

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

9th OCTOBER, 2014

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Access and Communities – Lead Cabinet Member – Councillor David Coleman

SOCIAL FUND LOCALISATION - BACK ON TRACK – PROPOSAL FOR THE WAY FORWARD

1. Summary

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

In the local government settlement announcement made in December 2013, Central Government effectively withdrew funding for local welfare assistance arrangements post March 2015. The Government had previously transferred this funding to local authorities to provide, at a local level, alternative provision to replace some of the discretionary Social Fund support that had been administered by the Department Of Work and Pensions (DWP) prior to the Welfare Reform Act 2012.

The Housing and Community Safety Select Committee undertook a scrutiny review of Welfare Reform and presented its final report to Cabinet on 24th April 2014, which included a recommendation that “a sustainable future for the ‘Back on Track’ funding and alternative methods of delivering ‘crisis/short term’ support is identified, and this be considered as part of the future scrutiny work on welfare reform”.

This paper outlines the current arrangements relating to Back on Track, analysis of the pilot year and a proposed approach going forward which was supported by the Housing and Community Safety Select Committee at their meeting on 18th September, 2014.

2. Recommendations

- a. Cabinet approve the holistic package of support set out at paragraph 27 which aims to make the available funding last through to 2019.
- b. A progress report is presented to Cabinet six months after the agreed implementation period and that the progress report is also presented to the Housing and Community Safety Select Committee as part of its ongoing monitoring of the action plan for the Welfare Reform Scrutiny review.
- c. An annual evaluation report on the package of support be submitted to Cabinet.

3. Reasons for the Recommendations/Decision(s)

In the local government settlement announcement made in December 2013, Central Government effectively withdrew funding for local welfare assistance arrangements post March 2015. The proposal outlined in the recommendations would utilise the available funding and underspend to provide a package of support for people in crisis in the borough through to the end of March 2019.

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)

In the local government settlement announcement made in December 2013, Central Government effectively withdrew funding for local welfare assistance arrangements post March 2015. The Government had previously transferred this funding to local authorities to provide, at a local level, alternative provision to replace some of the discretionary Social Fund support that had been administered by the Department Of Work and Pensions (DWP) prior to the Welfare Reform Act 2012.

The Housing and Community Safety Select Committee undertook a scrutiny review of Welfare Reform and presented its final report to Cabinet on 24th April 2014, which included a recommendation that “a sustainable future for the ‘Back on Track’ funding and alternative methods of delivering ‘crisis/short term’ support is identified, and this be considered as part of the future scrutiny work on welfare reform”.

This paper outlines the current arrangements relating to Back on Track, analysis of the pilot year and a proposed approach going forward which was supported by the Housing and Community Safety Select Committee at their meeting on 18th September, 2014.

RECOMMENDATIONS

- a. Cabinet approve the holistic package of support set out at paragraph 27 which aims to make the available funding last through to 2019.
- b. A progress report is presented to Cabinet six months after the agreed implementation period and that the progress report is also presented to the Housing and Community Safety Select Committee as part of its ongoing monitoring of the action plan for the Welfare Reform Scrutiny review.
- c. An annual evaluation report on the package of support be submitted to Cabinet.

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 was non ring-fenced and was allocated by government to local authorities as part of the council's mainstream revenue support grant.
3. In Stockton it was agreed by Cabinet (6 September, 2012) to commission a 12 month local welfare assistance pilot scheme from the third sector, which kept eligibility criteria largely the same as the DWP scheme for the pilot year 2013/14. This was in recognition of the lack of credible usage statistics and client profiles from the DWP needed to design the scheme. The contract was awarded to Five Lamps Organisation and launched as 'Back on Track'.
4. Lobbying has taken place (LGA, ANEC, some MPs, charities etc.), to have the funding reinstated and the Church Poverty Action Group instigated a Judicial Review which resulted on 16th September, 2014 in the Government agreeing to reconsider its decision to cease funding. The outcome of this is expected in December 2014 when the provisional local government settlement is announced. Currently there is no further funding identified by the Government or within the Council's Medium Term Financial Plan to continue a scheme.
5. In the meantime the contract for the delivery of the Back on Track pilot has been extended whilst work has been under way to analyse the data from the pilot and develop options for a more sustainable approach going forward.
6. A Welfare Assistance Reform workshop involving representatives from front line agencies across the voluntary and community sector and Council services including homelessness prevention was held in February to look at what support was available and identify any gaps and opportunities for better linkages. The outcomes from the workshop, alongside discussions with the current provider to understand what has worked well and suggestions for change have been used to inform the potential options set out in the report. Some of the issues that came to the fore were:
 - a need for awareness raising of the support that is available across the agencies/charities
 - support for working people on low income as well as benefit recipients
 - a gap in support for single people under 35 years with no children, crisis or particular health need.

The Pilot 2013/14 Background

7. In Stockton Borough delivery of the Borough's pilot discretionary scheme was 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.

