

## **Advice NI Response to Discretionary Support Policy Consultation Paper**

**Deadline:** 11<sup>th</sup> September 2012

### **Advice NI**

Advice NI is a membership organisation that exists to provide leadership, representation and support for independent advice organisations to facilitate the delivery of high quality, sustainable advice services. Advice NI exists to provide its members with the capacity and tools to ensure effective advice services delivery. This includes: advice and information management systems, funding and planning, quality assurance support, NVQs in advice and guidance, social policy co-ordination and ICT development.

Membership of Advice NI is normally for organisations that provide significant advice and information services to the public. Advice NI has over 65 member organisations operating throughout Northern Ireland and providing information and advocacy services to over 125,000 people each year dealing with over 260,000 enquiries on an extensive range of matters including: social security, housing, debt, consumer and employment issues. For further information, please visit [www.adviceni.net](http://www.adviceni.net).

### **Background**

Advice NI agrees that the most vulnerable in our communities need to be able to access, quickly and easily, the right type of help and support in times of emergency or crisis. It is well documented that the recession, welfare cuts, rising household bills, negative equity in the housing market, increases in interest rates, increased indebtedness have all served to squeeze and pressurise practically every household in Northern Ireland.

Advice services have come under unprecedented pressures over the past number of years. Advice NI's latest annual statistics reflect the growing demand upon advice services, some keynote information includes:

- 260,968 enquiries dealt with by Advice NI members (59% of which were social security related);

- Advice NI's Debt Action Project, aimed at helping the most financially vulnerable in Northern Ireland, has provided free independent debt advice to 5,258 consumers and dealt with nearly £98 million pounds of debt for the period November 09-June 2012.
- Advice NI delivered the SSA Benefit Uptake Programme 2011/12 (25,000 people targeted including older people and carers; holistic benefit assessment conducted by Advice NI with assistance provided to claim additional entitlements);

Advice NI advisers have represented at 1,467 appeal cases (57% increase in comparison to 2009 figures) resulting in increasing pressures facing advisers in terms of representing social security benefit appellants at appeal tribunals. Appeal representation offers another opportunity to increase the benefit income of social security agency claimants. The latest information from The Appeals Service indicates that Advice NI represented at a record high 1,467 hearings in 2011, with a success rate of 34%, bench-marked against 31% in terms of all cases where the appellant had representation; and less than 20% where the appellant was unrepresented. Feedback suggests that increasingly hearings are being adjourned to allow unrepresented appellants the opportunity to obtain representation. Advice NI believes that the pressures facing advisers in terms of appeal representation will undoubtedly continue to grow as welfare cuts and reform take effect (for example we are already seeing increased need for representation re ESA and this trend will undoubtedly continue with DLA reform). We would call for a strategic review of the issue of tribunal representation to ensure that Social Security Agency claimants have proper access to justice in terms of securing their proper social security benefit entitlement.

## **Overview**

In terms of the consultation document, words used to describe the Department's new policy for Discretionary Support are interesting. Descriptions such as "the most exceptional, extreme or crisis situations", "at some of the worst points in their lives", "those facing the most extreme hardship" and repeated use of the word "discretionary" occur throughout the document. In our view the clear intention is to portray a policy for Discretionary Support that might provide help as a last resort, with therefore a concern that actually the threshold for assistance may be set too high in terms of getting help to those that need it.

Whilst welcoming the intention to widen the policy to include those in employment, again the risk would be that so few people will qualify for practical support that the impact and effectiveness will be undermined. Fundamentally, the resources deployed towards

implementing the policy will go a long way to dictating impact and effectiveness. The scale of the problems facing households in Northern Ireland should not be under-estimated; therefore the necessary resources will have to be found to ensure that the scheme is effective in meeting need.

Advice NI would draw attention to the DSD Research Report published in February 2012<sup>1</sup> which we believe contains information likely to add value in terms of the development of any replacement scheme:

### **Summary of findings**

*“The discretionary elements of the existing Social Fund are seen as playing a vital role in meeting the needs of Northern Ireland's most vulnerable individuals and communities. However, there was also a widespread view amongst stakeholders that those needs could be more effectively met in some key respects. Partly this relates to a perception that much of the CL and CCG assistance goes to those who understand the system well, and know how to make successful applications, rather than others who might be in greater need. Issues around eligibility criteria were a related concern of many stakeholders. The criteria were commonly seen as disadvantaging those in work but on low incomes, and / or those in receipt of contribution based benefits, relative to those on income based benefits.*

