

Report for: Cabinet, 19 January 2016

Item number: 10

Title: Changes to welfare assistance

Report authorised by : Tracie Evans, Chief Operating Officer

Lead Officer: Kathryn Booth, Policy and Equalities Officer

Ward(s) affected: All

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

1. Describe the issue under consideration

The Welfare Reform and Work Bill (2015) makes major changes to welfare provision which are due to roll out between April 2016 and April 2018. These changes will have a significant impact on the incomes of some of our most disadvantaged residents and are likely to impact on demand for financial assistance for those in financial hardship. There is therefore a need to review our approach to welfare provision and the support we provide to vulnerable residents affected by welfare reform in the light of these changes. The purpose of this report is to:

- a) Update members on the Council's approach to preparing for welfare reform changes
- b) Recommend some immediate changes to the deployment of resources for local welfare assistance to enable the Council to respond more flexibly to forthcoming welfare reform change
- c) Set out a proposed timetable for developing our strategic approach to welfare reform including work with the voluntary and community sector

2. Cabinet Member Introduction

- 2.1 The proposed 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. It is deeply concerning that, against a backdrop of increased demand for support, the resources available to support those residents facing significant financial hardship have reduced.
- 2.2 It is vitally important that the Council continues to do everything it can to support the most vulnerable members of our communities who may need assistance during key moments of crisis in their lives. This report

sets out a proposed timetable for responding to welfare reform changes and signals our commitment to developing a more strategic approach to supporting those in financial hardship. This report also proposes some immediate changes to existing provision of financial assistance to ensure that these resources are prioritised where they can have the most impact.

3. Recommendations

It is recommended that members:

- 3.1 Note progress to date in preparing for welfare reform changes (paragraph 6.1) and agree the proposed timetable for developing our strategic response to welfare reform (paragraph 6.4).
- 3.2 Agree that when the current Support Fund contract ends on 31 March 2016 the existing scheme should be brought to an end, and that a proposal for how the Council will meet the needs of those who would have been eligible for support under the scheme is brought to the Cabinet Member for Resources in March 2016 for approval (paragraphs 6.34-6.38)
- 3.3 Subject to agreement of 3.2 above, agree that the remaining resources for local welfare assistance held in reserves following the Support Fund closure should be aligned with other forms of assistance for those in financial hardship and that a clear plan is developed for how these resources will be targeted to meet existing and future support needs (paragraphs 6.34-6.38)
- 3.4 Agree that the Council reviews its Discretionary Housing Payment policy and as part of this review takes steps to improve the monitoring of support, ensuring that systems are in place to deliver support in line with agreed policies in a fair and consistent manner (paragraphs 6.39-6.40)
- 3.5 Note proposals to engage with the voluntary and community sector to develop a shared strategic response to welfare reform (paragraphs 6.43-6.45)

4. Reasons for decision

The existing contract for the Support Fund ends on 31 March 2016 and a decision is needed as to how to proceed following the end of the contract. Remaining resources for local welfare assistance are limited and the Council needs to ensure that these resources are targeted efficiently and at the areas of greatest need.

The Discretionary Housing Payments policy is approved annually to take account of any national policy changes and local financial

settlement. Any spend on DHP over and above the government allocation is at cost to the Council's General Fund. This policy will need to be reviewed and updated by the end of 2015/16 to take account of the Local Government Financial Settlement allocation and the changes that are due to come in through the Welfare Reform and Work Bill.

Decisions on the use of resources for local welfare assistance must be taken in the context of our longer-term response to the changes within the Welfare Reform and Work Bill. The magnitude of these changes for our residents will require the Council to have a clear strategic response in place and members are asked to agree the timetable and process for this.

5. Alternative options considered

5.1 Re-tender the Support Fund contract

An alternative option would be to retender the Support Fund contract, which is currently due to end on 31 March 2016. 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. Retendering the existing contract would also be a resource intensive process and, given remaining resources would only support a new contract for a period of 1 to 2 years, this would not be an efficient use of Council resources. Continuing with an externally administered scheme also reduces opportunities to better coordinate existing resources.

