A. Background to CRNS

1. Community Resources Network Scotland (CRNS) represents re-use, recycling and repair organisations across Scotland on issues of sustainable community resource management.

2. The majority of members of CRNS are social enterprises managing waste resources at a local level through recycling, re-use, composting, waste reduction and waste education activities.

3. Members prevent tonnes of valuable product and materials from ending up in landfill, create local jobs and other economic opportunities, and typically work to help those on low incomes or who are disadvantaged.

4. The CRNS State of the Sector survey for 2014 shows that:
   
a) Third Sector re-use and recycling activity was reported in all 32 local authority areas. The greatest concentration of activity was in Edinburgh and Glasgow.

b) The Third Sector diverts in excess of 46,000 tonnes per year from landfill or other final disposal routes. Recycling tonnage is the largest proportion of that figure at 31,575 tonnes (68%) followed by re-use tonnage at 13,695 tonnes (29%) and community composting at 427 tonnes (1%).

c) Third Sector re-use and recycling activity generates in excess of £24 million turnover per year. There is an uneven distribution of turnover across the third sector: Five organisations (4%) reported a turnover of over £1 million whilst 21 organisations (19%) reported a turnover of less than £25,000.

d) Fifteen organisations reported that they had experience in winning tenders to deliver re-use and recycling activities with 41 organisations reporting they had not considered tendering at all. Twenty three organisations reported that they currently had at least one service level agreement in place to provide re-use and recycling services.

e) The finance data shows a trend towards more earned income and less grant income for Third Sector re-use and recycling organisations: 51% of gross income was reported as earned income for 2010-11 and this figure had risen to 64% for 2012-13. CRNS has seen an increase in diversification among members as a matter of necessity and views this as an opportunity for the sector seeing diversification into recycling bike, jewellery and other such items. This shift appears to be driven by economic necessity for the sustainability of member organisations.

f) Third Sector re-use and recycling organisations reported employing 685 full-time equivalent staff, involved 3,448 volunteers and supported 682 placements annually. Twelve organisations employed over 50% of the
total staff numbers reported and 75 organisations reported having five or fewer full-time equivalent staff.

In response to the invitation to give evidence to the Scottish Parliament’s Welfare Reform Committee’s call for written evidence on the above Bill, CRNS has consulted members and provides a summary of collated responses below.

Specifically evidence with regard to the Welfare (Scotland) Bill, the consultation sought views on the following questions:

1. Are you in favour of the Bill and its provisions? Do you think the Bill fully achieves the Scottish Government’s aim of providing assistance for short term need and community care?
2. The interim SWF scheme has already been running for two years. Do you feel that the Bill has suitably taken on the learning from this time?
3. Is there anything else that you feel should be included in the Bill?
4. Will the Bill and its provisions have a particular impact on equalities groups?
5. Do you agree with the proposal that local authorities have the option to outsource the provision of the fund to a third party or jointly administer the fund across local authority boundaries? What are the benefits or drawbacks to this approach?
6. What are your views on the proposed internal local authority review process?
7. Do you agree that the SPSO is the appropriate body to conduct secondary reviews?
8. What are your views on the level of detail that will be contained within the regulations? Is there any aspect which you feel would benefit from being on the face of the Bill?
9. Do you think that the costs attributed to the running of the fund and the set-up of the SPSO to administer secondary reviews are realistic and proportionate?
10. Do you have any comments on any other provisions contained in the Bill that you wish to raise with the Committee?

The Committee welcomes views on all of the Bill’s proposals. In particular, the Committee would like submissions to address the following questions:

General

1. Are you in favour of the Bill and its provisions? Do you think the Bill fully achieves the Scottish Government’s aim of providing assistance for short term need and community care?

Yes the Bill and its provisions, as it stands provides a wide scope for Local Authorities to authorise and pay grants to those in need.

CRNS believe that the Bill could go further in how short term need and community care is provided. There currently is no provision to ensure that a Local Authority or its agency makes use of a community based organisation for the provision of furniture or ‘starter pack’ goods for the relief of immediate and short term needs.
CRNS’ view is that giving clients’ sustainable choice between new and re-use could help break the cycle of poverty currently being exacerbated by providing only new furniture.

2. The interim SWF scheme has already been running for two years. Do you feel that the Bill has suitably taken on the learning from this time?

No. While CRNS support the provision of furniture for those in need there are a number of key aspects to the current arrangements that could be improved if local community re-use organisations were more fully engaged in the process.