*Despite these issues, there was widespread agreement that the discretionary elements of the Social Fund have notable strengths. The main strengths cited were:*

- *The accessibility of support through a network of local Jobs and Benefits offices*
- *Widespread understanding amongst potential customers of how to apply for support*
- *(For CLs at least) the swiftness of decision making and receipt of monies given some of the immediate crises and challenges faced by customers*
- *The flexibility of CCGs and CLs in being able to address a wide range of needs*

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<sup>1</sup> Replacement of the Existing Discretionary Social Fund Scheme in Northern Ireland – Research Study (Feb 2012)

[http://www.dsdni.gov.uk/index/ssa/ssani-publications/social\\_security\\_agency\\_customer\\_research-pg/social-fund-reform-research.htm](http://www.dsdni.gov.uk/index/ssa/ssani-publications/social_security_agency_customer_research-pg/social-fund-reform-research.htm)

- *The interest free nature of CLs, given the vulnerable financial position of many of those applying for support.*
- *The crucial role that grants can play in supporting some of the most vulnerable individuals and families.*

*The main weaknesses identified in the Social Fund tended to relate to two overlapping areas – the perceived limitations of the scheme in some scenarios, and difficulties connected to its administration and operation. Key limitations discussed included lack of effective operational links with wider social care and financial inclusion related support. Operational issues raised included:*

- *Time and resource constraints affecting delivery and accurate decision making*
- *Perceived unfairness stemming from eligibility criteria and their application*
- *Perceptions of a lack of clear guidance, information and support for customers.*

*Stakeholders also commonly raised certain other issues concerning the Social Fund. There was a widely shared view that CLs and CCGs are effectively being used as a 'top-up' to benefits, rather than necessarily meeting the original policy intent around addressing crises and exceptional circumstances. The tendency of claimants to apply for items they do not necessarily need but are aware are likely to be successful, by way of covering essential living expenses and other debt repayments, was seen as linked to this. The link between those claiming assistance and debt and financial management issues was also widely recognised, with this being related to the tendency of CL applicants in particular to make repeat claims.”*

Advice NI also notes the recent Child Poverty Action Group report<sup>2</sup>, which suggests that in terms of the parts of the discretionary Social Fund scheme that are being devolved to local authorities:

1. The funding being made available to local authorities represents a significant reduction in the funding that was previously available to households, with reductions ranging from 13.9% - 15.6%;

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<sup>2</sup> **The Social Fund at a local level: Notes for and from practitioners (August 2012)**  
<http://www.cpag.org.uk/sites/default/files/CPAG-practice-note-social-fund-0812.pdf>

2. The funding being made available to cover start-up and administration costs of the new local schemes may well be insufficient to adequately cover the costs of developing and implementing an entirely new scheme by April 2013;
3. Pressures on the local devolved schemes are likely to increase given the scale of cuts to social security spending and the impact of the continuing recession;
4. The introduction of Universal Credit will make it difficult to ascertain eligibility to the local schemes;
5. Many local authorities are combining their discretionary support schemes, creating a universal assessment process, but with an acknowledgement that this will be impossible to do within the timeframe;
6. Many local authorities see a role for the welfare rights advice sector, for example by building in a benefits check as part of the process, but the report highlighted that this additional service will require additional resources to be made available.

The DSD consultation document suggests (and Advice NI agrees) that advice services have a key role to play in terms of providing information & advice and helping people maximise entitlements & improve their financial capability. Furthermore advice services might even have a role in terms of verification / validation, with a view to streamlining the process and maximising access to the discretionary support. However given the pressures already facing advice services as highlighted above, Advice NI believes that consideration should be given to tailoring (and resourcing) dedicated advice provision towards clients who seek help from any Discretionary Support Scheme and are then referred on for advice and assistance. This would be consistent for example with the approach taken to meeting PfG Benefit Uptake commitments where specific resources are made available to conduct specific uptake activity.

Advice NI believes that the policy should have the following key objectives:

- To secure the maximum possible resources for deployment towards the key policy objectives, namely the provision of practical support; self-dependency support and financial inclusion support;
- To ensure that an effective communications strategy is developed and implemented to maximise awareness about the existence of any scheme;
- To ensure that access channels to the scheme are geared towards meeting the needs of clients and should include face to face and telephony channels;

- To ensure that effective review / appeals mechanisms are put in place;
- To produce an annual report to include data on (i) the number and value of applications to any Discretionary Support schemes; (ii) number and value of payments made; (iii) administration information such as processing times; (iv) information in relation to challenges to decisions and outcomes; (v) an assessment of any schemes to assess their effectiveness in serving their purpose and meeting demand;

### Questions:

#### 1. Do you agree with the policy purpose and focus?

Advice NI agrees with the policy purpose and focus in terms of tackling poverty / disadvantage, and helping the most vulnerable. The document highlights that the policy will complement both the anti-poverty and welfare reform agenda by ensuring an appropriate safety net for the most vulnerable.

