

Social Enterprise & Inclusion

Cabinet

Date: 6th September 2017

Author: Deputy Leader of the Council and Cabinet Member Finance and Commercialisation
Head of Revenues and Benefits

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 To update Cabinet on progress with addressing Social Inclusion and to authorise underwriting loans by Credit Unions to replace Local Welfare Assistance grants.
- 1.2 In addition, the report seeks to determine the future priorities for Social Inclusion and how this continues in support of Priority Four of the Council's Vision - to help individual support themselves and protect the most vulnerable. In particular the recommendations support pledges 24, 25, 27 and 29.

2. Recommendations

Cabinet is recommended to:

- 2.1 Note the progress in relation to Financial Inclusion since the appointment of a Social Inclusion and Welfare Manager in March 2016, as set out in the body of the report.
- 2.2 Agree to underwrite credit union loans, to be granted by the Credit Union instead of Council funded Local Welfare Assistance, for the purchase of kitchen appliances or furniture to households in emergency need. The maximum value of loans is to be £500 and the maximum amount the Council will guarantee to the Credit Union at any one time will initially be set at £25,000.
- 2.3 Authorise the Head of Revenues and Benefits to review the existing post of Social Inclusion & Enterprise Manager, as set out in this report.

3. Detail

Background

- 3.1 A study into Financial Deprivation in Swindon was reviewed by the Cabinet Member Advisory Group for Swindon Benefits and Welfare Reform and this led to a successful business case being made to the One Swindon Partnership members for funding to appoint a Social Inclusion and Welfare Manager for a period of 17-21 months. The Social Inclusion and Welfare Manager started work at the end of March 2016, working with partners and other Council officers in delivering a number of projects.

Further information on the subject of this report can be obtained from Andy Stevens telephone (01793) 464661 or email anstevens@swindon.gov.uk

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- 3.2 A Financial Inclusion Policy was agreed by the Cabinet on 13th July 2016 (Cabinet Minute 30, 2016/17 refers). The following projects were identified:
- 3.2.1 Maximise income and respond to welfare reform,
 - 3.2.2 Support residents to manage their debt,
 - 3.2.3 Help residents to train, gain and remain in employment,
 - 3.2.4 Promote the expansion of affordable credit options, as an alternative to expensive payday loans or illegal money lending,
 - 3.2.5 Increase skills in money management, reduce fuel poverty, increase financial resilience and promote access to bank accounts, and
 - 3.2.6 Assist residents to switch energy suppliers and assist in the switch to credit meters. Promote eating well for less courses and access to bank accounts.

Progress to Date

- 3.3 *The Local Welfare Fund (LWF) has been reprioritised.* This has reduced expenditure and instead of their being a shortfall, a budget surplus is now expected.
- 3.4 Other means of assisting claimants are now investigated and evidence of any crisis requested. These changes were implemented in May 2016 and have led to the total value of awards being granted over the 12 month period from May 2016 being £68,649, compared to £216,398 in 2015/16. The administration costs have reduced to approximately £42,000 per annum. The Budget for a full financial year is now £186,000; so the Council is predicted to underspend by £76,000 per annum. This underspend could be up to £97,000 per annum if the recommendation in 2.2 is agreed and there is no call on the Council to pay for any default on the loans.
- 3.5 A direct referral process has been implemented between the Local Welfare Fund and Citizens Advice for debt/budgeting purposes. Staff now actively enquire about debt knowing that they now have direct assistance to offer. (Pledge 24).
- 3.6 *Promotion and increase in Credit Union Membership* - Each of the three Credit Unions in Swindon were approached and one in particular expressed a desire to increase its membership. The Social Inclusion and Welfare Manager has been instrumental in facilitating the merger of two of them: Wiltshire Savings & Loans (WSL) and Steam Ahead. A WSL collection point in Penhill has been established on Tuesday afternoons for residents and membership is steadily increasing. Currently the total number of Swindon members of WSL is 95 with £25,000 worth of issued loans.

