



House of Commons
Work and Pensions Committee

The Social Fund

Sixth Report of Session 2006–07

Report, together with formal minutes, oral and written evidence

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The Work and Pensions Committee

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Summary

The Social Fund provides loans, grants and payments to the poorest in society to meet one-off expenses on necessities and help them to cope with emergencies which cannot be paid for out of regular income. It acts as a financial lifeline and a safety net to many vulnerable people, but its operations have come under much criticism over the past few years. Our predecessor Social Security Committee reported on many inadequacies in the Fund in 2001.

The Government has been working to remedy some of the Fund's problems. There has been an injection of an extra £90 million to the discretionary fund since 2003 and centralisation of operations and a Standard Operating Model introduced with the aim of improving customer service and efficiency.

However, during this inquiry we have been presented with evidence of many of the same problems that existed in 2001: outdated distribution of budgets, inaccurate decisions, lack of consistency and poor management information. There is still not enough money in the Community Care Grant budget for all those who have been assessed as having a high priority need, a situation the Social Fund Commissioner described as "unacceptable". We have also received complaints arising from the Government's attempts at reform, particularly surrounding the telephony and application process for Crisis Loans. We heard of Crisis Loan applicants whose "fingers ached from pressing the redial button".

We are concerned that the resourcing of the Social Fund is inadequate to remedy the situation in terms of both staff numbers and training. There has been no formal consultation process on reform with no timetable for improvements. We are disappointed that the debate has moved on so little in the six years since the Social Security Committee's 2001 report.

1 Introduction

1. The Social Fund has been an area of long-standing concern for us, and one we have raised both with the Permanent Secretary of the Department for Work and Pensions (DWP) and the Chief Executive of Jobcentre Plus.¹ To draw together these issues an evidence session with the Parliamentary Under-Secretary of State with responsibility for the Fund, James Plaskitt MP, was announced in April. We received 11 memoranda as well as a request by the Social Fund Commissioner, Sir Richard Tilt, to come and speak to us.

2. The submissions we received, and the most recent Annual Report from the Independent Review Service, made it clear that there are serious problems with the Social Fund that need to be addressed. Following a series of unsatisfactory answers at the evidence session we decided that a short report was required to set these out.

3. This report does not aim to set out the background and workings of the Social Fund, which is included in the Department for Work and Pensions' memorandum. Instead it looks directly at the problems brought to the Committee's attention and seeks answers or reforms. The concerns we received mainly related to the discretionary loans and grants of the Social Fund: Community Care Grants, Crisis Loans, and Budgeting Loans, and therefore this report does not cover its regulated payments: Sure Start Maternity Grants, Funeral Payments, Cold Weather Payments and Winter Fuel Payments.

4. It is evident that the Social Fund is an area of DWP responsibility that until now has not been given sufficiently high priority by the Department and yet is a lifeline for many vulnerable members of society. We hope that this report will encourage the Government to move forward with reform of the Fund, and to address areas of poor performance in its operation, as a matter of urgency.

¹ Work and Pensions Committee, Second Report of Session 2005-06, *The Efficiency Savings Programme in Jobcentre Plus*, HC 834, Department for Work and Pensions *Autumn Performance Report 2005*, HC 895, Department for Work and Pensions *Autumn Performance Report 2006*, HC 432 and Jobcentre Plus, Oral Evidence 15 January 2007, HC 218

2 Centralisation and the Standard Operating Model

5. Jobcentre Plus is currently undergoing a modernisation programme which involves centralising the processing of all benefits into fewer and larger Benefit Delivery Centres. Over time the Social Fund will be delivered from 20 of these Centres; 11 are already operating. The DWP memorandum states that “moving Social Fund work into Benefit Delivery Centres will provide the means to:

- “Pull together staff expertise to handle complex cases;
- “Deliver Social Fund services that are more consistent;
- “Better support consistency/quality of decision making;
- “More easily introduce new policies and processes;
- “Help identify training needs; and
- Reduce management overheads”.²

6. Linked to this centralisation programme is the development of the Standard Operating Model, which aims to assist staff and managers “by providing detailed process maps linked to procedural guidance”.³ One significant effect of this on the operation of the Social Fund is that the preferred method of Crisis Loan applications is now by telephone, which we will discuss in more detail later in this report.⁴

7. We received evidence that the centralisation programme, instead of providing a better service, was doing the opposite. Wolverhampton City Council reported problems of centralising Social Fund work in West Bromwich:

“The resources to manage this work do not appear to have followed. We understand that most of the experienced and trained Social Fund staff did not move with the service and our experience was that at times during the summer of 2006 the absence of trained staff meant that the service hardly existed.”⁵