The following information is taken from official DSD presentations in relation to welfare reform:

- **Early estimates are that there will be a £465m reduction in the increase of benefit expenditure in Northern Ireland by 2014-15**
  - £203 million from SR 10 reduction
  - £262 million from Emergency June budget

These are very significant sums of money taken from low income households.

For the record in terms of Northern Ireland, the Discretionary Housing Payments scheme amounts to approximately £3.4m per annum and the approximate annual value of the parts of the discretionary Social Fund scheme that are being devolved to local authorities amounts to £13.75m for Community Care Grants and £16.41 for Crisis Loans.

Advice NI would be concerned that if the purpose of the Discretionary Support policy is to somehow mitigate or lessen the impact of welfare reform, the enormity of the challenge should not be under-estimated.

Similarly in terms of the recession, the UK officially entered recession in Q3 of 2008. At that stage the claimant count in Northern Ireland was 42,000; the claimant count now stands at 62,900. Job loss is undoubtedly a significant factor contributing to this increase, with

individuals and households now struggling to cope on benefit income as opposed to earned income. This phenomenon is set to continue and will place added pressures on Discretionary Support provision.

Other issues such as rising household bills, increasing indebtedness, negative equity, interest rate increases will all serve to pressurise household incomes and drive demand towards Discretionary Support schemes.

The policy will encompass both Discretionary Housing Payments and Community Care Grant and Crisis Loans. It is interesting to examine the wording associated with each: (i) DHP's: A claimant will only get a discretionary housing payment if they can prove that they will suffer hardship if the Housing Executive doesn't give the extra housing benefit; CCG's: A claimant must satisfy one of a number of qualifying conditions including where a payment will ease exceptional pressures on the claimant; CL's: A payment can be made to help meet expenses in an emergency or as a consequence of a disaster.

As highlighted above, the wording used within the consultation document to characterise those who may be supported under the new policy include "the most exceptional, extreme or crisis situations", "at some of the worst points in their lives", "those facing the most extreme hardship".

There is a sense that viewed holistically; the policy would appear to have shifted more towards meeting extreme circumstances. Advice NI believes that some reconsideration of wording (either in the purpose or the objectives) might be necessary in order to prevent the policy (and associated schemes) becoming too draconian and restrictive in terms of the qualifying criteria for support and assistance. Advice NI would propose that (i) the phrase "exceptional pressure" be retained; (ii) with the caveat added that assistance cannot be guaranteed and will be dependent on sufficient resources being available to meet demand.

## **2. Do the policy objectives reflect the policy focus?**

Given the comments above, Advice NI would propose that the word "most" be removed from the first policy objective. We believe this will go some way to lessen the harsh tone of the policy; will encourage those most in need to turn to Discretionary Support schemes for help and will allow decision makers to use their discretion in terms of assessing applications to Discretionary Support schemes.

Advice NI agrees that advice services have a key role to play in terms of providing information & advice and helping people maximise entitlements & improve their financial capability. We can see that a seamless system could be put in place so that all applicants to any Discretionary Support schemes could be asked to sign up for support under objectives 2 and 3, and a referral system could operate between the Discretionary Support scheme provider and a commissioned advice provider (similar to the mechanisms deployed within the Benefit Uptake Programme). . Furthermore advice services might even have a role in terms of verification / validation, with a view to streamlining the process and maximising access to the discretionary support. Advice NI believes that it is unlikely that capacity exists within existing provision to take on the additional demand that would be likely to be generated by referrals from any Discretionary Support schemes.

**3. Do you agree with the proposed range of responses to such exceptional, extreme or crisis situations?**

**4. Are there any other areas of support which the policy should provide for?**

The responses outlined in the document include: reflecting the strengths of the previous Social Fund, provision of financial awards (primarily through loans, although non-repayable grants will be retained in the most extreme cases), the provision of goods and services by third parties, exploration of the use of vouchers and pre-paid cards, payments to make up the shortfall between the Housing Benefit award and the amount of rent actually payable to the landlord.