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- 3.7 In addition to this, a Save As You Earn (SAYE) staff scheme for Swindon Borough Council employees has been implemented. Currently 35 staff (included in the 95) have joined and five loans have been issued. The SAYE scheme is open to all employees of SBC and further information on joining can be found by searching for "SAYE" on the SBC intranet. (Pledge 24).
- 3.8 *Swindon Money Matters* - The Revenues & Benefits area of the SBC website has been enhanced and the financial inclusion offering branded as "Swindon Money Matters". Extensive new information is available in support of such topics as; Universal Credit, debt management and affordable credit. A complementary "Swindon Money Matters" Facebook page has been published and is updated most days Mon-Fri with useful financial information aimed at both key workers and residents alike. (Pledge 24).
- 3.9 *New referral process* - Working together with the National Anti-Loan sharking team, a referral process has been shared with all the Members of the Swindon Benefits and Welfare Reforms Strategy Group. (Pledge 24).
- 3.10 *Money Mentors appointed* - Using funds made available to the Council from the Department of Works and Pensions and the Housing Revenue Account has allowed two Money Mentors to be commissioned with Citizens Advice. Primarily this to help those residents affected by the lower Benefits Cap, but other low income households are being assisted. The mentors receive referrals direct from housing officers and the "troubled families" support workers. (Pledges 24 and 29).
- 3.11 *Cheaper Energy* - Working together with the Council's Affordable Warmth Coordinator a scheme has been implemented that assists residents to switch energy suppliers to obtain cheaper tariffs: "Swindon Energy Matters". Communications are currently working on the implementation of a promotion campaign. (Pledge 24).
- 3.12 *Financial Inclusion Seminars* - Successful quarterly Financial Inclusion Seminars are being held, where Council officers and representatives from all Swindon advice agencies can attend and discuss what help and assistance is available. Attendance at the last seminar was in excess of 50 "front-line" workers including housing officers, social workers and support workers from local charities e.g. Mind and the Swindon Advocacy Movement. Networking between teams is encouraged at events and several collaborations/onward referrals have subsequently been made that have benefited specific residents. (Pledges 24, 27 & 29).

Future Work

- 3.13 Work will continue to extend Credit Union Membership, the Energy Switching Project (currently working with the Affordable Warmth Coordinator from public health and the communications team to roll out to residents during 2017, utilising
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a £10,000 budget from public health), the maintenance of website/Facebook and the Seminars.

3.14 In addition, the following work could also be undertaken, subject to the review of the post of Social Inclusion and Welfare Manager:

3.14.1 Further changes to the Local Welfare Scheme - Where furniture or kitchen appliances are needed, the Credit Union(s) could be asked to operate low interest loans to the individuals. This would save approximately £21,000 of Council funding per annum. Although the Credit Union(s) will ask the Council to guarantee or underwrite such loans. Credit Unions (based on the experience of the Bristol Credit Union) would expect to collect approximately 80-85% of their loans and loans can last 12 months. It is therefore recommended that the maximum value of outstanding loans the Council would guarantee at any one time is £25,000, subject to revision. Observation of the scheme over a suitable period may also allow "trusted third parties" such as the credit union or Citizen Advice to offer this loan.

3.14.2 Establishment of a Social Enterprise Network - Social Enterprise has immense potential within our community. Sustainable social enterprises not only provide employment but in doing so deliver social and/or environmental benefits. Unlike "supported employment" or "charity" initiatives they do not require ongoing external funding to continue to operate.

3.14.3 One priority area that could be progressed further is the training and employment for those that have difficulty obtaining employment and social enterprises should be encouraged to build a sustainable business around these people as employees. The numbers of people currently not in full-time employment and claiming Employment and Support Allowance within the borough is 7,000 and those on Job Seekers Allowance for over 12 months is approximately 300. These include people with:

- Learning disabilities
- Physical disabilities
- Long term ill health
- Mental health issues

3.11.4 If 5% (366) of these people were helped into long-term employment over a 5 year period then the following economic benefits would result (all figures are presented on a "per an annum" basis):

- Reduction in Central Governments benefits: (based on lowest ESA) **£1.94 million**

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- Income tax (£586/person) + National Insurance (£764/person):
£494,000
- Housing Benefits reduction (Based on Local Housing Allowance rate for over 35) **£1.97 million**
- Council Tax Support Reduction: Based on 80% of the band A & B
£304,000
- Increased monies spent in the Swindon Economy

3.14.5 There would also be improvements in wellbeing and possibly future reduced requirements for Social Care.

3.14.6 The SBC & DWP “routes to employment” teams would be encouraged to become SE network members with a view to supporting existing and emerging SE’s to make apprenticeship places available. This will also assist with the Swindon Skills and Employment and Economic Strategies.