5.2 Bring the existing contract in house

An alternative option would be to end the existing contract with Northgate and bring the Support Fund scheme in house. This would enable the scheme to be aligned with other forms of financial assistance and reduce the potential for duplication. However, there are likely to be significant administrative and set up costs associated with developing the scheme in house. 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 Do nothing

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.

6. Background information

6.1 Our progress to date in preparing for welfare reform changes

The Welfare Reform and Work Bill policies will have a significant impact on the incomes of some of our most vulnerable residents. As such, welfare reform impacts on 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.

6.2 Developing an effective response to welfare reform requires a coordinated approach across a number of service areas. The Chief Operating Officer has therefore put in place a Welfare and Benefits Working Group, bringing together senior officers from housing, economic development, social care and the shared service centre. This group commissioned two key pieces of work:

i. **A cumulative impact analysis of the welfare reform changes**

The Welfare Reform Club was commissioned to complete a data matching exercise to identify the cumulative impact of welfare reform changes on the borough's residents. The findings of this study will help us to assess the impact of welfare reform on our local policy decisions and target activity at those most affected by these changes. The final report is expected in early 2016 and will be shared with members and partners. We will also develop an action plan setting out how we intend to respond to the findings of the report which will be presented to members in Spring 2016.

ii. **A review of our existing welfare assistance schemes**

The Council currently provides a number of forms of welfare assistance for those in financial hardship: The Support Fund, Discretionary Housing Payments and a Council Tax Reduction Scheme. These schemes are reviewed annually to take account of changes in funding and changes in the overall policy context. Revenue and Benefits and the Policy team were tasked with reviewing these schemes in the context of the proposed welfare reform changes. This report presents the key findings of this review and makes recommendations for how we can ensure these resources are targeted more effectively and support a joined up approach to welfare reform.

6.3 The Council is not the only source of support for those facing financial

hardship but part of a broader community response. It is therefore crucial that our overall strategic approach to welfare reform is developed with our partners, including in the voluntary and community sector. It has been agreed with HAVCO that the next VCS forum in January will be a dedicated workshop on welfare reform aimed at developing a systems led approach.

- 6.4 It is recommended that members note progress to date in preparing for welfare reform changes and agree the following proposed timetable for developing our strategic response to welfare reform (Recommendation 3.1):

Key milestones	Dates
Welfare and Benefits Working group set up to provide oversight of the agenda at a senior level	April 2015
Commissioned Welfare Reform Club to complete analysis on cumulative impact of welfare reform	September 2015
Review financial assistance policies and eligibility criteria in the light of Local Government Financial Settlement for 2016/17	December 2015-March 2016
Cabinet sign off for our local approach to welfare reform and financial assistance	January 2016
Initial workshop with voluntary and community sector providers to highlight key issues and get engagement to developing our local strategic approach to welfare reform	January 2015
Conversations with the Information Advice and Guidance contractor to agree the details of service provision	January-February 2016
Seek member approval of the DHP Policy 2015/2016	March 2016
Current Support Fund contract with Northgate ends	31 st March 2016
Welfare Reform Club report completed on cumulative impact of welfare reforms	March 2015
Organise a series of briefings for members and partners on the findings of the Welfare Reform Club report	Spring 2016
Develop an action plan setting out our strategic response to the findings of the Welfare Reform Club report	Spring 2016
Universal Credit starts to roll out in Haringey	April 2016

Freeze on Working Age Benefits	April 2016
Benefit cap lowered to £23k in London	Autumn 2016
Review of Council Tax Reduction Scheme	May 2016

6.5 The current structure of local welfare provision

Following the Welfare Reform Act (2012), the Government introduced three major changes to the structure of local welfare provision which took effect from April 2013:

- i. **Council Tax Benefit** was replaced by a new system of Council Tax support
- ii. **Community Care Grants and Crisis Loans** provided through the DWP Social Fund were abolished with the funding transferred to local authorities to deliver new Local Welfare Assistance Schemes
- iii. **Discretionary Housing Payment** allocations to local authorities were increased to support those struggling to pay rent as a result of the benefit cap, the bedroom tax and Local Housing Allowance reforms. However, in 2015/16 the DHP allocation was significantly reduced, placing considerable pressure on this fund.

