DSD: Provision of Discretionary Support

April 2013
Law Centre NI is pleased to respond to the Department for Social Development’s Provision of Discretionary Support consultation.

**About Law Centre (NI)**

Law Centre (NI) is a public interest law non-governmental organisation. We work to promote social justice and provide specialist legal services to advice organisations and disadvantaged individuals through our advice line and our casework services from our two regional offices in Northern Ireland. It provides a specialist legal service (advice, representation, training, information and policy comment) in five areas of law: social security, mental health, immigration, community care and employment. Law Centre services are provided to almost 400 member agencies in Northern Ireland.

**Introduction**

The Social Fund plays a valuable role in Northern Ireland in tackling poverty and social exclusion by providing support to people on low incomes, who need to pay for a variety of intermittent and unforeseen expenses. The current impact of the recession, social security changes, rising household bills and the prevalence of negative equity all serve to add pressure to households in Northern Ireland. According to the most recent figures published by DSD, 86,000 households will be adversely impacted by the introduction of Universal Credit. Therefore the new scheme should seek to reflect the strengths of the current Social Fund to ensure that the most vulnerable continue to access quickly and easily, the most appropriate type of support.

**Q.1 Do you agree with the 6 design principles for the replacement service?**

Law Centre NI notes the six design principle presented in the document. We support the first three in principle. Although we agree that the replacement scheme should offer grants and loans, we recommend that consideration is given to returning to the one third proportion of support that was provided through non-repayable grants when introduced in 1988 as opposed to the current one sixth proportion. Any reduction in help available via grants will have an adverse impact on claimants.

Although loans are interest free and hence cheaper than loans from other sources, there has been debate about whether the provision of loans to people experiencing poverty may reinforce poverty by placing those already struggling to meet their basic needs into debt, leaving them with insufficient funds for subsistence. The Joseph Rowntree Foundation conducted research into the Social Fund in 2006. It found that claimants wanted grants which were generally

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preferable to rather loans, however “were in favour of retaining a loan scheme, principally as a welcome alternative to using ‘loan sharks’.\(^2\)

In addition, it is worthwhile to note that a recent Child Poverty Action Group report highlighted that some local English authority schemes are unlikely to include loans as they cannot easily be recovered as in the current system. It is evident that the administration and collection costs associated with any loans system may be prohibitive considering the resources available and the demand that may be placed on the new scheme. We recommend that further consideration is given to this matter.

We welcome the intention to direct the new discretionary support policy to those in employment as well as those in receipt of benefit payments, however we do not agree that eligibility should be income based alone. We believe that there should be flexibility within the new scheme to provide assistance for vulnerable claimants earning above the National Minimum Wage. Receiving the National Minimum Wage does not preclude the prevalence of in work poverty, particularly, given that in-work poverty has increased in Northern Ireland with half of children in poverty living with a working parent.\(^3\) We recommend that that Living Wage is adopted as a more proportionate measure than the National Minimum Wage. The UK Living Wage outside of London is currently £7.45 per hour while the National Minimum Wage is £6.19 per hour. The figure is set annually by the Centre for Research in Social Policy at Loughborough University and measures how much an individual needs to earn to avoid the effects of poverty, such as ill health, poor levels of child development and social exclusion.

**Q.2 Are there any areas that you think we should include in the design principles or any areas that you think should not be included?**

We have no further comment.

**Q.3 Bearing in mind that our intention to test providing goods directly to customers, for example white goods and furniture, is to ensure that we get the maximum benefit from the available funding and that our customers’ needs are met, do you agree with this proposal?**

Law Centre NI recognises the pros and cons of providing goods directly to the customer. We understand the benefit for the Department includes economies of scale while the disadvantage for claimants include stigmatism and uncertainty about the quality of the item received. A balance should therefore be achieved between tailoring discretionary support and bulk buying to standard specifications. Furthermore, we believe that the Department should seek to minimise any potential stigma that may be associated with the new scheme to ensure that delivery mechanisms are non-stigmatizing.


\(^3\) Monitoring Poverty and Social Exclusion in Northern Ireland Joseph Rowntree Foundation, May 2012
We would welcome further details about this scheme will work in practice before we can provide more comment on this matter.

Q.4 We intend to test providing goods (e.g washing machines or furniture) for a short period in a small number of offices. Please give us your ideas on how we should do this (for example, direct supply of goods, vouchers, charged cards for retail outlets).

