

EXECUTIVE BOARD COMMISSIONING SUB COMMITTEE
12 MARCH 2014

Subject:	Amendments to the Emergency Loan Scheme		
Corporate Director(s)/ Director(s):	Carole Mills – Deputy Chief Executive & Corporate Director of Resources Tony Kirkham – Director of Strategic Finance		
Portfolio Holder(s):	Cllr Chapman – Resources and Neighbourhood Generation Cllr Liversidge – Commissioning and Voluntary Sector		
Report author and contact details:	Liz Jones – Interim Head of Corporate Policy 0115 876 3367, liz.jones@nottinghamcity.gov.uk Lisa Black – Head of Revenues, Benefits and Welfare Rights 0115 876 3930, lisa.black@nottinghamcity.gov.uk		
Key Decision	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	Subject to call-in <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons: <input type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision	<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital		
Significant impact on communities living or working in two or more wards in the City	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Total value of the decision: £86,000			
Wards affected: All	Date of consultation with Portfolio Holder(s): 26 February 2014		
Relevant Council Plan Strategic Priority:			
Cutting unemployment by a quarter	<input type="checkbox"/>		
Cut crime and anti-social behaviour	<input type="checkbox"/>		
Ensure more school leavers get a job, training or further education than any other City	<input type="checkbox"/>		
Your neighbourhood as clean as the City Centre	<input type="checkbox"/>		
Help keep your energy bills down	<input type="checkbox"/>		
Good access to public transport	<input type="checkbox"/>		
Nottingham has a good mix of housing	<input type="checkbox"/>		
Nottingham is a good place to do business, invest and create jobs	<input type="checkbox"/>		
Nottingham offers a wide range of leisure activities, parks and sporting events	<input type="checkbox"/>		
Support early intervention activities	<input type="checkbox"/>		
Deliver effective, value for money services to our citizens	<input checked="" type="checkbox"/>		
Summary of issues (including benefits to citizens/service users): This report sets out changes to the current Emergency Loan Scheme (ELS) to transform it into a Small Loan Scheme for the City of Nottingham and seeks approval to amend this Scheme.			
Exempt information: Exempt Appendix: Legal advice and information.			
Recommendation(s):			
1. To approve the proposed amendments to the ELS to transform it into a Small Loan Scheme for the City of Nottingham as outlined in section 1 of this report.			
2. To grant dispensation from paragraph 5.1.2 of the Contract Procedure Rules in accordance with Financial Regulation 3.29 to enter into an agreement with the Nottingham Credit Union for the administration of the Small Loan Scheme in 2014/15.			
3. To approve the allocation of £200k of the Emergency Hardship Fund for the provision of small loans until such time the allocation is fully utilised.			

1 REASONS FOR RECOMMENDATIONS

- 1.1 The Emergency Loan Scheme was established as a pilot scheme with an initial contract with Nottingham Credit Union for 1 year only. The pilot scheme was intended to operate for 1 year only, however after 6 months of operation the Scheme was reviewed by Council Officers and it was found that the numbers of loans provided had not met original expectations and that there was a need to operate a further different pilot scheme that is more accessible to all citizens in financial hardship.
- 1.2 Amendments to the Discretionary Emergency Hardship Support Scheme were approved in January 2014. The amendments mean that the Scheme (Hardship Support Scheme) can respond more flexibly to households experiencing hardship in Nottingham by placing less emphasis on the need to demonstrate emergency and/or crisis.
- 1.3 It is proposed to operate a Small Loan Scheme as a further pilot scheme which will reflect the principles of the Hardship Support Scheme. The key elements of the Small Loan Scheme are to enable lending based on affordability, to focus the scheme on responding to hardship by providing small affordable loans, and to create an alternative to short term high street loans (payday lenders) and door step lenders
- 1.4 The Small Loan Scheme will operate as a further pilot scheme, to run until the £200k administration funding allocated to Nottingham Credit Union has been fully used.
- 1.5 The Small Loan Scheme has been developed in partnership with Nottingham Credit Union (NCU). NCU have a proven financial model to administer and recover loans from more financially vulnerable customers and they are authorised and regulated by the Financial Conduct Authority. NCC has a policy commitment to support and promote Nottingham Credit Union as an affordable and responsible alternative to high-cost pay day lending and illegal loan sharks in Nottingham. The NCU can also assist with NCCs strategic priorities to promote financial inclusion and support citizens with access to affordable banking services. NCU will be responsible for providing the loans.
- 1.6 The Nottingham City Council Hardship Support Scheme team will carry out an initial assessment of eligibility for the Small Loan Scheme and will refer applications to the Credit Union who will apply further criteria before a decision to award a Small Loan is made. The Credit Union will provide Small Loans.
- 1.7 Loans will be managed during the year to stay within the funding amount available for the scheme. The NCU spend against their capital will be monitored on a monthly basis to ensure financial support throughout the year and spend will also be reviewed quarterly.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The Welfare Reform Act 2012 abolished the Discretionary Social Fund. From April 2013 funding for Crisis Loans (CLs) and Community Care Grants (CCGs) were devolved to top tier or unitary authorities. There was no new statutory duty on local authorities to recreate CCGs and CLs but there was a

strong expectation from Government that councils would implement locally appropriate solutions.