The Council asked “Why were these problems not foreseen?”⁶

8. Similar problems were reported by Suffolk County Council following the centralising of operations to a Benefit Delivery Centre in Norwich:

“I appreciate from a visit to Norwich BDC that the workers there are under significant pressure. However I am also aware of the impact these operational

² Ev 33, para 6.3

³ Ev 34, para 6.4

⁴ See paras 14-44

⁵ Ev 56

⁶ Ev 56

changes have had on our mutual customers and the workers in both statutory and voluntary agencies. Together with the inconsistent decision making we are still awaiting the promised improvement to customer service.”⁷

9. Greater Norwich Supporting Agencies Liaison Group found:

“Dialogue in respect of a specific claim has deteriorated considerably with the introduction of the new system. It is unreasonable to expect queries, updates, and questions to be delayed purely on administrative grounds.”⁸

10. Sir Richard Tilt said that while he was “perfectly happy to support centralisation” he took the view that “what it needs is proper resourcing”,⁹ an issue we examine in the next section of this report.

11. The Department acknowledged:

“this transformation may have brought short term problems some of which may have had an impact on Social Fund delivery but action has been and will continue to be taken to resolve difficulties.”¹⁰

12. Mr Plaskitt assured the Committee:

“some lessons have been learnt from the experiences of the first offices. [...] I would not expect new offices as they roll out to repeat some of the issues we have had in the earlier ones. I am pretty confident that will not happen.”¹¹

13. The Committee notes the Department’s admission that centralisation of Social Fund administration has caused short-term problems in some areas and the Minister’s comment that he was “pretty confident” that these would not be repeated. We ask the DWP to set out its timetable for rollout to the remaining nine Benefit Delivery Centres, and what specific measures it is taking to prevent similar disruption to the operations of the Social Fund.

Crisis Loan Applications

14. Crisis Loans are a discretionary payment available to anyone if it is the “only means of preventing a serious damage or serious risk to the health or safety of the applicant or a member of his family.”¹² The loan is paid back to the Fund over a period of time.

15. Under the Standard Operating Model applicants are encouraged to telephone an 0800 (freephone) number. A decision is then made within 20 minutes and if the outcome is positive the money can be collected at a local Jobcentre Plus office that day.¹³ Social Fund

⁷ Ev 45

⁸ Ev 70

⁹ Q 6

¹⁰ Ev 33, para 6.1

¹¹ Q 50

¹² Ev 31, para 4.15

¹³ Q 51

Regulations retain a person's right to make written applications at a Jobcentre Plus office or by post.

16. We looked at the issue of Crisis Loan applications in our report on the Efficiency Savings Programme in Jobcentre Plus, and in oral evidence both with the DWP Permanent Secretary and the Chief Executive of Jobcentre Plus.¹⁴ We are disappointed that there is still worrying evidence being presented to us of continuing problems with the application process. The Independent Review Service, for example, found:

“there are substantial and widespread problems for customers trying to apply for a Crisis Loan by telephone. These include:

- “the inability to get through on the Crisis Loan Direct telephone number to make an application;
- “inappropriate corroborative evidence demanded routinely by Crisis Loan Direct decision makers, such as police crime numbers where the applicant has lost his money, before an application is accepted;
- “the refusal of payments for reasons that are not legally sound, for example, because the applicant has not had a work focused interview;
- “the failure to record a decision to refuse an award which means the applicant has no right to a review;
- “the difficulties people face getting to a Jobcentre to collect a payment following a successful telephone application, especially in rural areas; and
- “no facility to make a review request by telephone, thus preventing the urgent review of such cases.”¹⁵

17. Due to the number of complaints the Independent Review Service received about the 0800 number they conducted an experiment to find the extent of the problem. Between 1 February and 1 March 2007 they made 478 telephone calls to eight different offices at different times of the day. They found:

“Only 23 (4.78%) of these calls were successful, 20 of which were to the Newcastle number. This means that the success rate for the remaining calls was less than 1%. On 260 occasions our caller received a recorded message – usually ‘all lines are busy’ and on a further 174 occasions the line was engaged. Of the numbers included during both rounds of tests, only Newcastle showed an improvement. This still only resulted in a successful call rate of 33%.”¹⁶

¹⁴ Work and Pensions Committee, Second Report of Session 2005-06, *The Efficiency Savings Programme in Jobcentre Plus*, HC 834, Department for Work and Pensions *Autumn Performance Report 2005*, HC 895, Department for Work and Pensions *Autumn Performance Report 2006*, HC 432 and Jobcentre Plus, Oral Evidence 15 January 2007, HC 218

¹⁵ Ev 53, para 6

¹⁶ Ev 53, para 7

18. Sir Richard Tilt added that “We have many stories of people who spend all day ringing 100 times before they get through.”¹⁷

