

Report of Cabinet Member for Finance, Performance & Customer Services

Review of the York Financial Assistance Scheme

Summary

- 1 This report provides Members with an update on the operation of the York Financial Assistance Scheme (YFAS), including results of related consultation activity, with recommendations to enhance the scheme from 1st April 2014.

Background

- 2 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 £66,592 (2013/14) and £61,039 (2014/15). There is no information available on funding from April 2015. The council has agreed to add £100,000 to the scheme for the current year and a further £100,000 for the following year.

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

*City of York Council

- 3 Equivalent DWP expenditure in 2010/11 was £388,400, reducing to £306,300 in 2011/12. Concerted efforts were made to reduce spend in these areas prior to the transfer. No data for 2012/13 is available as yet.
- 4 The current YFAS as approved by Cabinet in December 2012 provides '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 previous national scheme.

- 5 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.
- 6 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.
- 7 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 - £116,422 in 2012/13 and £286,409 in 2013/14.
- 8 YFAS is administered by the CYC Benefits Team in Customer Services. Applications are handled by staff who also deal with Housing Benefit/Local Council Tax Support claims. 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). The Scheme is monitored by the Financial Inclusion Steering Group (FISG), an officer and partner group chaired by the Director of Customer & Business Support Services.
- 9 Cabinet agreed to a one year interim scheme with full consultation and a review after 6 months, allowing time to focus on the development of a comprehensive localised support scheme including partnerships with other key agencies within the city.
- 10 Implementation of YFAS was on time and is broadly performing well.

Applications and Awards – Emergency and Community Grants

11. Spend against budget to 31/10/13 is summarised in this table:

As at 31/10/13	DWP grant + CYC addition
Budget	£415,141
Spend	£106,432
% spent	25.6%
Projected spend	£ 206,041
Projected % spend	49.6%

12. See detail on grants and food vouchers issued at **Annex A**, from which the following points are highlighted:

- The first 7 months of the scheme saw 1,484 applications (average of 49 per week) with total payments of £ 89,154 (Table 1 and 3).
- 561 applications (38%) did not qualify (Table 1).
- Over 40% of referrals to YFAS are from the DWP (Table 2).
- 55% of applications have been made via the public website
- 544 Emergency Grants paid - average payment of £71.23 (Table 3).
- 122 Community Grants paid - average payment of £413.11 (Table 3).
- 29% of spend has been on daily living allowances with an average payment of £48.05 (Table 4).
- 38% of spend has been on cookers, washers and fridges (Table 4).
- 70% of applications are from single residents, 16% from lone parents and 8% from families (Table 5).
- 72% of applications for daily living expenses are from single residents (Table 6).
- 34% of applicants give 'delay in benefit payment' as a reason for applying (Table 7 and 8).

- 8 of applications are from residents who have no food (Table 7 and 8).
- 13 The following analysis (see Table 9 and the map at **Annex B**) uses the Indices of Multiple Deprivation and Lower Super Output Areas located in Wards: Westfield, Guildhall, Heworth, Micklegate, Clifton and Holgate (Information provided by CYC Business Intelligence):
- 25% of applicants are from areas that are nationally within the 20% most deprived areas in the country.
 - 88% of applicants are from the 50% most deprived areas in York.
- 14 Where a customer's DWP claim is delayed and they are not entitled to a DWP 'benefit advance', a small grant for daily living expenses is made. Food bank vouchers can also be issued, provided by the Trussell Trust (see Tables 10, 11 and 12). This incurs no direct cost to the council.
- Data from the Foodbank shows 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 53% of vouchers redeemed by the Trussell Trust in York.

Other Findings

- 15 By mid-September 2013, 17 residents had applied to YFAS for the maximum of 3 times (or more) in a 12 months period. Of these, 12 were single people on Job Seeker's Allowance (JSA) or Employment and Support Allowance (ESA), 3 were couples with children on Income Support (IS) or JSA, 1 was a single parent on IS, and 1 couple on JSA.
- 16 One reason for higher demand from single residents is because there are fewer other 'safety nets' for this group.
- 17 All of these applicants were of working age but not in work and present with different reasons each time but some indicate chaotic lifestyles and lack of any savings to fall back on to for example, replace a broken cooker or fridge.