Pilot Data

8. Based on the data for 2011/12 from DWP approximately 9,080 annual applications (awarded around £834k) 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 year 2013/14 shows a different picture with 1401 applications and 839 approved applications with spend of £205,624. Funding received for 2013/14 was £900,000. Actual spend, including set up costs and management fee, was £311,110, leaving unspent funding of £588,890.
10. This level of spend reflects the experience of the majority of the social fund replacement schemes in the North East. In addition the initial message on the DWP website indicated that the fund had been abolished rather than transferred to local authorities. Significant work was undertaken with referral agencies, customer services staff and others to ensure they were aware of the availability of the fund in order to signpost clients to it.
11. In terms of the client group, the majority (62%) of the approved applicants across both crisis and settlement support are in the 25-50 age range. In the over 50s age group that figure is 12% which does reflect the experience of the DWP Social Fund scheme which historically had national figures showing pensioners accessing only 8.4% of community care grants and 1.3% of crisis loans as shown in the 2011/12 annual report by the Secretary of State for Work and Pensions on the Social Fund. The exclusion of old age pensioners from many of the Government's welfare reform changes may also have been a factor in the low level of access by this age group. The majority of approved applicants had no dependent children under the age of 16 which may reflect that the client group has other avenues of support such as Section 17.
12. The majority of applications were from people living in wards in central Stockton.
13. Take up was initially slow in the first 2 quarters so in order to realistically assess demand levels for the current scheme it is more realistic to take quarter 4 figures and aggregate them up for the year.
14. This would indicate a potential annual spend of £29,160 on 836 crisis awards and £247,400 on 344 settlement awards. Although the full impact of the welfare reforms may take time to filter through particularly as Universal Credit has yet to be rolled out in the Borough, with latest information suggesting national rollout will not be implemented until at least June 2016 and is likely to take until 2017 to be fully implemented.
15. A snapshot analysis of the available case logs for April 2013 to end of March 2014 was carried out to better understand the demand levels for the different types of goods available under the scheme.
16. Analysis of the data indicates:

- Higher demand levels for relatively lower cost items- food and heating assistance
 - Demand for white goods and carpets. This is also where most of the spend is 2013/14.
 - No demand for travelling expenses
 - Very little demand for help with removal costs
 - Little demand for clothes and baby consumables
17. Officers have done some mapping of alternative routes for each of those goods to assess availability of support and where the gaps in provision would be if 'Back on Track' was not available. Going forward, regardless of what is decided for Back on Track, we would want to work closely with the Stockton Welfare Reform Network (SWAN) to promote the other avenues of support that are available.
 18. This cross referencing indicates that there is availability of food through Food Banks although the client usually has to be referred from an agency.
 19. Clothes are available, with an agency referral, from Teesside Emergency Relief Fund (TERF) and charities.
 20. Baby consumables are available through Section 17 and the low demand levels from Back on Track reflect this.
 21. Travel expenses and removal costs were negligible so the council may want to reconsider whether they would continue to offer these going forward.
 22. This leaves carpets (very limited availability elsewhere), white goods, furniture, bedding (some availability elsewhere on a referral basis) and heating/electric (very limited support available).
 23. There appear to be two categories of client:-
 - Those with low income but some affordability but no access to affordable loans and
 - Those with low income and no affordability for a loan where a grant would be the only way for them to access the goods.

Proposed Approach for the Way Forward

24. Utilising the available funding and the underspend would only allow the existing Back on Track scheme to continue for a further two full years - 2015/16 and 2016/17, based on the estimated annual spend. In 2017/18 there would be a deficit of £93,407 against the annual cost of £385,199. There is no funding identified in the Medium Term Financial Plan so the scheme would run out of funding at the end of December 2017.
25. The general consensus from front line providers seems to be that the effects of welfare reform are still working their way through and that the impact will not be fully felt for some time to come, particularly as Universal Credit has yet to be implemented in the borough.
26. Officers have looked at various options to ensure that support is available for as long as possible. Taking into consideration the pilot data, the feedback from the front line providers workshop and discussion with the current deliverer a holistic package of support has been developed which is set out below for consideration.

27. The package includes:

- Instead of Back on Track use existing alternative routes for baby consumables, clothing.
- Transfer the food element to food banks. Applications are disproportionately costly in terms of administration. The Housing and Community Safety Select Committee is considering food poverty which may lead to the development of a strategy for the Borough. In the meantime funding has been made available by Public Health to invest in co-ordination work to ensure food bank provision in the Borough links into a holistic approach that provides food but also support such as debt advice, income maximisation and mental health pathways, etc. The review of Advice and Guidance that is currently underway will also look at the potential for outreach support to proactively offer advice and guidance to clients visiting food banks.
- Continue to provide grants. The maximum award will be reduced to £500 (currently £1,500) to spread the available funding further. This will be supplemented by loans and vouchers as described below.
- Work alongside, and invest in, Tees Credit Union on a new loans scheme for those people on low incomes who have some affordability but are considered high risk so have no access to affordable High Street credit. This would provide an alternative to high cost credit for people needing household goods in a crisis situation (ie. Washing machine breaks down) which could prevent people getting into a downward spiral of unaffordable debt. Unlike the ordinary credit union loans there would be no requirement to have saved with the credit union for eight weeks before applying for a loan.

