

NORTH LINCOLNSHIRE COUNCIL

**CABINET MEMBER
POLICY & RESOURCES**

REVIEW OF LOCAL WELFARE PROVISION – 2015/16

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 This report sets out options for Local Welfare Provision for 2015/16 onwards. The existing scheme is funded by a specific government grant for the two years 2013/14 and 2014/15.
- 1.2 The Local Government Finance Settlement 2015/16 does not provide specific funding to support the continuation of local welfare provision, although the final proposals include an extra £236k to deal with pressures on local welfare and social care. It suggests that councils consider the use of core council grant funding for this purpose, and suggests an indicative figure of £407k.
- 1.3 The council has made some budgetary provision within the Financial Plan to provide support to vulnerable residents. This report seeks approval for the Cabinet Member Policy and Resources to implement a new scheme which will provide emergency support for the financially vulnerable in the event of a crisis caused by fire or flood.

2. BACKGROUND INFORMATION

- 2.1 Local Welfare Provision was introduced in 2013. Responsibility for the administration of certain elements of the Social Fund previously administered by the DWP transferred to local councils. This was a new scheme to be administered by the council, funded via a specific grant from central government.
- 2.2 Government provided funding for the scheme by way of two separate grants. In 2014/15 the council received **£87k** for the administration of the scheme, and programme funding of **£453k** intended to support financially vulnerable citizens. The grants have been provided for a two year period in 2013/14 and 2014/15.
- 2.3 The scheme implemented by the Council provides Community Support Grants, supplemented by additional provision for certain crisis payments.
 - 2.3.1 Community Support Grants are granted to people experiencing financial hardship, following receipt of a paper based application form. A wide range of items can be covered:-

- Buying household items which will support residents to remain in their home and ease exceptional pressure
- Costs for moving house, if moving to a more affordable property
- Support for residents leaving prison, care or hostel accommodation

Community Support Grant payments account for the majority of spend through the scheme.

2.3.2 Crisis payments are accessed via a telephone based application, with an immediate decision provided with same day payment. Success criteria is limited to victims of:-

- fire
- flood
- emergency
(such as being the victim of a crime which was not their fault, or could not reasonably have been avoided).

The robust qualifying criteria for crisis payments means that there is a lower success rate and overall spend is significantly less than for Community Support Grants. To date crisis payments amounting to £1,392 have been made to 17 claimants.

2.4 The administration grant covers the cost of the ICT system, dedicated telephone line charges at local rate, a Paypoint contract allowing payments to be made by text and cashed at local outlets, and one additional member of staff. For 2014/15 it is estimated that the cost of administering the scheme will amount to **£48k**. The software contract relating to the administration of the scheme is for a fixed two year period to 31st March 2015. Telephone and paypoint contracts require three months' notice. The contracts for telephone and ICT are shared with North East Lincolnshire Council, who have decided to cease provision and therefore future costs would fall fully to North Lincolnshire Council.

2.5 Programme funding covers payments made directly to residents under the Community Support Grant/Crisis schemes. The vast majority of awards are made for household items and moving costs.

2.6 In 2013/14 only **£160k** of programme funding was spent. The council decided that a saving of this scale would allow the council to continue to support the Council Tax Reduction Scheme in 2014/15 at the same level as it was in 2013/14 (8.5% reduction). It also gave a commitment to do the same in 2015/16.

2.7 However, the number of successful applications for Community Support Grants has increased substantially as the scheme has become more widely known. This is a trend which other councils have also experienced. It is currently

estimated that spend on the schemes will be close to **£300k** in 2014/15 if demand continues at the same level. As a result the cost of maintaining the Council Tax Reduction Scheme at an 8.5% reduction for a further year in 2015/16 will be greater than the saving made on Local Welfare Provision spending.

- 2.8 In addition to providing direct support the council has also used the programme funding to provide financial help to North Lincolnshire Credit Union to help them expand and become more sustainable. A grant of **£25k** has been awarded, with a provision for a repayable loan of **£33k** if required. Based on spend to date and current forecasts there will therefore be a grant underspend of **£100k**.
- 2.9 Since from April 2015 there is no direct grant, the cost of funding any form of Local Welfare scheme must be met from core council budgets. There is currently provision in the budget plan for **£150k**. However
- a) Current budgetary provision would need to be significantly higher if the council wishes to continue to operate the existing scheme
 - b) Administrative costs, which have previously been shared, would fall wholly on North Lincolnshire Council as North East Lincolnshire Council have decided to end their scheme
 - c) The commitment to support the Council Tax Support Scheme means a Local Welfare Provision fund of this size is not affordable.
- 2.10 An argument can be made that funding the current CTSS scheme is of wider benefit than support offered through Community Grants and Crisis payments, reducing the likelihood of increased indebtedness; and therefore a better use of council resources.
- 2.11 In addition the use of Local Welfare Provision funding to strengthen the North Lincolnshire Credit Union and ensure its' long term sustainability will have a wider benefit. Customers may access Credit Union services in order to improve money management and budgeting through 'jam jar' accounts, obtain affordable loans where appropriate, and build some savings.
- 2.12 A recent Internal Audit report has also highlighted risks associated with the current scheme. The risks relate to the potential abuse of the scheme due to the fact that decisions are made on the basis of an application form, and there are no follow-up checks in place to ensure that the items requested are genuinely needed or have been purchased. There is a further risk that other Council services operating similar emergency funding schemes may provide funds for duplicate requests. If the scheme is to be continued it is imperative that controls are strengthened and resources allocated to verify and follow-up applications.