19. Many other submissions drew attention to this problem. For example, Suffolk County Council stated:

“On a recent visit to the Social Fund office we observed the telephony for ourselves as it went ‘live’. The average wait was in excess of 50 minutes. This can be longer on occasion”.¹⁸

20. And Citizens Advice Scotland observed:

“The Crisis Loan telephone application system is failing to meet the needs of our most vulnerable clients, and issues relating to this system represent a significant and ongoing problem. The phone lines are frequently engaged for lengthy periods of time, meaning that clients and advisers are simply unable to get through and start the claiming process.”¹⁹

21. When questioned on this issue Neil Couling, Director of Benefit and Fraud at Jobcentre Plus, told the Committee:

“For the first six months of the year, on average, we paid out 25,000 Crisis Loans a week. That was the weekly average. From October time, when we started rolling out the new service, that average has gone up to 30,000 a week. In fact, in the last three months of the year that has gone up to 31,000 a week; so we are paying, on average, around 5,000 extra Crisis Loans a week with our new service; that is 1,000 Crisis Loans a day. That is giving us some operational problems, because we did not configure our resourcing for all of this on the basis of that kind of an increase. So, I am having to put in place extra decision-makers in a number of the locations to cope with this demand, [...] but the bottom line here is that we do not think people are not getting paid.”²⁰

22. He also drew our attention to a pilot project that had taken place to “queue-bust” at the Milton Keynes Centre.²¹

23. However, as Sir Richard Tilt told us, there was a worrying lack of management information available to DWP to monitor the situation:

“At the moment one of the difficulties is that Jobcentre Plus does not quite understand what the potential volume is. I do not know how much of the not getting through is people who are persistently ringing trying to get through, and, of course, certainly there will be some people who are ringing the wrong number”.²²

¹⁷ Q 6

¹⁸ Ev 44

¹⁹ Ev 49, para 7

²⁰ Q 52

²¹ Q 61

²² Q 10

24. He took the view that what was required was “two things: it needs better, smarter telephony and it almost certainly needs more decision-makers, operators, answering the phone [...] it is under-resourced at the moment.”²³

25. When asked about the length of time it took to get through to the 0800 lines, the proportion of people who were not able to get through, and the number who were getting their Crisis Loan decisions within the 20 minute suggested time frame, Neil Couling confirmed that comparative information was not currently available:

“It varies by site and unfortunately to provide comparative information I have a problem there because I have telephony systems on four different providers because we are modernising our telephony [...] it is very difficult to compare the figures.”²⁴

26. The DWP expanded on this in a supplementary memorandum, with regard to the 20 minute decision time:

“The Department has planned the system on the assumption that calls take 20 minutes on average and that decisions are given within this timeframe. However, it would not be appropriate to enforce this as it is important to give the operator scope to continue beyond this time depending on the customer’s needs. Accordingly the telephony management information has not been configured to provide data on the length of each call. Based on our observations, calls are taking about 20 minutes and customers are usually receiving decisions within this timeframe.”²⁵

27. And on information about call waiting times:

“Average call waiting times are provided to team leaders of our telephone teams in real time. They give managers a snapshot on the length of a queue at any point in time and inform decisions to open or close lines and divert resources to meet peaks and troughs of demand over the course of the day. As a consequence they update by the second and are not recoverable in the form of historical statistical data.”²⁶

28. We were also concerned about the lack of clear information that the Department could give on work that was being done to improve the situation, for example the potential to leave messages on an electronic system. We were simply told by Mr Couling:

“We are reviewing the operations of the Social Fund’s Standard Operating Model as we speak. I would have thought that by the beginning of May we would have some recommendations about what we should do about some of the medium-term problems we have here.”²⁷

29. In our view, the issue of telephony is one where lessons should already have been learned. As the Minister himself said:

²³ Q 6

²⁴ Q 61

²⁵ Ev 24

²⁶ Ev 24

²⁷ Q 70

“I too have seen handling systems in operation in our offices which have been very impressive in terms of ensuring that you are matching the ability to cope with the demand as it is there, and it is almost down to minute by minute management.”²⁸

30. We have been told that the DWP is currently reviewing the operation of the Standard Operating Model. We ask that this review includes a detailed analysis of whether the current call handling problems are being caused by poor sharing of best practice between Centres, or by a lack of staffing resources. A copy of the full review should be sent to us for consideration. We also ask DWP to set out precisely when it will have national, comparable, management information about Centres’ call handling performance.

