

DERBYSHIRE COUNTY COUNCIL

CABINET

22nd October 2013

**Report of the Strategic Director for Children & Younger Adults and
the Director of Public Health**

**EXPANSION OF AN ADVICE SERVICE IN CHILDREN'S CENTRES –
(Children and Young People)**

1. Purpose of the Report

To seek approval to put out to tender the provision of a generic advice service to ensure coverage at one day per week within all children's centres in partnership with Public Health.

2. Information and Analysis

Background

Derbyshire County Council has commissioned the local Citizens Advice Bureau to provide an advice service in some Children's Centres since 2008. The service includes welfare benefits advice, debt management, employment advice and advice on other social issues including domestic violence, homelessness and housing problems.

As the service addresses social and financial influences on health, such as poverty and homelessness, this intervention also contributes to reducing health inequalities, a key aim of Derbyshire County Council.

The financial outcomes of this service for Derbyshire families are significant. In 2012/13 the service has helped 940 families – 1,307 children - (exceeding the target by 291 families), has helped to re-schedule over £3.6 million of debt (against a target of £1.3 million) and gained over £1 million of benefit/tax credits (against a target of £779,000). Put differently, for every £1 of investment (£114k), the service rescheduled £32.18 of debt and gained £10.41 in benefits or tax credits. These outcomes were achieved with approximately one hour's advice per Children's Centre.

Current Situation

There is an increasing evidence base to indicate decreasing living standards for low income families nationally and in Derbyshire.

Families under financial stress are not only those where worklessness and dependence on employment related benefits are prevalent.

The independent Institute for Fiscal Studies (IFS) has indicated the fall in relative living standards since 2008 for childless and low income families, and a rise in income inequality between 2008-2013.

While the cost of the things required to give a child a decent standard of living increased by 4 per cent over the last year, the minimum wage only went up by 1.8 per cent, and average earnings by 1.5 per cent. There is a growing gap between the costs faced by families and their incomes.

Over half of children and working age adults in poverty live in a working household. “In Work” poverty, as it is generally known, has been rising steadily over the past decade.

Work does not provide a guaranteed route out of poverty in the UK. Two-thirds (66 per cent) of children growing up in poverty live in a family where at least one member works.

Health inequalities between deprived and non-deprived areas have grown in the past decade. For example people in the most deprived wards in Derbyshire live on average seven years less than those in the most affluent wards.

Other under-lying issues relating to the jobs market, such as low pay, temporary and part-time jobs and zero hours contracts, exacerbate the problem. Whilst in this downturn unemployment has not grown as much as in previous recessions, this relates more to in work poverty overtaking out of work poverty for the first time.

There are 1.4 million people working part time who want and need extra hours. “Under employment” is an increasing feature in national statistics.

In addition to this, The Department for Work and Pensions notes that 10 million people in low income households have unsecured debt and three quarters of those in the lowest income quintile have no cash savings.

Family Debt is a key and increasing factor in families accessing advice services.

Average household debt has risen by more than 40% in the past year, with a large chunk being owed to family and friends, a survey has suggested.

Some £2,000 of the average £13,000 owed by each household came from friends and family, the same amount as borrowed on credit cards, the report found.

The Aviva Family Finances report studies data from 18,000 families. It suggested that families' incomes had risen, but average debt had also increased from £9,000 a year ago.

Some 5% of families were using payday loans, while 3% were using pawnbrokers, the report said.

Finally, the Welfare Reform Act currently being implemented is impacting primarily on low income families, as pensioners are protected for the cuts.

The respected Institute for Fiscal Studies notes that rate rise restrictions on In Work Tax Credits, imposed by the Chancellor in his Autumn statement, will mean over the next three years a real terms cut of 4%, and the impact of tax reforms and benefit reforms will mean an almost 6% reduction in income for families in the third lowest income decile of families with children.

The same report also notes that a couple with children – out of work – will be subject to over an 11% reduction in net income between 2010 and 2015 as a result of the reforms. Lone parents will also face a reduction in income (over 10% if not in work, over 6% if in work). These figures exclude additional challenges created by changes to council tax benefit.

Child Poverty in Derbyshire

Levels of child poverty in Derbyshire are slightly below the national (21%) and regional (18%) estimates; there are currently 16.7% of children (under the age of 20) living in poverty in the county, this equates to 26,595 children, of which 23,355 are under the age of 16 (2010 figures).

At local authority level Bolsover exceeds both national and regional averages for child poverty (22.8%); Chesterfield exceeds the regional average and falls only 0.6% below the national average (20.4%).

