



**NIACRO'S RESPONSE TO THE
DEPARTMENT FOR WORK AND PENSIONS
CONSULTATION ON SOCIAL FUND
REFORM: DEBT, CREDIT AND LOW-
INCOME HOUSEHOLDS, MARCH 2010**

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INTRODUCTION

1.1 NIACRO, the Northern Ireland Association for the Care and Resettlement of Offenders, is a voluntary organisation, working for over 40 years to reduce crime and its impact on people and communities. NIACRO provides services under the headings of; working with children and young people who offend; providing services to families and children of offenders; supporting offenders and ex-prisoners in the community and working with prisoners.

1.2 We receive funding from, and work in partnership with all the main criminal justice agencies in Northern Ireland.

1.3 **NIACRO SERVICES**

NIACRO is experienced in dealing with welfare issues for prisoners and their families, offenders and ex-prisoners.

1.4 *Prisoners*

As part of our commitment to resettlement, we work closely with the NI Housing Executive (NIHE) and the Housing Rights Service to help tenants retain their homes during imprisonment. We assist prisoners in addressing welfare issues, including accommodation and access to benefits, prior to their release, through an Advice Service in each of the three prisons in Northern Ireland. Each year, this service deals with over 900 prisoners.

1.5 *Families*

Through our Family Links Service, NIACRO also offers advice and support to the families of people in prison. In many cases, the adult in prison is also the main breadwinner and families are unaware of their entitlements or how to access welfare during the imprisonment of a loved one. They have committed no crime, but may find themselves in immediate financial hardship.

There are no specialised support services for the families of prisoners and they are often isolated within their community, serving a silent sentence. In some cases, the families are too ashamed to tell anyone about their changed circumstances and without the assistance of NIACRO's Advice Service, welfare agencies would not be aware of their needs.

In 2009 – 2010, we worked with 1,359 referrals.

1.6 *Communities*

Our APAC (Assisting People and Communities) project provides an individual needs-led approach to integration. In particular, it works with the Housing Executive to assist people who are at risk of losing their tenancy as a result of anti-social or offending behaviour. The programme has been extended to include a dedicated worker for women and another who works to meet the needs of individuals with mental health issues. Overall, APAC dealt with almost 100 cases in the past year.

1.7 *Employment*

NIACRO's Jobtrack programme is committed to assisting people with a conviction get back into employment following a sentence. It is funded by the European Social Fund and supported by the NI Probation Board and the NI Prison Service. It is based on research, which suggests that employment reduces re-offending rates.¹

1.8 Between 2009/2010, it engaged with over 769 unemployed adult offenders across Northern Ireland. Of the 297 offenders who completed the programme, over 61% went into training or employment. From the 543 offenders who chose to leave the programme early, 14% went into employment or training. The remaining numbers are still working to complete the programme.

1.9 Jobtrack works because it understands the challenges that prisoners and ex-offenders face when seeking employment. Most ex-prisoners and offenders want to be employed, but are unable to do so due to employer suspicions, numeracy and literacy issues (64% of Jobtrack service users have a Level 1 or below qualification when they enter the programme) addictions, mental health issues and self-esteem difficulties.

NIACRO tailors education and training to individuals' needs and matches this to labour market demands. This takes time and often results in service users maintaining benefits while participating in the programme.

1.10 *NIACRO's response*

NIACRO's response to the Department for Work and Pensions (DWP) consultation document Social Fund Reform: debt, credit and low income households is informed by experience developed in almost 40 years of working with users of the Social Security system in Northern Ireland.

¹ Home Office (2002) *Breaking the Circle: a report on the review of the Rehabilitation of Offenders Act*, London, Home Office.

The feedback from our service users is that the Social Fund can be difficult to navigate when seeking help, often at a critical time in their lives. More often than not they are steered towards taking loans, rather than being encouraged to apply for community care grants.

