

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

**REPORT TO CABINET
DATE 27th NOVEMBER 2013**

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION/KEY DECISION

Access and Communities – Lead Cabinet Member – Councillor David Coleman

SOCIAL FUND LOCALISATION - BACK ON TRACK PILOT

1. Summary

Back on Track Pilot (Stockton Borough's Localised Social Fund Scheme)

The Borough's Back on Track Support pilot scheme for 2013/14 went operational from 2nd April, 2013 replacing at a Borough level some discretionary elements of the Department Of Work and Pensions (DWP) administered Social Fund that were abolished under the Welfare Reform Act 2012. This report provides an interim evaluation of the pilot at the 6 month point and proposals for continuation of the scheme, with some minor amendments, for 2014/15.

2. Recommendations

1. That Cabinet note the early evaluation of the Back On track Pilot.
2. That no major changes be made to the scheme at this time.
3. That Cabinet agree the following minor amendments to the eligibility criteria to address the service gaps and issues identified at paragraph 15:-
 - a. That Contribution Based Jobseekers Allowance is added to the list of eligible benefits for settlement support.
 - b. Alignment to wage- allow support with rent costs and an extension to the number of days of crisis support that can be provided (i.e. food, fuel), on a zero interest loan basis, for JSA claimants making the transition into work, providing an affordable alternative to pay day lenders for this client group.
 - c. Work is undertaken with colleagues in Welfare Rights and advice agencies such as SDAIS to develop a guide to maximum income level for clients, in determining access to Back on Track and dependent upon their circumstances.
 - d. The requirement for the client to have approached DWP for a Short Term Advance first be removed where the application is for an immediate need for crisis support for food and fuel.

- e. Applications for Back on Track support can be considered without eligible clients first approaching the DWP for a Budgeting loan where a financial assessment has already shown a lack of affordability for a loan.
 - f. That a Communication and Marketing strategy be developed.
4. That the government allocation of programme funding of £743k and the administrative funding is used to fund a second year of the scheme with delivery to be commissioned out for a year with the option of up to two years extension.
 5. Cabinet to delegate authority to the Head of Policy, Improvement and Engagement to make minor changes to the eligibility criteria and process as appropriate to respond in a timely way to emerging welfare reform related issues, where it would improve the client journey without having a significant impact on funds or services.
3. Reasons for the Recommendations/Decision(s)

No major changes to the scheme are proposed at this time as it is still difficult to quantify the level of demand for the rest of the pilot year and beyond with only 6 months available data whilst in the early stages of welfare reform, and the rollout of Universal Credit still to happen. However discussions with partners in advice agencies indicate a consensus feeling that the real impact of welfare reform is yet to appear and that need for support will increase. This resonates with previous reports to Cabinet on Welfare Reform. The minor changes to eligibility will address some of the issues/anomalies/gaps in service provision that have emerged since the scheme has been operating.

The pilot ends in March 2014 so for the scheme to continue, a commissioning process would need to be undertaken to put in place a contract for delivery from April 2014.

4. Members' Interests

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Council's code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the Council he/she must then, **in accordance with paragraph 18** of the code, consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest and the business:-

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or
- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code).

Members may participate in any discussion and vote on a matter in which they have an interest, as described in **paragraph 18** of the code, where that interest relates to functions of the Council detailed in **paragraph 20** of the code.

Disclosable Pecuniary Interests

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 21** of the code.

Members are required to comply with any procedural rule adopted by the Council which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 22** of the code).

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SUMMARY

Back on Track Pilot (Stockton Borough's Localised Social Fund Scheme)

The Borough's Back on Track Support pilot scheme for 2013/14 went operational from 2nd April, 2013 replacing at a Borough level some discretionary elements of the Department Of Work and Pensions (DWP) administered Social Fund that were abolished under the Welfare Reform Act 2012. This report provides an interim evaluation of the pilot at the 6 month point and proposals for continuation of the scheme, with some minor amendments, for 2014/15.

