

Report to the Cabinet

Report reference: C-080-2009/10
Date of meeting: 1 February 2010



Portfolio: Finance and Economic Development
Subject: Debt and Money Advice Provision
Responsible Officer: Chris Overend (01992 564247).
Democratic Services Officer: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

- (1) That the significant impact of the recession on the number of cases dealt with by Epping Forest CAB and the CAB's excellent response to the increased workload be recognised and, in giving its support, the District Council continues to work alongside the CAB as it seeks additional resources, be they finance, staff, volunteers or premises, to ease the effects of that additional workload;
- (2) That the District Council foster an interest in volunteering and voluntary work by encouraging employees to become volunteers in their spare time (e.g. as part of the induction programme), through publicity in The Forester magazine and encouraging other major employers in the District to promote the benefits of voluntary work;
- (3) That voluntary work also be promoted through the use of information available at suitable locations, including Council Offices and Job Centre Plus;
- (4) That the need for more spacious facilities, also providing greater confidentiality, for interviewing benefits claimants be addressed as a matter of urgency through the Customer Transformation Programme or another Civic Offices work programme;
- (5) That the District Council recognises and supports the vital role being carried out by Credit Unions in general during the economic recession;
- (6) That the District Council also supports the work being carried out by Essex Savers in the District and, in giving encouragement to the extension of its operation to the more outlying rural areas, assists in publicising the role of Essex Savers generally, internally and through other major employers in the District; and
- (7) That the LSP be supported in its bid through the Future Job Fund for the creation of jobs in the District.

Executive Summary:

Following the adoption of a motion at Council on 16 December 2008, and subsequent discussion at Overview and Scrutiny on 29 January 2009, a Scrutiny Sub-Committee was set up to review current debt and money advice provision; to review the support the

District Council offers the Citizens' Advice Bureau and whether this support should be extended; and to incorporate the outcome of the review into the budget process. Having carried out its review, the Sub-Committee submitted its report to Overview and Scrutiny Committee which supported the recommendations contained in that report, at its meeting on 12 November 2009.

Reasons for Proposed Decision:

The recommendations put forward have both policy and resource implications and, for those reasons, have been referred to the Cabinet by the Overview and Scrutiny Committee for approval. The recommendations focus on a number of areas, including level of support to be provided by the District Council to the CAB as it seeks additional resources to ease the burden of a greatly expanded caseload, the significant roles being played by the voluntary sector and credit unions during the current recession, and the creation of jobs in the District.

Other Options for Action:

The other options are wholesale rejection or support of only some of the recommendations put forward. However, the review carried out by the Sub-Committee provided a clear indication of the vital work being carried out by many of the agencies in the public and voluntary sectors both generally and in response to the economic situation, to mitigate against its worst effects. Not supporting the recommendations put forward would be a lost opportunity in terms of building on the work carried out by the District Council to date, and in supporting the work undertaken by others, and could compound the severity of problems in the future.

Report:

1. The Sub-Committee met on four occasions. Membership comprised Councillors Jon Whitehouse as Chairman, and Councillors Ken Angold-Stephens, Mrs Antoinette Cooper, and Mrs Janet Whitehouse. Councillor John Markham substituted for Councillor Angold-Stephens at the meeting on 14 April 2009. Support was provided by Chris Overend, the District Council's Policy and Research Officer. Other District Council officers and representatives from a number of external partner organisations attended meetings as required. These were Janet Twinn, Janis Hicks and Ian Willis from the District Council's Benefits Service, Roger Wilson, Assistant Director of Housing, Jacquie Foile, Chief Officer of Voluntary Action Epping Forest, and Julia Milovanovic and Tony Jennings of Epping Forest CAB.
2. The work programme consisted of a review of existing provision and options for extending that provision, obtaining the views of individuals working in areas, whether internal or external to the District Council, which had been affected by the economic situation, hearing about the experiences of those in receipt of money and debt advice, an assessment of the role played by credit unions and the work of the LSP Task and Finish Team on the "Credit Crunch".
3. The Sub-Committee noted or agreed the following actions prior to the finalisation of its report and putting forward the recommendations to Cabinet set out at the commencement of this report:

(a) The District Council became a signatory to the Small Business Engagement Accord on 3 November 2009;

(b) Local Banks/Building Societies were written to ascertain their current arrangements when, as a consequence of financial circumstances, customers had their property repossessed or there was a threat of repossession (Disappointingly no responses were received from any of the banks or building societies); and

(c) The need for a Direct Link on the District Council website to Benefits Information was identified and subsequently set up.