Law Centre NI does not support the use of vouchers which may lead to stigmatization. As mentioned above, we believe that the Department should seek to minimize any potential stigma for applicants. In addition, we are concerned that the direct supply of goods may restrict the locations where claimants can receive their items. The retailer would have to have outlets across Northern Ireland, including rural areas for accessibility. There would also need to be an adequate range of goods with different sizes etc to meet the individual or family's need.

We recommend that the Department carries out a customer survey to identify what methods are preferable to applicants, in the absence of the availability of a cash alternative, which could be explored in further detail by the Agency.

Q.5 Do you agree that the maximum debt a customer can have under the new Discretionary Support provision will be £1,000

Law Centre NI advocates financial capability, however, we understand that this may not always be possible or achieved immediately due to personal circumstances. Nevertheless, the necessary resources should be in place to provide a meaningful alternative in terms of financial advice, to enable claimants to maximize their benefit entitlement and improve their financial capability. We are concerned that restricting the maximum debt a customer can have to £1,000 could result in customers having to locate credit from unregulated sources such as loan sharks and pay day loans.

We are concerned that the section 75 screening form states that 20% of current claimants will no longer be eligible for support as a result of this provision. It highlights that most of the claimants that will be affected will be women, lone parents and people with a disability. We are concerned that due to welfare reform changes and high levels of deprivation in Northern Ireland that this change could have a significant adverse impact on access to financial assistance for these groups in crisis situations.

We would suggest that limiting new claimants to £1,000 save in certain circumstances, and providing bridging transition for existing claimants to receive help if they need more than £1,000 would be appropriate. We envisage that this transition period would take place over 12 months. This provides a more appropriate transition than simply reducing the maximum loan in one go.
Furthermore, it is vital that information on benefit entitlement or debt management is provided to claimants when their application is declined and that it is available in a range of accessible formats. These referrals must be actually available and this raises resource issues for funding money advice services.

Q.6 If not, please give us your views about what the maximum debt level should be under the new provision?

As outlined above we suggest limiting new claimants to £1,000 save in certain circumstances.

Q.7 Do you agree that Social Fund debt (and other debt under Universal Credit when introduced) that customers may already have should be taken into account in deciding to make a loan award under the new provision?

We do not agree that this debt should be taken into account where there is risk that the applicant could turn to other unregulated sources for loans i.e loan sharks or pay day loans.

We believe that where claimants have accumulated a lot of debt there should be a meaningful alternative in terms of financial advice. This should include a referral system that is adequately resourced.

Q.8 Please let us know your views about use of the National Minimum Wage as an income threshold which will ensure that the Discretionary Support is open to those on low incomes.

Law Centre NI believes that the Living Wage should be adopted as opposed to the National Minimum Wage, or alternatively there is an upper threshold income to provide for particular need. As outlined above, in-work poverty has increased in Northern Ireland with half of children in poverty living with a working parent.4

Q.9 Are there any types of incomes that you think should not be taken into account when deciding income level? For example, a benefit or earnings from other people living in the household.

Law Centre NI believes that if extra income is taken into account then additional costs and the availability of the funding should be considered in tandem. For example, additional benefits for disability and caring responsibilities offset the costs of adaptations and extra heating costs etc and do not represent additional disposable income.

Furthermore, if there are additional earnings in a household consideration must be given as to whether it is accessible and available to the claimant in need.

4 Monitoring Poverty and Social Exclusion in Northern Ireland Joseph Rowntree Foundation, May 2012
Q.10 Please give us your views about the proposed benefits which will be disregarded when assessing income?

Currently no benefits are disregarded under the existing Social Fund. We recommend that the new scheme mirrors the existing Social Fund scheme as much as possible.

Q.11 Do you feel that the proposals above for the review of applications are appropriate?

We welcome the intention for review. We note that the Social Security Agency is working to put in place an external review function. We look forward to the publication of further information about this function in due course.

Q.12 Please let us know if you have any suggestions or concerns relating to the review process.

Law Centre NI recommends that a second tier complaint should go directly to an independent assessor. We believe that the competing issues of timeliness vs quality will play a key role in terms of the review process. Given that claimants making applications will be in urgent need, it will be very important that any review process is timely. We would recommend that targets in terms of clearance times are set for Stage 1 and the independent review stage.

In addition the review system should be user friendly and easily accessible.

Q.13 Do you agree that applicants to discretionary support should be offered assistance in the form of a benefit entitlement review and/or specialist advice from another government body, voluntary or community organization?

