

Meeting: Overview and Scrutiny

Date: 3 May 2017

Wards Affected: All

Report Title: Progress Report – Rationalisation/Review of Discretionary Welfare Funds

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1. Introduction

- 1.1 The Council's Crisis Support Scheme (Local Welfare Assistance) came into effect from April 2013 when responsibility for administering the discretionary Social Fund, which consisted of Crisis Loans and Community Care Grants, was transferred from the Department of Works and Pensions (DWP) to the Council and funding was made available to administer the scheme.
- 1.2 The mindset of the transfer of responsibility to Local Authorities was that the Local Authorities were best placed to be able to devise their own schemes to meet the needs of the local population and by being in closer contact with customers would be able to target spending more effectively.
- 1.3 Local Authorities were encouraged to look at new ways of meeting the needs of local people at times of crisis which would be more effective than the old cash based scheme operated by the DWP.
- 1.4 In Torbay, Officers devised a scheme to make best use of the funding. Where possible goods and services, rather than cash, are provided to ensure that funds are targeted effectively and used for their intended purpose. We work with Local Charitable organisations to provide goods and services therefore supporting these organisations within the local community.
- 1.5 Although repayable Crisis Loans were offered under the DWP scheme, the DWP's advice during transfer of responsibilities was that they would not advocate the use of loans under Local Authority Schemes. This was because Local Authorities were not given the same power to recover loans from state benefits as existed under the DWP scheme. Torbay's Crisis Support Scheme was therefore implemented as a grant only scheme.

- 1.6 At the scheme outset in 2013, Torbay Council was allocated £1.32 million to cover Local Welfare Assistance for the financial years 2013/14 and 2014/15. The funding allocation was based on historic cash spending under the DWP scheme.
- 1.7 By devising new ways of working and service provision under its Crisis Support Scheme, Torbay was able to be more cost effective, spending around £700,000 in the first two years.
- 1.8 In 2015/16 the Revenue Settlement Grant (RSG) included an undefined amount for Local Welfare Assistance. As funding has never been ring fenced, the Council is not obliged to spend a set figure on the Crisis Support Scheme.
- 1.9 Due to budgetary pressures, consideration was given to ending an annual budget allocation for Crisis Support from 2016/17, utilising remaining reserves to continue to operate the scheme instead. The reserves, including under spend to the end of 15/16, stood at c£700,000 as of April 2016.
- 1.10 A report was presented to the Priorities and Resources Review Panel (P&R) on 13/01/2016 regarding this proposal.
- 1.11 As part of the report to P&R a number of options were presented and subsequently adopted by Council with a view to protecting the longevity of the scheme. These were:
- (a) Council wide replacement of Cash Deposits with an enhanced deposit bond scheme.
 - (b) Partial replacement of the grant only Crisis Support Scheme with a loan scheme, operated in conjunction with the local Credit Union, to cover furniture, white goods, removals and storage.
 - (c) Retention of grant awards for rent in advance and daily living expenses.
 - (d) Review of all Discretionary Funds operated by the Council to avoid duplication and ensure effective use of the funds.
- 1.12 As well as Crisis Support other Discretionary funding streams are available within the Council as follows:

Fund	Area of Responsibility	Purpose/Description	Budget
Crisis Support	Revenues and Benefits	Assistance to local residents in Crisis. Non-ring fenced fund	No annual budget allocation. Scheme to be run for as long as possible using reserves of C£700K
Discretionary Housing Payments	Revenues and Benefits	Assistance with housing associated costs for local residents suffering hardship and receiving Housing Benefit. Main provisions-deposits and rent in advance, help with ongoing rent shortfalls Statutory provision	£328,445 ring fenced 2016/17
Fix it/Prevention Fund	Housing Options	Homelessness prevention tool	£44,800 2016/17

Section 17 Fund	Children's Services	Assistance for Children in need	£142,000 2016/17
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1.13 This is an update on the progress and outcomes since July 2016 when we last reported to overview and scrutiny

2. Progress since July 2016

2.1 The new Deposit Bond Scheme

- (a) Went live on 15 August 2016.
- (b) Since the go live date 44 bonds have been agreed to the value of £22,465.
- (c) The scheme offers a deposit indemnity to landlords for a 2 year period during which tenants are expected to save their own deposit to replace the bond. Preventing the need for cash deposits to be paid from Crisis Support or Discretionary Housing Payments helps protect the longevity of the Crisis Support Scheme and allows the ring fenced Discretionary Housing Payment Fund to be used in other ways for the benefit of local residents. For example the Discretionary Housing Payment Team recently carried out a rent arrears take up campaign with Local Social Landlords and was able to provide many thousands of pounds worth of assistance with rent arrears during March to tenants who were at serious risk of eviction.
- (d) No cash is paid to the landlord unless there is a claim against the bond. Historically Bond claim rates have been 15% of the live caseload. We have so far paid £900 against bond claims which represents 4% of the total value of bonds issued. As most tenancies last for a minimum of 6 months and bonds are issued for two years it is a little too early to gauge actual cost.
- (e) The Bond Scheme includes an inspection visit to ensure that the accommodation is safe and fit for purpose which is a positive step to improve accommodation standards across the bay particularly for more vulnerable residents who are likely to have less accommodation choices. It enables the Council to inspect properties that we would otherwise be unlikely to have the opportunity to.
- (f) We have retained flexibility to ensure that the most vulnerable or problematic cases can still be assisted where a Bond is unavailable However there is a wide variety of Local landlords who are happy to accept the Bond.
- (g) Some tenants fund their own deposit in cases where a landlord is unwilling to accept a bond. We can still assist with rent in advance in such cases but the cost to the Local Authority is generally halved reducing the financial burden.
- (h) The annual spend on deposits in 2015/16 from Crisis Support and Discretionary Housing Payments alone amounted to £60,000 and £86,000 respectively. There is additional spend on deposits from the Housing Options fix it fund amounting to approximately £30000 per annum in 15/16. During 2016/17 the Crisis Support Deposit spend was reduced to £18000 and Discretionary Housing Payments to £21000 approximately. Further reductions are expected during 17/18 as the Bond will be available for the full financial year.

