

Decision Session – Executive Member of Adult Social Care & Health

Joint Decision with Executive Leader (incorporating Finance & Performance)

Report of the Assistant Director, Customer and Digital Services

Options for the Additional Provision of Financial Advice/Support Following the Introduction of Universal Credit

Summary

1. At Full Council on 20th July 2017, a council motion as amended was approved as follows:

‘Council resolves:

*To request the relevant director to urgently produce an assessment for presentation to the relevant Executive Member Decision Session. **This assessment should set out practical measures that the council and its partners could quickly put in place to mitigate the risk of residents being adversely affected by the introduction of UCFS’.***

2. This report will respond to the council motion and the progress the council has made in respect of the further detailed points within the motion, with a focus on options and recommendations to further support Citizens Advice York (CAY) and/or the advice sector around Universal Credit Full Service (UCFS) advice/information.

Background

Universal Credit in York

3. As stated in a report recently discussed at Customer and Corporate Services Scrutiny Management Committee on 4th September 2017:

‘Roll out of Universal Credit (UC) Full Service

6. *'Full Service' UC including support for housing costs is being introduced in York between 12th July and September 2017 and will now apply to most but not all new claimants, and in some cases to existing claimants who have a change in their circumstances.*

7. *UC will replace and merge six national working age benefits (known as legacy benefits) into a single payment. Full migration (including existing case load on legacy benefits) to UC is not expected to be complete until after 2022. The council will continue to administer Housing Benefit (HB) claims for pensioners beyond 2022 as well as other tenants in some specialist accommodation.*

8. *The switch to UC will present some well documented and difficult challenges for some of our residents. For example, the need to claim online, the inclusion of the housing element in the single payment to the claimant, the move to a single monthly payment in arrears, a several week delay in the first payment and the stricter conditionality rules will create some disruption to the ability of some claimants to manage their finances effectively.*

9. *It will also mean that social landlords, including the council, and the council's council tax team will have to be mindful of the potential impacts of UC on their customers' ability to manage their finances and to tailor their support accordingly.'*

4. The report goes on to outline arrangements in place to prepare for UC and support already in place for residents and can be read at:

<http://modgov.york.gov.uk/ieListDocuments.aspx?CId=144&MId=10203&Ver=4>

Council Motion in Detail

5. The Council motion included the following detail to ensure that residents are supported to manage the impacts of the introduction of Universal Credit. It specified that this report should include but not be limited to:
- ***Options for the provision of additional financial or other assistance to CAY and/or other partners to support access to drop-in outreach sessions for clients encountering difficulties with UCFS.***

- *Options for an ‘early warning system’ to be put in place through which Housing Officers can quickly and easily signpost residents to sources of help and support where rent arrears as a result of the implementation of UCFS may lead to evictions.*
- *Options to increase the awareness and uptake of the York Financial Assistance Scheme (YFAS) – Including: the ability for third party advocacy groups to make applications on behalf of residents; and, the ability for individuals or advocates to make YFAS applications online.*

6. The latter two points are covered in paragraphs 7 to 16 below:

Housing early warning system and other support:

7. Housing Services have purchased a profiling system that extracts information from various sources including Experian. This identifies tenants that are potentially in financial stress and provides an early warning to act.
8. Regarding any delays in paying rent after the expected four week UC payment period – where appropriate the council can delay taking formal action until after the tenant receives their first payment.
9. The Housing Options Service provides various interventions to avoid homelessness includes interventions with private landlords.
10. In addition:
 - a. the council has received extra funding this year for Discretionary Housing Payments (£52k in 2017/18) to mitigate the impact of welfare reform – the total available is £284k in addition to the current CYC budget of £27k;
 - b. in the coming months the council will undertake a campaign encouraging more people to move onto direct debit which will assist in budgeting;
 - c. Housing officers encourage tenants to contact the council for support as soon as they feel they are in difficulty;
 - d. tenants are encourage to participate in other financial inclusion schemes eg utility switching schemes;

e. all homes are well insulated etc to ensure heating bills are as low as possible and any new properties meet higher standards insulation etc.

