

COMMISSIONING & PROCUREMENT SUB COMMITTEE

14 JANUARY 2015

Subject:	Emergency Hardship Fund		
Corporate Director(s)/ Director(s):	Glen O'Connell – Corporate Director of Resources (Acting) Geoff Walker – Director of Strategic Finance (Acting)		
Portfolio Holder(s):	Councillor Chapman – Resources and Neighbourhood Regeneration Councillor Norris – Adults, Commissioning and Health		
Report author and contact details:	Colin Monckton – Director of Commissioning, Policy and Insight 0115 876 4832, colin.monckton@nottinghamcity.gov.uk		
Key Decision	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Subject to call-in
			<input checked="" type="checkbox"/> Yes
			<input type="checkbox"/> No
Reasons:	<input checked="" 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 type="checkbox"/> No
Total value of the decision: £1.150m			
Wards affected: All	Date of consultation with Portfolio Holder: Councillor Chapman: 11 December 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 seeks approval to continue provision for a Discretionary Hardship Support Scheme (DHSS) and Small Loans Scheme for the City of Nottingham beyond 2014/15.			
Exempt information:			
An appendix to this report is exempt under paragraph(s) 5 of Part 1 of Schedule 12A of the Local Government Act 1972 - Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings. It is not in the public interest to disclose this information because it will reveal legal advice provided which identifies risks to the Council in respect of which a legal challenge could be made in the courts. This is information in respect of which a claim to legal professional privilege could be maintained in legal proceedings			
Recommendation(s):			
1. To approve the continuation of the Discretionary Hardship Support Scheme and Small Loans Scheme for the City of Nottingham in 2015/16 and 2016/17			
2. To approve the funding of this scheme from reserves for 2015/16 and 2016/17.			
3. To contribute any 2014/15 underspend associated with this scheme to the reserve to support future risks.			
4. To approve dispensation from section 5.1.2 of the Council's Contract Procedure Rules in accordance with section 3.27 of the Council's Financial Regulations in relation to the Small Loans Scheme as detailed in 1.3			

1 REASONS FOR RECOMMENDATIONS

- 1.1 Extending provision for hardship support once Government funding is withdrawn from April 2015 will enable the Local Authority to help the most financially vulnerable households in the City who experience financial hardship, or who need support to remain living independently in their community.
- 1.2 Commitment of further funding is required to enable the Discretionary Hardship scheme to continue in 2015/16 and 2016/17
- 1.3 Extending provision for administration of a Small Loans pilot scheme by the Credit Union will enable citizens experiencing hardship, who fall outside of the main eligibility criteria for the Discretionary Hardship Support Scheme (DHSS), to access affordable loans, advice and support.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The Local Welfare Assistance Fund (LWAF) is a budget allocated to local authorities since 2013 to support vulnerable people in urgent need. The Department of Work and Pensions (DWP) issued settlement figures to local authorities for the first two years of the scheme. Nottingham City Council (NCC) has been allocated £1.8m per annum for 2013/14 and 2014/15. This is a non-ringfenced grant. Approval to use the allocation of funding for the Scheme was obtained at Executive Board on 20 November 2012.
- 2.2 In March 2013, Executive Board Commissioning Sub-Committee agreed to a Discretionary Hardship Scheme encompassing three elements:
 - Emergency Support – assistance to vulnerable people in meeting their needs for critical short term or financial help where they are unable to meet their immediate short term needs, as a result of an unavoidable emergency/ disaster;
 - Household Support – funding for essential household items to establish independent living for those being permanently resettled from supported accommodation – administered by supported accommodation providers;
 - Small Loans Scheme – support for those on low wages to access affordable loans for essential household needs – administered by the Nottingham Credit Union

The Committee agreed to review the Schemes and to take a decision on future provision, should Government funding end after two years, from April 2015.
- 2.3 In January 2014, the Executive Board Commissioning Sub Committee agreed to amend the DHSS for 2014/15 so that it responds more flexibly to hardship and places less emphasis on the need to demonstrate emergency and/or other crisis in order to better meet the needs of households experiencing hardship in Nottingham.
- 2.4 In February 2014 the government announced it would discontinue the LWAF from April 2015. It was intended that, from April 2015, local welfare provision would be funded from general grant to Local Government, instead of an identifiable sum being made available specifically for this purpose. This decision was challenged by judicial review following pressure from councils

and legal challenge from the Child Poverty Action Group and Islington Council. The government announced in September that it would reconsider its decision.