6.6 The changes were focused on localising welfare assistance and linking it to other forms of assistance provided to vulnerable residents. However, whilst the funding provided to Councils to set up Local Welfare Assistance Schemes was non ring-fenced, many local authorities chose to design local schemes that were very similar in scope to the previous centrally run schemes.

6.7 Local authorities chose a number of models for delivering their Local Welfare Assistance Schemes: some chose to design an in-house service, whilst others chose to procure external providers to deliver their schemes. Haringey's scheme – the Support Fund – is delivered by an external provider. The current contract runs until 31 March 2016.

6.8 Who is supported by our current welfare provision?

Welfare assistance is intended to support the most vulnerable in our communities in times of difficulty, aiming to address some of the social costs associated with financial hardship such as homelessness, barriers to job-seeking and poor mental or physical health outcomes. The Council has policies for welfare provision which set out what

support is available to residents, who is eligible for support, and how limited resources will be prioritised. Links to our current Discretionary Housing Payment policy and Support Fund policy are provided in section 10 of this report. These policies are reviewed annually to take account of available resources and any changes in approach.

- 6.9 The Support Fund and Discretionary Housing Payments policies currently support a relatively small number of residents. The Support Fund makes around 400 awards annually and Discretionary Housing Payments are awarded to around 1400 residents annually. Our Council Tax Reduction Scheme supports a much larger proportion of residents with 30,000 residents claiming under the scheme.
- 6.10 Disabled residents represent a high proportion of those claiming from the Support Fund, reflecting the community care aspects of the scheme and the priority given to these individuals within the eligibility criteria. Lone parents feature prominently in all forms of welfare assistance. – they represent a third of working age claimants of Council Tax Reduction and are a high proportion of those seeking support through the Support Fund.
- 6.11 Discretionary Housing Payments are targeted predominantly at those affected by welfare reform changes, including the LHA reforms, the bedroom tax and the benefit cap. Capped cases represent over three quarters of our DHP allocation, highlighting the significant impact of this reform on a tenant's ability to meet rent payments. This also means that the majority of Discretionary Housing Payments go to tenants in temporary accommodation and private sector accommodation due to the high cost of rent for these tenures.
- 6.12 What are the drivers for a new approach to welfare provision?

The review of local welfare provision has identified a number of drivers for making changes to our current approach.

- 6.13 *Demand for financial assistance is predicted to rise*

Changes brought about by the Welfare Reform Act (2012), including the bedroom tax, the benefit cap and Local Housing Allowance reform, drove a significant increase in demand for Discretionary Housing Payments to meet the shortfall between rent and Housing Benefit subsidy. To mitigate the impact of these reforms, there was a significant increase in the budget for DHP in 2013/14, although the allocation was subsequently reduced in 2015/16. New, teams of officers from Homes for Haringey, the Council and the DWP were also set up to support those affected by welfare reform – The Welfare Reform Team and the HfH Financial Inclusion Team.

- 6.14 The Welfare Reform Act also drove increased demand in other parts of the system as families struggled to cope with decreasing incomes, benefit sanctions, and delays in benefits. National studies have indicated there is likely to be a causal link between welfare reform and increased demand for food aid from the national food bank networks. National advice agencies, such as the Money Advice Trust and Citizens Advice, have also reported increased numbers of people seeking help for rent arrears and other debts.
- 6.15 The changes within the Welfare Reform and Work Bill (2015) will have an even more significant impact on household incomes including:
- i. A freeze in working age benefits
 - ii. An extension of the benefit cap from £26k to £23k in London
 - iii. A reduction in benefits for those in the Employment Support Allowance Work Related Activity Group to the Job Seekers Allowance rate
- 6.16 These changes coupled with ever increasing rent levels in London are likely to drive further demand for financial assistance. The lowering of the benefit cap to £23k in London could result in significant additional demand on our local DHP funds. An increase in demand for DHP beyond the capacity of our DHP allocation is likely to result in increased costs in other parts of the system such as temporary accommodation costs, an increased likelihood of homelessness for those who fall into arrears and potential additional demands on social care provision.
- 6.17 In addition to new welfare changes, Universal Credit is due to start rolling out in Haringey from April 2016. As claimants move on to Universal Credit they will need to be able to make claims on-line and manage their income from a monthly budget. Changes in the way benefits are structured under Universal Credit are also expected to change incomes and work incentives for claimants.
- 6.18 *But our resources for financial assistance are reducing*

