



**Haringey Council**

<b>Report for:</b>	<b>Cabinet Member Signing -03/03/15</b>	<b>Item Number:</b>	
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<b>Title:</b>	<b>Extension of Contract with Northgate for the Management of the Haringey Support Fund</b>
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<b>Report Authorised by:</b>	<b>Tracie Evans Chief Operating Officer</b>
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<b>Lead Officer:</b>	<b>Carla Segel Assistant Head of Revenues, Benefits and Customer Services</b>
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<b>Ward(s) affected: All</b>	<b>Report for Key Decision</b>
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## **1. Describe the issue under consideration**

- 1.1 At Cabinet in October 2013, it was agreed to award the contract to manage Haringey's Support Fund to Northgate Information Systems UK Limited (Northgate) for a 17 month period ending on 31<sup>st</sup> March 2015.
- 1.2 Central Government have confirmed that funding for the Support Fund will cease from 01 April 2015. Haringey currently has an under-spend and it is proposed that these funds are used to continue the provision of a Support Fund Scheme for the next 12 months. The long-term plans for the Scheme and funding for it will be considered during these 12 months.
- 1.3 In order to maintain consistency and provide the best value service to those customers in need for assistance, it is proposed that the contract with Northgate is extended to 31<sup>st</sup> March 2016.

## **2. Cabinet Member Introduction**

- 2.1 The Government's decision to radically reduce its support for Haringey's Support Fund is deeply troubling when considered alongside its other welfare reforms, which are causing hardship for low-paid families across our borough. However, it is important that Council continues to do everything it can to support the most vulnerable members of our community who may need assistance during key moments of crisis in their lives.



- 2.2 Extending the contact with Northgate for the next 12 months will ensure that Haringey can continue to provide this critical safety net for our residents, such as those suffering from domestic violence or children leaving care. Given the under-spend in the last financial year, it is also important that the Council continues to promote the support available in order to prevent residents from slipping into the hands of payday lenders and loan sharks.

### **3. Recommendations**

It is recommended to Cabinet that the following is agreed:

- 3.1 The existing contract with Northgate is extended to 31<sup>st</sup> March 2016 at a cost of £160,000.
- 3.2 The existing Support Fund policy (**Appendix A**) is maintained for the next 12 months.
- 3.3 Future options for the Support Fund are considered over the next 12 months.

### **4. Alternative Options Considered**

- 4.1 The following options were considered and summarised below.

#### **4.1.1 Option One – Stop the Support Fund Scheme**

The provision of a Support Fund Scheme is not mandatory and the funds previously allocated for this are not ring-fenced. Although no new funding will be provided, there is an existing un-spent fund which could be used elsewhere to support other Council aims and priorities.

This option was not taken forward as it would not fulfil Haringey's commitment to assist the vulnerable within our community and would remove a vital safety net that exists to support those facing crisis situations. A piece of research was conducted by the Centre of Analysis for Social Exclusion in March 2014 which showed that this scheme is needed "There is an overall need for a scheme to meet urgent, unexpected, and unusual needs. We therefore recommend that as a starting point Haringey continue with a scheme of this type."

Although it is recognised that long-term the provision of the scheme may need to stop or significantly change in scope, it is felt that ceasing from April 2015 when there is still an under-spend on the funds is not appropriate.

#### **4.1.2 Option Two – Continue with the Support Fund Scheme**

The contract with Northgate ends on 31<sup>st</sup> March 2015 so there is no option that allows for a continuation with no change. Other options explored under this banner are:



A) Set up an in-house team

This option was considered previously and referenced in the Cabinet report in April 2013. It was discounted as a permanent solution due to the costs involved in the purchasing and administering of an appropriate IT solutions, fulfilling the awards (there is no appropriate facility to dispense cash within the Council) and the need to create a dedicated team to manage the scheme.

Although this option has been reviewed it has not been taken forward as these reasons still apply.

B) Partner with Other Local Authorities

Haringey is part of both a London wide Local Authority best practice group and a Northgate User Group which covers the United Kingdom. Consideration has been given to working differently across London to provide a London-wide scheme, however at this time with the future funding being uncertain there is little appetite to take this forward.

Whilst all Authorities are still considering options there are some common themes emerging around under-spend and future plans, the following table gives a snapshot of proposals currently being reviewed.