Written Applications

31. Giving oral evidence on the DWP’s Autumn Performance Report, the Permanent Secretary assured us that “as now, under the new Operating Model customers will still be able to make claims by calling into a local office, or by post.”²⁹ This, however, does not seem to be the experience in some areas of the UK, according to the written evidence we received:

- “No application forms are made available by the DWP local offices in Wolverhampton.”³⁰ (Wolverhampton City Council)
- “Problems are exacerbated by the fact that some local Jobcentre Plus offices are refusing to deal with paper forms, despite the fact that the Social Fund regulations retain people’s rights to make clerical claims.”³¹ (Citizens Advice Scotland)
- “We are also aware that staff sometimes refuse to take over-the-counter applications; this is despite regulations which require written applications to be accepted”³² (Child Poverty Action Group, One Parent Families, Save the Children, Help the Aged and the Family Welfare Association).

32. Sir Richard Tilt confirmed that “we have cases come in where people are simply told they cannot make a written application”³³ and told us of one extreme example where “someone handed in a written application and got it torn up in front of them. Apart from it being illegal, that is not the way to treat people.”³⁴

33. Responding to these concerns Neil Couling said:

“I think the Committee will hear, people will say to you, ‘They are not taking claim forms, they are not doing claims like this.’ I can tell you we are; we get faxed claim

²⁸ Q 71

²⁹ Department for Work and Pensions, *Autumn Performance Report 2005*, HC 895, Q 21

³⁰ Ev 57

³¹ Ev 50, para 8

³² Ev 64, para 13

³³ Q 7

³⁴ Q 10

forms to us into the benefit delivery centres and we are making decisions on Crisis Loans.”³⁵

However, he acknowledged:

“we have delivered communications on this, we have explained what our approach is to our people over and over again, but mistakes do happen and people do get the wrong end of the stick.”³⁶

34. We appreciate the work that the Department is trying to do in setting up local liaison groups across the country to feed back such instances to Jobcentre Plus managers,³⁷ but more needs to be done. Sir Richard Tilt told us:

“the awareness in Jobcentre Plus front offices is not terribly good about the Social Fund. [...] We have offered a training course for frontline people in Jobcentre Plus. There has been a very poor take-up of that, and I recognise that that is to do with time and resources, but people really need much better advice.”³⁸

35. The Committee recommends that training on the Social Fund should be part of the initial training package for all Jobcentre Plus staff and that the necessary resources should be made available to facilitate this. We also recommend that Jobcentre Plus continues its efforts to ensure that all managers and offices are aware that applications for the Fund can be made by calling into a local office, and by post, and takes steps to collect statistics of incidents of non-compliance nationally.

Use of “warm phones” in Jobcentre Plus offices

36. As part of the centralisation process in Jobcentre Plus, Customer Access Phones have been set up in local Jobcentre Plus offices to allow customers who do not have a telephone at home to access the Agency’s increased range of telephone-based services. However, as the DWP explained in its memorandum:

“the telephone process for Crisis Loans has been designed as end-to-end with, in the majority of cases, the decision communicated to the customer at the end of the call. The Jobcentre Plus Benefit Delivery Framework currently excludes the use of customer Access Phones as a means by which an application for a Crisis Loan can be submitted, this is in line with the agreed risk assessment process within Jobcentre Plus, based upon formal agreements with the Public and Commercial Services (PCS) union in relation to the safety of Jobcentre Plus staff.”³⁹

37. We raised this issue with the Chief Executive of Jobcentre Plus, Lesley Strathie, in January. Mr Couling reported progress to us at the evidence session in April:

³⁵ Q 74

³⁶ Q 74

³⁷ Q 75

³⁸ Q 3

³⁹ Ev 34, para 6.10

“The Jobcentre Plus Board met with the PCS in March and I think both sides accepted that because the business processes have changed we needed to discuss this issue further. [...] I think the most encouraging thing from the exchange of correspondence [with the Committee] was that our colleagues in the PCS said that they had no fundamental principled objections to us doing this, given we had the telephony, [...] we are making progress and I think I would be encouraged here.”⁴⁰

38. On a recent visit to a Jobcentre Plus office in Stratford we met with service users and were told of queues for the “warm phones” and a lack of privacy when making calls on them.

39. The Committee remains concerned that a person applying for a Crisis Loan - who by the nature of the claim is in a vulnerable position - should be refused the use of a customer service phone in a Jobcentre Plus office to make an application. The Committee therefore recommends that the Department should make swift progress including talks with PCS to remedy this situation, and we urge both sides to come to a resolution as soon as possible. We also ask the Department to review the number of “warm phones” in Jobcentre Plus offices in relation to footfall and examine the possibility of creating greater privacy for users.