£100k (£50k of this would be from the Back on Track budget and £50k from the one-off welfare reform funding approved by council in the last budget) would be invested by the Council each year for three years to serve as the loan pot with a view to the Credit Union moving towards a self-sustaining loan fund with a phased repayment of the council's capital funding from year 2017/18. This is based upon all of the loan pot being loaned out and the maximum number of loans being realised and repayments coming in so that the money continues to be recycled. This is very much an untried scheme so it would need to be treated as a pilot and revisited on an annual basis to assess take up, repayments and defaults.

As the investment with the credit union is on a concession basis the intention is that the capital investment will then come back to the Council over a phased period by which time the credit union will have strengthened its sustainability with the income from the loans portfolio, increased business from a larger customer base and a higher profile and the implementation of its new business plan.

- Develop a voucher system for recycled furniture and white goods. Work is underway to consider this alongside the availability of recycled equipment, tests for safety/functionality, guarantee periods and accessibility. Whilst there are local providers currently, consideration is being given to the enhanced approach operated by organisations such as the British Heart Foundation where additional items are awarded free of charge.
- Housing options to continue to administer the rent in advance element to help prevent homelessness.

- Improved communications and advertising to raise awareness within the Council and its partner agencies linking into the Stockton Welfare Agencies Network (SWAN) project which is co-ordinating mapping of welfare reform related support across the Borough.

Proposed Delivery Arrangements for the pared down crisis grants scheme

28. **In- house** delivery had been considered and discounted when the Social Fund delivery was originally transferred across to the authority. However at that time the anticipated volume of applications for the fund had been very high which, combined with a staffing review and administering Discretionary Housing Payments, had raised capacity concerns. Things have moved on and now that DHP processes and staffing arrangements have bedded in and the volume of Back on Track applications is known there has been an opportunity to revisit this.
29. Delivering the Back on Track and Discretionary Housing Payments schemes together in-house could produce efficiencies for the client and the council particularly as the Housing Benefit team has access to the DWP ICT benefit system which would reduce the need for Back on Track applicants to provide evidence of benefits. Any TUPE implications from moving to in-house delivery from a commissioned contract would need to be factored in and addressed.
30. It is anticipated that the pared down scheme and in-house delivery would be fully funded through to the end of March 2019. Beyond this, if the scheme were to continue there would be a pressure on the MTFP of around £200,000 in 2019/20 rising to £250,000 in 2023/24.

Timescale

31. The existing contract with the deliverer ends on 31st March, 2015, so subject to Cabinet approval, there would be sufficient time for a managed transition including the implementation of systems for in-house delivery by April 2015. Preliminary discussions have taken place with Five Lamps, the current deliverer, and they have indicated that they would work with council officers to facilitate the handover.

Housing and Community Safety Select Committee

32. This report was considered by Housing and Community Safety Select Committee, as part of their work around welfare reform, on 18 September and their comments are set out below.
33. "The Committee support the recommendations and welcome the proposals as a way forward for the Back on Track scheme. These will contribute towards the Council's response to the anti-poverty/welfare reform agenda, and will go some way towards addressing the recommendations the Committee made in its review of Welfare Reform and Financial Inclusion.
34. "Members received reassurance surrounding the value for money of bringing the scheme in house, and there should be efficiencies for the Council and clients.
35. "The Committee noted that in certain circumstances residents on low income but not qualifying benefits, and who were facing a crisis or needed short term support to assist their situation, may not qualify for the scheme, and would therefore request that eligibility be kept under review over the life of the scheme".

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FINANCIAL IMPLICATIONS

36. It is anticipated that the proposed pared down scheme with in-house delivery would be fully funded through to the end of March 2019.
Beyond this if the scheme were to continue there would be a pressure on the Medium Term Financial Plan of around £ 200,000 in 2019/20 rising to £250,000 in 2023/24.

LEGAL IMPLICATIONS

37. This is a discretionary service, not a statutory service.
The proposed arrangement with Tees Credit Union would be subject to a formal agreement.

RISK ASSESSMENT

38. This scheme is categorised as low to medium risk. Existing management systems, annual assessment and reporting to Cabinet and daily routine activities are sufficient to control and reduce risk.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

39. 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

40. This report is not subject to an Equality Impact Assessment because the eligibility and access for the scheme has not changed and no particular group is disadvantaged by the pared down offer.

CONSULTATION INCLUDING WARD/COUNCILLORS

41. The service will be available to residents across the borough. Consultation was carried out with ward councillors when the Back on Track scheme was developed. The proposed scheme eligibility is largely the same, so those who access now will still be eligible, albeit with a reduced offer.
42. The Housing & Community Safety Select Committee has been consulted and supports the proposal.
43. A Welfare Assistance Reform workshop involving representatives from front line agencies across the voluntary and community sector and Council services including homelessness prevention was held in February to look at what support was available and identify any gaps and opportunities for better linkages. The outcomes from the workshop, alongside discussions with the current provider to understand what has worked well and suggestions for change have been used to inform the potential options set out in the report.

Education related No

Background Papers

None

Ward(s) and Ward Councillors:

Borough-wide scheme

Property

No implications