Broadly speaking the majority of Authorities have a level of under-spend that they are planning to use to run a scheme for the next 12 months whilst they consider long term plans.

<b>Council</b>	<b>Current Thinking</b>
London Boroughs of Ealing, Brent, Enfield, Wandsworth, Hounslow, Redbridge and Greenwich.	Continue the scheme as is and carry forward under-spend until it is exhausted
London Boroughs of Croydon, Lambeth	Adjust scheme to focus on crisis only and carry forward under-spend. The expectation is that this will then run for the next 2-3 years.
London Boroughs of Bromley and Camden	Currently have externalised the administration of their scheme to Northgate and are considering extending the contract or bringing the service back in-house.
London Borough of Lewisham, and Portsmouth and Solihull City Councils.	Considering passing responsibility of the fund to other organisations (voluntary or charitable sector).
London Borough of Bexley	As there is no funding and no carry-over, the scheme will be discontinued
London Borough of Hackney	Unlikely to be enough carry-over funding to last another 6



	months, so asking Members to fund the remainder of the year.
London Boroughs of Islington & Harrow	Budget is fully spent, so seeking Member approval to take budget from General Grant and continue scheme.
London Borough of Tower Hamlets	Without continued funding, withdraw scheme and use under spend to buy-in services

C) Extend the Contract with Northgate for a further 12 months

It is felt this option is the most appropriate as it allows us to benefit from the knowledge gained over the past 17 months in terms of the development and refinement of both bespoke processes and procedures and shared learning from the other 9 Authorities and the Welsh Assembly who have their scheme administered by Northgate.

Northgate and Haringey have worked together with the Voluntary and Charitable sector to develop a secure fast track referral process for recognised local providers. It is recognised that this sector holds the local knowledge and understanding that can be used to balance the immediate need of those in crisis with supportive longer term plans to help them in a more managed way. Northgate incorporates this knowledge into decision making on awards so that local organisations are used to provide assistance to applicants in addition to or in replacement for fund awards. All applicants are signposted to local sources of help such as support groups, debt advice and family networks. This would all be maintained in the contract extension.

This option also provides value for money as the contract price has been maintained at £160,000.

- 4.2 The future of the scheme is uncertain and discussions will need to be held over the next 12 months to confirm how and if the scheme will be provided long-term noting that there will no additional funding and it is not a regulatory requirement.

**5. Background Information**

- 5.1 The Welfare Reform Act 2012 required Local Authorities to implement a scheme of Local Welfare provision from 01 April 2013. The scheme, previously administered by JobCentre Plus, transferred the DWP responsibility for discretionary payments under the former "Social Fund" to Local Authority control.
- 5.2 The 2013/14 government funding for the scheme was £1.354m, which included £236k of administration costs. Funding for 2014/15 was £1.335m including a reduced administration allocation of £216k. The DWP has announced they will confirm funding for 14/15 in February 2015, but that they have separately identified an amount relating to



local welfare provision from April 2015 in each upper-tier authority's general grant, totalling £129.6 million nationally. Haringey's allocation for this will not be announced until February 2015. This is not new or additional government money, it is part of the Council's general grant funding. The Council may use this money for the provision of a local scheme, however in doing so it reduces the funds available for areas previously funded by the general grant.

- 5.3 It was agreed that Haringey Council would procure an external provider to run its Social Fund, renamed to Support Scheme, a formal procurement process was followed in 2013 which led to Northgate being awarded the contract in October 2013 for a 17 month period to 31<sup>st</sup> March 2015.
- 5.4 Northgate delivers similar services across Wales on a National Basis and to nine English Local Authorities. Their model encourages Haringey's third sector partners to provide an essential face-to-face service as part of their day to day contact with communities. Information and in-depth training was provided to these partners to ensure that they are familiar with the operation of the scheme, eligibility and the mechanics of the application process, their referrals are fast tracked and prioritised.
- 5.5 Northgate do not use Haringey's IT or Telephony systems and verify applicants' status independently. Their fulfilment of awards is by charity organisation Family Fund Trade Ltd (FFT) – who have been established for over forty years with the ethos being to support families 'in need' across the UK and via both BACS and cash outlet PayPoint depending on applicants ability to access bank accounts.
- 5.6 It is worth noting that the funds for the replacement Social Fund scheme have always been non-ringfenced and there is no statutory obligation to provide a replacement scheme. Going forward the Government have confirmed that any future funding allocation will not be ring-fenced and they will not be placing any new duties, expectations or monitoring requirements on its use.
- 5.7 In 2013/14 we spent a total of £250k on awards under the Support Fund scheme and the £850,000 under spend was held in reserve but noted that its purpose was Support Fund related. In 2014/15 we expect to spend a total of £280k on awards leaving a total under spend across both years at £1.8m
- 5.8 We propose that the under spend is used to fund both the contract extension with Northgate and the award fulfilment for 2015/16. Remaining under spend will then be considered in line with the longer terms plans for the scheme and to fit in with the Council's key corporate priorities.

