



Northern Ireland  
Assembly

Committee for Social Development

# OFFICIAL REPORT (Hansard)

Discretionary Support Policy: DSD Briefing

11 October 2012

# NORTHERN IRELAND ASSEMBLY

## Committee for Social Development

Discretionary Support Policy: DSD Briefing

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**Members present for all or part of the proceedings:**

Mr Alex Maskey (Chairperson)  
Mr Mickey Brady (Deputy Chairperson)  
Ms Paula Bradley  
Mrs Judith Cochrane  
Mr Michael Copeland  
Mr Mark Durkan  
Mr Fra McCann  
Mr David McClarty

**Witnesses:**

Ms Angela Clarke	Department for Social Development
Mr Brian Doherty	Department for Social Development
Ms Leonora McLaughlin	Department for Social Development

**The Chairperson:** I welcome Mr Brian Doherty, Ms Leonora McLaughlin and Ms Angela Clarke from the Department for Social Development. The briefing paper from the Department is in members' tabled items. This session is being recorded by Hansard. Without further ado, Brian, the floor is yours.

**Mr Brian Doherty (Department for Social Development):** Thank you. I will begin by apologising to you, and I hope that you will bear with me, because I have a bit of a head cold.

**Mr McClarty:** You have man flu.

**Mr Doherty:** I will do my best not to snuffle too much.

**Mr F McCann:** It is strange that he has that cold every time he comes to this Committee.

**The Chairperson:** He has a headache every time he leaves this Committee.

**Mr Doherty:** Thank you for the opportunity to update the Committee on progress with social fund reform. Angela Clarke heads up the Department's social policy unit, and Leonora McLaughlin is the project manager for the social fund project.

The Committee has received earlier briefings on social fund reform, so I thought that it might be useful to provide a short recap on the drivers behind the reform of existing services. You will recall that, in line with national plans for social fund reform, the community care grant and crisis loan elements of the discretionary social fund provision will be replaced by the proposed Northern Ireland Welfare

Reform Bill. In England, responsibility and funding for replacement services will be transferred to local authorities. As this is a devolved matter, Northern Ireland is responsible for the design and implementation of services to meet the needs of its own customers.

In April this year, the Executive gave approval for the Department to establish a replacement scheme. To provide a policy context for the replacement scheme, the Department has developed a draft policy that will underpin both the new discretionary support scheme and discretionary housing payments. This is probably an opportune moment to hand over to Angela, who will take you through what we have done with the policy to date.

**Ms Angela Clarke (Department for Social Development):** The Department has been working to develop a new policy, entitled discretionary support policy, to cover this new scheme, and it took the opportunity to align its policy approach for discretionary housing payments. I wrote to the Committee around June to alert it to the fact that we were doing this and to advise that the Department was embarking on a period of consultation. That ran from June until September. Today, we want to update you on the results of that consultation and seek your views before we move on.

The new policy is part of this wider package of social welfare that will be provided by the Executive. It is not part of the social security arrangements, but it will complement the social security provision. It has a particular focus on providing the necessary support — generally money — to provide immediate assistance to vulnerable people in crisis or exceptional circumstances. It is intended to fund the policy from the reallocation of Treasury money that was previously used to support the discretionary elements of the social fund. In keeping with the Executive's aim to support vulnerable people, it is proposed that this new policy will extend to low-income people in employment as well as those who are unemployed.

We set three objectives for the policy around it being not only discretionary but a practical and immediate safety net in crisis or exceptional situations for people on low income. It also aims to support people through the impact of changes that they experience as a result of the changes to social security due to welfare reform while people adjust to the new regime. The policy also puts renewed emphasis on the value of ensuring that there is appropriate, timely and comprehensive advice and support for people. There has always been advice and support, but the policy wants to put a much stronger, renewed emphasis on that. As I said, because this is a discretionary scheme and the Department also administers discretionary housing payments, which are also available to people who are on low income — the same group of people could be supported by the separate funds — we want to align our approach and our policy to make both funds much more effective.

The consultation that started in June sought views from a wide range of people and asked specific questions around the policy focus, its purpose and the associated objectives. We asked for views on the types of support that should be available under the policy, and we sought advice from people about how they would monitor the impact of this policy, once implemented.