CONSULTATION QUESTIONS

2.0 What types of intervention would be most useful for customers?

2.1 The Social Fund is a lifeline to many thousands of low income households throughout **Northern Ireland** by helping them meet the costs of items and expenses that cannot be budgeted for. Many claimants are excluded from mainstream financial services because of their credit status and personal circumstances. Without access to the Social Fund the only other viable alternative for them is unlicensed unregulated money lenders. Once caught up in this type of lending arrangement, it is very difficult to escape, as unlicensed money lenders charge extortionate rates of interest and the loans they offer will take applicants years to repay.

2.2 Our service users regularly report difficulty in accessing crisis loans. Budgeting loans are impossible for someone leaving custody to qualify for because of the six month qualifying time limit and because the applicant may be excluded for having outstanding unpaid loans. It would help if weighting restrictions which limit the amount of budgeting loan that can be offered were relaxed, or removed altogether. NIACRO disagrees with the proposal to reduce the amount available to loan applicants in the first six months of a benefit claim, as this will not meet the claimants needs or improve their financial inclusion.

2.3 Community care grants are available to anyone who meets set criteria with the overall aim of promoting independent living in the community. Anecdotal evidence from our service users suggests there is resistance within the Social Fund to award community care grants, with applications being disallowed or token awards being made. Indeed, there is a view held in the sector that the Social Fund tends to steer applicants towards loans rather than grants for budgetary reasons. The statistics in the consultation document (page 25) supports this view with £1.1 million budgeting loans and £2 million crisis loans being awarded compared to 252,000 community care grants last year.

2.4 Types of intervention which will benefit applicants include:

- More timely decisions on loans and grants;
- Extend qualifying benefits for both budgeting loans and community care grants to include those who receive contributory Jobseeker's Allowance and contributory Employment and Support Allowance and Incapacity Benefit;
- Remove the qualifying time period for budgeting loans and allow applications from day one of benefit entitlement;

- Relax or remove the weighting restrictions which limit the amount of budgeting loan award an applicant can receive;
- Relax the repayment conditions for crisis and budgeting loans;
- Increase the amount of award available to loan applicants;
- Offer support to applicants who make repeat applications;
- Where appropriate, refer applicants to money management/financial capability services in the community;
- Assist applicants move from repeat loan dependency by promoting the uptake of a community care grant;
- Give applicants a full benefit health check to ensure their income is maximised;
- Offer 'better off in work' calculations to persuade applicants of the benefits of part or full time employment which can open the door to mainstream financial services.

2.5 These adjustments will improve access to the Social Fund for low-income households at times of financial need. It will also reduce the risks faced by claimants who feel they have no other choice but to use unregulated money lenders.

2.6 In the longer-term, such services can also act as early intervention warnings. If delivered properly, they give the Social Fund and its partners in the third sector the opportunity to offer this vulnerable group better advice on handling finances.

3.0 When do you feel it is most effective to intervene in a customers' interaction with the Social Fund, for example following a second loan application?

3.1 Interventions are more likely to succeed where the applicant gives consent and cooperation and engages with the Social Fund. However, it may have a greater degree of success where an independent third party is introduced.

3.2 NIACRO recommends that discussion of financial circumstances and needs should take place at the point when a second loan application is made within 3 months of the first and where there is no evidence of a substantial change in circumstances.

3.3 Where a pattern of repeat applications is evident the Social Fund should invite the applicant for an interview to ascertain the reasons for the repeat application and to agree an action plan to address assessed needs and improve the individual's circumstances.

3.4 The interview should not be conditional on having an application processed or award made. Where an applicant refuses an interview they should not be penalised and delay should be kept to a minimum.

3.5 An action plan might contain the measures listed in 2.5 above, but also feature:

- Referral to housing specialists;
- Education and training organisations;
- Employment skills;
- Financial capability / money management services.

4.0. How best can we identify the support needs of our customers in a more automated system?

4.1 NIACRO is unsure how DWP will attain its objective of 'building a more tailored and personalised system that promotes financial capability and provides support to those most in need of help and guidance' (paragraph 3.3, page 18), while striving to achieve a more automated system.

