

Cabinet

16 December 2014

Report of Cabinet Member for Finance & Performance

Mid-year Report of the Financial Inclusion Steering Group 2013/14

Summary

1. This report is part of a six monthly review process to inform Cabinet of the progress made in delivering the work of the Financial Inclusion Steering Group (FISG). There is a focus on the York Financial Assistance Scheme (YFAS) providing an update and proposals in relation to a review of the scheme to be implemented in 2015/16.
2. This report also provides an update on the performance, and demand for YFAS since April 2014, including comparative data from 2013/14.

Background

The work of the Financial Inclusion Strategy Group (FISG)

3. FISG was convened following approval of the Financial Inclusion Policy and Action Plan by Cabinet on 6 November 2012. Cabinet also approved draw down of £300k from the Economic Infrastructure Fund to deliver the Action Plan.
4. FISG first met on 15 January 2013 and membership includes council directorate representatives, Citizen Advice Bureau and South Yorkshire Credit Union. The group's purpose is to:

'ensure that local people have the knowledge of and access to appropriate services, allowing them to make more informed choices to achieve and maintain financial stability'.

5. The focus of the group is to secure the following outcomes:

- residents have the knowledge to manage their finances effectively;
- advice services are better coordinated across the city;
- residents, advice givers and those 'sign-posting' better understand the welfare benefits system; and,
- opportunities to reduce general living expenses are followed up.

6. Building on the progress and achievements made in 2013/14 the key successes in 14/15 are:

- The council actively supported the successful food collection for Carecent and the York Foodbank as part of the 'Yorkshire Harvest' during September 2014 by securing donation points and providing transport logistics for the collections.
- The 'Rental Exchange' scheme will be introduced for CYC tenants in the latter part of 14/15. Developed by the Big Issue and Experian it helps build up the credit scores of social housing tenants using their rent payment histories. Around 66% of CYC tenants will see an increase in their credit score as a result of incorporating their rental data to the credit bureau database. Other York based social housing providers have expressed an interest in the scheme for their tenants.
- The cashless payment systems for three secondary schools aimed at increasing the take up of free school meals is operational from September 2014 - £60k was provided for this.
- The transformation of city wide advice provision through 'Advice York', delivered by York CAB, is well under way with the Year 1 formal progress report to the Big Lottery being approved.
- A grant of £10,000, funded through council budget savings from the industrial action in July 2014, has been agreed for the Food Bank to provide them with much needed transport.

- South Yorkshire Credit Union intends to open premises in York offering a range of affordable financial services and discounted white goods.
- A communication plan is in place to encourage school involvement in anti-poverty work generally and financial literacy specifically. The Illegal Money Lending Team have produced quality marked lesson plans for primary and secondary schools and several schools have agreed to use them from September 14;
- Following a formal bidding process four further grants totalling £149,770 were awarded in recent months to schemes/projects that help deliver the aims of FISG. Details of all grants made to date are:

Provider	Project Title	Description	Duration	Period	Grant
York CAB	ASTF/ Big Lottery	To overhaul the provision of Advice services in the city. The grant brought in £260k funding from the Advice Services Transformation/Big Lottery Fund. 'Advice York' established.	2 years	1/8/13 - 31/7/15	£80,000
Schools	Cashless payment systems	To promote take up of free school meals in three secondary schools.	one off payment	Sept 2014+	£60,000
Yorkshire Energy Partnership	'Save Money by Saving Energy'	Contribution to fuel poverty campaign work - 'Big Switch' and behavioural change initiatives	1 year	13/14 & 14/15	£10,000
CYC	Living Wage	Publicity material	one off payment	2013/14	£230
Yorkshire Energy Partnership	'Save Money by Saving Energy'	Continue 'Big Switch' fuel poverty work until the introduction of the regionally procured Leeds City Region Contract for 15/16.	6 months	1/10/14 - 31/3/15	£18,236
Peasholme Charity	'My Money My Life'	Provide financial capability support for vulnerable and excluded people	1 year	1/9/14 - 31/8/15	£27,018
York CAB	GP surgeries outreach advice service	Placement of a benefits and debt advisor in two GP surgeries in wards with high deprivation.	2 years	1/10/14 - 30/9/16	£67,003

Provider	Project Title	Description	Duration	Period	Grant
York Housing Association	Digital Inclusion at home and in the community	To provide hands on training to tenants (YHA & CYC) with internet usage - online discounts / job searches, benefit applications & accessing banking.	15 months	1/10/14 - 21/12/15	£37,513

7. Cabinet is also asked to note the successes of benefit take up activities by two separate areas of the council. The council has two dedicated Welfare Benefit Advisers whose primary role is to help customers with a wide range of benefit advice matters including checking entitlement and supporting claims. They saw 1,023 customers in 13/14 – a mix of direct contact from residents and referrals, and on site work at York District Hospital’s Cancer Care Centre.
8. In addition , a team which carries out Financial Assessments for Adult Social Care charges for customers also identify where individuals may be entitled to benefit they are not currently claiming. The amount of additional benefit gains that both teams identified in 2013/14 are set out below.