Phone Charges

40. Applying for Crisis Loans by telephone is problematic for claimants who are reliant on mobile phones. Suffolk County Council told us:

“many mobile service providers will cut a call after 20 seconds, requiring [claimants] to re-call the [telephone number]”⁴¹

41. Citizens Advice Scotland commented:

“the 0800 claim numbers can be prohibitively expensive from mobile phones. Some clients – who have specifically chosen to have mobiles as a budgeting tool – cannot afford the call or are forced to wait for so long in the claim queue that they run out of credit.”⁴²

42. When questioned on this Mr Plaskitt replied:

“About 15 per cent of the calls we get come from mobiles, so the vast majority are coming from landlines, which are of course completely free. There may be something for the mobile operators to think about here in terms of the contracts they offer their customers, and there is a question to ask them why perhaps they are charging their customers to call what are supposed to be free numbers. But that is an issue for them to think about.”⁴³

43. Mr Couling added:

⁴⁰ Q 77

⁴¹ Ev 45

⁴² Ev 50, para 7

⁴³ Q 84

“I think our solution is to try to minimise the costs – we cannot remove the cost – because if somebody uses a mobile to an 0800 number because of the nature of their contract with their supplier they will incur a cost. What our business process does, very early on in the call, is attempt to identify where you are calling from and if it is a mobile we make the offer there, ‘This may be costing you money, do you want us to ring you back?’ and we will do that.”⁴⁴

44. However, it is not just mobile phone users who are penalised in making Social Fund applications. There are still areas of the country where Social Fund operations have yet to be centralised into Benefit Delivery Centres and applicants are therefore having to use an 0845 number which is not free. When asked whether it was possible to change the number to 0800 in areas which are awaiting roll out, Neil Couling responded that he “would certainly be happy to look into that.”⁴⁵ We are pleased to see that since the evidence session the date for the roll out of the 0800 number in Newport has been brought forward from March 2008 to October 2007.⁴⁶

45. The Committee recommends that more effort is put into ensuring that calls from people applying for Crisis Loans are answered as soon as possible to take account of the costs incurred by mobile phone users. The Committee also trusts that the DWP will do everything it can to ensure that the freephone 0800 number is extended to all areas of the country as soon as possible.

Alignment Payments

46. We received evidence that delays in benefit payments are resulting in people turning to the Social Fund for Crisis Loans to tide them over. These are referred to as alignment payments. Citizens Advice Scotland told us:

“Administrative problems relating to the Social Fund have been exacerbated in recent months during the transition to Jobcentre Plus. Clients have been reporting severe delays in the time taken to process their benefit claims and get them into payment – this has resulted in severe financial hardship and increasing numbers of clients requiring ‘stop-gap’ Crisis Loan payments.”⁴⁷

47. The Independent Review Service, from its broader perspective, commented that this was a significant problem:

“In some areas a backlog of Jobseeker’s Allowance and Income Support benefit processing has resulted in a high number of applications for Crisis Loans pending a benefit decision. This is inappropriate use of the Social Fund loans budget, which impacts on the amount of budget available for Budgeting Loans. It also means that applicants build up a Social Fund debt that is unnecessary if benefit is processed appropriately. This process of ‘alignment’ continues to be unsatisfactory and should

⁴⁴ Q 87

⁴⁵ Q 82

⁴⁶ Ev 24

⁴⁷ Ev 52, para 17

be resolved. Interestingly, the Social Security Agency in Northern Ireland has had considerable success in tackling this.”⁴⁸

48. Neil Couling told us:

“We have had some success in the last few years in reducing the number of alignment payments down from about 38 per cent of Crisis Loan awards down to about 33 per cent in the last year, but our colleagues in Northern Ireland have had really much more success than we have and we are trying to learn from that. One of the advantages of centralisation is that by centralising we are actually building centres of excellence and people understand the rules; there has been a very uneven application of the rules around interim payments, for example, across the country, so I am hopeful you will see the standards improve.”⁴⁹

49. We recommend that the issue of alignment payments is dealt with swiftly and that the Department takes steps to learn the lessons of what has been achieved in Northern Ireland. Although Jobcentre Plus has reduced the proportion of alignment payments, the fact that 33% of Crisis Loans are being used, in effect, to cover benefit delays is unacceptable.

⁴⁸ Ev 54, para 12

⁴⁹ Q 63

3 Decision Making

Accuracy of decisions

50. The Independent Review Service told us:

“In 2005-06, Inspectors reviewed around 20,000 decisions, made in Jobcentre Plus. They found that 51% of decisions contained a fundamental error and overturned more than half the decisions they reviewed. Reviewing Officers in Jobcentre Plus had already changed around 48% of the first line decisions. This suggests that decision making standards in Jobcentre Plus overall need to improve significantly. It is also clear from our records that standards vary from district to district; during 2006, the proportion of decisions found to be correct ranged from around 7% to 72%.”⁵⁰

51. When questioned on what he thought the causes of this were Sir Richard Tilt said:

“One is a lack of or inadequate, poor quality training for the staff involved. [...] I think the other problem is probably the amount of time that is allowed for making these decisions. [...] The principal mistake they make is not gathering enough information.”⁵¹

52. The Minister suggested:

“in many of the cases that were referred, either for an internal review or ultimately went to IRS for review, the reason the decision was changed was that more evidence and more information became available. It is not necessarily that the first decision was wrong.”⁵²

However this does not address the Social Fund Commissioner’s criticism that there were “fundamental errors” in 51% of decisions the IRS examined,⁵³ nor why there were such huge discrepancies between districts.