3. **OPTIONS FOR CONSIDERATION**

Three options are considered:

- 3.1 Implementation of a scheme which may be accessed by support officers or organisations in order to assist financially vulnerable individuals in the event of unanticipated crisis such as flood or fire. The scheme would be cash-limited to the available budget.
- 3.2 Retention of the existing Community Support Grant/Crisis scheme.
- 3.3 Cessation of the any emergency scheme.

4. **ANALYSIS OF OPTIONS**

- 4.1 **Implementation of a scheme which may be accessed by support officers/organisations in order to provide support to financially vulnerable individuals in the event of unanticipated crisis.**

The scheme will enable residents affected by disaster such as fire or flood to access emergency help to replace household goods, in cases where they have been unable to access insurance.

It will be expected that applications will be made via referral through council officers or support organisations working with the resident in order to ensure that claims are only made in genuine circumstances.

The maximum award will be £1,000, which is consistent with the maximum amount allowed following the implementation of a similar scheme in response to the tidal surge in December 2013.

Such a scheme would be limited to a budget of **£50k**, which is an affordable level and enables the council to continue to support low-income householders through a more generous Council Tax reduction scheme.

Administration of such a scheme can be accommodated within existing resources. The number of awards will reduce and there will be no requirement to continue the contract for the software and telephone provision. Payments will be made through the Local Taxation & Benefits control team via a payment voucher and recorded on a spreadsheet system reconciled to the general ledger.

Residents requiring financial support for other purposes will be directed to the North Lincolnshire Credit Union, who can in some circumstances allow residents to access affordable loans and who also offer accounts which can assist residents to better manage their finances and acquire a modest level of savings.

Residents will also be signposted to other support agencies offering advice and guidance in relation to money management, and direct support for example through the local food banks and other charitable organisations.

This is the recommended option.

4.2 Retention of the existing Community Support Grant/Crisis scheme

In order to retain the Community Support Grant/Crisis scheme in the same format additional budget provision will need to be made. Based on current demand there will need to be provision of **£350k** plus an additional amount for the administration of the scheme.

Currently ICT, Paypoint and telephone costs are shared with North East Lincolnshire Council (NELC). NELC does not intend to continue with the scheme and therefore the full cost will fall to North Lincolnshire Council. The current cost for the ICT system and telephone crisis line is approximately **£14k per annum**.

The current scheme is administered by the Benefits service, within assessment resources supplemented by regular overtime. The current arrangement was made on the basis that the council was only guaranteed funding for a two year period, and therefore a short term arrangement was appropriate. The additional workload has impacted on processing times for Housing Benefit; this has been mitigated by overtime which is unsustainable on a longer term basis. Overtime has been funded by way of additional administration grant which is likely to be reduced or withdrawn in future.

A recent Internal Audit review recommends that if the scheme is to continue the council needs to allocate a dedicated resource in order to ensure that controls are strengthened and procedures include follow-up checks by way of visits etc. before an award is made.

It is envisaged that two FTE staff would be required at an estimated grade 6, which would cost **£52k per annum** including on-costs.

To continue the existing scheme in its current format with associated administration costs would impact on other services, and members would be required to decide where other services are reduced in order to ensure that the necessary budget is available.

4.3 Cessation of the scheme.

The council may wish to cease to operate the existing crisis and community support grant scheme once additional Government funding ceases in April 2015. There is no legal requirement to operate a Local Welfare Provision scheme, and there are other sources of emergency help available to residents.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

5.1 The financial implications are outlined in paragraphs 4.1, and 4.2 and 4.3. The contract for existing software will terminate on 31st March 2015. Contracts relating to telephone software and Paypoint immediate payments require 3 months' notice.

5.2 There are no HR implications arising from this report. 1 FTE member of staff was recruited to support the original scheme, on a fixed term contract terminating 31st March 2015. That member of staff has since resigned and the post is vacant

5.3 There are no property implications arising from the report.

6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

6.1 All options have been impact assessed. As the scheme is open to all sections of the community all are affected in the same way.

7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

7.1 The options within the report have been considered by the Financial Inclusion Group, which comprises organisations working with financially vulnerable residents. The recommended option is supported by the group.

8. RECOMMENDATIONS

8.1 It is recommended that the current Local Welfare Provision scheme is replaced with the scheme outlined in paragraph 4.1, with effect from 1st April 2015, with a cash-limited budget of £50k per annum.

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Background Papers used in the preparation of this report - None