## **6. Comments of the Chief Financial Officer and Financial Implications**



- 6.1 The tender price for the 12 month contract extension period is £160,000. It is not considered that this will place any additional financial burden on Council's funds and will be covered through the unspent Central Government grant, held in reserves.
- 6.2 Given the historical spend against the Support Fund, the additional 2014/15 grant allocation, and the brought forward unspent sums, the risk of overspend against the grant, from any extension to the scheme, is deemed to be low. As part of the client management role, we have been assured that the Service will continue to operate its established process for in-year monitoring of the actual level of support fund awarded to ensure that the grant funding is not exceeded.

## **7. Comments of the Assistant Director of Corporate Governance and Legal Implications**

- 7.1 The Assistant Director of Corporate Governance notes the contents of the report.
- 7.2 The existing contract which was procured under a domestic tender process included an option to extend by a further 12 months.
- 7.3 The Chief Operating Officer (the Directorate) now wishes to exercise the option to extend the contract. The extension is considered to be a Key Decision as it is likely to be significant in terms of its effects on communities living or working in an area comprising two or more wards ( Part 2, Article 13 and Part 5 (Protocol for Key Decisions), Section C, para (1) (b) of the Council's Constitution ). As a Key Decision it may only be approved by Members.
- 7.4 The Directorate has confirmed that this matter has been included in the Forward Plan in accordance with the Council's requirements for Key Decisions.
- 7.5 Cabinet has power to approve the recommendation under CSO 10.02.2.
- 7.6 The Assistant Director of Corporate Governance confirms that there are no legal reasons preventing Members from approving the recommendations in this report.

## **8. Equalities and Community Cohesion Comments**

- 8.1 The initial process used to select a provider followed the Council's procurement guidelines and procedures, which include equalities considerations at key stages. The management of the contract includes equalities monitoring to ensure that significant disproportionate impacts on any groups are identified and rectified where possible. The extension of the contract with Northgate will allow for further data to be gathered in line with the equalities monitoring process.



8.2 The initial Equality Impact Assessment reviewed by Cabinet in March 2013 has been updated to include data gathered over the past 12 months and examples of mitigation used when considering the various impacted groups (**Appendix B**)

8.3 All applicants are signposted to additional areas of support that are appropriate for their individual circumstances.

## **9. Head of Procurement Comments**

9.1 Procurement supported a fully transparent open tender process where Northgate were awarded after demonstrating best value.

9.2 Extension of this contract for a period of one year subject to funding and discretion of the Council was made available in the terms of the original contract.

9.3 The service should continue to monitor the contract to ensure the supplier meets service quality standards.

## **10. Policy Implication**

10.1 The Support Fund policy previously agreed by Cabinet will be adhered to as part of this process. This broadly mirrors the criteria previously used by Central Government when considering applications and prioritises allocation to those most in need, such as people fleeing from domestic violence and children leaving care. No further changes are proposed.

## **11. Reasons for Decision**

11.1 As per section 3.1, it is recommended that the contract with Northgate is extended for a 12 month period. This will ensure vulnerable customers continue to have access to funds in periods of crisis. Going forward the implementation of the scheme will need to be considered noting that it is not a regulatory requirement and there will be no additional funding for it.

## **12. Use of Appendices**

12.1 Appendix A – Support Fund Policy

12.2 Appendix B – Equalities Impact Assessment

## **13. Local Government (Access to Information) Act 1985**

13.1 N/A



**Haringey** Council