53. We were told that the Department was trying to improve the situation by revising the application form so more information was gathered at the beginning of a claim, and by providing a desk aide on decision-making.⁵⁴ DWP added that it was improving the training programme for Social Fund decision makers, with a ten day decision-making course and a facilitator led two-day session now available.⁵⁵ DWP also hopes that by centralising decision-making it will be easier to “(a) monitor standards of decision-making and (b) improve them.”⁵⁶

⁵⁰ Ev 54, para 15

⁵¹ Q 2

⁵² Q 95

⁵³ Ev 54

⁵⁴ Ev 35, para 6.16

⁵⁵ Q 96

⁵⁶ Q 96

54. However the Social Fund Commissioner, in his Annual Report for 2005-06, took the view that there was still some way to go in improving decision-makers' training:

“In the course of our work with the Department to develop and quality assure the training products, we identified a number of fundamental problems relating both to the accuracy and presentation of the materials, which have not been remedied. The most recent drafts we have seen still need considerable work to bring them up to the standards required to equip decision-makers for their jobs. Without this, the improvements the Department seeks are likely to be jeopardised. We understand that the training will be delivered by non Social Fund experts who as such will be unable to compensate for the deficiencies. At the present stage, I am unable to endorse the training products. I suggest the Department takes urgent action to improve the content and structure of its training materials in advance of the rollout of its centralisation programme.”⁵⁷

55. The Independent Review Service has since informed us:

“During 2006-2007 the IRS has worked closely with Jobcentre Plus staff on Social Fund training materials. This joint working has resulted in the introduction of training materials on Crisis Loans (in November 2006) and Community Care Grants and Reviews (both in April 2007) that now provide a sound basis for training. If used properly they will contribute to improved standards within Jobcentre Plus. These are self learning modules that can be accessed by Jobcentre Plus staff via their training and development intranet. We have also been working with Jobcentre Plus on materials for a 2 day facilitated course on the Principles of Decision-Making. This is now in the final stages of quality assurance and Jobcentre Plus intend to pilot these materials in the next few weeks.”⁵⁸

56. The Social Fund Commissioner also recommended that Jobcentre Plus should have:

“appropriate quality assurance, improvement strategies and external validation of decision-making.”⁵⁹

57. The Committee recommends that Social Fund decision-makers should be provided with more time to attend training and more time to take decisions. DWP should make the resources available to Jobcentre Plus and the Independent Review Service to make this possible. In addition to this the Committee endorses the recommendation by the Social Fund Commissioner that Jobcentre Plus puts in place “appropriate quality assurance, improvement strategies and external validation of decision-making” and asks the Department to have such a programme in place along with a report to the Committee on it by the rising of the House for the Summer Recess. We further recommend that the Department investigates the discrepancies in accuracy figures between districts, identifies the causes and ensures solutions are in place; this too should be reported back to the Committee.

⁵⁷ Social Fund Commissioner's Annual Report 2005-06, p 37

⁵⁸ E-mail to the Committee

⁵⁹ Ev 54, para 18

Transparency of decisions

58. We received evidence that claimants often do not understand why their claim to the discretionary Social Fund has been turned down. Suffolk County Council commented:

“We believe the decision letters sent to applicants are inadequate, they are clearly not individualised. [...] Applicants are left wondering why they have been refused a grant. Standard [Community Care Grant] decision letters state that ‘qualifying conditions for a Community Care Grant are not satisfied’. This suggests that the applicant is not entitled to apply for a grant in the first place rather than reasons why someone should be refused based on the merits of the case. This ambiguity may then put applicants at a disadvantage in pursuing their case further”.⁶⁰

59. When questioned on this the Minister admitted:

“It is a computer system that is generating a pretty standard letter; it is not always in the most understandable language, perhaps for a benefit claim, and I do hope to look at those and we are looking at it. [...] I do think we can do a little better with the information we give claimants about why a claim might not have succeeded.”⁶¹

60. A further issue of transparency comes in the making of Crisis Loan decisions. The National Audit Office in its 2005 report on the Social Fund found that “19% of districts do not always send decision notifications, particularly if they refuse a claim”.⁶² The Social Fund Commissioner has also brought attention to this issue: “the failure to record a decision to refuse an award [...] means the applicant has no right to a review.”⁶³

61. The Committee recommends that the standard of information given to Social Fund applicants on decisions is improved as a matter of priority. The Department should also ensure that all those who have applied for a Crisis Loan by telephone and who have been refused are sent a letter confirming that a Crisis Loan application has been turned down with the reasons for the rejection clearly set out.