4.2 There are examples in Northern Ireland where the Social Security Agency has contracted with the advice sector to do Benefit Take-Up campaigns with hard-to-reach groups such as disabled/elderly persons. In these instances, the Agency writes to the prospective claimant asking if they would like to participate in a benefit health check. Where consent is given, the claimants details are forwarded to the appropriate agency in the sector who then contacts the individual to carry out an initial benefit assessment and wider needs analysis. This proved very successful for claimants in Northern Ireland who gained from substantial benefit increases.

4.3 This work was carried out on a contractual basis. The DWP would need to consider the cost implications if they decide to pursue this model. Nevertheless, NIACRO supports further work in this area.

5.0 Who do you think would be best placed to carry out these interventions?

5.1 Jobs and Benefit Offices/Social Security Offices should carry out an initial interview to assess what the causal issues are for claimants trapped in a cycle of debt and repeat applications to the Social Fund.

5.2 NIACRO believes the experience and expertise for helping individuals lies within the third sector with agencies such as AdviceNI (which has over 70 member organisations based in communities throughout Northern Ireland) and Debt ActionNI (a Northern-Ireland wide money advice and financial capability project sponsored by AdviceNI). AdviceNI and its members, are ideally placed to help support clients on a wide range of issues including benefits, tax credits, money management, debt and housing.

5.3 AdviceNI (affiliated to AdviceUK) also has a successful track record in delivering contracted pieces of work for the Social Security Agency and the private sector.

- 5.4 NIACRO works closely with the Probation Board for Northern Ireland and the Northern Ireland Prison Service in resettlement planning for individuals moving through the custodial system, preparing for release and returning to the community.
- 5.5 A programme we are near to delivering is that of Money Guidance. This is a planning, budgeting, money advice and financial capability programme which will be offered to prisoners in the last three months of sentence. An added incentive to participants will be assistance with opening a bank account prior to release. Assistance will also be offered post-release for those who need it and people will be signposted to services in their local communities for ongoing support. NIACRO is best placed to deliver this service as we already operate in all Northern Ireland's prisons.
- 6.0 Do you think a single gateway to deliver the loans scheme is a good idea?**
- 6.1 Crisis loans are an important source of interest free loans to any individual who does not have sufficient resources to meet immediate short-term needs (e.g. an employee waiting to receive a first salary payment) and to meet expenses in an emergency or as a consequence of a disaster.
- 6.2 Access to crisis loans is not as prescriptive as for budgeting loans and decisions are usually made on the day.
- 6.3 Part of the eligibility criteria for getting a budgeting loan is that you must be in receipt of a qualifying benefit for a specified period of time (26 weeks) before an application will be considered. Budgeting loans are awarded for specified allowable expenses as set out in legislation and guidance.
- 6.4 A single gateway will only work where the qualifying conditions are synchronised, aligned and relaxed. NIACRO recommends loans are made available to anyone in receipt of contributory benefits as well as the current prescribed list of income-related benefits as for budgeting loans. Our concerns are outlined in paragraph 2.1.
- 6.5 NIACRO is opposed to the proposal to reduce the maximum amount of loan a successful applicant can be awarded in the first six months of a benefit claim (paragraph 3.6, pages 32 & 33). This will do nothing to meet an individual's need and will likely drive a person in need elsewhere for support (see our concerns expressed in 2.1).
- 6.6 To facilitate a single gateway for loans, NIACRO urges the DWP reviews the need for an applicant to be in receipt of a qualifying benefit as part of eligibility criteria.

This will reduce complexity and increase the levels of support available to address customers' longer-term needs (paragraph 3.10, page 33).

6.7 NIACRO does not support the sub-contracting out of the delivery and administration of a reformed loans scheme (paragraph 3.19, page 35 of document). Removing this from the control of the Department to a private sector organisation, driven by cost, is a risk to the end user, who are likely to be a vulnerable member of society.

7.0 What support is most needed by those applying for multiple discretionary grants?

7.1 NIACRO believes that the Department needs to implement accurate and timely assessment of needs/advice and offer information and signposting to tailored services in the community who can offer individuals the assistance needed with money management and/or debt issues.