- 3.15 It is therefore recommended that the existing post of Social Inclusion & Enterprise Manager, funded from the savings to the Local Welfare Assistance Fund, be reviewed. The post would be responsible for encouraging the maintenance and expansion of Social Enterprises (SE) in Swindon by helping to initially establish a SE network. The network could then become the repository of knowledge and support for those wanting to potentially develop a business as a SE. In order to enable this post to more effectively exercise the necessary high degree of creative, strategic thinking coupled with the ability to network and influence the community at all levels, a small amount of administrative support may also be desirable and this could be included within the review.
- 3.16 A number of steps will be undertaken in order to establish the Social Enterprise Network (SEN) and ensure that all relevant communities, stakeholders, existing social enterprises and potential “sponsors” are identified and engaged with. Firstly a list of all such groups will be compiled and appropriate representatives identified. This list will contain the involvements and purposes of those listed with a view to using this as the basis of a future SEN directory. An outline prospectus for the SEN will be produced and circulated among those identified. They will subsequently be approached and asked to join and help to initially hone and shape the SEN. The SEN will support the sharing of ideas, expertise, training, support and possible cross funding of existing and emerging SE initiatives. Performance updates, similar to those currently posted to the Swindon Benefits Strategy Group, will be formulated and periodically updated to include measures on membership of the SEN, outcomes of collaborative working and the eventual numbers of residents that have been assisted.

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4. Alternative Options

- 4.1 Cabinet could choose not to implement the proposals in this report. No alternative options are being put forward at this stage, but the funding for the post of Social Inclusion and Welfare Manager will end in January 2018.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 The recommendation to use Credit Unions to offer 'underwritten' loans instead of the Council giving Local Welfare grants will save the general fund approximately £21,000 per annum. Changes already made to the Local Welfare scheme will result in the budget being underspent by £76,000 this financial year, and if recommendation 2.2 is agreed, the further £21,000, will result in £97,000 being saved. It is recommended that these savings are utilised in the employment of the "Social Inclusion and Enterprise staff" as recommended in 2.3 above.

Legal and Human Rights Implications

- 5.2 Legal and Human Rights considerations have been taken fully into account in compiling this report. It is considered that the steps taken by the Council in relation to Social Inclusion and Enterprise are proportionate and compatible with convention rights.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.3 Reducing the numbers of people against whom recovery action is undertaken may help reduce poverty and possible links to crime, in addition to helping meet the Council's pledge number 24. Pledges 25, 27 & 29 are also facilitated by the recommendations made here. 25: "Deliver a borough-wide approach to increase the impact of volunteering, enabling more people to be active citizens in their communities". 27: "Ensure that more people and their carers are supported to live as independently as possible and reduce the length of time people need to spend in residential care". 29: "Work with all of the 1270 families in Swindon who are in most need of support by 2020 in phase 2 of the Troubled Families Programme".

Diversity Impact Assessment

- 5.4 A Diversity Impact Assessment (DIA) has been undertaken and the offering of low interest loans rather than Emergency Assistance Fund grants has been noted as an impact. In mitigation Credit Unions are sensitive in their pursuit of non-payment and seek to avoid hardship. The joining of a credit union also encourages responsibility and once loans are repaid members are encouraged to save for any further emergencies. A copy of the DIA is available from the report author.

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Risk Management

- 5.5 No additional funding is required to cover the recommendations made based on the reallocation of the Local Welfare budget. There can be no guarantee of success in regard to the establishment and impact of the Social Enterprise network on the growth of Social Enterprises within the borough. There is a risk of the “emergency loan” defaults estimated at 15% of the £25,000 initial underwriting limit: £3,750 being higher. However this is a potential expenditure to save the balance of £21,250 against this budget. Further based on the last 6 months Local welfare awards average (Nov 16 to April 17 inclusive) of £2,448, an additional saving of £40,000 may be obtained.

6. Consultees

- 6.1 The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

7. Background Papers

- 7.1 None

8. Appendices

- 8.1 None

9. Key Decision/Decision in Cabinet Work Programme

- 9.1 This is a Key Decision.