

## RESOURCES SCRUTINY PANEL

10 November 2016

## POVERTY SCRUTINY PROJECT

### Report of the Director for Resources

Strategic Aim:	All	
Exempt Information	No	
Cabinet Member(s) Responsible:	Cllr Oliver Helmsley, Portfolio Holder for Resources (excluding Finance), Culture, Sport & Recreation, Tourism and Housing	
Contact Officer(s):	Debbie Mogg, Director for Resources	Tel: 01572 758358 dmogg@rutland.gov.uk
	Saverio Della Rocca, Assistant Director - Finance	Tel: 01572 758159 sdrocca@rutland.gov.uk
Ward Councillors	N/A	

### DECISION RECOMMENDATIONS

That the Panel:

1. Considers the topics and related issues/questions covered in this report;
2. Identifies any further information or work it may wish to undertake;
3. Authorises the Chair to produce a written report of findings to feed back into the overall project.

## 1 PURPOSE OF THE REPORT

1.1 The Scrutiny Commission has agreed to undertake a review of Poverty in Rutland. The project objectives are:

- To develop an agreed definition(s) of Poverty in Rutland;
- To develop a Council policy in the form of a White Paper to be approved by Full Council that will outline for Rutland how the Council will act to positively impact on poverty within the County.

## 2 BACKGROUND AND MAIN CONSIDERATIONS

2.1 Further to the initial workshop attended by Members on 13 September 2016, a list of areas was highlighted for further investigation by individual Scrutiny Panels. The following areas were identified for the Resources Scrutiny Panel to take forward:

- Review the crisis fund
- Financial awareness

This report provides some information in relation to those areas.

2.2 Scrutiny Commission have agreed the following timetable for this review:

Stage	Panel	Date
All member workshop		13 <sup>th</sup> September 2016
Panel work to develop Green Paper	Adults	22 <sup>nd</sup> September and 1 <sup>st</sup> December 2016
	Children's	17 <sup>th</sup> November 2016 and 23 <sup>rd</sup> February 2017
	Places	24 <sup>th</sup> November 2016 and 9 <sup>th</sup> February 2017
	Resources	10 <sup>th</sup> November 2016 and 16 <sup>th</sup> February 2017
Green paper to Cabinet	N/R	21 <sup>st</sup> March 2017
Panel work on White Paper	Adults	6 <sup>th</sup> April 2017
	Children's	4 <sup>th</sup> May 2017
	Places	20 <sup>th</sup> April 2017
	Resources	27 <sup>th</sup> April 2017
White Paper to Cabinet	N/R	16 <sup>th</sup> May 2017
White Paper to Council	N/R	June Council

2.3 Further to a meeting with the Chair of the Resources Scrutiny Panel, it was agreed that this Panel would focus on a number of key areas:

- The Crisis Fund – how it works, the support the Council offers and how many people use it;
- Financial awareness – how the Council supports those who may need financial advice including the experience of Citizens Advice Bureau, one of the Council's key partners in this area;
- Debt recovery – the Council's approach and its experience of working with those individuals in arrears.

2.4 To facilitate a discussion of each area, three short papers have been produced which are included as appendices to this report. The papers are not exhaustive but provide information to facilitate a discussion in each area. To assist the

discussion, officers have highlighted some questions the Panel may wish to consider.

- 2.5 Further to the outcome of this meeting the Chair of the Panel will report back to the working group to consider next steps but this will be confirmed at the meeting.

### **3 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

- 3.1 This report gives further information requested by the initial Poverty project workshop.

### **4 BACKGROUND PAPERS**

- 4.1 There are no additional papers.

### **5 APPENDICES**

- 5.1 Appendix A – Crisis Fund
- 5.2 Appendix B – Financial awareness
- 5.3 Appendix C – Debt recovery

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.

## **Appendix A. Crisis Fund**

### **1. Background**

The Government abolished the Department for Works and Pensions (DWP) administered Crisis Loans and Community Care Grants from 1 April 2013 and all Councils with County Council functions were given funding to develop a local scheme. The Council approved the current scheme on 26<sup>th</sup> February 2013 (Report 56/2013) and made some amendments to it in January 2015 (Report 1/2015).

This papers sets out the details of the scheme, how it works and who accesses it.

### **2. Objectives of the scheme**

Crisis support is intended to provide financial support to meet or help to meet a need that unless provided would severely disadvantage the applicant or a member of their household.