In April 2015 the Government reduced the Discretionary Housing Payments allocation Councils received. London boroughs were hit particularly hard by this change with Haringey's allocation 40% lower than in 2014/15 reducing from £2.5 million in 2014/15 to £1.5 million in 2015/16. Consequently demand on our Discretionary Housing Payments scheme in 2015/16 exceeds available funds and there is risk of an overspend against this fund in this financial year. Given anticipated additional demand on DHP in 2016/17 there is also a risk that our DHP spend in 2016/17 would exceed available funds at cost to the Council's General Fund. It is unsustainable for the council to financially supplement government grants to continue to support and sustain residents affected by welfare reform.

- 6.19 The Government had intended to reduce DHP allocation by a further £40 million in 2016/17 but, following the welfare reform announcements in the July budget, announced that DHP funding would increase by £25 million in 2016/17 and a further £35 million in 2017/18. It is anticipated that local authority DHP allocations for 2016/17 will be announced in February 2016. Although our allocation is expected to increase, the additional budget is unlikely to cover all the cases expected to require additional assistance with their rent following welfare reform.
- 6.20 In 2015/16 the Government also removed grant funding for Local Welfare Assistance Schemes. In response to the loss of the DWP grant some local authorities have stopped their welfare assistance schemes altogether. 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. Authorities that opted to continue their schemes are now having to make decisions about what they will do once existing reserves are gone. In Haringey, following the end of the current Support Fund contract, there will be £0.9 million in reserves remaining. However, for the reasons set out in this report it is not recommended to continue with a separate Support Fund but instead to use the remaining reserves alongside funds allocated for other forms of assistance for those in financial hardship.
- 6.21 Following lobbying by local authorities, the Government announced an additional £74 million to upper tier authorities to 'assist them in dealing with pressures on local welfare and health and social care.' It was intended that this would further help councils to develop localised arrangements. Haringey's share of this additional funding in 2015/16 was £571k. A number of local authorities took the decision to allocate this additional funding to support the continuation of their Local Welfare Assistance Schemes. In Haringey the funding was incorporated within contingency funding following Cabinet decision on the Medium Term Financial Strategy.
- 6.22 *Our existing resources could be used more effectively*

A key criticism of the localisation of welfare assistance has been the reduced assistance made available through the schemes with a large number of local areas underspending their allocation. This was largely driven by the uncertainty of future allocations, causing many local authorities to manage demand through stricter eligibility criteria and restricted promotion of the scheme. In Haringey the number of applications and awards made through the Support Fund has fallen sharply since April 2013. The scheme currently receives fewer than 100 applications a month compared to over 700 a month received by the DWP Social Fund and a much lower proportion of applications received are successful.

6.23 In total Haringey received £2.2 million of non ring-fenced funding to support the localisation of the Social Fund. At the end of 2015/16 Haringey will continue to hold 0.9 million in reserves for its local welfare assistance scheme. Although Haringey has spent less annually on the administration of its Support Fund than was allowed for in the original DWP allocation, the low level of awards made through the local scheme means that it has been expensive to run. Under the current contract, annual spend on administration of the scheme has been £160,000, representing 38% of annual spend on the scheme.

6.24 *And we could better join up the resources we already have*

Discretionary Housing Payments and the Support Fund are only a small part of a much broader network of financial assistance and support available within local areas to meet the needs of vulnerable people. One of the key reasons given for localising welfare assistance was the opportunity for local authorities to align these resources with the wider range of support already offered within local areas. Islington, for example, chose to create a Resident Support Scheme, which brought together DHP, Community Care and Crisis grants, and some charitable grants for financial assistance. Some local authorities have used part of their welfare assistance funds to strengthen the capacity of local support networks, for example investing in debt advice agencies, credit unions and welfare rights projects or boosting funding for other agencies that provide in-kind support in their areas, such as food banks and furniture recycling projects.

