

Report for: Cabinet Member Signing, 15th March 2016

Item number: 3

Title: The Haringey Support Fund



Report

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Ward(s) affected: All

**Report for Key/
Non Key Decision:** Key

1. Describe the issue under consideration

1.1 Central Government funding for local welfare assistance ceased in April 2015 and no new funding has been allocated within the Local Government Financial Settlement for 2016/17. During 2015/16 the Council has continued to provide a local Support Fund scheme using funding held in reserves. The Council currently contracts Northgate Plc to administer its local Support Fund scheme. The existing contract was extended for 12 months in March 2015 and the contract is due to end on 31st March 2016.

1.2 At the 19th January Cabinet meeting it was agreed that when the current Support Fund contract ends, the existing scheme should be brought to an end and a proposal should be brought to the Cabinet Member for resources outlining how the Council will meet the needs of those who would have been eligible for support under the scheme. It was also agreed that remaining resources for local welfare assistance held in reserves should be aligned with other forms of assistance for those in financial hardship and a clear plan developed for targeting these resources to meet existing and future support needs.

2 Cabinet Member Introduction

2.1 The Government's decision to remove support for local financial assistance is deeply troubling when considered alongside its other welfare reforms, which are causing hardship for low-paid families across the borough. The Council remains committed to supporting the most vulnerable members of our community who may need assistance during key moments of crisis in their lives and this report sets out the interim measures to be put in place for those who would have been eligible for support through our local welfare assistance scheme.

2.2 Further reforms within the Welfare Reform and Work Bill will have a significant impact on low paid families across the borough. Not only are a wider number of residents likely to be impacted by welfare reform but the extent of financial hardship for those affected is likely to increase. In the context of these challenges it is important that the Council uses its limited resources as effectively as possible and looks to develop a more preventive approach that improves the financial resilience of our vulnerable residents and reduces reliance on crisis support.

3 Recommendations

It is recommended that the Cabinet Member for resources:

3.1 Agrees to delegate authority to the Chief Operating Officer to draw down from the remaining money held in reserves for Local Welfare Assistance in order to increase the capacity of the Homelessness Prevention Fund to address emergency needs and prevent homelessness and to support the development of a local approach to preventing crisis and supporting financial resilience.

4 Reason for decision

4.1 An element of the remaining reserves in the fund will be made available to prevent homelessness and sustain tenancies; the Benefit Team will work in collaboration with the Welfare Reform Team and Financial Inclusion Team.

4.2 Communication to signpost all kinds of support that are currently available will be promoted on our website and to our partners, a workshop will also be held with key partners in order to effectively communicate the changes to work together to signpost as many applicants as possible to other means of support that is available within the voluntary and community sector.

5 Alternative options considered

5.1 Consideration was given to a number of options. Although there is currently enough remaining in reserves to extend the contract for an additional year, this is not considered the best use of these resources as the Support Fund is expensive to administer and only supports a small proportion of those facing financial hardship. Continuing with an externally administered scheme also increases the potential for duplication and reduces opportunities to better coordinate existing resources.

5.2 Given the limited resources remaining within reserves it is not considered good value for money to use these resources to set up an in-house scheme which could only be supported for a limited period of time.

5.3 Doing nothing is not considered to be a viable option given the anticipated impact of welfare reform changes on demand for financial assistance and support in the borough, it is imperative that we use this fund to address homelessness and to sustain tenancies.

6 Background information

6.1 The Support Fund is Haringey's local welfare assistance scheme. It was introduced as a result of the Welfare Reform Act 2013 which abolished the discretionary part of the Social Fund previously administered by the DWP. In place of the Social Fund, local authorities received government funding to provide locally administered assistance to the vulnerable but had discretion in how this funding was targeted. In 2015/16 the Government removed grant funding for Local Welfare Assistance. Haringey, in common with a number of other authorities had not spent all its previous grant allocation and opted to continue the Support Fund scheme with the remaining reserves during 2015/16.