Clearance times

62. It was apparent from the submissions we received that some claimants are waiting for long periods of time for decisions to be made on their Social Fund applications:

- Suffolk County Council found that since their Social Fund operations were transferred to the Norwich Benefit Delivery Centre, Community Care Grant applications were taking between six to eight weeks to process.⁶⁴
- Citizens Advice Scotland said “Delays in the processing of Social Fund claims are also an area of concern, as they mean that essential funds are not reaching vulnerable clients

⁶⁰ Ev 45

⁶¹ Q 98

⁶² National Audit Office, *Helping those in financial hardship: the running of the Social Fund*, Report by the Comptroller and Auditor General, HC (2004-05) 179, 13 January 2005

⁶³ Ev 53, para 6

⁶⁴ Ev 46

at the point of need. This is particularly problematic in the context of vulnerable clients who turn to Social Fund payments – particularly Crisis Loans – during times of acute stress and hardship.”⁶⁵

- Wolverhampton City Council noted that delays in Social Fund decisions caused “unnecessary expenditure from the Social Services budget and lengthen hospital stays. Our hospital social work team regularly experiences delays in moving people back to their homes or into suitable adapted accommodation because of the time taken to process Community Care Grants. In some cases this means people moving out of hospital beds into residential care, temporarily, whilst they wait for a grant decision.”⁶⁶
- Norwich Supporting Agencies stated that “Applicants have experienced long waits (many weeks) for new claims to be processed. This is a particular problem for those agencies with a high turnover like a refuge or hostel because often the claim is not processed before the client leaves, thus any problems can no longer be rectified because there is no way of contacting the client.”⁶⁷

63. Clearance times are monitored by the Department as a Key Management Indicator (KMI). The latest performance levels provided by the Department showed that while performance in the year to date was generally better than the Standard, it had deteriorated since 2005-06:

Average actual clearance times

	Standard (days)	Achieved 2005/06 (days)	Current (days)
Local Review	10	8.5	9.8
Community Care Grants	9	7.8	9.4
Budgeting Loan	6	2.8	3.4
Crisis Loans	2	1.4	1.5
Funeral Payments	16	11.8	12.7
Sure Start Maternity Grants	5	3.8	4.1

Data source: Annual Report by the Secretary of State for Work and Pensions on the Social Fund 2005-06 and DWP memorandum, Ev 44

64. The figures provided in a recent parliamentary answer on clearance times for Community Care Grants and Budgeting Loans are slightly more revealing:

⁶⁵ Ev 51, para 51

⁶⁶ Ev 56

⁶⁷ Ev 70

Number of applications cleared from January 2006 to January 2007 inclusive in Great Britain

Working days to clear	Community care grants	Budgeting loans
Less than 5	184,200	1,449,300
5 to 10 inclusive	257,200	311,300
11 to 15 inclusive	106,500	47,600
16 to 20 inclusive	49,200	10,000
21 to 25 inclusive	20,500	2,400
More than 25	21,400	2,900

Source: DWP Social Fund Policy, Budget and Management Information System.

65. In 2006 over 21,000 Community Care Grants took over 25 days to process. This is an unacceptable delay for some of the most vulnerable members of society.

66. In its report on the Social Fund the Joseph Rowntree Foundation recommended that there should be quicker processing times for applications – same day decisions for Crisis Loans and decisions on Community Care Grants and Budgeting Loans to be made within 5 working days.⁶⁸

67. When asked whether the current clearance targets were ambitious enough Neil Couling stated that “There is a trade-off between speed and accuracy and we need to be mindful of that when we set targets.”⁶⁹ However, the Minister responded that once all 20 Benefit Delivery Centres are in place he would:

“look again at the targets the system has imposed to make sure that they are the right ones, sufficiently stretching and all the time aimed at improving the quality of service we are offering our customers.”⁷⁰

68. While recognising the trade off between speed and accuracy, we recommend that more work should be done to improve Social Fund clearance times, as it is unacceptable for claimants to have to wait for long periods of time for payments which by their nature are needed urgently. There should also be greater monitoring of clearance times on a regional basis, and areas which are consistently missing their targets should be investigated and provided with more resources or greater training to remedy the situation.

