

Wiltshire Council

Council

13 November 2012

Questions from Councillors

From Cllr Chris Caswill, Chippenham Monkton Division

To

Cllr Jane Scott OBE, Leader of the Council

Question 1

- a. What steps are being taken to replace the Community Care Grants and Crisis Loans which the Government is abolishing from next April?
- b. What steps if any is the Council intending to take to counter the rising tide of high interest payday loans which is causing such distress and hardship to those who are in debt and are being tempted to go down that route?

Response

a) **Background**

- Welfare reform Act 2012 – key functions of social fund will be devolved to local authorities from April 2013
- Currently two parts – Regulated social fund/discretionary social fund
- Discretionary elements – Community care grants/crisis loans
- Emergency expenses – one off
- Replace white goods – fridge/cooker/washing machine
- Fuel reconnected
- Furniture – bed/sofa
- Leave care/prison

Key Principles

- To support people through personal economic/life crisis- alleviate immediate hunger or poverty this may be through signposting or direct support
- To prevent economic crisis by promoting Independence – helping people to try and help themselves through sound financial management advice and support.

Wiltshire's Approach

Wiltshire were contacted in late August 2012 by the DWP confirming that £619,000 will be awarded to the council to distribute through any new scheme

it decides to introduce, in replace community care grants and crisis loans, only. The DWP will continue to deliver other emergency payments.

The delivery model is being designed, building on existing software and processes in use by the Revenues and Benefit service. As only £6,000 has been allowed for set-up costs, it would be difficult to design a bespoke system. Revs and Bens will provide the service, be it by telephone or face to face, from their current offices across the County. It is they who will process the applications forms, issue payment in its various forms and record the outcome.

The service has to be delivered by an accessible team capable of issuing payment, quickly. Payment may be in the form of an automated BACS payment but more likely via a credit to spend on essential or refurbished white /brown goods, travel expenses of even food parcels. This also requires working with partners, particularly the voluntary sector who can offer support or appropriate goods or services to those who qualify.

To achieve these aims the following has still to be determined:

- Design application/including self serve
- Agree budget
- Out of hours service provision
- Appeal process
- Mapping existing services across the council to avoid duplication of service provision
- Consultation -next steps – principles, name

Once a scheme has been fully designed the scheme will then be brought to cabinet and once implemented will have to be marketed in order to raise awareness, specifically in agreement with the DWP who will need to be able to signpost mutual customers to this new service.

- b) The Council recognises that there are various sources of credit available to people in Wiltshire. Illegal sources of credit (loan sharks) are being identified and tackled through our partnership with England's Illegal Money Lending Team. Legal sources of credit include door-step lenders and companies offering 'pay-day' loans. We recognise that many of these sources of credit are very expensive and, frankly, unaffordable for the people who use them (especially those on a low income). However, they are **legal** sources of credit and the Council respects the right of individuals to borrow from them and the right of such business to operate. Instead, what we are doing is working with partners, through the Wiltshire Money partnership, to increase understanding of the cost of unaffordable credit and also promote alternative sources. So, for example, we are promoting Wiltshire Community Bank which sees credit unions in the county offering savings accounts and affordable loans to their members. We are working with children's centres to raise understanding amongst staff about debt and affordable credit so that they are better placed to support their clients. We are also researching an alternative 'pay-day loan' product with Wiltshire Community Bank. Ultimately, we want to promote responsible borrowing and in some cases further loans will compound an already difficult situation. In these cases we urge people to seek advice from Wiltshire Citizens Advice because the solution is often not more borrowing but to tackle the debt they are facing.

Further information:

www.wiltshiremoney.org.uk

www.wiltsccommunitybank.co.uk

www.cabwiltshire.org.uk