	2013/14
Welfare Benefit Advisers	£2,274,767
Adult Social Care customers	£1,671,653
Total	£3,946,420

Background to York’s Financial Assistance Scheme (YFAS)

9. YFAS has provided local welfare support via pre-loaded cash payment cards since April 2013.

The scheme has been reviewed every 6 months with previous recommendations accepted that:

- The full administration of the Scheme remains within the council’s Customer Service with a strengthening of advice, referrals and researching of other sources of funding
- The scheme should continue to be funded at current levels (inclusive of grant).

Performance of YFAS from April to August 2014.

10. YFAS was established from April 2013, following the transfer of funding from the Department for Works and Pensions (DWP) previously spent on Social Fund Crisis Loans and Community Care Grants. Available funding is summarised below with an additional administration grant of £61,039 (2014/15). The council agreed to add £100,000 to the scheme for the 2013/14 and a further £100,000 for 2014/15.

Funding	2013/14	2014/15
Awards (DWP)	£315,141	£315,141
CYC addition	£100,000	£200,000
Total	£415,141	£515,141

11. The DWP have confirmed that funding will cease from 2015/16 but on 16 September 2014, following the commencement of judicial review proceedings the Government agreed to revisit its commitment to cease local welfare funding. The Government are committed to making a final decision in December 2014 to allow councils to plan for provision for 2015/16.
12. YFAS was approved by Cabinet in December 2012 to provide 'Emergency' and 'Community' assistance based on eligibility criteria and individual circumstances. Residents must be in receipt of a means tested DWP benefit, Housing Benefit (HB) or Local Council Tax Support (LCTS) to apply. The inclusion of HB and LCTS means that the council can help those on low pay who were excluded under the DWP Social Fund.
13. Emergency grants are intended to meet expenses that have arisen from an emergency or disaster and are the only option to avoid risk or harm. Community grants are intended to help vulnerable people to live independently in the community.
14. Applications can be made on-line, by phone, by post or in person. Payment is made by a pre-paid cash card which can be used at cash machines or in shops, using a 4 digit code provided directly to the customer by the card company. Data on the usage of the cards shows that the majority are used to withdraw cash.

- 15 Extra help with rent (through Discretionary Housing Payments – DHPs) and Council Tax is also available. These are included under the YFAS umbrella to increase awareness and take-up and to ensure that residents can access the right support. DHPs are funded from a separate DWP grant of £231,900 in 2014/15.
- 16 YFAS is administered by the CYC Benefits Team in Customer Services. Staff assess Housing Benefit/Local Council Tax Scheme claims, in addition to YFAS applications. Where appropriate, customers are referred on to other organisations which may be able to offer further tailored and intensive help (for example debt problems are referred to the Citizen’s Advice Bureau).

Applications and Awards –1 April to 31 August 2014

17. Spend against the original DWP allocation for 2014/15 up to 31 August 2014 is summarised in the table below:

Funding	DWP grant (excl. CYC addition)
Budget	£315,141
Spend	£191,500*
% spent	61%

*£166541 Emergency/Community plus £24959 awarded to help with council tax.

18. The £144,000 underspend from 2013/14 has been rolled forward and added to the funds available for 2014/15.
19. See details of payments and food vouchers issued at Annex A, from which the following points are highlighted:
 - April to August 2014 saw 1587 applications with total payments of **£166,541**.
 - Applications have **increased by 29%** in the first five months of 2014/15 to 72 per week, from an average of 56 in 2013/14.
 - Based on actual expenditure to 31st August 2014, expenditure on YFAS for 2014/15 is estimated to be **£450,000**.
 - **58%** of applications are from single residents, **26%** from lone parents and **9%** from families compared with 69%, 18% and 8% respectively for 2013/14.
 - **592** or 37% of applications did not qualify for the payments/vouchers. This is consistent with 38% in 2013/14.