Next to both Bolsover (23%) and Chesterfield (20%) Erewash (17%) has third highest percentage of children living in poverty in the County. These equate to 3,650 children in Bolsover, 4,320 in Chesterfield and 4,035 children in Erewash.

There are significant pockets of child poverty at ward level, in Bolsover and Erewash respectively almost half of all children in poverty live in North West Shirebrook (43%) and Ilkeston North (47%).

North West Shirebrook and Ilkeston North are both in the top 20 parliamentary constituencies with the highest levels of child poverty in England.

All districts, including Derbyshire Dales, have wards with over 10% of children living in poverty.

A more recent estimate suggests that all Districts (except Derbyshire Dales) in Derbyshire have child poverty levels in excess of 25%, with four containing wards with 30% to 42%, the highest being in the High Peak.

Children's Centres in Derbyshire

There are 32,990 children aged 0-4 registered with the council's children's centres, representing 82.4% of the under-5 years population. The highest take up areas are Bolsover and Chesterfield.

In relation to Children's Centres 'Reach' Areas¹, there has been a significant rise in the numbers of families on Job Seekers Allowance since 2009,

IMPLICATIONS OF THE ECONOMIC ENVIRONMENT FOR DERBYSHIRE FAMILIES ON LOW INCOME.

1. There is mounting evidence that an increasing number of families on low incomes are experiencing financial difficulties. Whilst unemployment figures are not rising dramatically, cost of living increases combined with low income rises and short hours are making it difficult to make ends meet.
2. An increasing number of families are turning to 'pay day lenders or door step lenders – as a routine - to bridge the gap between income and outgoings, as well as to relatives and friends. These new financial structures, although enticing, are receiving increasing negative attention over their assessments of who they should lend to and their often exorbitant interest rates.
3. Non-payment of debt instalments is an early fix for borrowers, but default leads to heavy penalties from traditional lenders and the newer pay day companies, and further restrictions over choice, leaving some vulnerable to less scrupulous lenders and a spiral of debt problems.
4. Whilst Credit Unions are a welcome alternative source of short-term income, and are a growing presence in the Derbyshire economy. Non-payment of loans with Credit Unions can exacerbate people's debt so further excluding from this valuable source of income- again pushing people towards less scrupulous sources of revenue.
5. The introduction of the welfare reforms in relation to both housing benefits and the Universal Credit will add to the pressures on some low income families, not only in relation to reductions and caps to benefit, but also in relation to the process expected, for example, direct payment to benefit claimants (rather than housing providers), changes in the frequency of payments, and with a default expectation of electronic

claims, especially for those with poor money management and/or I.T. skills.

The economic employment model, involving restricted wage growth and reducing tax credits, is going to impact for years to come, therefore it must be assumed that there will be increasing and significant demand for debt management and restructuring advice for low income families.

The many transitions and sliding timescales involved with implementation of the welfare reforms will also increase uncertainty for families. Challenges to assessments in a technically complex welfare benefits environment will require the maintenance of skilled benefit advice workers who can pick up this complex work, including appeals.

IN SUMMARY

The economic environment is for the foreseeable future going to impact most on low income families. Whilst this includes families dependent on welfare benefits, low income families in work are increasingly struggling to make ends meet and these may be at risk of taking on unaffordable – or unmanageable – debt.

Therefore the authority, in seeking to progress its priorities of reducing health inequalities and improving the life chances of children and families in Derbyshire, should adopt a robust and wide ranging approach to those who may seek advice over financial and other social difficulties.

Whilst universal and targeted services can, to a more or lesser degree, promote financial competence through increased budgeting skills (for instance: through encouragement of Jam Jar accounts and the use of the Social Market Foundation's typology of budgeting types) for the people of Derbyshire, there should be a clear focus on supporting people on low income experiencing financial difficulties over debt problems. This work should be complemented by a highly skilled welfare benefits team, who can contribute to increasing the income of people in poverty.

Links with Public Health

Improving the health and life chances of children and their families is a key priority of Derbyshire's Health and Wellbeing strategy. The Marmot Review of Inequalities in Health (2010) emphasised the importance of giving children the best possible start in life by ensuring that their material and social circumstances were sufficient for good health and development. Derbyshire's comprehensive approach to commissioning Citizens Advice in GP surgeries is cited as an example of good practice in the Marmot Review (p122). Extending provision of advice to all Derbyshire's Children's Centres epitomises Marmot's principle of 'proportionate universalism'. This means that all areas have some access to advice and the most deprived areas, where Children's Centres are located, have proportionately more.

The transfer of Public Health from the NHS to local authorities in April 2013 provides an opportunity to pool resources to achieve outcomes for the Children's Trust and for Public Health simultaneously. This approach was endorsed on 30th July 2013 when Cabinet approved the Public Health report, specifically, the joint funding of an expansion of advice into Derbyshire's Children's Centres.