Crisis support can also provide emergency financial support where the applicant or a member of their household would suffer severe disadvantage if their immediate needs are not met.

Anyone can apply for support but the policy does highlight that people on certain benefits detailed below, may be more likely to apply due to their limited income:

- Income Support;
- Job Seekers Allowance;
- Pension Credit;
- Employment and Support Allowance; and
- Universal Credit

Equally, anyone from a household on a low income that would suffer severely health and/or safety problems if remedial support were not provided can also apply.

### **3. What support is available?**

The Council offers either a cash award of up to £40.00 (cash is rarely awarded) or other support which can include:

- Essential items when setting up a new home;
- Food bank vouchers;
- Clothing and footwear;
- Bedding Vouchers;
- Crockery;

- Travel expenses when moving home;
- Rent in advance if not met from another fund;
- Removal expenses;
- Domestic appliances;
- Repairs to essential items; and
- State benefits not being paid into their bank account when expected causing severe financial hardship.

Transport or travel costs generally will not be met. But there may be circumstances where the need to travel is a crisis. In some circumstances the award will be required to be repaid, an invoice will be issued to facilitate this. E.g. benefit delays.

The Council may refer the applicant to a partner organisation if it is appropriate to do so. The organisation may assist with procurement of the item or provide the item/s. The following organisations are included:

- Citizens Advice Bureau
- Voluntary Action Rutland;
- Leicestershire Charity Link;
- Melton Furniture Project;
- Rutland Grants;
- North Luffenham Village Trust;
- Rutland Community Agents;
- The Family Fund; and
- Clockwise Credit Union.

#### **4. How do individuals access the scheme?**

The Council's scheme has been published on our website, leaflets are available at customer services, stakeholders and third sector agencies have been made aware of the scheme and how applications can be made. In the early days of the scheme JobCentre Plus staff distributed our leaflets and signposted Rutland residents to our scheme.

Applications can be made by completing a paper form which is available online, at the local Rutland Citizens Advice Bureau (CAB) office or at the council offices. Applications must be made using an application form as specified.

Applications will only be accepted from people living in Rutland and registered to pay Council Tax or detailed as a member of that household as a resident. All applications may be made to CAB, a local parish or town contact or directly to Rutland County Council. CAB

and the local parish contact will ensure the application is fully completed and obtain any evidence required to support the application.

A senior officer within the Revenues & Benefits Team will assess the application, and in some cases the officer may request further information i.e. a mini statement detailing the latest banking transactions.

## 5. How we prioritise who receives support?

Officers assess each application on its own merits against the criteria. Officers take the following factors into account:

- the nature of the crisis and the reason for it;
- the amount of support needed to remedy the situation;
- household disabilities and vulnerability;
- the level of risk to the person or their family if support isn't given;
- what other support is available; and
- the household income and expenditure.

## Examples of an application that has been approved and one that has been rejected.

Mrs West is a lone parent with two children aged 3 and 5. Mrs West checked her bank account and her regular payment of Employment Support Allowance (ESA) has not been paid as the DWP had not received her fit to work note yet. It is Friday morning and Mrs West has no money in her account and needs to buy food and top up her fuel card until Monday morning, when the DWP have assured her that her ESA payment will be in her account. Mrs West is awarded a food bank voucher and £10.00 for electricity as her family would suffer severe hardship if the support were not provided. The crisis was resolved completely.

Mr Jackson is single with no children. He had not received his first payment of Job Seekers Allowance as expected on Thursday. Officers contacted the DWP and were advised that his first payment would be in his bank account the following day on Friday. A bank account mini statement showed that Mr Jackson had £20.00 in his account. Officers did not make an award to Mr Jackson as he has some money available for his immediate needs and his benefit payment from the DWP was imminent.

## 6. What is the overall budget?

The budget is set at £25k. This is the amount that was originally transferred to us by the DWP. The amount spent against the budget is shown below. The Council also has a welfare reserve that can be used to top up the budget if required.

	2014/15	2015/16	2016/17
Budget	£23,000	£25,000	£25,000
Actual/Forecast	£14,300	£12,400	£14,500*

\* This amount includes a grant of £5,200 to Melton Furniture Project.

## 7. Facts and figures

The tables below provide some detail of how many claims we receive, how many are successful, and where claimants are located (the ward). The Council has also tried to classify claimants into various categories to get a view on the source of claims. More work is needed in this area.