- **619** Emergency Grants have been paid with an average paid of **£96.24**, up from £76.61 average in 2013/14.
 - **248** Community Grants have been paid – the average paid at **£431.30** is consistent with the average of £432.36 in 2013/14.
 - **19%** of spend to August 2014 has been on daily living expenses with an average payment of **£65.20** compared to 27% with an average payment of £55.51 in 2013/14.
 - **64%** of applications for daily living expenses are from single residents compared to 69% in 2013/14.
 - Requests for daily living expenses has increased by **28%**
 - The numbers of cookers, fridges and washers or ‘white goods’ awarded has **increased by nearly 100%** from an average of 11 appliances per week in 2013/14 to 21 per week in the first 19 weeks of 2014/15.
 - Demand for white goods has increased most noticeably for single people and lone parents.
 - ‘Delay in benefit payment’ as a reason for applying has dropped to 29% from 37% in 2013/14.
 - Having ‘no food’ as a reason for applying has dropped to 4% from 9% in 2013/14.
 - Although there is a small drop in applications due to debt, applications from residents who feel ‘under exceptional pressure’ **has doubled** from 15% in 2013/14 to **30%** in the first 19 weeks of 2014/15 .
20. Where a customer’s DWP claim is delayed and they are not entitled to a DWP ‘benefit advance’ or where a resident has no money to buy food or pay for utilities, a small grant for daily living expenses is made from YFAS. As an example, for 2014/15 daily living expenses are £3.10 per day for single people aged 25 and over. Food bank vouchers can also be issued, provided by the Trussell Trust. This incurs no direct cost to the council.
- Data supplied from the Foodbank indicates that:
 - single residents are the biggest users of the food banks in York;

- similarities can be seen between YFAS and the food banks on the levels of / reasons for demand in different Wards.
 - benefit delays and changes account for **48%** of vouchers redeemed by the Trussell Trust in York.
21. The average number of Community awards in 2013/14 was 24 and in 2014/15 is now **50 per month**.
 22. Case studies from 2014/15 are included in Annex B. These show the significant contribution that Community awards make to solving an immediate problem and improving the prospects of vulnerable residents.
 23. The average number of Emergency awards in 2013/14 was 94 and in 2014/15 is **124 per month**.
 24. Data on the reasons why people apply shows that more residents applying to YFAS in 2014/15 are feeling under 'exceptional pressure'. Research conducted by the University of Leeds, published in August 2014 on Foodbank usage, indicated that susceptibility to crisis is due to the inadequacy of low income, particularly for young people.

Future Proposals for YFAS

25. In addition to the increasing levels of demand the following issues have been identified as drivers for change to be made to the scheme:
 - The scheme is meeting immediate need, but without changes to the way that it operates the council cannot ensure that current budgets will meet the increasing demand evident in 2014/15 nor that underlying causes of claimant difficulties are being addressed. If government funding ceases as planned in 2015/16, the available funding is considered to be insufficient to resource demand and the staffing resource to administer the scheme.
 - A recent Internal Audit report found that the provision of cash payments meant that there was a risk that applicants may spend the money on ineligible items and services.
 - The Local Government Association published 'How councils are meeting local crisis and community care need', in September 2014. This reports that all of the ten local authorities in the study had:

'moved away from cash payments towards 'in kind' support, using payment cards or vouchers to meet crisis needs and directly purchasing essential items for those with community care requirements. This has reduced the potential for people to abuse the system, with Councils reporting that people have withdrawn applications when they were informed that there were no cash payments available.'

26. The following options for change have been supported by the FISG and discussed with York Citizen's Advice Bureau, and with other agencies that are part the York Benefits Forum. If these principals are approved it is the intention is to involve partner organisations in the development of the fine detail of how the scheme will operate from 2015/16.

Proposals for consideration:

27. Below is a list of measures that could be applied to YFAS to bring about the changes that are needed based on the continued delivery of the service by CYC Customer Services. Outsourcing to another provider or managed service has been discounted given the uncertainty over future funding levels:

Reduce access to the scheme

- Limit the number of awards from YFAS to two in a rolling twelve month period for emergency assistance (the second must be via an agency) and one award for Community assistance via an agency unless there are exceptional circumstances.
- Revise the criteria of the Community fund scheme to include only the most vulnerable residents. People who could be perceived to be vulnerable could include, for example:
 - Carers;
 - Vulnerable older people;
 - Families or vulnerable people who are experiencing greater than the normal range of pressures experienced by most people or there has been a significant unfortunate event that makes their situation extraordinary;
 - People moving out of institutional or residential care into the community;
 - Young people leaving care

- Ex- offenders leaving prison or detention centres;
- People with learning or physical disabilities;
- People with mental health problems;
- People who have a drug or alcohol dependency;
- Homeless people, rough sleepers or those at risk of homelessness; or
- People fleeing domestic violence

Seek to address the underlying issues:

- Use trusted referrers, (advice agencies such as CAB), both external and internal to CYC, who would assist in the Community Fund application process, evidencing need and verifying income and identity. This would link in with work already started with agencies who can provide support to Universal Credit customers, on digital inclusion, financial inclusion, work readiness and advice and information.
- Work with South Yorkshire Credit Union (SYCU) to provide low interest loans to applicants refused an award from YFAS.