There were a total of 18 responses to the consultation, mainly from advice organisations, such as Save the Children, Age NI and organisations involved in fuel poverty and similar issues. The vast majority of people who responded welcomed the new policy and were very happy with the general emphasis of the draft policy objectives and purpose.

There were concerns, which we recognise and accept, about the short timescale for the development of a whole new policy and replacement scheme. Some of the concerns were around the lack of detail; the policy is quite high level, and part of that was driven by the short timescale and by the fact that it was being done at the same time as some work was being done on developing the new scheme. There was some concern that people did not have enough information around, for example, what circumstances would have to pertain for people to successfully apply for help in an "exceptional crisis" situation.

Most people welcomed the extension of the policy to provide support for those in low-income employment. The other side of that was concern that broadening it a little bit might mean tightening the criteria so much that you restrict applications. So, people were concerned about the fact that there is a balance to be struck. Certainly, people wanted to know about it, but the policy could not deal with that. It emphasised the need for some kind of challenge or independent review of decisions, but it was not able to give detail of what that would look like, so, questions were asked there.

The things that people were concerned about or asked for more clarification on are the kinds of issues that are being developed as we take the development of the new scheme forward, but the outcome of

it will help the development of that scheme. There was a lot of support for the integration of the policy in relation to the question of discretionary housing payments, but there was some concern that, by doing that, we might seek to amalgamate both funds. However, that is not part of the policy issue at all. They will be treated very clearly as separate funds because they are there for different purposes. We just wanted to make sure that we align our approach to the whole thing a little bit better, as that would ultimately be to the benefit of the customer.

A lot of information coming back was concerned with how important the monitoring of this policy will be over time. People were concerned that we will be able to measure what impact it will have in contributing to tackling poverty and deprivation.

We are now considering all the comments and advice that we have received, and we are working with our colleagues in the Social Security Agency (SSA) on the development of the scheme and to finalise the policy, but also with the wider core Department. The big issues are the provision of advice and support, how advice services are supported and how they are monitored and reported on. We will continue to work on that over the next few weeks and months.

**Mr Doherty:** I will just add a few comments, as Angela has helpfully set out the terms of the development of the overarching policy for discretionary support and the responses to the recent public consultation. As the Committee has received a briefing, I do not intend to walk you through all that detail. However, I would like to take a few minutes to address a number of key points in relation to the progress with the development and the limitations of the new scheme.

First, as the Committee is aware, this is not a parity project. It provides an opportunity to make provision to address the needs of customers here in Northern Ireland. We have used the recommendations and the key design principles that the Committee has endorsed as a template for the scheme design, and we have endeavoured to incorporate these into the new scheme design, although the lower-level detail of this is still subject to the Minister's and, ultimately, the Executive's and Assembly's approval.

A few key things to note are that we have had a good deal of stakeholder feedback to suggest that the social fund has become a way of routinely topping-up benefit income. That is not what the scheme is about. We seek to refocus the new provision to address customer needs in situations of exceptional need and hardship and where there is a risk to health and safety, not to deal with ongoing costs, as we would simply not have sufficient funding to do that. We have responded to stakeholder feedback about the financial pressures experienced by working customers, and a new scheme will be income-based so that we will be able to assist vulnerable customers who are working but who are on low incomes.

We remain committed to delivering grants and loans, and we have already seen challenge in achieving this by way of sustaining the scheme in recovering enough money to fund future loans. Currently, there is around £90 million in outstanding social fund debt, which is likely to constrain recovery of the new scheme. We will seek to work with other partners including other statutory services and third-sector organisations in their role in referring customers for discretionary support and to put in place mechanisms for customers to get advice or information.

Our next steps are to give our proposals for the scheme design and operating model to the Minister for approval. We also plan to undergo consultation on proposals, which will build on the feedback we got from stakeholders in the phase 1 research. With the opportunity that a non-parity project affords there come some challenges. For example, our timescale for implementation has been, and continues to be, very challenging. We know that what we implement for April 2013 will be a starting point rather than an endgame, and we will further refine services after we go live.

Hopefully, that has been helpful; we will be more than happy to take your questions.

**The Chairperson:** OK, Brian, thanks. Can you define the exceptional circumstances that you referred to? For example, if someone on a low income is struggling to make their mortgage repayments, would there be some assistance for that, or is that something that is an ongoing problem?