6.2 The current Support Fund contract with Northgate is due to end on March 31st 2016. Following the end of the current Support Fund contract, there will be £0.9 million in reserves remaining. At Cabinet on January 19th 2016 it was agreed that

- i. The existing Support Fund scheme should be closed at the end of the current contract
- ii. That remaining resources for local welfare assistance held in reserves should be aligned with other forms of assistance for those in financial hardship and a clear plan developed for how these resources should be targeted to meet existing and future support needs
- iii. That a report was brought to the Cabinet Member for Resources in March 2016 outlining how the Council will meet the needs of those who would have been eligible for support under the scheme when the scheme closes on 1st April

6.3 In order to determine what interim support measures are required following closure of the scheme, the Benefits service has considered the types of cases that are currently receiving funding from the scheme and the extent to which these are aligned with the existing Support Fund policy and our priority outcomes within the Corporate Plan. Key findings of this review work are:

- i. The Support Fund is currently reaching only a small number of residents, with 299 awards made between April 2015 and January 2016. This is a very small proportion of the quantum of need identified within the recent welfare reform cumulative impact assessment
- ii. There is little evidence that the scheme is meeting its overarching aim of encouraging greater financial capability and resilience and reducing dependency on the Council for emergencies. This is because the scheme offers only one off payments and does not refer on to advice or support services as a mechanism to develop financial resilience. Case studies indicate that many applicants to the scheme were previous claimants of the Social Fund and many continued to have unresolved financial difficulties, including in some cases debts to loan sharks.
- iii. There is little evidence that the scheme has duplicated other forms of support provided by the Council, with only a small number of claimants receiving multiple forms of financial assistance. However, similar forms of support are provided in other areas of the Council, such as homelessness crisis support and section 17

funding, or within the voluntary sector, such as help with immediate food costs/needs.

6.4 Two types of support are currently provided through the scheme:

- i. Crisis Support Payments
- ii. Community Care Payments

6.5 Crisis payments are intended to provide short-term support in a crisis due to a disaster or other emergency or to prevent serious damage or risk to health, safety or welfare of a person or their family. Within the existing Support Fund policy, crisis payments can be provided in the following circumstances:

- i. Where an applicant has suffered a disaster to their home
- ii. Where the health, safety or welfare of the applicant would immediately deteriorate without the ability to afford the goods or services requested

6.6 Crisis payments currently represent a very small proportion of the total spend on the scheme – only £2000 was spent on crisis awards from April 2015 to January 2016 or 1.2% of total spend. The needs that were covered by crisis award were for emergency living expenses i.e. food and utilities costs, with by far the majority of awards being made for emergency food provision.

6.7 The Support Fund is currently only meeting a small proportion of emergency needs within the borough. Other providers – particularly in the voluntary and community sector - are also picking up crisis demands, for example referral to the Haringey food bank, food vouchers provided through the CAB and emergency living expenses provided through section 17.

6.8 Within the existing Support Fund policy, community care payments aim to help people remain in the community or move back into the community after a period in institutional care or unsettled accommodation. Community care awards are made to support those leaving prison who need help with a deposit or rent in advance, vulnerable tenants moving into a new property which is unfurnished, and those already in accommodation who need help to improve their living conditions. As such they link closely with our corporate plan objectives to support residents to live independently for longer and prevent homelessness through avoiding evictions and sustaining tenancies.

6.9 In 2015/16 community care awards represented the majority of Support Fund spend. A proportion of community care awards (£11,000 in 2016/17) are made to cover tenancy deposits and rent in advance. These awards represent immediate needs which contribute towards sustaining tenancies and preventing homelessness. Immediate loss of this support could result in loss of tenancy and risk transferring demand to other services at increased cost. Currently there are other existing schemes administered by the local authority which could be used to meet these needs – Discretionary Housing Payments and the housing crisis budget.

6.10 The remaining community care awards (£156,000 in 2016/17) provide in-kind support of households goods, such as furniture and white goods, for households in settled tenancies or moving into settled tenancies. Under the current Support Fund structure, decisions on provision of these items is made separately to established policies/mechanisms for assessing and meeting the support needs of vulnerable households, such as through care and support packages.

6.11 Proposals for meeting needs from 1st April 2016

6.12 There is currently no clear evidence base for the targeting of welfare assistance funds through the Support Fund. Given the significant impact that planned national changes to welfare support will have on the incomes of some of our most vulnerable residents, it is important that the Council ensures the limited resources it holds for welfare support are effectively targeted and support our objectives around early help and prevention. The Council has therefore committed to developing a clear plan for targeting the resources for local welfare assistance currently held in reserves, particularly aimed at reducing demand for crisis and emergency support and increasing financial resilience. This process will involve engagement with relevant Council services and partners, including in the voluntary and community sector. It is intended that this consultation will take place between March and June of 2016 and further proposals will be brought to the Cabinet Member for approval.