11. In relation to this aspect of this council motion Members are asked to note the progress already made in this aspect of UC support.

Promotion/uptake of York Financial Assistance Scheme

12. The YFAS scheme provides support relating to assisting residents to remain in or move into the community or with financial emergencies. It provides essential household goods such as cookers, beds, fridges as well as supermarket vouchers, fuel top-up for emergencies. There is no cash in the scheme as it uses either call off contracts or vouchers.

13. In specific response to the Council motion it can be confirmed that the following are already available:

- the ability for third party advocacy groups to make applications on behalf of residents;
- the ability for residents or advocates to make YFAS applications online.

14. In terms of promotion of the YFAS scheme generally awareness of the scheme is strong with Advice York members (a network of York's advice agencies) including CAY, CYC services (especially Housing), social housing providers and other organisations in the city that deal with clients that might be eligible.

15. Directly available information available to residents is available on the council's website as per the link below:

https://www.york.gov.uk/info/20019/benefits/735/york_financial_assistance_scheme_yfas

16. Residents have been consulted in the design of the original scheme and later amended scheme.

17. In relation to this aspect of this Council motion, Members are asked to note the progress already made in this aspect of UC support, with continued monitoring through the council's Financial Inclusion Steering Group. A summary of the work of this group was reported to Executive on 13th July 2017 and can be found at:

<http://modgov.york.gov.uk/ieListDocuments.aspx?CId=733&MId=10188&Ver=4>

Options for the provision of additional financial or other assistance to CAY and/or other partners to support access to drop-in outreach sessions for clients encountering difficulties with UCFS

18. Following the Council meeting it has been clarified that this element of motion relates to, and originates from, the reduction in drop-in sessions at West Offices which are funded in part from CYC's core funding of CAY. It does not relate to outreach sessions in wards, which are funded differently. This has point has been clarified both with CAY and Executive members.
19. To assist with responding to this element of the Council motion the following have been considered:
 - a. **CAY have submitted a written request to the council** including details of recent accounts to the end of August 2017, which outlines the services CAY provide (Annex A), their financial challenges and sums required to help them address the identified need to restore two half day drop-in sessions to residents. It also includes funds required to support the general advice service as a whole, in 2017/18, as well as on a long term basis. The CAY request for funding is summarised as follows:
 - i. £12k to restore two half day drop in sessions in the last six months of the current financial year;
 - ii. £24k for a full year of drop in sessions, seeking to secure this through the impending Service Level Agreement (SLA) negotiations with the council (see paragraph 20 below);
 - iii. An additional £20k to close their financial gap on funding of their general advice service in 2017/18, again seeking a longer term solution of £20k through the SLA negotiations.

CAY state that whilst CYC's contribution covered 76% of the costs of the General Advice Service, in previous years the difference between CYC funding was met by one off donations and grants but this is not the case in 2017/18. This included a drop in other grant contributions for specialised project work thereby reducing the funds

available that could be allocated to General Advice overheads. CAY have attempted to manage this by reducing costs by reducing management, finance and administration hours but there is a residual shortfall as per point 19a(iii) above.

b. **a short consultation exercise with the advice sector in York** direct and on-line has been undertaken as outlined in paragraphs 23 to 25 below and with the results shown in Annex B to this report.

c. **a review of council funding and support already provided directly to CAY** and the advice sector in York to provide UC/financial inclusion support to residents.