Advice NI believes that consideration should be given to setting targets, particularly in terms of the proportion of support provided via non-repayable grants. Any diminution of the help available via grants will have a considerable impact and Advice NI believes much more work would be required to understand the implications of any such change in approach.

Interestingly it is noteworthy that the CPAG Report highlighted earlier makes the point that some GB local authority schemes are unlikely to include loans as they cannot easily be recovered through the benefit systems as in the current system. It is clear that the administration and collection costs associated with any loans scheme may be prohibitive considering the resources available and the demands that will be placed upon Discretionary Support schemes.

Advice NI believes that a balance should be struck between tailoring any discretionary support to meet individual need vs any temptation to 'bulk buy' to standard specifications (for

example white goods or furniture). Additionally we believe that every effort should be made to minimise any potential stigma that may be associated with Discretionary Support schemes (for example if the use of vouchers is being considered) so that delivery mechanisms are non-stigmatising.

Advice NI welcomes the possibility of support being extended to the social rented sector (given the potential impact of the under-occupancy penalty).

Advice NI believes that consideration should be given to whether some level of practical support could be made available (i) to owner occupiers on social security benefit struggling to cope with mortgage shortfalls between the amount of Support for Mortgage Interest and the amount actually payable to the mortgage lender; & (ii) to owner occupiers in work struggling to cope with their mortgage commitments. We fully understand and recognise the work of Housing Rights Service and their Mortgage Debt Advice Service; and the resources that would be required to provide such practical support. Undoubtedly this is a challenging area, but with house prices continuing to fall, negative equity becoming a real problem for many home owners, repossessions on the increase, increased pressures re homelessness – consideration should be given to some measures for home buyers that might help their situation.

As highlighted above Advice NI agrees that advice services have a key role to play in terms of providing information & advice and helping people maximise entitlements & improve their financial capability. Given the pressures already facing advice services as highlighted above, Advice NI believes that consideration should be given to tailoring (and resourcing) dedicated advice provision towards clients who seek help from any Discretionary Support scheme and are then referred on for advice and assistance. This would be consistent for example with the approach taken to meeting PfG Benefit Uptake commitments where specific resources are made available to conduct specific uptake activity.

The alternative would be for some sort of “realignment” to take place where the advice sector frees up capacity to deal with demand created by referrals from any Discretionary Support schemes, but the implications of any such change in approach would be significant and would require detailed analysis in terms of practical issues. For example would some people potentially have to be turned away from advice services; consistency with ‘Opening Doors: The Strategy for the Delivery of Voluntary Advice Services to the Community’ where one of the key principles and values of generalist advice is that advice services are accessible to all people; and how would any prioritisation take place in terms of discretionary support clients and clients needing help due to recession, welfare cuts, appeal

representation, rising household bills, negative equity in the housing market, increases to interest rates, increased indebtedness.

To conclude, we agree with the goal of improving access to information and advice under the policy; how this will be achieved will require consideration.

**5. Do you agree with these overarching policy principles?**

Advice NI agrees with the policy principles, in the context of the points and issues highlighted above.

**6. Do you agree with the Department's approach to monitoring the impact of the Discretionary Support policy?**

**7. What would be the best way to obtain evidence about the longer term impacts of the Discretionary Support policy?**

As highlighted above, Advice NI believes that the policy should have the following key objectives and commit to the associated monitoring arrangements.

- To secure the maximum possible resources for deployment towards the key policy objectives, namely the provision of practical support; self-dependency support and financial inclusion support;
- To ensure that an effective communications strategy is developed and implemented to maximise awareness about the existence of any scheme;
- To ensure that access channels to the scheme are geared towards meeting the needs of clients and should include face to face and telephony channels;
- To ensure that effective review / appeals mechanisms are put in place;
- To produce an annual report to include data on (i) the number and value of applications to any Discretionary Support schemes; (ii) number and value of payments made; (iii) administration information such as processing times; (iv) information in relation to challenges to decisions and outcomes; (v) an assessment of any schemes to assess their effectiveness in serving their purpose and meeting demand;

Additionally the advice sector would be able to provide detailed information with regard to those clients referred for information & advice and help to maximise entitlements & improve their financial capability.

**8. Do you agree that the policy does not have any adverse differential impacts for any of the Section 75 groups?**

In the context of the issues highlighted in this consultation response (for example the eligibility criteria; any “realignment” of advice services; a much greater focus on loans as opposed to grants; or any change to delivery mechanisms) might well have adverse differential impacts for Section 75 groups.

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