6.25 The range of welfare support and financial assistance provided in Haringey includes:

- i. Budgeting loans and short term benefit advances provided through the DWP
- ii. Affordable credit provided through the Credit Union
- iii. Voluntary and charitable organisations such as Haringey food banks, the Tottenham District charity and RESTORE community projects, providing financial assistance, in-kind support, or low cost goods to the those facing financial hardship
- iv. Financial assistance provided under section 17 of the Children's Act 1989
- v. Debt and money management advice provided through voluntary sector providers and public sector providers
- vi. Other financial assistance schemes, including the Support Fund, Discretionary Housing Payments and Council Tax Reduction Scheme

6.26 Currently these forms of support are not joined up as well as they could be. This means there is a risk of duplication in the distribution of financial assistance and that those receiving financial assistance may not be linked in to non financial support to address underlying needs. Our current welfare assistance scheme – the Support Fund – is an

example of the difficulties inherent in our current fragmented processes. In a 2014 report on our local Support Fund it was noted that the external administration of the scheme reduced opportunities to fully understand local conditions and problems and missed opportunities to link to other council services and wider needs.¹

6.27 Our approach to welfare provision needs to be more preventive

Early help and prevention is a key focus of our local welfare policies – an approach that sits at the heart of the Council’s current Corporate Plan. Neither DHP nor the Support Fund are intended to be a long-term solution to a claimant’s financial difficulties but instead provide short-term assistance to ease transitions and allow households to find a way of resolving their difficulties.

- 6.28 The experience of local authorities in delivering welfare provision suggests that direct financial assistance is most effective when it links to advice and support that seeks to address the underlying factors driving financial hardship. For example, our Discretionary Housing Payments scheme operates in tandem with local initiatives aimed at supporting tenants into work and helping tenants to move to a home that they can afford at a much earlier stage. A key part of this approach has been the creation of dedicated services to support those affected by welfare reform: The Welfare Reform Team and the Financial Inclusion Team. These approaches have been successful in managing demand for financial assistance, with the Welfare Reform Team helping to move 68% of capped cases off the cap, half of which have been supported to obtain work or increase their hours.
- 6.29 Authorities have often made the direct link to wider sources of support by introducing an element of conditionality into their local welfare assistance schemes, such as requiring claimants to participate in training or employment programmes or attending a money management course. Conditionality currently forms part of Haringey’s DHP policy.
- 6.30 Some authorities have also used an element of their non ring-fenced funds for welfare assistance to directly support preventive initiatives, for example:
- i. Investing in targeted sessions with carers and disabled people
 - ii. Developing a small loan scheme and ‘managed account’ service through the local credit union to help vulnerable people cope with changing personal finances
 - iii. Investing in a finance and budgeting advice service within Citizens Advice

¹ *Bridging the gap: The Haringey Support Fund*, Centre for Analysis of Social Exclusion (2014)

- iv. Delivering a 'back to work package' to help those securing employment with travel, food and utility bills until their first pay is received

6.31 Proposed changes to our approach to welfare provision

The resources available for local welfare provision are reducing but in an environment where the pressures on household incomes and therefore the need for financial assistance is growing.

- 6.32 The Council has commissioned a cumulative impact analysis of the impact of welfare reform within the borough, the key findings of which are expected to be available in early 2016 and will be shared with members. The findings of this analysis will be used to develop our longer-term strategic response to supporting those facing financial hardship. This report proposes a number of immediate changes to the way financial assistance is delivered in the borough (recommendations 3.2-3.3) as a first step towards developing our longer-term strategic response to welfare reform.

- 6.33 The principles underpinning this approach are:

- i. Maximising the use of existing resources
- ii. Developing a more preventive approach to tackling financial hardship
- iii. Ensuring financial assistance resources are strategically targeted
- iv. Working in partnership to develop an effective response to those in financial hardship

6.34 *Maximising the use of existing resources*

The Support Fund is currently expensive to administer and only supports a small proportion of those facing financial hardship. The separation of different forms of welfare support also introduces the potential for duplication and reduces opportunities to coordinate our resources. It is therefore recommended that when the current Northgate contract ends on 31 March 2016, the existing scheme should be brought to an end and a proposal for how the Council will meet the needs of those who would have been eligible for support under the scheme is brought to the Cabinet Member for Resources in March 2016 for consideration and approval (recommendation 3.2).