- 2.5 In March 2014 Committee agreed refinements to the Small Loan Scheme eligibility and establishment of a £0.200m capital fund to provide small loans.
- 2.6 In October 2014 the government launched a consultation with councils on local welfare arrangements for 2015-16. NCC has responded to this consultation stating that our preferred option would be for continued support by the DWP.
- 2.7 The DWP has increased the national Discretionary Housing Payments (DHPs) budget to reflect the increased demand for DHPs and has recommended that councils specifically target funding at those groups who are likely to be particularly affected by changes to welfare and benefits including the benefits cap and SRS size related criteria. Any DHP funding that is not spent within the financial year cannot be used for any other purpose. In 2014/15, Nottingham's DHP fund allocation was £965,532 and total expenditure to April 2015 is projected to be an estimated £1.2m.
- 2.8 The DWP has announced its intention to accelerate the rollout of Universal Credit across the country from February 2015. The Council anticipates that the move from weekly payments of benefit to one fixed monthly payment of Universal Credit, made in arrears, will leave vulnerable citizens facing a sudden drop in income. We anticipate an increase in demand for hardship support.
- 2.9 Regulation of payday lending has been tightened and the number of loans being offered by the sector is falling. It is anticipated that some payday lenders will exit the market over the next twelve months and the remainder will continue to operate under a far tighter lending process. This may result in a significant number of Nottingham citizens being refused loans. 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. To this end a pilot was undertaken with the Nottingham Credit Union, a local not for profit lender. The scheme still has capital funding from the March 2014 capital allocation which can be recycled (with an allowance for attrition) for new loans. As such it is appropriate to allocate £25,000 pa revenue funding to contribute to administration costs for the next 2 years to facilitate the continued lending of the capital allocation.
- 2.10 Since the Scheme was introduced, NCC colleagues have continuously monitored demand to both manage the budget and ensure that the scheme design is fit for purpose in supporting households at point of emergency need and/or crisis. The Scheme has been amended to flex the eligibility criteria to ensure the scheme did not exclude certain groups of people and to allow more generous awards for Household Support (Household support if designed to provide essential household items such as beds, bedding, a cooker, or pots and pans).

2.11 Further minor amendments to operating procedures and criteria for the schemes, based on feedback from engagement and performance monitoring, will be developed to ensure that they are able to meet the needs of the most vulnerable Nottingham City residents, and, in the case of the Emergency Hardship Scheme ensure that administration costs are kept to a minimum.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

3.1 Central Government funding allocation is not ring-fenced so a decision to not operate the DHSS from 31 March 2015 is possible. Intelligence and insight has been gathered since the Scheme was implemented on 1 April 2013. This has revealed potential issues and impacts if appropriate provision is not made available for vulnerable citizens facing hardship or needing support to maintain independent living, including:

- Risk of 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

For these reasons, this option was rejected.

3.2 Completely revise the Discretionary Hardship Scheme. The current scheme was developed on the basis of significant engagement and balances the need to manage scarce resources with the imperative to provide discretionary hardship support to the most vulnerable. Refinements in process, eligibility and performance management are considered the most appropriate way of delivering further improvements and efficiency to the scheme. For this reason, this option was rejected.

4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

4.1 The following funding is required for the respective elements of the scheme. Projected spend on the scheme is as follows:

Scheme	15/16	16/17	Total	Tolerance
Emergency Support	£320,000	£340,000	£660,000	£726,000
Household Support (supported accommodation)	£170,000	£170,000	£340,000	£374,000
Small Loans Scheme	£25,000	£25,000	£50,000	£50,000
Total	£515,000	£535,000	£1,050,000	£1,150,000

4.2 Emergency Support and Household Support elements are demand led so a 10% tolerance on projected spend is suggested for the purpose of committing funds.

4.3 In 2013/14 Nottingham City Council allocated unspent Emergency Hardship Scheme Funding to a specific reserve. The funding of this scheme for 2015/16 and 2016/17 will be met from that reserve.

4.4 This report also recommends that any unspent balance in 2014/15 is allocated to the reserve as part of the closedown process to support any risks associated with this scheme.

- 4.5 Chief Finance Officers Observations on Dispensation: dispensation from section 5.1.2 of the Council's Contract Procedure Rules in accordance with section 3.27 of the Council's Financial Regulations in relation to the Small Loans Scheme as detailed in 1.3.

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 **Legal advice:** See exempt appendix

6 SOCIAL VALUE CONSIDERATIONS

- 6.1 The purpose of the DHHS and the Small Loan Scheme is to ensure that vulnerable people who experience a financial emergency or who need help to live independently in Nottingham are able to access support and advice. Nottingham City Council has taken a joined up approach in delivering both the DHSS and the Loan Scheme, involving partners in the housing, advice and voluntary sector to target services to those most in need in order to improve the resilience and health and wellbeing of vulnerable people in Nottingham.

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 duty to pay due regard to the equalities implications of decisions to change, limit or remove aspects of our service.

- 8.2 Due regard has been given to the equality implications identified in the original EIA.

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 Discretionary Emergency Hardship Scheme - Report to Executive Board Commissioning Sub-Committee 15 January 2014
- 10.2 Emergency Loan Scheme – Report to Executive Board Commissioning Sub-Committee 27 March 2013

10.3 DEHS Equality Impact Assessment March 2013

10.4 Local Emergency Hardship Support Scheme – Report to Executive Board 20
November 2012

10.5 Discretionary Hardship Support Scheme January 2014

11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

11.1 Anna Coltman: Policy Officer, Nottingham City Council

11.2 Antony Dixon: Strategic Commissioning Manager, Nottingham City Council

11.3 Andrew James: Team Leader, Legal Services, Nottingham City Council

11.4 Geoff Walker: Director of Strategic Finance (Acting), Nottingham City Council