These improvements include:

a. The use of re-use community organisations to provide a choice in the type and style of furniture made available to those in need.
   a. CRNS evidence shows that providing choice to those in most need enhances their self-esteem, brings an element of dignity to individuals in need, creates a sense of ownership of the furniture provided and increases the likelihood of a reduction on continued welfare support. In effect providing choice though re-use organisations in the community creates a virtuous cycle of upward mobility and increases the chance of moving people from poverty.
   b. Use of the Scotland Excel Procurement Framework has had a negative impact on community based organisations and upon the number of recipients of grant funding from the welfare fund.
      a. CRNS fear that the use of new furniture as a main route to addressing welfare needs engenders behaviours that the re-use community and the zero waste agenda seeks to break. CRNS and its members actively seek to create an environment where the re-use option is valid while seeking to reduce impact on landfill and increase resource recovery.
      b. While CRNS does not wish to burden Local Authorities with unnecessary administration we do seek to ensure that at the heart of procurement there is a serious consideration given to the re-use sector. Developments in the re-use community utilising electronic point of sale technology can provide a valid and reliable alternative.
   c. Comparative cost data shows that buying new (via Scotland Excel) reduces the amount of money available and so reduces the spread of funds to impact on addressing the welfare needs of those across Scotland. Additionally, the potential for those in need to be drawn into a vicious downward spiral of debt is high. Managing expectations is a key part of behavioural change and provision of an only new option reinforces the notion that only new is acceptable. This approach can lead to unnecessary costs being incurred by those in need and draw these individuals into interactions with organisations such as WONGA or Brighthouse. For example to buy as a one off purchase a basic MDF 2 door 2 drawer wardrobe from Brighthouse would cost (at 1/7/2014) £322.68 or £3.97 per week for 156 weeks = £619.32 with an APR of 64.7%. Buying a similar product on line would cost a little as £115 or one fifth of the price. Using a re-use community store the likelihood is that such a purchase would be in the region of £40 - £50.
d. Focusing on new furniture creates a culture of ‘I want it new and I want it now’. This does not address the long term need to break the poverty cycle and undermines the zero waste agenda that so much of Scotland and its people are trying to implement. Exposing people to the re-use option has shown that people value the choices given, see this as value for money and increases the re-use sectors’ impact on resource recovery. Offering re-use as a viable alternative to new items provides a sustainable option for clients, reduces the feeling of entitlement and generates a virtuous cycle.

e. Recent CRNS research by the National Furniture Co-ordinator shows that 50% of clients in the Midlothian Council area choose to buy re-use goods with their SWF voucher because they had been exposed to re-use and could see that it was good value. Of this 50% a large number returned to buy more re-use goods. Additionally those individuals who choose new goods also returned to the MARC store having been exposed to the re-use market to make purchases. This is a clear indicator of behavioural change and if replicated could provide a route to long term sustainability across Scotland.

3. Is there anything else that you feel should be included in the Bill?

CRNS would welcome the provision for greater use of re-use outlets within the procurement process. This would serve to facilitate a key Government objective: zero waste, engender behavioural change, improve the human rights position within the Bill by increasing personal choice and help to break the cycle of need that leads or maintains people in poverty.

4. Will the Bill and its provisions have a particular impact on equalities groups?

Administration of Welfare Funds

5. Do you agree with the proposal that local authorities have the option to outsource the provision of the fund to a third party or jointly administer the fund across local authority boundaries? What are the benefits or drawbacks to this approach?

CRNS believes the option to outsource the provision of the funds to a third party or to jointly administer the funds across local authority boundaries would have to firmly focus on the needs of the end user of these funds. Were the outsourcing to be viewed as a business opportunity for a third party CRNS would firmly oppose such a move. Cross boundary working between local authorities could, if well managed, alleviate geographic discrepancies, where a person may wish to move from one area to another.

a. CRNS considers that any third party administrator of the funds would need to be competent in welfare rights, have the client interests at heart and firmly focus on increasing personal choice, education of recipients about money management and advice and be able to support clients in making well informed choices. Additionally we would, as previously stated, actively encourage the engagement of the re-use community to maximise the purchasing value of the welfare grants provided.
b. Given the above comments CRNS would be supportive of an organisation such as Citizens Advice Bureau (CAB) as an independent third party organisation should local authorities be given the right to opt for this distribution route.

c. CRNS would not be supportive of a private sector approach to distribution of welfare funds.

d. The benefits of cross boundary arrangements for the distribution of funds would allow movement of people without loss of access to welfare grants. However, CRNS would seek to ensure that the distribution of funds in such an arrangement was fair, transparent and monitored for equality.

e. The benefits of using a third party such as CAB would, in the view of CRNS, focus on client need, reduce administration costs and bring additional benefit to clients with multiple needs. CAB has long championed welfare rights and has highly skilled staff and volunteers who can bring additionality to the client, not least of which would be the speed of assistance provided and knowledge of the wider social context in which welfare clients find themselves.

f. The disadvantages of cross boundary operations for local authorities would include closer monitoring of the distribution of grants in a fair and equal manner. This may increase the need for additional administration and affect the value of the funds available to those in need.

g. The use of a third party would also have disadvantages if not properly monitored. However if the third party was CAB, CRNS would be confident that funds would be well managed and that clients would gain additional benefit from engagement with skilled and professional welfare rights personnel.