**Mr Doherty:** Do you mean in a policy context?

**The Chairperson:** Yes.

**Ms A Clarke:** We have not set out as yet, and we will be doing so as part of the scheme, a better understanding of what will be classed as exceptional. Some things will have to be ruled out; for example, help with rent or whatever, if that would be available through discretionary housing payments. Basically, as I understand it, it will depend very much on the circumstances of that individual case. So, until some further work is done on the scheme to outline what will be excluded, it will be, generally, just the circumstances of that particular case and whether that is considered a crisis situation and a risk to health.

**Mr Brady:** Thanks for your presentation. Part of the difficulty with the social fund has always been, since 1988, a total misunderstanding of what it was intended for. The rationale was good in a sense, because the money that people got from crisis loans would go to finance community care grants and so on. The rationale was OK, but it just disappeared. The criteria for crisis loans were very specific and included floods, fires and real emergencies, so that people got the help that was required. It was targeted at that immediate need. As it rolled out, people who should have got community care grants were offered budgeting loans. I remember a staff member telling somebody that if they went to a bank they would be charged interest on their loan, so they should take a budgeting loan and would not be charged. That was not the purpose of the social fund, but it ran away with itself.

It was interesting, over the past week, to listen to the misunderstanding. The Finance Minister said on the radio last Friday morning that, if welfare reform did not get through, the social fund would be affected and children would not get clothes. Clothing and shoes have been the lowest priority since 1988. It was mainly about people who are incontinent needing bedding and people who are ill needing warm clothing and that kind of thing. However, in very exceptional circumstances, it was about clothing. That is still the case today. It is a real opportunity for the Department to be innovative and to introduce a scheme that targets the people who most need it.

I always thought that there should have been an independent appeal mechanism. In fairness, when I was in the voluntary sector, successive Social Fund Commissioners, John Scampion and Richard Tilt, and various other people came to our area and talked to people about how it might be improved, because they were not getting that second-stage review. People did not think that it was worth their while, but, in fact, in one year, 49% of local office decisions were overturned by the Office of Social Security Commissioners. The problem is that that is going, and there will have to be a proper sustained and efficient review put in place. If there is an appeal situation, people should be given the right to go to an independent panel or review. However, the premise of the social fund was always OK, but it was never as good as single payments. It was, of course, a money-saving exercise. We now have a good opportunity to see what can be done. I have read through some of the consultations from Advice NI on that, and it says much the same: that it is a good opportunity. In England, the local authorities very much have the infrastructure to deal with it because they already deal with housing, social services and so on. We do not, and it is an opportunity to be innovative and target those people.

I have a point about support. The advice sector here is — I was previously a member of that sector and still give advice in the constituency — such a key area and will need a lot more support. The Minister said that he is looking at that area, but that is essential because people will go to advice centres much more quickly than to local offices. I worked on welfare rights for 27 years, and, logically, if the Department had been doing its job right, I would not have been there. I am not complaining. However, it is as simple as that. That is why advice centres are there, and they do a very important job. They need proper support. The discretionary awards are a real opportunity to be innovative and do something different. As parity is not a factor, we have that opportunity.

**Mr Doherty:** I agree with all those points; they are all very well made. As you say, Mickey, where we are today is very different from where we were in 1988. The scheme has not changed in any real way. We use the term "misuse" rather than "fraud". We do not use that term in the context of the social fund because somebody's crisis is somebody's crisis. From that point of view, I agree entirely.

The phase 1 research came up with having some form of independent review, and, as you said, the commissioners' role comes to an end in July next year. We are just in the throes of extending the current commissioners' role through to July because we had put in Northern Ireland arrangements. We are currently working through what that will look like in the future. I am not going to go into the detail now because we have been looking at a number of different things, and I will, obviously, come back to the Committee.

Finally, on the advice sector, Angela has already mentioned the fact that the advice sector has a very important role in the policy.

**Mr Brady:** Can I just make one further point in finishing? It is important. The Newry social fund is based in Armagh. Some of the social fund staff have been there since 1988, so they are very experienced in dealing with it. I think it important that there is that wealth of experience in dealing with vulnerable people. They are in a position to work out the need and try to target the poverty. It is important that people like that should still be involved.