7.2 If an applicant satisfies the qualifying criteria and their need merits an award, there is no issue. Claimants who apply for community care grants do so because their circumstances match the criteria set out in legislation.

7.3 Where vexatious claims are repeatedly being made, it would be appropriate to arrange a meeting with the claimant to explain the purpose of the discretionary grant scheme and advise why applications are being refused.

7.4 NIACRO suggest this would also be a key opportunity for the Social Fund to examine the root causes for the repeat claims and offer appropriate assistance and guidance with an applicant's future claims or money guidance and management services.

8.0 Do you have any views on possible issues in putting the legislation around the provision of goods and services into practice?

8.1 Provision already exists for payments from the social fund to be made to third parties. While payments should normally be made to a claimant, the Department can decide to pay a supplier directly (section 138 (3) Social Security Contributions and Benefits Act 1992).

8.2 We understand the reasoning behind this measure, and the limited instances where it might be useful, such as concern that cash grant will not be used for the purpose requested. However, NIACRO is concerned that it will remove the element of free will and choice from the applicant. This is a particular concern if the Department has an arrangement with a specified provider.

- 8.3 Therefore, NIACRO is seeking safeguards to ensure an applicant will receive quality goods and services and not just the cheapest option available to the Social Fund.
- 8.4 A claimant generally applies for a community care grant for specific items in order to help him/her improve individual circumstances and assist their ability to live independently in the community. Removing the right to use the grant award as they see fit takes away a claimant's ability to make independent decisions regarding their own needs.
- 8.5 Further, it will reinforce the stigma attached to a claimant's impoverished financial circumstances and may reduce the number of applicants, serving to financially exclude and marginalise them.
- 8.6 If the Department does choose to outsource provision for goods and service, NIACRO wants to see clear evidence that companies who take part in public sector procurement follow the guidelines for good practice in the fair recruitment of people with convictions. This would publicly demonstrate Government commitment to employment-led resettlement.

9.0 In what circumstances do you think a resettlement grant should be given?

- 9.1 Direction 4 (a) (i) of the Social Fund Directions already establishes that help in the form of a grant is available to anyone trying to establish him/herself in the community following a stay in institutional or residential accommodation in which s/he had received care.
- 9.2 Direction 4 (a) (v) offers assistance through the payment of a community care grant to anyone setting up home in the community as part of a planned resettlement programme following a period, during which they have been without a settled way of life.
- 9.3 NIACRO's experience suggests there is resistance to award community care grants to our service users under both these directions, with applications being disallowed or token awards being made. A recent NIACRO service user served a four year sentence and on release was given a resettlement payment of £75. This amount was expected to assist him in finding accommodation, buying clothing and beginning a life outside the prison walls. Plainly the amount is a token and not enough to pay for any form of proper resettlement, thereby allowing an ex-prisoner to make positive lifestyle choices and turn away from criminal behaviour. Without access to better grant funding, ex-prisoners will find difficult not to re-offend.
- 9.4 Introducing a separate resettlement grant will dilute and restrict the purpose and authority of 4a (i) and 4a (v) and cause confusion among applicants and decision makers.

- 9.5 NIACRO's concern is that a 'resettlement grant' will be fixed at a level which is insufficient to meet the applicant's needs. For example, in the case of Funeral Payments which only go so far towards meeting the cost of a funeral, but still leave the applicant with the problem of how to make up any shortfall.
- 9.6 Instead of introducing something new to promote resettlement, thought should be given as to how best to maximise the potential and get best use from Directions 4 (a) (i) and (v). NIACRO is happy to assist the Department in this endeavour.
- 9.7 NIACRO is interested in the options referred to in paragraph 4.17 in relation to persons leaving prison who receive a grant. It is stated that DWP is 'working with relevant Departments and considering recent policy development and pilots for such customers'. NIACRO would like to be part of this consultation.
- 10.0 What additional support could be offered to resettlement grant customers to help them move towards increased financial independence?**
- 10.1 There is some support in place to serve these customers. NIACRO works closely with the Probation Board for Northern Ireland and the Northern Ireland Prison Service in resettlement planning for individuals moving through the custodial system, preparing for release and returning to the community. During custody NIACRO intervenes to address any housing, social security, debt, education, training, employment issues the prisoner may have. Support continues in the community after release, to ensure the person has every opportunity to make resettlement a success.
- 10.2 We are near to delivering a Money Guidance programme to prisoners preparing for release. This is a planning, budgeting, money advice and financial capability programme which will be offered to prisoners in the last three months of sentence. An added incentive to participants will be assistance with opening a bank account prior to release. Assistance will also be offered post-release for those who need it and people will be signposted to services in their local communities for ongoing support. NIACRO is best placed to deliver this service, as we already operate in all Northern Ireland's prisons.
- 11.0 Do you think that students not in receipt of welfare benefits should qualify for financial help with funeral payments? If so, how should we identify these students?**
- 11.1 NIACRO supports the extension of help with funeral costs to students who do not qualify for social security benefits and who do not have the resources to meet the cost of funeral expenses.