Review of decisions and the SPSO

6. What are your views on the proposed internal local authority review process?

CRNS considers that a request to review decisions regarding the provision of funds should be automatic and not subject to internal judgements. A simple case review should be the automatic right of an individual to ensure equity, transparency and validity of decision making.

7. Do you agree that the SPSO is the appropriate body to conduct secondary reviews?

CRNS welcomes the involvement of SPSO in the secondary review process, however if automatic review is built into the system it should reduce the need for SPSO involvement. CRNS would advocate that monitoring of the level of requests for review should form part of the overall monitoring process.

a. Wording in the Welfare Funds (Scotland) Bill Explanatory Notes (Page 3 Para 4) states: ‘The intention is that the legislative package will allow for these arrangements to continue, notwithstanding a change in how second tier reviews will be undertaken.’ CRNS considers that this wording implies no change to how the Scottish Welfare Fund works in practice i.e. who supplies the furniture and that the systems works perfectly well as it is currently established. As noted in the responses above CRNS’ view is that substantial gains could be made if new approaches were adopted and that a greater
emphasis was placed on providing choice and encouraging greater interaction with the re-use sector.

b. Page 12 of the Explanatory Notes provides a breakdown of the cost of reviews. Based on an assumption of a £500 award being reviewed at second tier the figures provided show that the value of the funds available would allow for 120-200 grant awards in year 2014/15 and between 620-1000 grant awards in years 2015/16. CRNS has recently noted a large increase in the use of the Scottish Welfare Fund, where 60% of the 141,700 users of re-use organisations were deemed to be on low incomes. Given these figures CRNS would express concern that the availability of a second tier review would not be a financially viable option and/or that only a very few would be able to access this option.

c. CRNS’ view is that access to the fund should be the priority and that second tier reviews should were possible be avoided, ensuring that in the first instance local authority decisions are robust and valid.

Further provision - regulations

8. What are your views on the level of detail that will be contained within the regulations? Is there any aspect which you feel would benefit from being on the face of the Bill?

While CRNS accepts the level of details contained within the regulations is reasonably comprehensive it is clear that timescales for responses to how applications for assistance or review of such decisions should be made clear. Where an individual or family is in need time is imperative for action to be taken. CRNS would welcome the addition of timescales for responses for each of the component parts of the process and see this as adding value to the regulations.

Financial Memorandum

9. Do you think that the costs attributed to the running of the fund and the set-up of the SPSO to administer secondary reviews are realistic and proportionate?

CRNS Response

There is a cost established for, but no cap on the cost of administration of the fund and should third party engagement for the distribution of the fund be implemented CRNS would maintain that a cap would be needed to ensure the majority of funds go to people in need and not on the management of the processes involved to ensure effective allocation and distribution of grants.

a. CRNS would be concerned that in an attempt to save money some local authorities may join forces or outsource the administration of the fund without undertaking a Cost benefit analysis prior to committing to this route. CRNS would ask that such an analysis is part of any outsourcing of the grant administration.

b. CRNS responses at Question 7 above detail additional concerns about the costs of second tier reviews.
Other provisions

10. Do you have any comments on any other provisions contained in the Bill that you wish to raise with the Committee?

CRNS welcomes the opportunity to have made comment of the provisions of this Bill and would add the following:

c. One supplier - CRNS understand the principle of working with one supplier it is in our members interests and in the interests of those individuals in need for local authorities to work with a number of suppliers including our members who could collectively deliver the work across a local authority area

d. Outsourcing – CRNS has no direct objection to outsourcing the administration of the grant however we strongly advocate in favour of CAB or a similar welfare rights type organisation as the preferred route should this option be selected. The use of a private sector supplier for the administration of this grant would be a backward step and CRNS would not support this.

e. Re-use versus new – CRNS and its members are actively engaged in the zero waste agenda and would strongly advocate for the inclusion in the Bill for re-use to be made a preferred route for clients to engage in personal choice in how awarded grants are used.

f. Speed of decision making and arbitration – CRNS understands the need for high quality decisions to be made in regard to grant provision and would actively support agreed guidance on timescales for decision making and review to be established and monitored.

g. Page 15 Para 40 of the Explanatory notes states: ‘...the ability of local authorities to offer holistic support...facilitating access to other services. This approach should help to ensure that applicants can find a way to avoid crisis in the future.’ Again, CRNS would emphasise that the use of new furniture as the only or first option exacerbates the poverty cycle and does not educate clients in different approaches to money management, does not engender behavioural change and does not bring about change on the scale needed to provide a sustainable welfare support system to those in need.

Mary McLuskey
Chief Executive
Community Resources Network Scotland
1 August 2014

1 State of the Sector Report 2013. A study into the activities of the Scottish Third Sector re-use and recycling organisations. CRNS; March 2014