RECOMMENDATIONS

1. That Cabinet note the early evaluation of the Back On track Pilot.
2. That no major changes be made to the scheme at this time.
3. That Cabinet agree the following minor amendments to the eligibility criteria to address the service gaps and issues identified at paragraph 15:-
 - a) That Contribution Based Jobseekers Allowance is added to the list of eligible benefits for settlement support.
 - b) Alignment to wage- allow support with rent costs and an extension to the number of days of crisis support that can be provided (i.e. food, fuel), on a zero interest loan basis, for JSA claimants making the transition into work, providing an affordable alternative to pay day lenders for this client group.
 - c) Work is undertaken with colleagues in Welfare Rights and advice agencies such as SDAIS to develop a guide to maximum income level for clients, in determining access to Back on Track and dependent upon their circumstances.
 - d) The requirement for the client to have approached DWP for a Short Term Advance first be removed where the application is for an immediate need for crisis support for food and fuel.
 - e) Applications for Back on Track support can be considered without eligible clients first approaching the DWP for a Budgeting loan where a financial assessment has already shown a lack of affordability for a loan.

- f) That a Communication and Marketing strategy be developed.
4. That the government allocation of programme funding of £743k and the administrative funding is used to fund a second year of the scheme with delivery to be commissioned out for a year with the option of up to two years extension.
 5. Cabinet to delegate authority to the Head of Policy, Improvement and Engagement to make minor changes to the eligibility criteria and process as appropriate to respond in a timely way to emerging welfare reform related issues, where it would improve the client journey without having a significant impact on funds or services.

DETAIL

1. The Government in abolishing some of the nationally administered elements of the Social Fund allocated funding for 2013/14 and 2014/15 to Local Authorities to provide replacement provision for:-
 - Crisis Loans for Items and Daily Living Expenses
 - Community Support Grants.
2. The funding allocated by Government to provide provision over the two years was:-

2013/14	
Programme funding	£743,244
Administrative	£157,053
2014/15	
Programme funding	£743,244
Administrative	£143,956

3. The funding is non ring-fenced and is allocated by government to local authorities as part of the council's mainstream revenue support grant.
4. Any further Government funding for local schemes post 2014/15 was to be subject to the Government's Comprehensive Spending Review.
5. This was reported to Cabinet (6th September, 2012) who approved the commissioning of a 12 month local welfare assistance pilot scheme from the third sector, for the Borough which kept eligibility criteria largely the same as the DWP scheme for the pilot year 2013/14. The decision to run a pilot was largely due to the lack of robust data at a borough level, on client groups and demand that would normally be required in designing and commissioning a new service.

The Pilot 2013/14

6. Delivery of the Borough's pilot discretionary scheme was subsequently commissioned from Five Lamps who provide an end to end service covering application through to delivery and fitting of goods. The scheme-named Back on Track- is intended as a fund of last resort and provides two types of support:-
 - a) Crisis Support for people in immediate need (food, fuel clothing, baby consumables), and
 - b) Settlement Support to help people remain in the community or move back into the community after a period in supported or unsettled accommodation (i.e. furniture, carpets, white goods, removal costs). In keeping with the Social Fund criteria clients

need to be in receipt of particular benefits in order to be eligible for settlement support.

Performance Framework

7. Whilst performance monitoring of the pilot is robust a collaborative approach (with the deliverer, Welfare Rights and Stockton District Advice & Information Service) has been taken to promote continual improvement, quality and consistency of decision making. A diagram of how this works is attached at **Appendix 1**. It is this approach that has enabled some of the joint working arrangements outlined at paragraph 13 to be developed and has helped overcome some of the barriers to supporting some client groups particularly ex-armed forces personnel and homeless people.