- 11.2 We also urge that Department for Work and Pensions reviews the level of support made available through the current Social Fund Funeral Payment scheme. Current available awards amount to less than half the actual cost of the average funeral (paragraph 5.3, page 43 of document). Payments made under the scheme must reflect actual market prices and move in sync with rising funeral costs, rather than be fixed.
- 11.3 DWP will need to promote applications by students through the usual channels to maximise uptake. NIACRO recommends the DWP liaise with the local Further and Higher Education sector for assistance in promoting the scheme.
- 12.0 Should we restrict access to students in full-time higher education? Should we consider an age limit? Any other criteria?**
- 12.1 Any student above the age of 16 who is liable to meet the funeral costs of a close relative should qualify.
- 13.0 Should the power to make Community Care Grants and a per capita proportion of the Community Care Grant budget be devolved to the Scottish Government? What would the benefits of devolution be?**
- 13.1 NIACRO does not have a view on this. However, if there is future consultation on the powers being devolved to the Northern Ireland Executive, NIACRO is keen to be involved in any consultation.

14.0 Summary of NIACRO Recommendations:

What types of intervention would be most useful for customers?

14.1 NIACRO recommends that weighting restrictions which limit the amount of budgeting loan that can be offered are relaxed, or removed altogether. NIACRO disagrees with the proposal to reduce the amount available to loan applicants in the first six months of a benefit claim, as this will not meet need or improve financial inclusion.

14.2 NIACRO recommends interventions should include:

- More timely decisions on loans and grants;
- Extending qualifying benefits for both budgeting loans and community care grants to include contributory Jobseeker's Allowance and contributory Employment and Support Allowance and Incapacity Benefit;
- Removal of the qualifying time period for budgeting loans and allow applications from day one of benefit entitlement;
- Relaxing or removal of the weighting restrictions which limit the amount of budgeting loan award an applicant can receive;
- Relaxing the repayment conditions for crisis and budgeting loans;
- An increase in the amount of award available to loan applicants;
- Support to applicants who make repeat applications;
- Where appropriate, referring applicants to money management/financial capability services in the community;
- Assistance for applicants to move from repeat loan dependency by promoting the uptake of a community care grant;
- A full benefit health check for applicants to ensure their income is maximised;
- "Better off in work" calculations offered to applicants of the benefits of part or full time employment which can open the door to mainstream financial services.

When do you feel it is most effective to intervene in a customers' interaction with the Social Fund?

14.3 NIACRO recommends that discussion of financial circumstances and needs should take place at the point when a second loan application is made within 3 months of the first and where there is no evidence of a substantial change in circumstances.

Where a pattern of repeat applications is evident the Social Fund should invite the applicant for an interview to ascertain the reasons for the repeat application and to agree an action plan to address assessed needs and improve the individual's circumstances.

14.4 An action plan could feature:

- Referral to housing specialists;
- Education and training organisations;

- Employment skills;
- Financial capability / money management services.

14.3 We acknowledge that changes are needed to the budgeting loan scheme to make it more accessible to individuals in need from day one of benefit claim (for those in receipt of benefits). Therefore, budgeting loans should be made available to claimants in receipt of contributory benefits.