Whatever has happened over the past number of years, social fund staff certainly did their best, in difficult circumstances, because they had a limited budget. I know that the fund is demand-led to a certain degree, but the budget for the year would sometimes run out. The Law Centre did an analysis of the benefit take-up from December 1987 to April 1988 in our area, and found that there were 1.81 claims per claimant. We looked into every single aspect of the benefit system and got £2 million, because the budget in single payments had not been spent. However, with the social fund, you find that when it comes up to December, and particularly around Christmas, money starts to run out. That is something that needs to be addressed. There should be equanimity in the disbursement of money over the full-year, and the fund should not be running out in January and February with people having to wait until the new financial year. That is something that you are probably aware of anyhow.

**Ms A Clarke:** Absolutely.

**Mr F McCann:** Mickey is right. The social fund has certainly helped to provide to finance for people in need. Like Mickey, I have worked in our local advice centre for many, many years. I have dealt with the staff, and I echo his sentiments that the staff have been good and easy to deal with. Obviously, at times, you fall out with people. However, the social fund has provided a lifeline to people who have been forced into that situation.

I have a couple questions. I am glad that the control of the social fund is moving to us, because we can shape it to suit our needs. Usually, on occasions like this, when you have a separation, there are calls for it to be run by an outside body rather than in-house. Are there any plans to tender the operation of the social fund to outside bodies?

I have some further questions, if you want to take them all together. I could not understand what is meant by paragraph 4.3 in the document. In addition, the reduction of the maximum level of debt which can be accumulated under the discretionary support scheme from £1,500 to £1,000 could also have an effect on people, because people max out, many times through necessity. Limiting the level of debt to £1,000 seems very strict. I know that it may depend upon the size of the budget. Is there any indication of what budget you will get for running the social fund when it transfers?

Let me ask too about discretionary housing payments. I did not pick up on that in the document itself, but we have been told that there is going to be a £3 million increase over a number of years to deal with shared-room allowance and under-occupancy. Will that be run by the Department? Within the Housing Executive, there are staff who have come up through the housing benefit regime and who have the experience and knowledge to be able to deal with that. It would be a shame to lose their experience. The other problem is the question of whether people will be expected to pay back discretionary housing payments. That needs to be answered. Discretionary housing payment, by its very nature, is short term. It is paid for 13 weeks and may be extended for another 13 weeks at a lower rate. Will that remain the case? That will have a huge impact on people who move from their fairly stable current housing situation into one that results from the changes that may be coming down the road. Angela, you said that there may be exceptions or exemptions for certain groups of people. What are those groups, and how will that work? It is good to hear that the payment will be extended for people who are on low pay, but if you work that out within a set budget, it stretches the budget and usually hits the people in society who are in most need.

**Mr Doherty:** I think that there were about five points there, Mr Chairman.

**The Chairperson:** Yes, and bear in mind that we are dealing with the social fund after this, so please shift the social fund arguments to then.

**Mr Doherty:** I will try to run through them as quickly as possible. From the phase 1 research, it came out very strongly that the SSA should run the scheme, and it will. It is not going out for procurement, and we will continue to deliver it from our 35 offices on a front-line basis. On the minimum of £1,000 and the maximum of £1,500, roughly 80% of people who receive crisis loans have less than £1,000 of debt, and they do not go above that. That is important in the context that the priority running order for

a new discretionary payment against third-party deductions from benefit will probably be lower than at present because it is annually managed expenditure (AME) spend. Therefore, by bringing it down, we need to try to make the scheme as sustainable as possible and get as much of the money back to make it run itself. Currently, the debt of £90 million is used and reused to fund our crisis loans, so that is very important to us. These are our proposals, and, over time, we will come back to the Committee and to our stakeholders to look at whether that is working. Where we land on 1 April is where we land then, but it is not the end scheme.

**Mr F McCann:** I take it that there will be exceptions so that if people come in with a genuine reason why they require more than £1,000, the figure of £1,000 is not fixed.

**Mr Doherty:** At this moment in time it will be fixed.

**Mr F McCann:** Is there no flexibility with that?

**Mr Doherty:** We are not building in any flexibility for that at the minute.

**Ms Leonora McLaughlin (Department for Social Development):** That is for loans. There will still be grant availability.