Pilot Data

8. Based on the data for 2011/12 from DWP approximately 9,080 applications (awarded around £834k) annually had been anticipated from Stockton borough residents to the elements of the Social Fund transferring across to the LA.
9. However the data for the first two quarters of 2013/14 shows a different picture with spend of £46,443 against a profiled budget of £365,622 and 562 applications. This reflects the experience of the majority of the social fund replacement schemes in the North East and nationally and there seems to be a similar experience with discretionary housing payments and Council Tax Hardship Funds.
10. Whilst the spend in quarter 2 for Back on Track was almost double that of quarter 1 in many ways it is still too early in the running of the schemes to identify trends in demand and client groups.
11. In terms of the client group the majority of approved applicants are in the 25-49 age range and 68% of approved applicants had no dependant children under 16. The majority of applications were from people living in wards in central Stockton. Further data is outlined at **Appendix 2**.
12. The full impact of the welfare reforms may take time to filter through and as yet it is too early to understand how people are reacting to the myriad of different benefit changes, such as benefit caps, under occupancy changes, the move to Personal Independence Payments and benefit sanctions, which may be affecting them.
13. Some of the factors that may have impacted upon take up levels include:-
 - The DWP communication message for clients telephoning or searching their website had been that the Social Fund crisis loans and community care grants had been abolished.
 - New schemes can take time to become utilised. Clients have been targeted largely through front line providers, through a series of workshops, to ensure support goes to those most in need. Further awareness raising is underway.
 - The DWP scheme was cash based and some clients have declined to pursue an application when informed that the scheme awards goods and services and cash is not included.
 - There were deliverer delays with getting the on-line application facilities up and running. However other schemes in the Tees Valley, and regionally, who had both telephone and on-line facilities also report much lower than anticipated take up levels.

- Back on Track is a fund of last resort so the deliverer initially referred people to DWP to see if they are eligible for a Short Term Advance or budgeting loan. When the DWP abolished the Social Fund they retained responsibility and the funding for Alignment Payments (now known as Short Term advances) and Budgeting loans (now known as Budgeting advances).

Joint Working with other services

14. One of the key benefits of piloting the Back on Track scheme with a third sector organisation has been the opportunity to take a more holistic approach and preventative approach to address clients needs. A host of joint working arrangements have been established to improve the client's journey through the support that is available. Wherever possible this involves an "ask once use many times" approach to make the journey easier and more efficient for the client and services. How this works is outlined below and in the diagram at **Appendix 3**:-

- **Trusted Partners:** Front line providers across all sectors can apply and sign up to being Trusted Partners. Where for example a partner such as Housing options or Stockton District Advice and Information Service have completed a financial assessment with a client and seen evidence of a health need Back on Track, with the exception of random audits, would not require the client to go through the same questions or present the same evidence again. A list of trusted partners is attached at **Appendix 3**.
- **Triage Approach:** A triage approach is taken with both successful and unsuccessful applicants being signposted to other services and support as appropriate. Signposting includes Foodbanks, Warm Homes Healthy People scheme, furniture recycling schemes, advice agencies and others.
- **Direct Referral:** Over and above signposting this is a direct referral route that has been established with Stockton District Advice and Information whereby, with the clients consent, SDAIS will contact them to provide support, particularly with debt and issues facing ex armed forces personnel.

Other discretionary funds:-

- Council Tax Hardship Fund- To improve the client journey and to maximise resources we are piloting a new direct referral route from Back on Track to the Council Tax Hardship Fund. This will involve completion of client details, including the financial statement and hardship assessment once, and the largely completed Council Tax Hardship form submitted to Council Tax for assessment and a decision on support.
- Housing Benefits- A direct referral route for clients is being piloted.
- **Awareness, Information sharing and continuous improvement:** Workshops were held in November to bring together staff engaged in the Discretionary Housing Payments, Back on Track and Council Tax Hardship Fund to share information on processes/eligibility and to explore further opportunities for joint working.
- **Impact on other services**
As reported at Cabinet previously the scheme, in common with the rest of the Tees Valley, operates during office hours Monday to Friday so does not have an out of hours service. Consequently monitoring has been established to assess any out of hour impact on the Council's Emergency Duty Team (EDT- a joint Tees Valley wide service). No impact from the Back on Track scheme has been reported.

Teesside Emergency Relief Fund - They refer into Back on Track as appropriate but there has been no particular impact from Back on Track on their scheme. There has been no increase in the number of TERF applications and approvals for quarters 1 and 2 in 2013 and compared with 2012. Spend is down on last year.