- 2.2 At their meeting on 20 November 2012, Nottingham City Council Executive Board approved the establishment and implementation of a Local Discretionary Emergency Hardship Support Scheme (DEHS) and an Emergency Loan Scheme from 1 April 2013, when the Department for Work and Pensions (DWP) Social Fund arrangements (CCGs and CLs) ended.
- 2.3 The Council developed an Emergency Loan Scheme in order to help those who do not meet the eligibility criteria for the DEHS and who are experiencing financial vulnerability/difficulty.
- 2.4 The grant allocation received for the administration of both the Hardship Support Scheme and Small Loan Scheme is £0.354m in 2014/15. This will fund the administration of both schemes including the payment to Nottingham Credit Union of £86.5k for the administration costs of the Small Loan Scheme in 2014/15.
- 2.5 Demand for the Emergency Loan Scheme in 2013/14 has been low. Spend has been monitored on a regular basis throughout 2013/14 and the proposed changes to the pilot Scheme outlined in section 1.3 of this report are intended to ensure the pilot Scheme operates more effectively in 2014/15 to help people in financial hardship.
- 2.6 This report presents the changes to the current Emergency Loan Scheme to transform it into a Small Loan Scheme for approval.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 To fully implement the existing Emergency Loan Scheme as it is currently designed following the pilot. This option was rejected as it would fail to recognise the learnings from the pilot since it is clear that the ELS has not been sufficiently flexible to benefit our citizens in the way originally intended.
- 3.2 To end the Emergency Loan Scheme pilot and do nothing in its place. This option was rejected having taken account of both the intelligence and insight gathered since the DEHS and the Emergency Loan Scheme were implemented on 1 April 2013 and the potential issues and impacts that could arise if appropriate provision is not made available for citizens facing hardship. The key reasons for rejection are:
 - Risk to health and wellbeing of citizens
 - Risk of use of disreputable or door step lenders by citizens
 - Risk of increased demand on other services such as homelessness services, advice services, and family support services
 - Increased risk of reliance on already stretched voluntary services such as food banks.

4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

- 4.1 The value of the contract with NCU for the administration of the scheme is £86.5k in 2014/15 which can be funded from the administration grant allocation received from DWP for 2014/15 of £354k.

- 4.2 A dispensation from financial regulation 3.29 is supported in this instance due to the partnership approach that has been developed in delivering this project, the integrated approach to the delivery of the service with other services provided by NCU and the fact that NCU already has the governance in place (accredited by FSA) to deliver the revised project from 1 April 2014.
- 4.3 The £200k fund for the pilot Small Loan Scheme is allocated from the funds received from DWP for a Local Emergency Hardship Fund (£1.8m per annum for 2013/14 and 2014/15) in accordance with the principles set out in the Executive Board report of 20 November 2012.

5 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

- 5.1 It is not possible to identify an accurate measure of the Crime and Disorder Act implications from the recommendations in this report but considering the nature of the services it entails; it is likely the impacts will be beneficial.
- 5.2 Please see exempt appendix.

6 SOCIAL VALUE CONSIDERATIONS

- 6.1 Not applicable

7 REGARD TO THE NHS CONSTITUTION

- 7.1 Not applicable

8 EQUALITY IMPACT ASSESSMENT (EIA)

- 8.1 A full EIA was carried out in respect of the original Scheme in March 2013. Advice from the Equalities and Community Relations team recognises the likely benefits to citizens of the proposed amendments to the Scheme and that overall the Scheme will contribute to relieving short-term financial hardship faced by citizens. NCC and Councillors, as decision makers, have a legal responsibility to pay due regard to the equalities implications of decisions to change, limit or remove aspects of our services.

9 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

- 9.1 None

10 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

- 10.1 Executive Board report, 20 November 2012: Local Emergency Hardship Support Scheme.
- 10.2 Executive Board Commissioning Sub Committee report, 27 March 2013: Discretionary Emergency Hardship Scheme.
- 10.3 Discretionary Emergency Hardship Scheme September 2013

11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

11.1 Lisa Black – Head of Revenues and Benefits

11.2 Liz Jones – Head of Corporate Policy

11.3 Dionne Hickling – Solicitor, Legal Services

11.4 Geoff Walker – Head of Departmental Finance