4. The Sub-Committee also put forward other recommendations for future action, subsequently agreed by the Overview and Scrutiny Committee, and as set out at the commencement of this report. Further information in respect of those recommendations is set out below.

5. It is clear from the research carried out by the Sub-Committee, and the various presentations received at its meetings, that many of the agencies in the public and voluntary sectors are very much aware of the impact locally and have taken action to mitigate against its worst effects. Indeed, the agencies concerned have effective services and procedures in place as part of their regular ongoing provision whatever the prevailing economic situation. The wide range of initiatives and effective procedures that the District Council's Benefits and Housing Services have in place is a good illustration of this point.

6. One agency which the recession has impacted on significantly is the CAB. There has been a quadrupling in the number of enquiries it has dealt with in the past year with the vast majority of these enquiries being in the categories of debt, benefits, employment or housing, or involving a mixture of these issues. A gradual change in the type of client is being witnessed with an increasing number of bankruptcies and debt advice cases involving individuals from the professional classes such as company directors. The current demand has increased the number of cases and waiting times in general.

7. The impact of the recession on the Epping Forest CAB has been compounded by the lack of suitable additional and alternative accommodation. Even in instances when additional debt advisers might be available, the potential for reducing the backlog is limited because of the lack of further suitable interviewing rooms. Thus the Epping Forest CAB have a need for both additional funding, especially in the area of debt advice, and improved additional or alternative premises. (The District Council has recently allocated accommodation to the CAB at the Leisure Centre Offices at Hemnall Street and it is hoped this will go some way towards easing the problem).

8. Contrariwise, but not unusually, the economic situation has led to an increase in the number of individuals, currently unemployed, entering voluntary work. This should be seen in a positive light in the sense that many of the individuals concerned have particular skills to offer which might not usually be readily available to the voluntary sector. They are being introduced to the world of volunteering and might continue to carry out voluntary work even when the economic situation improves and they are re-employed. Volunteering amongst the unemployed is known to be beneficial, not only to their self-esteem but also because it can develop new skills that can help employability.

9. However, voluntary work comes neither free nor cheap. The recession has led to greater demands on VAEF and the voluntary sector in general, with greater training costs and volunteer bureaux facing the administrative burden in terms of the placement of volunteers, all of which adds to the costs. There is a need to support VAEF and the voluntary sector in whatever ways possible, including promotion of the volunteering ethos but backed up with the

provision of the extra resources required consequent upon the additional volunteers coming forward. (It is recognised that in encouraging staff to volunteer for organisations such as the CAB, there is a potential conflict of interest should they encounter a customer with issues against the Council. There is also a need for staff to comply with the Staff Code of Conduct).

10. The number of Housing Benefits and Council Tax Rebate cases has also increased significantly and needs to be monitored in terms of workload and timeliness of responding to clients, particularly given that clients are often in need of urgent help and assistance at an early stage which could prevent them from resorting to obtaining loans from undesirable sources. There is insufficient privacy for Benefits staff when talking to clients at the Civic Offices with the shortage of suitable space leading to long waiting times and adversely affecting customer relations. Thus there is an urgent need for improved accommodation where benefits staff could talk to clients confidentially.