Emerging Issues and Gaps in Service Provision

15. As part of the pilot discussions have been continuing with both the deliverer and other partners such as the Infinity Group, Welfare Rights and Stockton District and Advice and others to identify any emerging issues / potential gaps in the service that the scheme provides.
16. Whilst it is too early in the scheme to make any major changes in the approach there is an opportunity to tweak the criteria to address some of the issues/anomalies that have emerged which are outlined below:-
 - **Alignment to wage:** The DWP previously provided alignment to wage, for clients leaving benefits and moving back into work, under the Social Fund however this appears to have been dropped with the move to Short Term Advances which only provide alignment to benefit. Most benefits are paid two weeks in arrears. Therefore the maximum amount of weeks that someone may be without a wage/benefit is likely to be seven weeks.
 - Whilst pre welfare reform there was some DWP alignment to wage support, job grants and flexible support funds these are no longer available (with the exception of some transport costs and clothes for people entering work available at the discretion of their Job Centre Advisor).
 - The Back on Track real case study below highlights the gap in available support:
 - Single lady, no dependants, moving from JSA to employment requested support to pay her rent whilst waiting for her first wage which was paid in arrears. She had missed the employer payroll deadline so had an eight week wait for her wage. Lives in rented accommodation, is eligible for and receives housing benefit run on of four weeks, but that does still leave a shortfall in her rent. Our Back on Track criteria meant we could provide some support for food and fuel but not assistance with the rent.
 - **Eligible benefits:** In keeping with the Social Fund criteria to access settlement support clients needed to be in receipt of certain benefits which included Income Based Job Seekers Allowance but excluded Contribution Based JSA. This can result in two clients with very similar needs and the same income level being treated very differently. In addition Government plans to move to Universal Credit for all benefits will mean that in the future any discretionary funds would need to be based on a maximum income level rather than a specific benefit.
 - **Sanctions to Benefit:** The DWP requirements and rules for people on benefits have been tightened up and anecdotally information is being reported that more people than previously are having their benefits sanctioned. Back on Track does however have the discretion to assist those most in need in these cases.
 - **Maximum Application Limit:** Back on Track limits the number of applications to two per annum except in exceptional circumstances. This has been raised as an issue by some advice agencies. However the Back on Track scheme is already flexible enough to provide more support if the application warrants it.
 - **Short Term Advances/Budgeting Loans:** Some local authority schemes are removing the requirement for clients who are eligible to have approached DWP

first for an STA or Budgeting Loan. This would speed up the process for clients and could be removed for Back on Track where the application is for an immediate need for crisis support for food and fuel. Budgeting Loans: At present our scheme requires clients who are in receipt of qualifying benefits to approach the DWP first for a budgeting loan, where the DWP has refused the loan they would then reapply to Back on Track. To improve the client journey and the responsiveness of the scheme there is an opportunity to make an amendment to the process without changing the eligibility or creating any foreseeable additional impact on funds or other services. By considering an application for Back on Track grant support (without the client first approaching the DWP for a loan) where a financial assessment has already shown a lack of affordability for a loan.

- **End to End Delivery:** The pilot contract was for 'end to end delivery' with Five Lamps taking enquiries and applications right through to procuring goods and services and delivery and fitting of white goods. This has worked reasonably well although as only new household goods were procured initially there were issues with third sector suppliers of recycled goods unable to benefit from being suppliers.

The deliverer Five Lamps reported that this was largely due to lack of robust data about demand and recycled market supply to base procurement on.

- Arrangements were subsequently entered into for some recycled goods with local supplier FRADE which are proving successful - stock levels are confirmed with FRADE before vouchers are issued.
- However Five Lamps only supplies new white goods reportedly due to issues with guarantees and regulations around installation. Five Lamps are preparing an option appraisal to outline the rationale.