**Mr Doherty:** Paragraph 4.3 states the front-line processes are being designed with a view to customers seeking assistance from the discretionary support scheme rather than specifying what they require. This is where people would come in and say that they want a loan or a grant. People will come in and say that they need support, and we will look at what best suits them. Rather than their having to take a loan and make a repayment, a grant may suit them better. We are dropping the criteria for community care grants, which is that you have to be in receipt of a benefit. That will not be a qualifying criterion. The qualifying criteria will be your income, and we will look at what your need is. That will open it up a bit more and give us some flexibility, not necessarily to have to go for loans but to give people support. We will make a decision, in conjunction with them, about what best suits their particular need. That is the intention.

**Mr F McCann:** You may not know what the budget will be. I have no doubt that once it is opened up to low earners, which is an excellent move, it might be budget-limited. The very thing that Mickey spoke about could happen in July rather than November or December.

**Mr Doherty:** Discussions between our Department, DFP and the Treasury have been ongoing, and my understanding is that the Treasury has agreed in principle that the scheme will be funded to the exact same level to which the social fund has been funded, which is £29 million a year. Undoubtedly, that will take us through to the end of the CSR period when it will be reviewed.

**Mr F McCann:** Do you think that that is enough to see it through, given the changes that are coming?

**Mr Doherty:** We have had £29 million for some years.

**Mr F McCann:** You have not included low earners.

**Mr Doherty:** When you drop the loan limit by £1,000, you hope to be able to spread your money a bit more thinly. Only time will tell, and the Executive will probably have the opportunity. If they decide that they would like to increase funding to the scheme, they can do so. Money that comes across will move, in financial currency, from actual managed expenditure into departmental expenditure limits. It is then up to the Executive to decide how they wish to allocate it. That said, the Executive have said that the money that comes across will be ring-fenced, specifically for the new discretionary payments scheme. That is a good starting point.

What there is above that will be what we recoup from the loans, which Treasury is allowing us to do up to the limits that we currently have. What happens beyond the next spending review period is a bit of a guess at this stage. We take some comfort from the fact that our scheme will be funded to where the current social fund is.

**Ms A Clarke:** Fra, you asked about the discretionary housing payment. At the moment, the budget has been increased to reflect the changes because of the under-occupancy element and household

benefit cap of welfare reform. For next year, another £1 million is going in, per annum, for under-occupation and another £2.5 million because of the household benefit cap. That is built into the baseline. We are going up from £3.4 million to £4.4 million for discretionary housing payments. That is specifically for discretionary housing payments. You asked about who will deliver it. At the moment, the Housing Executive delivers it. That is done as part of housing benefit, but, obviously, housing benefit is not going to remain for ever. However, there are no plans to stop the Housing Executive delivering discretionary payments. There is recognition that the housing knowledge in the Housing Executive is vital in determining discretionary housing payments. There is no plan to change that, although, obviously, I am not sure what will happen to the Housing Executive in future. There are issues, but there is certainly no plan to take that away from the Housing Executive at the moment. Discretionary housing payment is a bit strange; it is a discretionary payment but part of social security. There are regulations. I am aware of no plans to introduce payback. It is a discretionary payment to help people to meet the cost between their housing benefit and rent for a temporary period. I know of no plans to require people to pay that back. There is no change at all.

We are talking about discretionary support to replace the social fund; that is one element. However, that sits alongside discretionary housing payments. It makes sense. Many people who rely on discretionary housing payments will need discretionary help for other things. The approach of putting the customer at the centre was our motivation in trying to think about how we would deliver the funds. We want to make sure that the proper advice is there to maximise both.

We have talked about who will deliver it, the payback issue and the size of the budget. Certainly, increases have been built in now to reflect that.

**Mr F McCann:** Let me follow that up. I understand what you are saying about the changes that are coming in, but we were told by the Minister that the changes and increases in the budget over the next three years are to deal with the shared-room allowance and the increase in people — 5,000 or 6,000 more people a year, I think — who would be affected. People, especially those aged between 25 and 35, will have their housing benefit slashed in half. You went on to say that that was to deal with under-occupancy, but an indication is coming through from the Housing Executive. Housing Executive and housing association tenants will be able to apply for the discretionary housing payment from next April. That may mean another 40,000 or 50,000 people, as under-occupancy rolls out, who will apply for it. The budget is nowhere near sufficient to allow it to deal with that.

**Ms A Clarke:** It is important to say that, because the shared-room rate is in already, the budget has been increased to reflect that.

**Mr F McCann:** It is only starting to take effect.

**Ms A Clarke:** Yes, but for this year, Fra, resources for that were increased. I was talking about the things that were coming on stream, such as under-occupancy. That will affect social housing and not the private rented sector, so extra money was put in because there will be a greater demand.

