

EXPLANATORY MEMORANDUM TO

The Discretionary Support Regulations (Northern Ireland) 2016

1. Introduction

- 1.1. This Explanatory Memorandum has been prepared by the Department for Communities to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2. The Statutory Rule is made under Articles 135 and 136(5) of the Welfare Reform (Northern Ireland) Order 2015 and is subject to the draft affirmative resolution procedure.

2. Purpose

- 2.1. The Regulations introduce a discretionary payments scheme, consisting of loans and grants, in replacement of the Social Fund. It is also part of the wider mitigation of welfare changes that were agreed as part of 'A Fresh Start' Stormont Agreement and Implementation Plan.
- 2.2. The Regulations provide for discretionary loans or grants to be awarded to claimants who meet certain defined criteria, including an income threshold.

3. Background

- 3.1. The Regulations are being brought forward as part of the wider Welfare Reform mitigations. They have their origin in a decision by the UK Government to end the Social Fund, which paid crisis loans and community care grants, through the benefits system, to those in crisis situations. The UK Government decided to end these payments and provide the budget to local authorities in England and to the devolved administrations in Wales, Scotland and Northern Ireland. The design of any subsequent replacement is at the discretion of the administration concerned.
- 3.2. 'A Fresh Start - The Stormont Agreement and Implementation Plan' was agreed by the main political parties in Northern Ireland on 17th November 2015. This included agreement on the implementation of Welfare Reform in Northern Ireland. It also agreed that Professor Eileen Evason should lead a small working group to bring forward proposals for mitigating Welfare Reforms within an agreed financial envelope. The Discretionary Support Scheme became part of this wider mitigation process. The Executive agreed to implement the findings of the working group.
- 3.3. The Department's policy for discretionary support is to ensure a necessary but temporary response to particular and pressing needs facing the most vulnerable. It aims to address the high level risk to their health, safety and / or well being and assist them to avoid falling further into unmanageable debt and greater dependency.

- 3.4. The Department's policy objectives are as follows: To alleviate the most exceptional, extreme or crisis situations which present significant risk to the health, safety or well being of low income (benefits and employed) and vulnerable households through the provision of practical support. To ensure that those facing the most extreme hardship as a result of the adjustment to the changes to the social security regime are supported in their efforts towards self dependency, where access to Discretionary Support would avoid/ reduce major risk or life threatening circumstances.
- 3.5. To maximise the effectiveness of Discretionary Support by ensuring that people in such circumstances have timely and appropriate access to, and support from, the range of Government funded general and specialist information and advice services to minimise the risk of re- occurrence, support greater self reliance, and independence and improve social and financial inclusion
- 3.6. The Regulations as drafted provide that the Discretionary Support provision will consist of assistance designed to help alleviate exceptional, extreme or crisis situations which present significant risk to the health, safety or well being. Assistance will be with one off financial pressures rather than recurrent costs.
- 3.7. Repayable interest free loans and non- repayable grants with eligibility criteria specific to each will be the two options available with awards in the form of cash payments and payments in kind (direct provision of goods or vouchers).
- 3.8. There is an obligation on the customer's part to provide supporting evidence when submitting an application for discretionary support. This may include evidence of identity; evidence of income; where available, evidence to support the customer need for assistance.
- 3.9. Recovery of loan repayments will be made via deductions from benefit and through voluntary agreement and/ or direct earnings attachment in the case of working customers. In some instances, the number of awards will be capped within a rolling 12 month period.
- 3.10. Customers on low income, based on the national living wage paid weekly over 40 hrs equating to £14,976 (benefit and employed), may be eligible for assistance from the discretionary support scheme.
- 3.11. The eligibility requirements mean customers must be resident in Northern Ireland and will be subject to a residency test; assistance will be provided for needs arising within Northern Ireland only.
- 3.12. As part of the decision making process for the award of a loan, the customers' ability to make repayments will be considered. If a customer is unable to make repayments then an award of a discretionary loan will not be made.
- 3.13. As part of the decision making process in determining whether the debt threshold has been reached any existing Social Fund debt or debt from Universal Credit Short Term Advances or Budgeting Advances will be taken into account. Information on existing debt will be accessed from

existing social security benefit systems. Data sharing powers have been added to enable this.

- 3.14. The scheme design will incorporate close working with other statutory bodies and voluntary and community organisations both in order to secure supporting evidence in relation to customer applications and also to refer customer for specialist advice with the customer's agreement. Data sharing powers have been added to enable this;
- 3.15. In order to address stakeholder feedback about unmanageable levels of customer debt, the new discretionary support will have a maximum debt level of £1000 instead of the existing £1500 used by discretionary Social Fund provision;
- 3.16. To cater for instances where the customer is dissatisfied with the outcome of their application for discretionary support, there will be provision for a first tier internal review and an external second tier review which will be independent of the Department.

4. Consultation

- 4.1. The working group set up under the leadership of Professor Evason has consulted widely on the Working Group's report and the Department is solely implementing its recommendations. Additionally, the Department carried out a public consultation of the proposed policy in 2012 and a stakeholder consultation was carried out in 2013.

5. Equality Impact

- 5.1. This social welfare policy is by its nature designed to have a differential impact in that the policy will target particular vulnerable groups.
- 5.2. In accordance with its duty under section 75 of the Northern Ireland Act 1998, the Department has conducted a screening exercise on these legislative proposals. The Department has concluded that the proposals would not have significant implications for equality of opportunity and considers that an Equality Impact Assessment is not necessary.

6. Regulatory Impact

- 6.1. The proposed Rule does not require a Regulatory Impact Assessment as any additional costs or savings on business, charities or voluntary bodies will be minimal.

7. Financial Implications

- 7.1. The discretionary support provision has an allocation of £16m per annum. Cost recover from the repayment of loans is expected to make the Scheme largely self-financing.

8. Section 24 of the Northern Ireland Act 1998

- 8.1. The Department has considered section 24 of the Northern Ireland Act 1998 and is satisfied that the proposed Rule is not incompatible with any of the Convention rights; is not incompatible with Community law; does not discriminate against a person or class of person on the ground of religious belief or political opinion; and does not modify an enactment in breach of section 7 of the Northern Ireland Act 1998.

9. EU Implications

9.1. "Not applicable".

10. Parity or Replicatory Measure

10.1. There is no equivalent provision being made for Great Britain.

11. Additional Information

11.1. "Not applicable"