- **Communication and Awareness Raising**

- Anecdotally there has been feedback from advice agencies that some clients had thought that there was no provision available after the abolition of the DWP Social Fund.
- Due to the data provided by DWP on their scheme which indicated very high levels of demand and the reduced amount of funding, that the government allocated local authorities for their replacement schemes, there was a risk of creating a demand at the onset that could not be met. Because of that the initial communication approach for Back on Track had been targeted at frontline providers and members. This largely mirrored the communication approach elsewhere in the Tees Valley and beyond.
- Subsequently there has been considerable work undertaken including the production of a leaflet by Five Lamps, dedicated pages on their website, a briefing note to Members, a Members Seminar on Welfare Reform and another planned in February and information on the Council's website, a statement on the DWP website about the transfer of responsibility to the council and improvements in the search ability of our own website from that link. In addition outreach sessions have been held with front line organisations and teams including Registered Social Landlords, advice agencies such as Stockton District Advice and Information Services, Thrive, the Emergency Duty Team, Housing Options, Welfare Rights, Refuges etc. There has been information on the scheme in Stockton News and, more recently, library staff have been referring customers who were trying to access the 'blocked' pay day lending sites to the Back on Track and the credit union web pages.

- In addition joint sessions have brought together staff teams engaged in delivering Back on Track, Discretionary Housing Payments and Council Tax Hardship Scheme to share information, spread awareness and explore joint working. More sessions are planned with Five Lamps running a number of workshops with frontline deliverers in December.
- More though can be done to strengthen awareness and it is proposed to develop a Communication and Marketing strategy to achieve this.

Way Forward

17. No major changes to the scheme are proposed at this time as it is still difficult to quantify the level of demand for the rest of the pilot year and beyond with only 6 months available data whilst in the early stages of welfare reform, and the rollout of Universal Credit still to happen. However discussions with partners in advice agencies indicate a consensus feeling that the real impact of welfare reform is yet to appear and that need for support will increase. This resonates with previous reports to Cabinet on Welfare Reform.
18. Some minor changes to the eligibility criteria are proposed in the recommendations to address the emerging issues outlined at paragraph 15.
19. The pilot ends in March 2014 so for the scheme to continue, a commissioning process would need to be undertaken to put in place a contract for delivery from April 2014. Consideration is being given to a different funding model in the new contract potentially based on a fixed cost and sliding scale based on volume of applications and approvals. The indicative timetable for the commissioning process is tight:-
 - December advertise
 - February evaluation of tenders and appointment
 - February/March run in period for deliverer
20. Discussions are taking place around involvement in the New Year in some think tank discussions with key partners in the third sector to look at innovative solutions and a people centred approach to support people in crisis situations. It is anticipated that this will feed into and support the work of the Housing and Community Safety Select Committee Review of Welfare Reform and Financial Inclusion. The tender documentation for Back on Track will also build in an expectation that the deliverer will be part of that process.

FINANCIAL IMPLICATIONS

21. The local scheme is funded through an allocation from the Government.

2013/14	
Programme funding	£743,244
Administrative/contract management funding	£157,053
2014/15	
Programme funding	£743,244
Administrative/contract management funding	£143,956

22. Any further funding allocations would be subject to the Government's Comprehensive Spending Review and would be paid as part of the Council's general settlement.

LEGAL IMPLICATIONS

23. There is no statutory obligation to provide a service.

RISK ASSESSMENT

24. This localised social fund scheme is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

25. The scheme will contribute to delivery across the majority of the Sustainable Community Strategy themes, particularly the Financial Inclusion ambitions within the Stronger Communities theme:-

- Economic Regeneration and Transport
- Safer Communities
- Children and Young People
- Healthier Communities and Adults
- Environment and Housing

Supporting Themes:-

- Stronger Communities
- Older Adults
- Arts Leisure and Culture

EQUALITIES IMPACT ASSESSMENT

26. An Equality Impact Assessment has been produced. The discretionary scheme which is open to all residents of the Borough in financial need and the minor changes proposed to the scheme will not negatively impact upon any group of clients.

CONSULTATION INCLUDING WARD/COUNCILLORS

27. The service will be available to residents across the borough. Consultation has been carried out with advice agencies and front line providers.

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<u>Education related?</u>	No
<u>Background Papers</u>	No
<u>Ward(s) and Ward Councillors:</u>	Borough wide
Property	None