Advice Service Options Appraisal

To ascertain the most appropriate and cost-effective advice service for families, an options appraisal was conducted by officers from the Children's Trust, Public Health and Adult Care. A number of options were considered and costed. Officers made a recommendation which Members endorsed on 5th September 2013.

The service that will be provided

The proposed service comprises a day per week of advice for every Children's Centre. This will be delivered in a way that is most accessible for families. For example, families can receive advice at the Children's Centre, in their own home or elsewhere to suit themselves and their commitments, e.g. child care and working hours. Referrals can be made by Children's Centre staff and requested by families themselves.

An audit of benefit appeals from the advice provision within GP surgeries shows that it refers approximately 250 appeals a year to Derbyshire County Council's Welfare Benefits Information and Advice Service (WBAIS). Some individuals are also referred to the Derbyshire Unemployed Workers' Centre (DUWC). In acknowledgment of managing the cost of these appeals, there is provision in the Public Health budget to contribute to these costs up to March 2015. This means that the WBAIS and DUWC can contribute to the advice service offered in Children's Centres (and GP surgeries) by dealing with up to 500 appeals a year. This specialist appeals service will increase the capacity of advice provision in Children's Centres and will significantly increase the success rate of the appeals that are made. The outcome of this investment will be increased income for the families whose appeals are successful. For example, the average benefit gain from an appeal represented by the Welfare Benefits Team in 2012/13 was £4306.63.

The options appraisal also identified an opportunity to reinstate a welfare benefits training function for public and voluntary sector workers in Derbyshire. This has been an unmet need since March 2011 when the function stopped due to budget cuts.

Training will be provided on issues including: benefits system overview; personal independence payments, Universal Credit and other issues identified by those working in the advice sector in Derbyshire. This will increase the knowledge and capacity of advice providers in Derbyshire which in turn will help to meet the exponential increase in demand for advice. The funding for the training function can be met from an underspend in a Public Health budget until March 2015.

Estimated annual outputs of the service

Families advised = 3,846
Children involved = 5,347
Problems dealt with = 9,717
Financial gains = £4,850,560
Debt rescheduled/written off = £15,008,752
Cost per problem dealt with = £47.84
Cost per client = £121.28

Value for money: every £1 invested secures an additional £10.40 for families and manages £32.18 of their debt.

Appeals managed = 250
Appeals that succeed = 125
Financial gains for families = £538,375
Average gain per family from appeal = £4,307
Cost per appeal = £190

Value for money: every £1 invested in appeals secures an additional £11.33 for families.

The training outputs are estimated as 600 'training days' at a cost of £61 each.

3. Considerations

Financial Considerations

The cost of the current advice service within Children's Centres is £114,000 per year and is met from existing CAYA budgets.

The estimated additional cost of the enhancement of this service for one year is expected to be £352,400. This will be met by a contribution from Public Health of £233,200 which can be met from existing budgets and £119,200 from CAYA which will be provided from the earmarked reserve for specific grants for children's services. There is provision in the Public Health budget for a contribution towards the cost of appeals to WBAIS and DUWC of £25,000 in 2013/14 and £50,000 each in 2014/15.

There is provision in the Public Health budget to contribute to the training function of the WBAIS of £23,750 in 2013/14 and £47,500 in 2014/15.

Human Resource considerations

The additional temporary increase in capacity within the Welfare Benefits Team will be made within existing structures, and on the basis of fixed term appointments, recruited to under the Council's recruitment and selection procedures.

Other Considerations

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, equality and diversity; environmental, health, legal, property and transport considerations.

4. Key Decision

Yes/No

5. Call-in

Is it required that call-in be waived in respect of the decisions being proposed in the report? Yes/No

6. Background Papers: An options appraisal paper for an income maximisation and debt management advice service delivered through Children's Centres.

7. OFFICER'S RECOMMENDATIONS

1. That Cabinet agrees to go out to tender for the provision of a generic advice service within Children's Centres to extend the provision as outlined in the report.
2. That Cabinet approves the financial contribution for appeals to the Welfare Benefits Advice and Information Service and the Derbyshire Unemployed Workers' Centre of £25,000 in 2013/14 and £50,000 each in 2014/15 from the Public Health budget
3. That Cabinet approves the reinstatement of the Welfare Benefits Advice and Information Service training service from the Public Health budget of £23,750 in 2013/14 and £47,500 in 2014/2015.
4. That these services are monitored and evaluated with recommendations for future investment to be made from April 2015.

Ian Thomas, Strategic Director for Children & Younger Adults and Elaine Michel, Director of Public Health