20. The final aspect to the review at paragraph 19c above highlighted the following direct support to CAY:

- As laid down in a Service Level Agreement the council pays a non refundable grant to CAY annually of £122.5k in return for providing a comprehensive service of independent advice, plus specialist advice on welfare advice, debt and employment issues – they do this via email, letter, drop in sessions, phone and face to face appointments.
- Through the ‘Improving Finances Improving Lives’ one-off funding of a further £100k has been awarded across the current and next financial years to CAY for:
 - Specialist debt worker support
 - Continuation of the GP surgeries advice project
 - Information and budgeting cafes.
- In future they will receive payments via CYC for UC personal budget support on a per person rate of £51.32.
- The CAY receive accommodation and related service charges at less than the council’s commercial charge recognising the budget available at the time of the move into West Offices and the mutual benefit to both organisations of working in co-location at West Offices. This is a benefit to CAY, at today’s prices of around £60k.
- In addition a small number of ward committees and parish councils are having their own discussions with CAB about providing funded regular Information and Budgeting Support at community based

locations. This is with the purpose of increasing people's financial capability and money management skills.

21. The council's support for financial inclusion and related initiatives have resulted in awards to a range of organisations of a further £80k in 2017/18, in addition to the £100k awarded to CAY under the 'Improving Finances Improving Lives' scheme. This is in addition to continued YFAS funding of over £200k per year. Further funding of £69k will be available for financial inclusion initiatives in 2018/19. A number of the supported bids in made this year and operating in 2017/18 and 2018/19 will support residents in managing their finances under UC.

Conclusion of the review

22. Following the review of the CAY request, the consultation feedback and review of funding to CAY and other advice/support agencies, the following is concluded:
 - the amount requested by CAY is a significantly greater commitment that discussed at Full Council i.e. £32k rather than the £20k originally suggested. The amount required to support the reinstatement of the drop in sessions is £12k;
 - the value of the drop in services is recognised by partners as shown by the consultation feedback at Annex B, and which supports the reinstatement of the drop-in sessions will directly benefit residents affected by UC;
 - other advice agencies are keen to work with CAY to create capacity in supporting residents with issues relating to UC;
 - the council has been, and will continue to be, a considerable contributor to the funding of the CAY. The gap in funding is due to a lack of one off donations and funding of projects which have come to their agreed end whilst there is a continuing need to fund core services, not due to any reduction in funding by CYC;
 - as the existing three year SLA between CAY and the council is due to be renewed on 1st April 2018, and negotiations relating to this are due to start shortly, no recommendations relating to funding beyond the 31st March should be considered by this report;
 - another bidding process is likely to take place to allocate the remaining 'Improving Finances, Improving Lives' fund in 2018/19

which is currently £69k – the council can direct the use of the funds to mitigate the impacts of UC, and CAY can apply for this alongside other interested partners.

Consultation

23. Consultation of key stakeholders took place between 17th and 28th August 2017 to gauge the views of the advice sector in York in response to the Council motion. This took the form of an on-line questionnaire. Some 24 organisations were directly canvassed and 7 responded within the timeframe.
24. None of the respondents were able to offer to directly fill the gap in provision but three put forward suggestions around improved partnership working to provide support to help increase CAY capacity or provide some specialist help. Two explicitly said that CAY should be funded to restore the drop in sessions. Some broader ideas came through which it is recommended that in the longer term CAY and partners should consider. CAY has confirmed that they have been in discussions with one of the responding organisations for some time.
25. The full survey findings (with confidential information redacted) are available in Annex B.

Options

26. Given the conclusions drawn above the following options are put forward for Members to consider:
 - Option 1: Do nothing.
 - Option 2: Agree to fund £12k to restore the two drop in sessions in 2017/18.
 - Option 3: Agree to fund a greater amount.

Analysis

27. Option 1: Do nothing.

This could be considered given:

- the preparations CYC and partners have put in place prior to UC;

- the full implications of UC are not yet known;
- the low numbers affected by UC at this stage;
- the priority that the council have given to funding YFAS and other financial inclusion schemes (well documented in public) including £181k awarded this year through 'Improving Finances Improving Lives' scheme.

This, however would mean that demand for the drop in sessions would not be met and this option would not address the consultation feedback.

28. Option 2: Agree to fund £12k to restore the two drop in sessions in 2017/18.

This could be considered given:

- consultation feedback that advice services should receive more funding;
- CAY and others have seen an increase in demand for advice in light of welfare benefits changes and currently cannot meet that demand;
- the funding will directly fund advice and support to residents rather than fund overheads;
- it will provide time for CAY to review and recover its funding position;
- it will provide opportunity for CAY to consider the ideas that partners put forward in the consultation.