How best can we identify the support needs of our customers in a more automated system?

14.4 There are examples in Northern Ireland where the Social Security Agency has contracted with the Advice Sector to do Benefit Take-Up campaigns with hard-to-reach groups such as disabled/elderly persons. This proved very successful for claimants in Northern Ireland who gained from substantial benefit increases. This work was carried out on a contractual basis and NIACRO supports further work in this area.

Who do you think would be best placed to carry out these interventions?

14.5 NIACRO recommends that the experience and expertise for helping individuals lies within the third sector with agencies such as AdviceNI (which has over 70 member organisations based in communities throughout Northern Ireland) and Debt ActionNI (a Northern-Ireland wide money advice and financial capability project sponsored by AdviceNI). AdviceNI and its members are ideally placed to help support clients on a wide range of issues including benefits, tax credits, money management, debt and housing.

Do you think a single gateway to deliver the loans scheme is a good idea?

14.6 A single gateway will only work where the qualifying conditions are synchronised, aligned and relaxed. NIACRO recommends loans are made available to anyone in receipt of contributory benefits as well as the current prescribed list of income-related benefits as for budgeting loans. Our concerns are outlined in paragraph 2.1.

14.7 To facilitate a single gateway for loans, NIACRO urges the DWP to review the need for an applicant to be in receipt of a qualifying benefit as part of eligibility criteria. This will reduce complexity and increase the levels of support available to address customers' longer-term needs (paragraph 3.10, page 33).

What support is most needed by those applying for multiple discretionary grants?

- 14.8 NIACRO recommends that where vexatious claims are repeatedly being made, a meeting with the claimant should be arranged to explain the purpose of the discretionary grant scheme and advise why applications are being refused.
- 14.9 This would also be a key opportunity for the Social Fund to examine the root causes for the repeat claims and offer appropriate assistance and guidance with future claims or money guidance and management services.

Do you have any views on possible issues in putting the legislation around the provision of goods and services into practice?

- 14.10 NIACRO recommends that safeguards are sought to ensure an applicant will receive quality goods and services and not just the cheapest option available to the Social Fund.
- 14.11 If the Department does choose to outsource provision for goods and service, NIACRO wants to see clear evidence that companies who take part in public sector procurement follow the guidelines for good practice in the fair recruitment of people with convictions. This would publicly demonstrate Government commitment to employment-led resettlement.

In what circumstances do you think a resettlement grant should be given?

- 14.12 NIACRO believes that introducing a separate resettlement grant will only dilute and restrict the purpose and authority of 4a (i) and 4a (v) and cause confusion among applicants and decision makers.
- 14.13 Instead of introducing something new to promote resettlement, thought should be given as to how best to maximise the potential and get best use from Directions 4 (a) (i) and (v). NIACRO is happy to assist the department in this endeavour.
- 14.14 NIACRO is interested in the options referred to in paragraph 4.17 in relation to persons leaving prison who receive a grant. It is stated that DWP is 'working with relevant Departments and considering recent policy development and pilots for such customers'. NIACRO recommends that we are part of this consultation.

Do you think students not in receipt of welfare benefits should qualify for financial help with funeral payments? If so, how should we identify these students?

14.15 NIACRO supports this option and urges that Department for Work and Pensions to review the level of support made available through the current Social Fund Funeral Payment scheme. Current available awards amount to less than half the actual cost of the average funeral (paragraph 5.3, page 43 of document). Payments made under the scheme must reflect actual market prices and move in sync with rising funeral costs, rather than be fixed.

14.16 NIACRO recommends the DWP liaise with the local Further and Higher Education sector for assistance in promoting the scheme.

15.0 Conclusion

15.1 NIACRO strongly supports the financial inclusion of marginalised and hard-to-reach groups in society. We support the need for and continued role of the Social Fund in meeting the immediate short-term needs of vulnerable people and other low income households in Northern Ireland.

As an organisation with many years experience working with vulnerable and excluded groups in society, NIACRO is keen to work with DWP in any further work it plans to undertake in this area.