6.13 Designing a more robust and evidence based approach will take time and in the meantime it is recognised that some form of transitional crisis support will be needed for the highest priority cases who would have been eligible for support through the Support Fund, in particular to ensure tenancies are sustained and homelessness prevented.

6.14 From 1st April it is therefore proposed that:

- i. Emergency needs for those at risk of homelessness, for example support for tenancy deposits and rent in advance, are met through the existing Homelessness Prevention Fund held within housing
- ii. That authority is delegated to the Chief Operating Officer to draw down from the remaining money held in reserves for Local Welfare Assistance in order to increase the capacity of the Homelessness Prevention Fund and to support the development of a local approach to preventing crisis and supporting financial resilience
- iii. Prior to closure of the Support Fund, the Council updates its website and communicates with those services and organisations that currently make referrals to the scheme in order to promote and signpost to the different forms of support available for those facing financial difficulty following closure of the scheme

7. Contribution to strategic objectives

7.1 The proposals within this report are part of a process to develop a more strategic response to welfare reform which was set out in the report to Cabinet of 19th January 2016. Developing a more strategic approach to welfare reform supports a number of our corporate priorities, including preventing homelessness, ensuring residents can find and

keep good quality employment, and supporting residents to live independent lives. In addition, supporting those affected by welfare reform is central to our ambition to create a fair and equal borough by tackling the underlying factors of poverty and exclusion.

8. Statutory Officer comments

8.1 Equalities Comments

- 8.1.1 Those in receipt of financial assistance are amongst some of the most vulnerable residents in the borough and include a high proportion of those from the protected groups. An EqIA was completed in relation to the decision to close the Support Fund taken to Cabinet on 19th January 2016. The EqIA has been updated to reflect the proposals within this report and is attached as Appendix A to this document.
- 8.1.2 As part of the recommended mitigating actions within the EqIA it was proposed that households no longer able to access financial assistance through the Support Fund scheme should be offered alternative sources of support where appropriate. Based on a review of existing support provided through the scheme, the Council is proposing to use some of the money held in reserves to increase capacity within its homelessness prevention budget to ensure that the most critical needs continue to be met following closure of the scheme. The Council is also proposing to use the remaining resources to support a more preventive approach that increases financial resilience and reduces reliance on crisis support.

8.2 Chief Finance Officer comments

- 8.2.1 It is not anticipated that there will be any significant budgetary impact from the proposals outlined in this report to align Haringey's local welfare assistance scheme with other forms of assistance for those in financial hardship, given the intention to draw down against existing grant allocation funds currently held in reserves.
- 8.2.2 A broader piece of work around improving financial resilience and reducing reliance on crisis support to be undertaken in 2016/17 is expected to consider how resources should be targeted to meet existing and future support needs.
- 8.2.3 In 2015/16 the Government removed grant funding for Local Welfare Assistance. Haringey opted to continue the Support Fund scheme with the remaining reserves during 2015/16. Although the government stated that councils should continue to provide local support funds concentrated on those facing greatest difficulty in managing their income, it decided not to place a new duty on local authorities in respect of the new provision. Funds were to have flexibility to allow help to those in genuine need. The Council still has some fund money available for use in this way. It proposes to develop a new approach to its use over the coming months, but in the meantime it wishes to continue to provide support, particularly in respect of Homelessness Prevention.

8.3 Comments of the Assistant Director of Corporate Governance

8.3.1 The report seeks to delegate authority to the Chief Operating Officer to draw down money from reserves during 2016/17, in order to increase the capacity of the Homelessness Prevention Fund to address emergency needs, sustain tenancies and prevent homelessness. This can be achieved using the power the authority has to do anything for the benefit of the authority, its area or residents present or in its area under s1 of the Localism Act 2011 (the general power of competence).

9 Use of Appendices

9.1 Appendix A EqIA – Support Fund

10. Local Government (Access to Information) Act 1985