**Mr F McCann:** I hate labouring the point, but we dealt with the shared-room allowance last year. Our party opposed it in the Assembly. There will be 5,000 or 6,000 more people a year, I believe, coming on. We were told that that is why there was an increase in the discretionary housing payment. Remember, that lasts for only 13 weeks, with the possibility of an 80% payment for the next few weeks. In six months, it will run out. There is in no way enough money to deal with, over the next few years, the possibility of 40,000 people applying for discretionary housing payments.

**Ms A Clarke:** The discretionary support payment money is different, because it is Northern Ireland Executive money. The discretionary housing benefit money comes from the Treasury under the social security arrangements. Northern Ireland gets its share of UK money and that is how it is determined. However, I take your point.

**The Chairperson:** We are trying to deal with the policy today. I understand that the budget is a very important issue, but we need to deal with the policy and not the money that has been allocated. That is a separate argument, in a way.

**Mr F McCann:** I am just saying that this is a consequence of the policy.

**The Chairperson:** I am not disputing that, but Angela cannot tell us —



**Mr F McCann:** I appreciate that, but it would be remiss of me not to bring it up.

**The Chairperson:** Fair enough.

**Mr Brady:** I presume that you will ask about the social fund later. By definition, when it comes to discretionary support, "discretionary" should mean objective, but in most cases it means subjective. Will the guidance for the people who administer the discretionary policy, whatever it may be, be updated to reflect the new system?

**Ms L McLaughlin:** Yes. There will be completely new guidance. We are working on primary powers at the moment and regulations to underpin that, after which we will produce guidance at an operational level. It will work in essentially the same way. We envisage that decision makers will make a reasoned decision depending on the customer's evidence. We will have the insurance policy of an internal review and a second-tier review.

**Mr Copeland:** I thought that Mickey was reading my notes. *[Laughter.]*

**The Chairperson:** If a question has been asked and answered, it does not have to be asked again.

**Mr Copeland:** I have some concerns that border on what Mickey has said about discretion, because discretion means interpretation.

What steps do you foresee being necessary to ensure that discretion is exercised in exactly the same way on every single occasion?

Let us imagine that two families in exactly the same circumstances approach two different places, but one family gets accepted and the other does not. That has happened in the past, and it may happen in the future.

The fund is discretionary, as far as I can see, until the money runs out. Where do you stand if someone, in one week's time, presents with a scenario that qualifies, but six weeks later someone in similar or exactly the same circumstances presents and has on the face of it, and on the basis of precedents, a qualification, but does not qualify because the money has gone?

There are various views on whether this concurs with section 75 equality and discrimination requirements. Will it, as a matter of course, be subject to an equality impact assessment on that basis? Some of the people who have responded say that it does and others say that it does not, but they have certainly raised concerns.

**Mr Doherty:** There are three points there. When it comes to discretion, there is a fine balance in having guidance that pins everything down in black and white.

Our social fund officers and those who will administer it did some research and came back to us saying that they would like to have more definitive guidance on what is in and what is out.

The discretionary element is important, because although two people could present in completely different circumstances, you would probably find that that is relatively rare because everyone is different. The discretionary element allows officers, in the circumstances that are presented before them, to make a decision and they have the authority to do that.

Learning will, in part, come about through the review mechanism, which will give us feedback, good or not so good, about the decisions that we have made and on those that have been appealed, shall we say. There will be a learning loop working its way back in again.

The money is currently discretionary, and I would be the first to admit that that is, in part, because of the money. We cannot meet the demand. I acknowledge Fra's point, but it is not an endless pot of money. We have what comes across from the Treasury, which amounts to about £15 million or £16 million a year, and then we take the recovery element from the debts that we have, which amount to, perhaps, £13 million or £14 million a year. Those are the parameters within which we must work.

I have absolutely no doubt that there have been circumstances in which eligible people applied, but, given the constraints of the budget at that time, we were unable to meet their needs. That is not a position that we would wish to be in, but we have budget restrictions. At the moment, there is not much that we can do about it. That goes back to what you said earlier about someone who presents with a crisis. What do we do above £1,000? We have limits within which we have to work because there is no endless pot of money.