The following table details the number of applications received and the decisions made.

Year	Applications received	Applications awarded	Applications refused or referred
2014/15	324	207	117
2015/16	205	142	63
2016/17 (to date)	109	94	15

The following table details the successful applications for 2015/16 and to date for 2016/17 and the ward area that the applicant resides in.

Ward	Applications awarded 2015/16	%	Applications awarded 2016/17 (to date)	%
Braunston and Belton	3	2.1%	0	0
Cottesmore	3	2.1%	0	0
Exton	0	0	1	1.1%
Greetham	2	1.4%	2	2.1%
Ketton	3	2.1%	1	1.1%
Langham	5	3.5%	4	4.3%
Lyddington	1	0.7%	0	0
Martinsthorpe	0	0	1	1.1%
Normanton	4	2.8%	2	2.1%
Oakham North East	23	16.3%	18	19.1%
Oakham North West	33	23.3%	34	36.2%
Oakham South East	7	4.9%	0	0
Oakham South West	8	5.6%	7	7.4%
Ryhall and Casterton	2	1.4%	3	3.2%
Uppingham	26	18.3%	16	17%
Whissendine	2	1.4%	0	0
Homeless (connection to Rutland)	20	14.1%	5	5.3%
<b>Total</b>	<b>142</b>	<b>100%</b>	<b>94</b>	<b>100%</b>

The following table details the type of item awarded to date for 2016/17. In some cases people are awarded multiple items e.g. a food bank voucher and fuel for cooking/heating.

<b>Item</b>	<b>Number awarded</b>
Bedding	1
Clothing	2
Cooker	1
Food – supermarket voucher	4
Food – food bank voucher	41
Food – food parcel (supplied to RCC)	21
Fridge	1
Fuel for cooking/heating	21
Fuel for vehicle	1
Furniture package (Melton Furniture project)	5
Public transport	4
Moving expenses	3
Toiletries	1
Washing machine	1
Other living expenses	14
<b>TOTAL</b>	<b>121</b>

The following table details the type of event giving rise to the award to date for 2016/17.

<b>Event</b>	<b>Class of award</b>
Leaving care	4
Daily living expenses	82
Disaster i.e. fire/flooding	1
Fleeing domestic abuse	1
Emergency travel costs	2
Moving home	4
<b>TOTAL</b>	<b>94</b>

In summary the following observations have been made by officers:

- Crisis fund awards provide a quick fix for immediate issues rather than a long term solution.
- The award system focuses more on the crisis itself and an immediate solution rather than analysing the applicants overall situation, lifestyle and other issues that maybe contributing to their need for support.
- A number of people submit repeat applications for the same or similar crisis situations even though the fund is limited to 3 awards per financial year.
- Most awards are not subject to any type of review or follow up to see if the award achieved its purpose or if refused what steps the applicant took to alleviate the crisis.

## **8. Possible questions**

What further information do Members need?

What do Members think of the current scheme?

Could our £25k be used differently?



What information could we collect that might help?

## Appendix B. Financial awareness

### 1. Background

The Council deals with many customers and residents across a wide range of services. During its work, it may become aware that individuals are experiencing financial difficulties or hardship and need help.

This paper sets out areas where the Council interacts with customers, where it might learn about a customer with financial issues and what type of support is available.

### 2. Where might we learn about financial difficulties and how we respond?

Area	How and why we may become aware of issues	How we respond
Crisis loans	We get applications for support (see Appendix A) from those claiming hardship	<ul style="list-style-type: none"> <li>• Direct award of cash or support</li> <li>• Referral to partner</li> <li>• Support through another Council service (e.g. housing)</li> <li>• Benefits health check</li> </ul>
Community Care Finance	We undertake financial assessments to assess how much people can afford to contribute to their care	<ul style="list-style-type: none"> <li>• Direct support</li> <li>• Referral to partner</li> <li>• Benefits health check</li> </ul>
Housing	We receive enquiries from individuals who are homeless or have a housing need	<ul style="list-style-type: none"> <li>• Direct Support</li> <li>• Referral to partner</li> </ul>
Debt recovery	We pursue council debt and deal with customers who say they cannot pay	<ul style="list-style-type: none"> <li>• Direct support</li> <li>• Referral to partner</li> <li>• Local Council Tax Support</li> </ul>
Social care	We deal with individuals who need care and may be at risk of financial abuse. During discussions and assessments it may become apparent that individuals have financial problems	<ul style="list-style-type: none"> <li>• Financial safeguarding alert</li> <li>• Referral to Advocacy services</li> <li>• Support through another Council service e.g. adult social care</li> <li>• Benefit Health check</li> <li>• Application for appointeeship (management of a person's benefit income)</li> <li>• Application for deputyship (management of a person's property and finances)</li> </ul>
Customer Services	We deal with people at first point of contact who can't pay their bill or people who want to claim or have a query about benefits	<ul style="list-style-type: none"> <li>• Referral to relevant section</li> <li>• Referral to partner</li> <li>• Direct support i.e. help with completion of forms</li> </ul>