11. One major problem is that not everybody entitled to benefits makes a claim. There are a number of reasons for this, amongst them a lack of awareness, the complexity of the system, personal pride in not being dependent on the state, and the information being difficult to understand. Government statistics suggest that couples with children, 'under-claim' by between 25-40%, with an even greater number missing out on Council Tax Benefit. Welfare rights organisations need to be supported in getting the information out, with the District Council exploring what it could do to publicise the information. Whilst Council staff already help with the filling out of forms, further ways of identifying people who might need help, should be considered. Other agencies and organisations might be encouraged to help in this process, for instance, schools through their experiences of children from families in difficulty.

12. In general there is plenty of support available to vulnerable people but getting the information and required support to them is not always effective given the complexity of the benefits available. Communication within and between the different Council service areas is generally good, although being passed from one area to another can cause confusion for claimants and make the process testing. Publicity in *The Forester* and in local newspapers should continue, with easy to read leaflets available at all suitable information points.

13. Credit Unions are non-profit organisations set up by people with something in common such as living or working in the same area. They work by encouraging individuals to save what they can and borrow only what they can afford to repay.

14. Before individuals can borrow or save, they need to become members. Across Essex, Credit Union membership grew by over 25% in 2008. Membership continues to grow among those who have been refused credit elsewhere and, more recently, with those seeking and wanting to support a more ethical form of finance.

15. All profits are used to make interest rates as cheap as possible for borrowers and rates of return attractive for savers. Credit Unions often lend smaller amounts of money over periods of time that a bank would not consider. Savings tend to be ultra flexible, allowing the possibility of saving amounts, large or small, on a weekly, monthly or other basis.

16. There are presently a number of Credit Unions in the county including Essex Savers, Basildon, Colchester, Harlow Save and Holdfast C.U.

17. On 28 September 2009, the Epping branch of Essex Savers was launched at St John's Church in Epping. The branch opens on Monday each week between 10 a.m. and 12 noon.

18. The Future Jobs Fund offers the potential to get young long-term unemployed people back into employment. The scheme allows for grants of £6,500 for six month placements of

a minimum of 25 hours per week and could be used in respect of socially useful initiatives. Offering apprenticeships to locally unemployed people, especially the young unemployed, is to be encouraged, both internally at the District Council and through local businesses.

19 Through the Future Jobs Fund, West Essex Partnership (which consist of Member and officer representatives from Epping Forest, Harlow and Uttlesford LSPs) has been awarded £1.1 million for jobs across the three Districts. The money is being released in two tranches and, in the Epping Forest District, will be released in two tranches leading to 28 job placements (14 per tranche). The first job placements are now being taken up. The Department of Works and Pensions (DWP) has recently approached the local LSPs with an offer to significantly expand the scheme and increase the funding available. Discussions with the DWP are ongoing.

Resource Implications:

The implementation of the recommendations put forward can be dealt with through existing resources. However, any decision to increase the level of financial support to the CAB might potentially impact on the Grant Aid Budget (unless met through other sources) and limit the opportunity for funding the applications from other voluntary and community groups which might be deemed equally worthy.

Legal and Governance Implications:

There are governance implications for staff volunteering, details of which are set out in Paragraph 9 above.

Safer, Cleaner and Greener Implications:

None.

Consultation Undertaken:

Epping Forest CAB, Voluntary Action Epping Forest and staff from the District Council's Benefits and Housing Services were consulted as part of the review process and gave presentations to the Sub-Committee.

Background Papers:

Reports on existing provision by Epping Forest CAB and VAEF and various credit unions. Various documents on good practice in dealing with the recession and the final report of the Overview and Scrutiny Sub-Committee on Debt Advice.

Impact Assessments:

Risk Management

The proposals put forward have limited risks in terms of the use of resources. Using the resources as suggested is far more likely to have a positive effect than a negative one in terms of dealing with the impact of the current economic situation. There are also potential conflicts of interest for staff seeking to volunteer details of which are set out in Paragraph 9 above.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? N/A

What equality implications were identified through the Equality Impact Assessment process?
N/A.

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?
N/A.

The District Council, VAEF and Epping Forest CAB have their own equality and diversity policies and procedures in place.