**Mr Copeland:** I fully understand the implications of a pot of money that has an end and a sea of need that does not. That creates difficulties. Is it your view that the person who applies and qualifies, but whose needs could not be met because of a lack of money, is justified in feeling that they had been discriminated against in some way if someone else in exactly the same circumstances qualifies and receives the money?

**Mr Doherty:** An individual could feel that way; however, that is most definitely not our intention. That is very much about the limitations that we have in trying to tighten up the guidance while leaving sufficient flexibility to allow our decision-making officers to make decisions based on the circumstances that are presented to them on the day.

**Mr Copeland:** How will it be communicated to a decision-maker who makes his decisions on a day-and-daily basis? In many cases, families are in very onerous situations. How will they know when the money has run out?

**Mr Doherty:** We have a very tight monetary management regime. Money is allocated to every individual office, and it can be moved around based on demand. Individual officers do not say, "Here is how much money I have." Money is managed by another individual in the office, the finance officer.

**Mr Copeland:** Did I pick up correctly that there is a sort of apportionment?

**Mr Doherty:** It is apportionment purely for management. It is down to how many applications you have and how much money you spent in the previous year. However, that is not your end pool of money; it is just a way for us to try to manage it. It is also managed centrally in the bigger scale of things. For example; if an office gets £10,000 but needs £12,000, it will get £12,000 based on demand, because it is demand-led. It is just a way for us to try to manage it, as we have to do, across 35 offices.

**Mr Copeland:** Would it be based on historical need?

**Mr Doherty:** To date, it has been based on historical need, yes.

**Mr Copeland:** In certain circumstances, that could militate against areas that are now seeing increasing need.

**Mr Doherty:** We would have to look at how that need would change.

**Ms L McLaughlin:** At the minute, it is budget-management practice that we hold a reserve. At present, budget management for the social fund is quite successful. That is not to say that we do not have situations in which we have to reassess our priority of needs. That would mean that a customer who presents an application at one point in the year might not get the same outcome as he or she would later in the year. We will have to continue to do that. We will have to try to manage our budget as far as we can.

As regards the new provision coming in, although we can use historical data for the social fund now, there will be uncertainties and sensitivities with regard to the budget that is coming in. For example, we have completely new customer groups. We do not know what our uptake will be for working customers and what that will mean for that kind of budget approach. We can definitely learn lessons from the social fund as it stands at present. However, it will have to have minute attention in the early stages.

**Mr Copeland:** For every constituent of mine who satisfies the benefit qualifying criteria, four do not. Therefore, it will be busy.

**Ms L McLaughlin:** Yes. Unfortunately, we will be budget-limited. That having been said, I think that we are content that we are in a much better financial position with a budget for next year than we thought we would be. At one point, we thought that we could be subject to a 10% reduction in the money that comes from Treasury, and we thought that we could be subject to a 3-5% subsidy on outstanding loan balances. Therefore, although it is not ideal with new customer groups coming in, it could be much worse.

We have been involved in the EQIA. Obviously, you are aware — in fact, we spoke to some of you as part of our phase 1 research — that we have been working closely with third-sector colleagues and, indeed, other statutory organisations and Departments. Our intention is to consult now on the lower-level proposals, which will go to the Minister. Following on from that, we will embark on public consultation, which will pick up concerns that relate to section 75.

**Mr F McCann:** When we discussed the shared-room allowance, it was stated somewhere that 37% of people on housing benefit are low earners who work. That might indicate the number of people who will come for help.

**Ms L McLaughlin:** We will have to look at volumetrics. We will probably not get it 100% right; however, we need to make some projections about the customers who are likely to come through our doors.

**Mr Doherty:** What is important, Fra, from our point of view is that, come 1 April, in the absence of the social fund, we must land a scheme that does what it is intended to do: to provide people with support during a very difficult time in their lives. That will not be the end scheme. There will be a great deal of learning over the subsequent 12 months, and we may be back at the Committee looking to change some things. I do not want to pre-empt what it will or will not be, but it will not be an end scheme. It is great for us to have the opportunity, as you said, to shape it as we go along instead of getting caught with a scheme that, to a degree, had to be rigid, based on the budgets that have been coming across to us. That is just what we are allowed to do. Therefore it will change as we evolve.

**The Chairperson:** We have explored that again this morning, and no doubt we will be returning to it as it evolves. If members are content we will move on to the next item of business.