

REPORT TO: POLICY AND RESOURCES COMMITTEE – 14 JANUARY 2013
REPORT ON: HOSPITAL FUND AND JOHNSTON BEQUEST
REPORT BY: DIRECTOR OF CORPORATE SERVICES
REPORT NO: 452-2012

1. PURPOSE OF REPORT

This report proposes an alternative way of utilising the income from the Hospital Fund and Johnston Bequest

2. RECOMMENDATIONS

It is recommended that a budget of £25,000 be provided from the Hospital Fund and Johnston Bequest to pilot a targeted welfare benefit advice service for older people in Dundee in 2013/14.

3. FINANCIAL IMPLICATIONS

3.1 The costs of this proposal can be met from the surplus income from the Hospital Fund and Johnston Bequest.

4. BACKGROUND

4.1 The Hospital Fund and Johnston Bequest were vested in and administered by the Lord Provost, Magistrates and Councillors of Dundee under a special Act of Parliament entitled "The Dundee Churches and Hospital Act 1864" for the benefit of the poor of the town. The funds are currently vested and administered by the City Council under the Local Government etc (Scotland) Act 1994.

4.2 The income from the capital assets held by these Funds has been utilised principally for distribution to pensioners in financial need. The Fund's income is derived from a combination of interest on temporary loans and rental income on property owned in Reform Street. The Fund's capital account currently stands at £650,530 and annual rental income was £44,993 as at 31st March 2012.

4.3 Expenditure for the year to 31st March 2012 was £22,240 comprising Rates and Repairs and Maintenance (£7,360) and payment of pensions to beneficiaries (£14,880). There are currently 186 pensioners each receiving £80 per annum (as at 31 March 2012).

4.4 From time to time, when funds allow, all 29 Councillors on the City Council have been invited to nominate another deserving pensioner for addition to the list of beneficiaries.

In the current economic climate, and with the effects of the Welfare Reforms filtering through, many people are turning to local benefit, money and debt advice services for help. The demand for these services is growing and the available resource to satisfy that demand is limited. Benefit advisors have a track record of success in increasing clients' incomes through ensuring that they receive all benefits to which they are entitled. There is also evidence that levels of pensioner debt have been increasing as the average size of people's debt has increased. There can also be issues around situations where one partner has to move into care and another is left to deal with

claims arising from that change of circumstances. Benefit advisors can provide help to resolve the complexities of that situation.

- 4.6 In view of the very real impacts which the Welfare Reforms are anticipated to have on the community at large, it is suggested that the income from the Hospital Fund and Johnston Bequest could be used more effectively if it were to be utilised to fund targeted benefit advice to older people in Dundee. It is estimated that there is the potential to increase the financial benefit to elderly people in Dundee from £14,880 per annum to as much as £250,000 per annum.
- 4.7 For example, the Council's Social Work Department has two Money Advisers funded through the Dundee Partnership and the European Social Fund. Based on experience with these posts, Benefit Advisors potentially see approximately 200 clients and generate possible gains of up to £250,000 per year. These workers have also re-scheduled as much as £200,000 debt per year. These can only be treated as estimates, as circumstances obviously vary from client to client. Currently, there are no benefits, money or debt advice services targeted specifically at the elderly. The contact with elderly people who can benefit from the expert support and advice a Welfare Rights Officer can provide can also generate referrals to a range of other support services available in the city.
- 4.8 In 2011/12 total income to the Fund was £47,789 and total expenditure was £22,240 leaving a surplus of £25,549. It would be intended to continue payments at the current level of £80 per annum to the existing pension recipients. The City Development Department has suggested that for the purposes of calculating available surplus income, the expenditure on rates and repairs etc in the year to 31st March 2012 (£7360) can be taken as an average years expenditure on these items
- 4.9 Income to the Fund is derived from rents for property held by the Fund in Reform Street, Dundee and interest on the cash balances out on temporary loans. Interest earnings are currently depressed by the low interest rates currently available, and the rental income relies on the property being continuously let.
- 4.10 It is therefore proposed that a budget of £25,000 be made available to commission additional welfare benefit advice to older people in Dundee. Interested and experienced service providers in the public and voluntary sectors will be invited to apply for the budget to pilot a targeted service in the year 2013/14. Applications will be assessed in terms of the number of older people assisted, the income generation targets, guarantees of service quality and plans for sustainability.
- 4.11 The application process will be initiated early in 2013 to enable the service to begin as of 1 April 2013.

5. **POLICY IMPLICATIONS**

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality and Impact Assessment and Risk Management. The proposal set out in 4.10 above will make a positive contribution to tackling poverty among older people in Dundee.

6. **CONSULTATIONS**

The Chief Executive and Head of Legal and Democratic Services have been consulted in the preparation of this report.

7. **BACKGROUND PAPERS**

None.

Marjory M Stewart
Director of Corporate Services

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