses in an emergency or as a consequence of disaster. In terms of savings, all capital and income resources are taken into account – if they are available to meet the immediate need. High priority is given to an application if an award for the item requested will have a substantial and immediate effect in improving the applicant's circumstances.

The latest data on crisis loan spend in Rotherham covers the 2011/12 financial and shows that:

- Total spend on crisis loans (excluding alignment payments, which DWP will continue to provide as advances on benefit) was approx £282,000, with 4,850 awards from 6,600 applications. The average loan was around £58.
- £254,800 was provided for "living expenses" and £207,900 was classified as "benefit spent – living expenses required" (£140,400) or "lost or stolen money/giro" (£67,500). Living expenses payments are for day to day essentials such as food, heating, nappies, toiletries etc.
- Just under half of awards went to single males and around 38% to single females. Just over 70% of recipients had no children under 16, approx 20% had a child under 5.
- Over a third of crisis loans went to 18-24 year olds, with a further 50% going to 25-44 year olds.

7.2 Awarding of 6 month contract 1st April 2013 – 1st October 2013

Within the timescales available to the council to interpret and understand the guidance on these changes, obtain information from the Department for Work and Pensions, and establish a system to go live by 1st April 2013, it has not been possible to go fully out to the wider market to seek potential providers.

Taking the above factors into account, the council wishes to award a short term 6 months contract, value of £28,610, to LASER Credit Union Ltd to deliver the loan element of the crisis support 'Fund for Change' as there is no alternative local provider of the model the council and its partners wish to implement. The

contract will be retendered at 6 months for the remaining 18 months of funding; this allows time for a full market tender.

Under the terms of the contract, LASER Credit Union Ltd working with the council would deliver loans of up to a value of £250 for people who have gone through the assessment routes and have been granted a loan. Based on DWP figures, it is anticipated that around 2,500 people will require support for a crisis loan during the life of the contract, though it is difficult to predict demand at this stage, as reductions to benefits as part of the wider welfare reforms may increase the need for crisis support.

There is a requirement to waive standing orders so that the contract can be awarded to LASER Credit Union Ltd for the six month period: 1st April 2013 to 30th September 2013.

8. Finance

The six month contract has a value of £28,610 and the costs will be met from the allocated funding to establish replacement local welfare provision schemes.

9. Risks and Uncertainties

The main uncertainty relates to the level of demand and the risk is that the available funding and the capacity may be insufficient. The level of programme funding is around 13% less than that paid out under the equivalent social fund schemes in 2011/12. Additionally there is a high risk of non repayment of crisis loans, given the client group.

10. Policy and Performance Agenda Implications

It is important that the response to local welfare support and welfare reform more generally is part of a broader drive to reduce poverty and inequalities in the borough. The methodology adopted in Rotherham is a coordinated and consistent approach, exploring ways in which preventative action can be taken to reduce the need for reactive “crisis” provision in the longer term. It is for this reason that proposals for local delivery of crisis loans are part of the wider “fund for change” programme, focussing on prevention and early intervention.

11. Background Papers and Consultation

Welfare Reform Act 2012 (c. 5)
[Social Fund reform - DWP](#)

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