- 18 In 2011/12 the average DWP payment for a Crisis Loan was £50.76 and for Community Care Grants was £443.69. Although higher, these compare favourably with our Grant for 'daily living allowances' averaging £48.05 and Community Grant of £413.11.
- 19 Specific early issues have been addressed, such as changing the policy on the treatment of Disability Living Allowance (DLA) and Attendance Allowance (AA) for discretionary awards. We now disregard this income fully when looking at an applicant's resources, bringing the treatment of DLA and AA in line with Housing Benefit (HB) and Local Council Tax Support (LCTS).
- 20 The DWP provided repayable loans. CYC decided to award grants rather than loans for a number of reasons including the cost of recovery and the potential to increase indebtedness. With local and central provision of services, CYC staff are less remote from customers and there is more accountability for decisions and ready access to local information about applicants' circumstances. There is a clearer focus on the budget implications of making an award than under a national, centralised and remote decision making system with a larger budget. This may help explain the reasons why demand is less than expected and echoes the experience of other councils nationally.

Comparison with other Local Welfare Assistance schemes

- 21 The decision on how to provide local welfare assistance is discretionary. There is no national data on different schemes available yet. Some provide goods, pre-paid cards linked to a specific retailer or item, vouchers or the arrangement of services. Others provide cash equivalents, using pre-paid cards, BACS (Bank Automated Credit System) payments into a bank account, vouchers or bar coded letters that can be 'cashed' at Post Offices or Pay-points. Some provide grants, and some loans and grants.
- 22 **Annex D** gives some information on schemes in Hull and North Yorkshire County Council. Research shows that proportionally demand in York is consistent with or higher than other authorities locally.

Consultation

- 23 Using DWP funding, CYC commissioned a telephone survey of YFAS applicants. The sample size was 244 which, when the

survey was conducted in September 2013, represented nearly 25% of all applicants. In addition we consulted with partners with clients who had used the service. **Annex C1** provides a summary of applicant consultation results.

24 Feedback from those surveyed was in the main very positive:

- The overwhelming majority found the application process easy (80.3%) whilst only 4.1% found it difficult or very difficult.
- Speed of processing was found to be good with only 6.6% expressing any dissatisfaction whilst 71.7% were satisfied.
- Some 84.6% said that the grant provided met their needs but a minority (15.4%) felt it was not sufficient.
- Of the 92 customers surveyed that applied for help to pay for goods (rather than daily living expenses) a clear 80% preferred the current arrangement of fulfilment by cash card rather than direct provision of goods.

25 Some areas for improvement were nevertheless identified:

- To make information about eligibility for a grant and reasons for refusal of a grant clearer.
- To provide more money and benefits advice (92% of those surveyed would welcome this).

26 Despite the overall satisfaction levels with the current service being generally positive, 52.5 % thought that the service should be provided through an organisation other than the council. This seems contradictory given the positive responses to other questions asked.

Partner Feedback – Annex C2

27 We consulted with 12 external organisations in addition to other council departments. We received 5 responses back although feedback from regular liaison meetings told us that generally the scheme was well received. No organisation expressed an interest in administering the scheme on the council's behalf.

28 Responses told us:

- the scheme is quick and simple
- the criteria for making the grants needs review
- the scheme needs publicising more
- that money, debt and detailed welfare benefits advice should be part of the service
- that we need to treat the cause of crisis not just the symptoms
- we should use information from schemes such as YFAS and the food banks to identify the causes of crisis so we can find the right solutions
- that customers need more help to use technology
- that they can think of ways to spend the fund if it is in surplus, and
- that generally the grants cover needs but are not generous and seem less than granted by the DWP.

29 Partners also made the following comments on areas where they thought YFAS funds could be directed:

- Supported Housing has customers with needs that may not be fulfilled; people entering Hostels with no income or possessions.
- Arc Light hostel would like help when personalisation budgets are delayed (allocation of personal budget to cover care needs). Annex C2 gives more detail of this.
- The Castlegate Centre need to be able to pay for interview clothes to help young people to find work.
- The Integrated Family Support service work with families with multiple and complex needs and could address need at short notice: for food parcels when the food bank is closed, utilities including meter top-ups, basic bedding, shoes and clothes, school uniforms, interview clothes, emergency childcare funds, court fines and court orders to prevent prison, and domestic appliances.
- Pupil level deprivation analysis could be used to award grants from YFAS surplus to schools on the basis of need. This would help tackle the causes of poverty early and help to give children a better start. For example, Westfield Primary School purchases white goods, beds, pay rent arrears and fuel bills for vulnerable

families. They have had to discontinue breakfast club funded places due to lack of funds.