- (i) Next Steps: Wider promotion of the Bond and building on relationships with landlords and local agents.

2.2 Crisis Support Loan Scheme

- (a) The Loan Scheme has been live since 1 May 2016.
- (b) Since the Loan Scheme was brought in, there have been 243 applications of which around 30 applicants have been granted loans to the value of circa £12,000. Roughly half of the total loaned amount remains outstanding with only 5 clients behind with repayments.
- (c) 43 out of the 243 loan applications in 2016/17 failed on affordability grounds i.e. 17%.
- (d) The most common reason for a loan not being granted was failure to provide information/withdrawn applications which amounted to around 84 applications or 33% of the total number of applications received.
- (e) There has been a dramatic reduction in cost of over £50,000 for items under the loan scheme compared to the grant scheme spend.
- (f) In view of the lack of resistance there has been to the loan scheme it would seem that the loan scheme has perhaps helped target assistance to those who the scheme is intended for who have no other means of support.
- (g) The Council has no capital outlay in respect of loans as they are cash flowed by Plough and Share. Plough and Share only ask the Council to cover the cost of a loan where the claimant has defaulted on repayments and the recovery options open to them have been pursued but unsuccessful. To date we have not been asked to do so. The only charge in respect of the administration and recovery work carried out by Plough and Share is a small admin fee.
- (h) Loans are offered on an interest free basis and in doing so the Council is providing access to affordable loans for the Local Community who may otherwise only have access to less main stream and very expensive forms of borrowing such as door stop lenders and payday loans.
- (i) We continue to use Local Charitable Organisations to provide goods and services under the loan scheme so that the service they provide to the local community continues to be supported and an applicant's indebtedness is minimised.
- (j) Crisis Support Loan clients are offered the opportunity to open savings accounts with Plough and Share with a view to achieving increased financial independence for the future.

In 2016/17 the net Crisis Support expenditure has been reduced to less than £40000. The implementation of the loan and bond schemes as well as changes in the use of the Discretionary Housing Payment fund have been the major factors in the large reduction in the cost of the scheme ensuring that we will be able to run on the remaining reserves of c£650,000 for a number of years to come. Although, radical changes have been necessary it is very pleasing that at Torbay we will be

able to continue to provide a Crisis Support Scheme to help local residents when many Local Authorities have been unable to continue their schemes due to financial issues.

The Discretionary Housing Payments Team have worked very hard to maximise the use of the Discretionary Housing Payment fund in 2016/17 spending to within 88p of the £328,445 government ring fenced allocation and have been able to reduce the Crisis Support spend as a result of implementing new ways of working. A number of Local Authorities return Discretionary Housing Payment funds to the government as under spends losing monies which could be utilised to help local residents in hardship.

Both Discretionary Teams work closely with each other, the Bond Officer and the Housing Options Team to ensure that the funds we have are used to improve outcomes for local residents. A number of initiatives and policy changes have been undertaken in consultation with the Housing Options Team with a view to providing a more holistic service. Credit must go to the staff in each team who have pulled together to ensure successful outcomes and have always been willing to make suggestions for change and implement new ways of working.

2.3 Avoidance Of Duplication with Section 17

- (a) Some work has been undertaken by the IT Team around the viability of developing a software programme to identify duplicate claims. Because of the different identifiers used by the teams it has proven difficult to produce meaningful reporting and considerable manual checking would be required.
- (b) It is suspected that due to the general lack of cash payments there is likely to be little duplication in terms of high value awards for bigger items as that would mean suppliers being paid twice.
- (c) An overview of recent section 17 spending shows few payments which could potentially be eligible for assistance under Crisis Support or Discretionary Housing Payments. There may be a minority of payments made out of Section 17 funds which could have been met through the Government funded ring fenced Discretionary Housing Payment Scheme e.g. rent arrears or rent in advance.
- (d) Because such cases are very small in number it may be possible for Children's Services finance Team to carry out checks on such cases to establish whether the Social Worker or Support Worker should have assisted with a DHP claim rather than making payment from Children's Services budgets and if so the funds could be reclaimed through Discretionary Housing payments.
- (e) There may be some repeat claims for things like food parcels where claimants "share" their requests for help across the Discretionary Funds. We could build into the decision making process checks with other relevant Council Funds before making awards but this would be quite time consuming. Repeat claims could indicate families who need extra support such as budgeting advice.
- (f) There may be an argument for more stringent verification of section 17 applications along similar lines to financial checks that take place already in

Discretionary Housing Payments and Crisis Support. We would be happy to advise if helpful.