Reduce cash payments:

- Provide goods or services not cash payment cards for Community Fund items following appropriate procurement exercises.
- Limit the range of items currently available under the Community Fund to basic necessities ('white goods', beds & bedding) and provide other items using discretion and exceptionally on the basis of need, for example provide a vacuum cleaner if required because the applicant is asthmatic.
- From the Emergency Fund provide food or vouchers for food (this could be supermarket vouchers depending on procurement), and for fuel top ups.
- Emergency cash payment cards to be provided in very exceptional circumstances, for example to obtain cheaper travel deals or where agencies recommend cash fulfilment.

- YFAS will no longer issue food bank vouchers, residents will be referred to partners for this purpose and to assist with other elements of advice and/or support.

Other proposals for consideration:

- Add a low income level threshold to determine eligibility to apply, for example up to the Tax threshold of £10,000 or the Government's low income (for 2014/15 this is £16,010). This will ensure that low paid working not receiving DWP benefits or HB/LCTS can still apply to the scheme.
- Allow trusted referrers to recommend items on the basis of need whilst the council retains the decision on the amount awarded.
- Retain the non-conditional provision for disasters and support for those under a DWP sanction which is under appeal.
- The council to continue to provide support to customers who have having financial difficulty in paying their council tax. This support is provided through the umbrella YFAS scheme and under the powers given to Local Authorities in Section 13a of the Local Government Finance Act. It is recommended good practice for councils to have an approved scheme for section 13a and York's scheme is attached at Annex C for approval.

Comparison with other Local Authority schemes

28. The performance and content of other schemes in the region is summarised in Annex D. There is little consistency between schemes therefore not possible to compare, for example, payment levels on a like for like basis.

Consultation

29. The possible options to revise the current scheme has been discussed with York's Citizens Advice Bureau and with members of York's Benefit forum The option to provide cash payments exceptionally and by discretion was included as a response to partner feedback.

Options

30. The following options are available for consideration:

- No change to the scheme but consider the investment required to continue the current arrangements;
- Adopt the changes outlined in the report and again consider the financial commitment to be made to the scheme in future years;
- Cease the scheme. Whilst all claim expenditure will stop, there will be the additional redundancies of two staff members and associated costs to fund.

Analysis

31. There is no further analysis other than the existing information in the report.

Council Plan

32. YFAS helps to deliver two priorities in the Council Plan to 'Protect vulnerable people' and to 'Build strong communities'. Financial assistance is targeted at those most in need and assists in allowing residents to continue to live in our communities.

33. It supports the objectives of the Without Walls Poverty Programme Strategy to:

- Establish an overarching view of citywide anti-poverty priorities and to ensure that actions to meet priorities are agreed at a strategic level first and then made operational;
- Embed York's vision for a poverty-free city into all future CYC and partner priorities and, through a targeted programme of interventions, start the city's progress towards its achievement.
- It supports the Child Poverty Strategy principles.

Implications

34.

a) Financial

- The base funding from DWP for YFAS, including a grant for administration is £376,180 for 2014/15.

- The DWP grant has been supplemented with additional funds provided by the council as part of the budget setting process for 2013/15. Additional funding of £100,000 was approved for 2013/14 and a further £200,000 for 2014/15.
- The DWP grant may cease in 2015/16. As such Members will need to consider within the budget report in February 2015 the issues relating to the scheme, and the withdrawal of funding.
- A report was brought to Cabinet in October 2013 on technical changes to Council Tax. That report noted that the further changes that were being recommended for introduction 1 April 2014 would yield an estimated £300,000 per annum but that this would need to be monitored as the precise impact could not be determined accurately at that stage. It was also noted that other factors also impacted on council tax, and that there were issues in particular relating to benefits expenditure that would need to be considered. Cabinet approved the following as part of that report:

“Approve that any additional income from the technical changes to council tax be reserved in the first place to cover potential increases in benefits expenditure, with further consideration at time of budget setting.”