Staff feedback - Annex C3

30 Staff enjoy providing the service and gain satisfaction from helping vulnerable customers, however they would like:

- More guidance on making decisions to ensure they are consistent,
- To have time to provide more in-depth help to customers by working more closely with other services in the council,
- That the policy should be reviewed in relation to not making payments when there is a DWP benefit sanction in place and
- To provide money management advice (and debt advice where relevant) to all applicants and should make that a condition of accessing the scheme.

Service Improvement Proposals

31 The following improvements are recommended:

- a. The full administration remains within the Benefits service with a strengthening of advice, referrals and researching of other sources of funding. More training would be required for support staff across the council. Better co-ordination of existing welfare advice provisions from within the Council would support this as well as closer working with partners.
- b. FISG to have overall control over the general distribution of the fund and commission other organisations as necessary to target specific initiatives. Reports to Cabinet from FISG could be produced bi-annually in June and November to update progress on financial inclusion activities with particular emphasis on YFAS.

Other possible changes for consideration:

- 32 Explore the possibility of closer working with the Credit Union to provide loans for those who do not qualify for assistance under YFAS or who have reached the 12 month rolling limit on the number of applications.
- 33 FISG to consider the improvement suggestions referred to in paragraphs 28 and 30 arising from the consultation feedback.

Analysis

- 34 Recommendation 31a represents the lowest cost option in terms of alternative service delivery models considered but requires strengthening of advisory and information services. This will occur through the planned reallocation of available Welfare Benefit advisors to areas of specific need. It requires the council to work very closely as 'one organisation' across departments to ensure that referrals are made and funding opportunities maximised.
- 35 Recommendation 31b brings the governance, development and direction of YFAS under FISG thereby ensuring the continuing alignment of initiatives with the broader Financial Inclusion Policy framework.

Council Plan

- 36 This report and its recommendations will help to deliver two priorities in the Council Plan to 'Protect vulnerable people' and to 'Build strong communities'. Financial assistance will be targeted at those most in need and will assist in allowing residents to continue to live in our communities.
- 37 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

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- **Financial**

The base funding from DWP for YFAS, including a grant for administration, is £381,733 (2013/14) and £376,180 (2014/15)

The DWP grant can be supplemented with additional funds provided by the council as part of the budget setting process for 2013/15. Additional funding of £100,000 has been approved for 2013/14 and a further £100,000 for 2014/15.

- **Human Resources**

The DWP grant provided funds the equivalent of two full-time posts needed to administer the scheme. This continues to help offset the impact of a reduction in the Benefits Administration Grant for 2013/14 of £118,464, reducing the number of compulsory redundancies in this area.

- **Equalities**

The full YFAS Communities Impact Assessment will be updated for the decisions contained in the report but the key points for ongoing monitoring and action are:

- Analysis of application data will ensure that we direct 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 us 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.
- **Legal**
None
- **Crime and Disorder**
None
- **Information Technology (IT)**
None, if no change to current service provision
- **Property**
None
- **Other**
None

Risk Management

39 The key risks are:

- managing the costs of the service (both service delivery and administration) within a fixed budget, with no information about the likely levels of funding after March 2015;
- 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

40 Cabinet is asked to agree in light of the consultation feedback:

- a. The full administration of the Scheme remains within the council's Benefits Service with a strengthening of advice, referrals and researching of other sources of funding.
- b. Financial Inclusion Steering Group to have overall control over the general distribution of the fund and will commission other organisations as necessary to target specific initiatives.
- c. Reports to Cabinet from FISG to be produced every year in June (Annual Report) and November (Interim Report) to update progress on financial inclusion activities with particular emphasis on the York Financial Assistance Scheme.

Reason: To ensure ongoing improvements so there is no gap in provision of urgent financial resources available to our most vulnerable residents at times of crisis or other difficulty. To mitigate the impacts of wide ranging welfare benefits changes. To meet the priorities set down in the Council Plan and Financial Inclusion Strategy.

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Wards Affected: All				√

For further information please contact the authors of the report

Background Papers:

Cabinet Paper 4th December 2012

'Transfer of responsibility of Social Fund to Local Authorities and establishment of the York Financial Assistance Scheme'

Annexes

Annex A YFAS statistics for period 1 April to 31st October 2013

Annex B Map of YFAS take up by ward

Annex C1 Customer Survey Outcome

Annex C2 Partner Feedback

Annex C3 Staff Feedback

Annex D What is happening in other LAs?

Annex E Abbreviations