- 6.35 It is also recommended that the remaining resources for local welfare assistance held in reserves should be aligned with other forms of assistance for those in financial hardship and that a clear plan is developed for how these resources will be targeted to meet existing and future support needs (recommendation 3.3).

6.36 *Developing a more preventive approach to tackling financial hardship*

It is important to ensure that those receiving financial assistance are able to access an overall package of support and advice that enables them to tackle underlying issues, developing greater financial resilience and reducing the long-term need for support.

6.37 One way of ensuring our local schemes address underlying needs is to ensure those receiving assistance are linked to appropriate support services through referral or as a condition of award. For example, the Council's new Information Advice and Guidance contract will include provision for debt and welfare advice. This offers an opportunity to agree how those receiving financial assistance can also be linked in with other forms of support that can help them address underlying problems.

6.38 Local Welfare Assistance funds were non ring-fenced and a number of local authorities chose to use part of their allocation to develop preventive initiatives targeted at addressing the underlying needs of those facing financial hardship. With limited remaining resources to deliver local welfare provision beyond 2016/17 and a projected increase in demand for financial assistance, it is important that we invest in initiatives that increase financial resilience and reduce reliance on welfare support. The proposed plan for targeting remaining resources will therefore also take into consideration how use of resources can help to develop financial resilience and reduce further reliance on welfare support, supporting an improved focus on early help and prevention (recommendation 3.3).

6.39 *Ensuring our financial assistance resources are strategically targeted*

The combination of reduced resources for welfare provision and further welfare reform means it is crucial that our resources are targeted where they are most needed. It is anticipated that our 2016/17 allocation for Discretionary Housing Payments will be announced in February 2016. Based on this announcement, it is recommended that the Council should begin to review its Discretionary Housing Payment policy and as part of this review take steps to improve the monitoring of support, ensuring that systems are in place to deliver support in line with agreed policies in a fair and consistent manner (recommendation 3.4)

6.40 The review should also be informed by the findings of the Welfare Reform Club cumulative impact analysis to take account of which residents will be most affected by the welfare reform changes.

6.41 Each financial year the Council is required to consider whether to

revise or replace its Council Tax Reduction Scheme (CTRS). The Council is required to agree its scheme no later than 31 January in the financial year preceding that for which the scheme is to have effect. The CTRS scheme for 2016/17 was agreed at Cabinet on 10th November. It is intended that review of the CTRS for 2017/18 will commence in the Spring of 2015 in preparation for a scheme to be in place in January 2016, for 2017/2018.

- 6.42 It is also important that going forward we take a more intelligence-led approach to tackling financial hardship and make better use of the data currently held in our systems. One example of this is the new debt management systems being developed as part of the BIP programme. Coordinating our information on debt would enable us to target those most in need of support, such as those in significant arrears or in arrears to more than one service area.

- 6.43 *Work in partnership to develop an effective response to those in financial hardship*

Our resources for welfare assistance are reducing and there is therefore a need to develop an exit strategy that enables us to move to a new and sustainable model of provision. In so doing it is important to recognize that the Council's financial assistance schemes are not the only source of support to those in financial hardship but part of a broader community response.

- 6.44 A review of practice from other local authority areas provides examples of how resources can be used to develop a response that delivers greater social value and builds capacity within communities. For example, some councils have used their welfare assistance funding to develop capacity within voluntary and community sector, such as developing affordable credit products in partnership with the Credit Union

- 6.45 The next Voluntary and Community Sector network meeting in January 2016 will be dedicated to a discussion on welfare reform. The purpose of this session will be to share the findings of the welfare reform cumulative impact analysis and to kick-start a discussion on how we can improve capacity to support those affected by welfare reform changes. It is recommended that members note proposals to engage with the voluntary and community sector to develop a shared strategic response to welfare reform (recommendation 3.5).