Benefits	We get applications and queries for Housing Benefit, Local Council Tax Support and Discretionary Hardship Payments	<ul style="list-style-type: none"> <li>• Direct award of Benefit</li> <li>• Referral to partner</li> <li>• Support through another council service (e.g. housing)</li> </ul>
----------	--	--

Outside of individual service areas, the Council has a welfare reform group comprising representatives from each Directorate, Spire Homes, CAB and DWP. The Group was created in 2013 to develop our understanding of welfare reforms and how this will affect our population and to implement and monitor the crisis fund. The group has not met recently. However a meeting is due to be scheduled shortly to enable the DWP representative to provide an update on the progression of Universal Credit.

The Council is developing a new website which will include a new page entitled 'Help with money' this page can be developed to provide information about support that is available locally.

### 3. What we have learnt?

In summary the following observations have been made by officers:

- Many people with financial difficulties don't seek help until they are at crisis point;
- People do not know what help is available;
- Many people don't/can't put aside money for emergencies;
- People do not understand how to prioritise debt;
- Many people don't seek help before they get to us;
- Many people in debt don't understand their finances or don't budget; and
- We often advise people to seek help but we don't know if they act on this advice.

### 4. What other support is available to individuals outside the Council?

To support our own services but also to provide wider support to the community, the Council has a contract with CAB which requires CAB to commit to providing quality information and advice to address housing, homelessness, debt and welfare issues.

Under this remit CAB provides:

- General advice on a wide range of issues
- Welfare rights advice for areas including Working and Child Tax Credits, Employment and Support Allowance, Personal Independence Payments, Pension Credit etc.

- Housing related advice including rent and mortgage arrears, threat of homelessness, neighbour issues, overpaid housing benefit queries etc.

Rutland CAB has recently produced a 'Report on Poverty in Rutland'. The last report prior to this was undertaken in 2008.

The report looks at:

- the statistical data available;
- income levels of people living in Rutland;
- housing, transport and other costs; and
- other important factors that set the scene of what poverty is in Rutland.

The report does acknowledge that it is difficult to use statistical data for a rural population and states that local knowledge is perhaps a more useful measure. With this in mind the report illustrates points using real case studies of people who have been supported by CAB.

Other support services include:

Spire Homes; floating support for vulnerable people, help with managing rent arrears, sustaining tenancies, assistive technology.

The Bridge; tailored support for vulnerable people to help people gain skills and knowledge to manage their own home.

Rutland Community Agents; information and advice for local people.

Money Advice Service; free and impartial advice with online tools and calculators.

Society of Later Life Advisers; independent financial advice for older people.

## **5. What do other Councils do?**

This is not an area that the Council has looked into in detail but it is aware of various initiatives being undertaken:

- Melton Borough Council promote their 'me and my learning' service. Their approach is to encourage people to upgrade their skills to improve their chances of gaining employment to reduce their dependency on benefits. In some cases officers are able to make accessing this service a condition of an award for other discretionary financial support.
- North Warwickshire Borough Council has a useful section on their website called 'help with money and debt' where a range of support services and their links are provided.  
[https://www.northwarks.gov.uk/info/20016/council\\_housing\\_and\\_garages/1297/help\\_with\\_money\\_and\\_debt/2](https://www.northwarks.gov.uk/info/20016/council_housing_and_garages/1297/help_with_money_and_debt/2)

## **6. Issues/questions**

Are we doing enough to help people with their finances?

Can we do more?

Should the remit of the Welfare reform group be refreshed to consider welfare benefits in a wider context?