Yes, we agree that applicants should be offered assistance. We recommend that this is delivered by a voluntary organization. The initial discretionary support policy document suggested that advice services have a key role to play in terms of providing information and advice to assist people to maximize their entitlement and improve their financial capability. Under the new Regional Infrastructure Thematic Programme for advice, funding will face a cut of 5% in 2012/13, 5% in 2013/14 and 8% in 2014/15. This will have a detrimental impact on the capacity of and resources available to support advice organisations and deliver advice services will limit their ability to plan long term. Therefore, we recommend that consideration is given to tailoring and resourcing dedicated advice provision for applicants who seek help from the Discretionary Support Scheme and then are referred on for advice and support.

Q.14 Please give us any further comments you have about this proposal.

No comment.
Q.15 Do you agree that our funding should be restricted for residents of Northern Ireland.

We would like to clarify that this question should refer to ‘residents in Northern Ireland’ as opposed to ‘residents of Northern Ireland’. Law Centre NI believes that the new discretionary support scheme should not seek to replicate a right to reside test. Furthermore, we recommend that in certain circumstances emergency travel expenses to return within Northern Ireland, the Republic of Ireland and the European Union are made available to applicants.

Q.16 What are your thoughts on the proposal to deliver services:

Law Centre NI agrees that there should be a range of access channels to the scheme aimed at meeting the needs of clients. We agree the three methods proposed are appropriate and fit for purpose.

   a) face to face?

We support the proposal to deliver services face to face. We would welcome more information about how the face to face service will be delivered in practice, for example, will it be a compulsory requirement in the application process? If it obligatory, we believe the Social Security Agency should cover the travel expenses of the applicant to attend the local Agency office.

Q.17 Do you agree with the eligibility criteria and conditions for loan applications to the new service?

Law Centre NI is concerned that the eligibility criteria reflects a shift of definition to whom support will be eligible to those who find themselves in the ‘most extreme, exceptional or crisis situation’. It is evident that the eligibility is very restrictive in terms of the qualifying criteria for support and assistance and we believe that it appears more like a crisis loans than a budgeting loan.

   It is important to consider that eligibility should be about prevention as well as cure. Lessening the severity of the criteria will encourage those most in need to turn to the discretionary support scheme for assistance and will allow decision makers to use their discretion when assessing applications.

Regarding the criteria ‘the need cannot be met from another source’, we are not currently aware of any schemes being run by Belfast City Council. We would welcome further comment on this provision.

Furthermore, when considering accessible capital, we recommend that consideration is given to older people who may not wish to dip into their funeral payment savings or savings for a heating payment eg an oil delivery. We recommend that there is a threshold of £1,000 in such circumstances. We recommend that further thought is given to how this would work in practice.
In addition, we are concerned that an award for the same item cannot be repeated within a 12 month period. There may be some instances were an item is damaged or destroyed within a 12 month period, for example a child or young adult with a learning disability who has challenging behaviour and repeatedly breaks his/her’s bed. We recommend that some flexibility is built into this policy to provide for certain circumstances in which an item maybe be required more than once in a 12 month period.

Q.18 Are there any additional criteria or conditions we should include or any part that you do not think should be part of the service?

We have no further comment.

Q.19 Do you agree with the eligibility criteria and conditions for grant applications to the new service?

Similar to loans, it is evident the proposed eligibility for grants reflects a strict narrowing of definition to whom support will be eligible which may dissuade vulnerable claimants from applying when in need.

We would welcome further clarification about some of the terminology used in the eligibility criteria, for example;

What is the definition of a ‘young child’ and the ‘necessities of life’ and ‘an extreme, exceptional or crisis situation’.

Law Centre NI believes that the old Direction 4 criteria should be adopted instead which provides for ‘easing exceptional pressures on families’.

Q.20 Are there any additional criteria or conditions we should include or any part that you do not think should be part of the service.

No comment.

Q.21 Do you agree with the approach to evaluating the new discretionary support service?

We welcome the intention to evaluate the new discretionary support service.

Q.22 Please let us know if there are other aspects that you think could be evaluated?

In addition, we recommend that the following data is reported annually on

- the numbers of grants and loans awarded and the numbers refused
- the average payment/award of grants and loans
- the method of pay back
- Claimants’ demographics

**Conclusion**

Law Centre NI welcomes the opportunity to comment on this consultation. We trust you will find our comments helpful. If there is any further way in which we can assist in the consultation process, we would welcome the opportunity to do so.

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