If this option is approved then this will reduce available funding by £12k to support financial inclusion activities in 2018/19 (see Financial Implications at paragraph 31).

29. Option 3: Agree to fund a greater amount

This could be considered if Members were minded to make a contribution greater than £12k in 2017/18 only, however:

- financial inclusion funding has been targeted in the past to fund 'front-line' resources to the direct benefit of the individual resident, not overhead costs;

- the amount requested by CAY for the General Advice Service takes the total request in for 2017/18 to £32k, which exceeds the original request for £20k which was specifically related to funding for drop in sessions.

Council Plan

30. Outcomes achieved through the council's financial inclusion work support the commitment to achieve 'a prosperous city for all' in supporting voluntary and charity organisations and developing financial inclusion activities with measurable outcomes.

Implications

31. **Financial** If option 2 is agreed it is proposed that £12k is drawn down from the remaining £69k financial inclusion budget, used to fund future financial inclusion activities including any agreed Improving Finances Improving Lives grant scheme for 2018/19.

Human Resources (HR): There are no HR implications

Equalities: Option 2 will increase welfare benefit advice and support across all communities but particularly those who are financially excluded.

Legal: There are no legal implications

Crime and Disorder: There are no crime and disorder implications

Information Technology (IT): There are no IT implications

Property: There are no property implications

Other: There are no other implications

Risk Management

32. It is important that financially vulnerable residents are seen at the earliest possible point to ensure that proper advice and guidance can be given to avoid the situation spiralling out of control. The support from CAY coupled with the council's YFAS scheme is about keeping people in the community and families together. Funding the CAY sessions will not fully mitigate the risk of this occurring but it may help in many cases with preventing additional costs to the council around homelessness as well

as other social problems. The introduction of UC increases and complexities this causes (as experienced by other councils who have experienced UC for some time) the risk of homelessness and in ability to budget has caused substantial financial pressures for resident and council alike.

33. The CAY service also forms an important part of the overall financial inclusion network used to mitigate financial inclusion risks across the city.

Recommendations

34. The Executive Members are asked to:
- a) note the information provided and progress made in relation to Housing Services and YFAS in response to the related aspects of the Council motion;
 - b) agree to pay a one off sum of £12k to restore the drop in sessions to the end of March 2018 as detailed in the CAY proposal, as outlined in Option 2 at paragraph 28 above;
 - c) agree that CAY's longer term requirements are reviewed as part of the next three year SLA negotiations (2018/21).

Reason: to fully respond to the requirements as outlined in the related Council motion as amended on 20th July 2017.

Contact Details

Author:

Pauline Stuchfield
Assistant Director
Customer & Digital Services
Tel No. 01904 551706

Chief Officer Responsible for the report:

Ian Floyd
Corporate Director of Customer &
Corporate Services

**Report
Approved**



Date 31st August 2017

Specialist Implications Officer- Financial

Debbie Mitchell
Corporate Finance & Commercial Procurement Manager
Tel No. 01904 554161

Wards Affected:

All

For further information please contact the author of the report

Background Papers:

Council held on 20th July 2017

- Item 9 (iv) Motions submitted for consideration directly by Council, in accordance with Standing Order 22.1
- Agenda Annex - Motions, Recommendations and Amendments

Customer and Corporate Services Scrutiny Management Committee – held on 4th September 2017

- Item 6 Overview Report on Financial Inclusion

Annexes

Annex A Citizens Advice York – Background information
Annex B Drop In Advice Services in York (survey results)

Abbreviations

CAY	Citizens Advice York
CYC	City of York Council
UC	Universal Credit
UCFS	Universal Credit Full Service
SLA	Service Level Agreement
YFAS	York Financial Assistance Scheme
CitA	The national Citizens Advice organisation (see Annex A)