## Appendix C. Debt recovery

### 1. Background

The Council collects a substantial amount of income for council tax (c£21m) and other services such as social care.

Whilst the Council has a very good track record of collecting income, individuals do not always pay upon receiving a bill or an invoice for various reasons. If this happens then the Council will try to recover the debt. This paper sets out how this process works and some of the issues faced.

### 2. Recovery process

The debt recovery process for council tax and non-domestic rates is governed by regulations. The process is described in a leaflet called "A Guide to paying Council tax". The leaflet (attached) covers:

- What happens if people do not pay;
- What procedures are followed;
- What options are available to people; and
- Where people can get support.

<http://www.rutland.gov.uk/pdf/CT%20recovery%20leaflet%202014-15%20.pdf>

For all types of debt, the Council has a corporate debt policy. The table below details the ultimate enforcement action that can be taken across a range of debts. Recovery action tends to incur additional fees which can add to a person's indebtedness.

Priority	Debt Type	Ultimate enforcement action
1	Rent arrears	Eviction
1	Mortgage arrears	Repossession
2	Council Tax	Enforcement agent, bankruptcy, imprisonment
3	Business Rates	Enforcement agent, insolvency, imprisonment
3	Other secured loans	Repossession or imprisonment
3	Income tax and VAT	Bankruptcy or Imprisonment
4	Maintenance/child support	Imprisonment
4	Fines or compensation	Imprisonment
4	County Court Judgements (CCJ)	Enforcement agent, bankruptcy

Priority	Debt Type	Ultimate enforcement action
5	Fuel/water rates	Disconnection, Enforcement agent
5	Hire Purchase	Repossession of item
5	Benefit Overpayment	Ongoing deductions or CCJ
5	Penalty Charge Notices	Enforcement agent
5	Other Council Debts	CCJ

Signposting to other agencies is an important part of debt collection. Many organisations offer free confidential advice to customers to help them to prioritise their debt and often arrange payment plans with their creditors. Different agencies offer varying levels of support. Some agencies are detailed below:

- Citizens Advice Bureau;
- The National Debt Helpline;
- The Money Advice Service;
- Business Debt Line; and
- Age UK.

### 3. Facts and figures

The follow table details the numbers of notices issued at each stage of the recovery process for 2015/16 for council tax and business rates. The recovery cycle continues throughout the financial year. I.e. Reminder Notices are issued every month through the year; officers attend court to obtain Liability Orders once every month.

Stage	Council Tax for 2015/16	Business Rates for 2015/16
Reminder Notice	3,922	268
Final Notice	1,373	95
Summons	955	49
Liability Order obtained at Magistrates Court	686	35
Accounts referred to bailiffs for collection	259	9
Arrears outstanding for 2015/16 at 31/03/2016	£261,458.44	£88,368.58

#### **4. What we find**

In summary the following observations have been made by officers:

- People with debt are not always in financial difficulties;
- People are reluctant to contact the Council or avoid our calls;
- People often ignore the early letters and miss opportunities to avoid incurring fees later on;
- People often agree to payment arrangements that they can afford at the time and then an unexpected cost comes along that means they don't keep to the arrangement so they stop paying altogether;
- Sending debts to bailiffs works as lots of people pay but for some people it just makes things worse as more fees are added so people end up paying a lot more than their original debt; and
- Housing Benefit overpayment debt will get more difficult to collect and it is growing as people don't report their change in circumstances in a timely way and people are often on low incomes and struggle to pay their overpayment back.
- Further welfare reform changes such as the roll out of Universal Credit and the Benefit Cap may impact on household budgets.

#### **5. How we help/challenges**

Where we identify someone in financial difficulty, we have seen that what works best is:

- Signposting people to seek help with budgeting and managing their debts at an early stage;
- Setting up an arrangement for a low amount for a short period of time to enable people to have some breathing space to sort out their finances;
- Building rapport with people so they feel comfortable talking to us about their debt;
- Encouraging people to contact us if they can't make a payment that they agreed to make; and
- People with mental health illnesses often find it difficult to talk about their financial problems so empathy and understanding from skilled officers is essential.

Recovering debt is time consuming, we are not resourced to do something bespoke but we would like to take a more customer centred approach.



## **6. Issues/questions**

Should we make seeking help with debts a condition of entering into a payment arrangement?

Should we review our corporate debt policy?

What further information might be needed?