7. Contribution to strategic outcomes

Improving our response to those affected by welfare reform will support 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 Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Legal

- 8.1 This report recommends ceasing the provision of a distinct Support Fund and aligning remaining resources with other forms of assistance for those in financial hardship, whilst undertaking a strategic review of the financial welfare assistance provided by the Council.
- 8.2 The Support Fund came into existence on 1 April 2013, following the introduction of Section 70 of the Welfare Reform Act 2013 which abolished the discretionary part of the Social Fund from the Social Security Contributions and Benefits Act 1992 (section 138(1)(b)). At the same time local authorities received government funding to provide locally administered assistance to the vulnerable, but it should be noted that the Government did not introduce a new duty on local authorities to provide this assistance.
- 8.3 The Support Fund was instead provided using existing powers, pursuant to section 1 of the Localism Act 2011 (the general power of competence). There is no obligation on the Council to provide assistance in the manner of a dedicated Support Fund, and the Council is free to provide financial assistance in the alternative ways as set out in the report.
- 8.4 An EQIA on the proposals has been carried out and is attached at Appendix 3. The findings of the EQIA, in particular section 5 and 6 of the assessment, the impacts identified therein and the proposals made to reduce or mitigate them, will need to be considered in the review and re-design of financial welfare assistance. Interim measures are proposed for those persons who would have qualified for the Support Fund after 31 March 2016, pending the outcome of the strategic review (namely signposting to alternative forms of assistance).
- 8.5 The review of the Discretionary Housing Payments Policy and the Council Tax Reduction Scheme will both require legal advice and

support, and will be brought back to members for separate decisions in due course.

Finance

- 8.6 The ending of the external contract with Northgate for the administration of the Support Fund will, as discussed earlier in this report, give rise to a saving of £160k to the Council from April 2016. However no further financial assessment is possible at this stage.
- 8.7 As work is continuing to determine an alternative process for supporting residents in need, it is too early to assess the overall cost effectiveness of any measures proposed, and any likely corresponding net saving. The remaining funds available within reserves to finance future proposals, are limited to their current level of £900k, with no additional grant received from 2015-16.
- 8.8 Assistance through the DHP Fund could be severely limited, if the reduced allocation here from 2015-16 (of £1m) is not redressed by the Government in the future, and the Service's expectations of on-going budgetary pressures, continues.

Procurement

- 8.9 Procurement supports this proposal as aligning remaining resources with existing forms of assistance should ensure that the financial envelope is bigger to assist those undergoing financial and other hardships in a harsh fiscal climate coupled with disadvantageous changes in the welfare system
- 8.10 Given that this contract will naturally expire in March, notice is not required to end the contract nor is there any further procurement ramifications in ceasing to use a third party to administer it.
- 8.11 Service should ensure, however, that any partner agencies are appropriately procured and seek assistance from CPU as and when required.

Equalities

- 8.12 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 has therefore been completed in relation to this decision and is included as appendix 1 to this report.

- 8.13 The report proposes closing the current Support Fund scheme. Certain groups – in particular single households and disabled residents – are a high proportion of those accessing support from the scheme and would therefore be most likely to be affected by loss of this support. It is recommended that households that are no longer able to access financial assistance through the Support Fund scheme are offered alternative sources of support where appropriate. The remaining resources will also continue to target those in financial hardship. The Council will aim to target these resources at areas of greatest need and with a focus on early help and prevention to ensure that they are used most effectively.
- 8.14 The Council intends to review its DHP policy following the Local Government Financial Settlement, including revisiting the existing eligibility criteria. The EqlA proposes that this review should be subject to further equalities impact assessment.

9. Use of Appendices

Appendix 1 Equalities Impact Assessment

10. Local Government (Access to Information) Act 1985

Background documentation:

- I. Support Fund Policy
http://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&frm=1&source=web&cd=1&ved=0ahUKEwiPzZSV2ZrKAhUFLhoKHeg7Dv4QFggdMAA&url=http%3A%2F%2Fapplications.haringey.gov.uk%2Fsupport_fund_policy_v6_061113.pdf&usg=AFQjCNFVNo-7ju16GehP1Lz6RKzwjaTDkw
- II. Discretionary Housing Payments Policy 2015/16
http://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&frm=1&source=web&cd=1&ved=0ahUKEwjR-NiF2ZrKAhVlvRoKHdRGCL4QFggdMAA&url=http%3A%2F%2Fwww.haringey.gov.uk%2Fsites%2Fharingeygovuk%2Ffiles%2Fharingeys_dhp_policy_2015-16.pdf&usg=AFQjCNHmalCVwCsRh11yuzD4eReZrppig