- Since then the position regarding council tax discount scheme has become clearer regarding costs and these are currently considered to be able to be met from existing provision. It is likely that there will be a significant surplus on the council tax collection fund at the end of this financial year as a prudent view was taken of the impact of technical changes, and other risks associated with collection. Any surplus on the fund can only be used in the following year’s budget. It is likely that this additional council tax income will be such that it could be used by Members to continue funding of the YFAS scheme at current levels, despite the loss of Government funding.
- Final decisions on the implications of the loss of government funding, and the council’s contribution to the scheme, will be made as part of the Budget report in February. Members are at this stage asked to give commitment to maintaining the YFAS funding at its current levels (inclusive of grant) and considering in principle (subject to the full budget approval), the use of

additional council tax, primarily from technical changes, being directed towards the YFAS scheme.

b) Human Resources (HR)

The DWP grant provided funds the equivalent of two full-time posts needed to administer the scheme.

c) Equalities

The Community Impact Assessment for YFAS is published on the council's website and updated at Annex E, but the key points for ongoing monitoring and action are:

- Analysis of application data will ensure that CYC directs funds to those most in need.
- Using this analysis, look at alternative ways of supporting residents, which may be, for example, seeking partnerships with more groups who can help address those needs.
- To use the financial Inclusion strategy to provide city wide support to financially vulnerable customers.
- To use economic inclusion initiatives to try to ensure the right skills are developed to engage all residents in current and future employment opportunities.
- Staff will receive applications from potentially stressed, desperate and upset customers. Staff are trained to deal with these issues.

d) Legal
None

e) Crime and Disorder
None

f) Information Technology (IT)
None if no change to current service provision

g) Property
None

h) Other
None

Risk Management

35. The key risks are:

- managing the costs of the service (both service delivery and administration) within a limited budget for 2015/16.
- the potential of less funding from April 2015 will reduce the council's ability to achieve its objectives as stated in the Council Plan to:
 - protect vulnerable people & build strong communities.
 - support the objectives of the Without Walls Poverty Programme.
 - address poverty and financial inclusion issues.
- managing the budget to ensure that customers get the same service irrespective of when they apply in the financial year;
- minimising opportunities for fraud and abuse, whilst ensuring that customers who need help can access scheme easily and quickly;
- any failure to provide an appropriate service will have a negative impact on the wellbeing of vulnerable people and the reputation of the council.

Recommendations

36. Members are asked to:

- a) Note the performance of YFAS for the first 5 months of 2014/15 as compared to 2013/14.
- b) Agree to the changes to the scheme proposed in this report with the final detail to be approved by the Director of CBSS in conjunction with the Cabinet Member for Finance & Performance before implementation by 1st April 2015.
- c) Commit to maintaining the YFAS funding at its current levels (inclusive of grant) and considering in principle (subject to the full budget approval), the use of additional council tax from technical

changes introduced 1 April 2014 being directed towards the YFAS scheme from April 2015.

- d) Approve the attached Council Tax Reduction Scheme (s13) at Annex C.

Reason: To ensure Cabinet can properly plan for future financial pressures relating to the York Financial Assistance Scheme and to support vulnerable residents at a time of financial crisis.

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Report Approved



Date 4th December
2014

Specialist Implications Officer(s) *List information for all*

Financial: Ian Floyd
Director of Customer & Business Support Services

Wards Affected: *List wards or tick box to indicate all*

All

Background Papers:

Report of Cabinet Member for Corporate Services 4th Dec 2012
Transfer of responsibility of Social Fund to Local Authorities and
establishment of the York Financial Assistance Scheme.

**Report of Cabinet Member for Finance, Performance & Customer
Services 7th January 2014 - Review of the York Financial Assistance**

Scheme

Report of Cabinet Member for Finance & Performance 29th May 2014 - Amendment to the qualifying criteria of the York Financial Assistance Scheme (YFAS).

Report of Cabinet Member for Finance & Performance 1st July 2014
- Annual Report of the Financial Inclusion Steering Group 2013/14
Local Government Association – **Delivering local welfare - September 2014**

North Yorkshire Local Assistance Fund First Year report 2013/14

The institutionalisation of emergency food provision: a danger to the social safety net? School of Sociology and Social Policy
University of Leeds.

Report of Cabinet member for Finance, Performance and Customer Services 7th January 2014 - Review of the York Financial Assistance scheme

Annexes

- Annex A YFAS statistics for period April to August 2014.
- Annex B Case studies
- Annex C Council Tax Discretionary Reduction Scheme
- Annex D Other Local Authority Arrangements
- Annex E Community Impact Assessment
- Annex F Abbreviations