

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1	Meeting:	Deputy Leader
2	Date:	9th September 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

A six months contract was let to LASER Credit Union Ltd to deliver the loan element of the crisis support 'Fund for Change' from the 1st April 2013 as part of introducing "Local Welfare Provision" pending a wider market procurement process.

However, whilst some knowledge of demand and operation has now been gained, it is apparent that it is not yet possible to project the demand over a full year or the detailed ongoing administrative requirements. This in part is due to expected increased demand in the run up to Christmas and over the winter months.

In light of this, it proposed to extend the current contract to 31st March 2014 and seek quotes for the service beyond that, subject to a waiver of standing orders. It is also necessary to confirm that whilst the loan fund is managed by LASER and loans from the fund are made by them, that the loan fund is the property of the Council.

6 Recommendations

That Deputy Leader:

- 6.1 Resolves that the delivery of the local welfare provision (crisis loans) for the period 1st October 2013 until 31st March 2014 be exempted from Standing Orders in accordance with Standing Order 38 (Exemptions) and Standing Order 49 (Tender invitation and receipt of tenders) and the contact be awarded to LASER Credit Union Ltd in the sum of £24,050.**
- 6.2 Confirms that the "Fund for Change" loan fund remains the property of the Council.**

7. Proposals

Following the abolition of community care grants and crisis loans as part of the Welfare Reform Act 2012, the Council commenced local welfare provision with resources provided by the Departments of Work and Pensions (DWP), from 1st April 2013. The DWP committed funding is for 2 years.

Part of the Council's local welfare provision includes a loan element of the crisis support 'Fund for Change'. In order to commence this new provision quickly and against an unknown level of demand, the Council entered into a 6 months contract to LASER Credit Union Ltd to deliver the service from 1st April 2013. An exemption to the Council's standing orders provided for this arrangement with a view to securing competitive bids for the remaining 18 months of the current funding commitment.

At the end of June 475 loans had been made by LASER with a total value of £65, 807.

Following the first three months of operation, it is now clear that whilst the demand has settled down from an initial peak, it is still too soon to project the demand over a full year or the detailed ongoing administrative requirements. This in part is due to expected increased demand in the run up to Christmas and over the winter months. In turn, these unknowns impact on the ability to specify contract requirements for the purposes of obtaining competitive quotes for a new contract commencing in October 2013, as had originally been envisaged.

In order to gain a near full year knowledge of demand and operation, it is now recommended that the current arrangements with LASER are continued until the end of March 2014. This will provide for a procurement to be carried out in early 2014 with a contract for one year being let from 1st April 2014 to 31st March 2015 which is the current limit of funding commitment for this provision.

The cost of the extension of current arrangements is calculated at £ 24,050. This being based on the first six months costs of £28,610 less start up elements of £4,560.

The proposals create a requirement to waive Standing Orders so that the contract extension can be awarded to LASER Credit Union Ltd for six month period 1st October 2013 until 31st March 2014.

8. Finance

The six month initial contract value is £28,610, which is met from the allocated funding to establish replacement local schemes. The funding proposed to end of March 2014 is set at £24,050, which would be met from the same source.

Whilst reviewing the current loan fund arrangements it appears that whilst the loan fund is provided by the Council and the loans are made by LASER, there is no provision for the ownership of the loan fund. This report recommends that it is confirmed that the loan fund is the property of the Council.

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 nearly 30% less than that paid out under the equivalent social fund schemes, based on figures for 2010/11. Additionally there is a high risk of non repayment of crisis loans given the client group. The proposed extension of the current arrangements with LASER will assist in mitigating risk that would arise from procurement with inadequate specifications.

10. Policy and Performance Agenda Implications

The methodology adopted in Rotherham is a co-ordinated 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

Standing Order 38.3.2 requires that this report contains the views of the Director of Legal and Democratic Services and Strategic Director of Finance on the proposed exemption. Both Directors have indicated that they are content that Standing Orders should be waived.

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

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