⁶⁸ Kate Legge, Yvette Hartfree, Bruce Stafford, Monica Magadi, Jacqueline Beckhelling, Line Nyhagen Predelli and Sue Middleton; *The Social Fund: Current Role and future direction*, The Joseph Rowntree Foundation, 2006

⁶⁹ Q 103

⁷⁰ Q 102

4 Community Care Grants

Budget

69. The budget for Community Care Grants is cash limited. This means that Jobcentre Plus staff must decide on the priority of each application, taking into account all of the applicant's circumstances, to ensure Grants are paid to those with the greatest need.⁷¹

70. Since 1997 the budget for Community Care Grants has been increased from £97 million for 1997-1998 to £141 million for 2006-07.⁷² However, the Social Fund Commissioner's submission stated that:

“The amount of the Community Care Grant budget overall is inadequate to meet all high priority qualifying needs across the country throughout the financial year. Out of the total 78 districts in 2006-07, 20 were unable to meet all their high priority needs; a further 35 districts, while meeting high priority needs, routinely restricted prices. Only 23 districts met high priority needs without restrictions. My office carried out some analysis of the budget and estimated that a further £18 million would need to be added to the national grants budget to meet all high priority needs with restrictions on amounts, or a further £67.5 million without restrictions.”⁷³

71. He went on to tell us:

“I find it personally unacceptable that someone can qualify and have the items assessed as high priority and still not get a payment because there is not enough money. I think we ought to get to a position where anybody who is qualified and the items are high priority should be paid, and that does need more money in the Community Care Grant budget.”⁷⁴

72. When asked whether there would be any increases to the Community Care Grant budget to make such a recommendation possible, the Minister answered that “over the last five years or so this budget has increased by 40 per cent already [...] very well above inflation. [...] But attached to that is also the issue of the way that this money is distributed around the system”.⁷⁵

73. The Independent Review Service reported:

“The formula by which the budget is distributed to districts leads to significant inequity between different parts of the country. At one end of the spectrum, one district has £366.41 for each application it receives, while at the other end a district has £158.94. This contributes to wide disparity in decision-making and different

⁷¹ Ev 31, para 4.12

⁷² Ev 35, para 7.5

⁷³ Ev 54, para 13

⁷⁴ Q 11

⁷⁵ Q 104

outcomes for people depending on where they live. This can affect the amount of award and indeed whether an award is made at all.”⁷⁶

74. Sir Richard Tilt suggested to us that the Government should:

“measure the number of applications coming in in the different parts of the country and allocate the budget, so that you end up with a national figure per application, and then give that area applications times the national figure.”⁷⁷

75. He noted during his oral evidence that the budget formula had not been substantially changed since 1988.⁷⁸

76. In response the Minister stated:

“I could flick a switch and just have a different formula, but the impact it would have on a large number of areas would be quite significant. Yes, there would be some common gainers which might help address your point about areas where needs are met in particular areas, but it would be at the expense of some very significant losers in other parts of the country, where you would find the inability to meet the need probably shooting up.”⁷⁹

77. The Committee recommends that the formula for allocating Community Care Grants be reviewed and additional funds made available so that all high priority needs are fulfilled. We agree with the Social Fund Commissioner that it is “unacceptable that someone can qualify [for a Grant] and have the items assessed as high priority and still not get a payment because there is not enough money.”⁸⁰

⁷⁶ Ev 54, para 14

⁷⁷ Q 15

⁷⁸ Q 37

⁷⁹ Q 104

⁸⁰ Q 11

5 Take-up of the Fund

Availability of information

78. We received evidence suggesting that there was a danger that some potentially eligible customers were not aware of the Fund because of its relatively low profile. Suffolk County Council told us:

“older people [...] are unaware of Community Care Grants which is surprising when much Community Care legislation is aimed at this age group. However this appears to be consistent with the national picture which shows that less than 15% of older people who could apply for Community Care Grants do.”⁸¹

79. Wolverhampton City Council reported that communications to advice agencies were sometimes poor:

“Throughout this period of upheaval and change we had no positive contact or advance notice of changes (including new telephone numbers) from the Social Fund and no evidence of attempts to liaise with Social Services or Hospital and Mental Health trusts to minimise risk and hardship to vulnerable people.”⁸²

80. When questioned about this the Minister replied:

“I can tell you what we are doing and it is probably one of the biggest mail shots that is taking place in this country at the moment on this subject. In each area where we have moved to the central office as part of the centralisation system we are writing out to all of our customers [benefit recipients] to explain that that has happened in their area, and that goes to every one of our customers and it includes information about the Social Fund, even to the extent of having a little tear out corner of the letter, credit card size, with the Social Fund and free telephone number on it.”⁸³

Neil Couling added:

“we are looking particularly at pensioners. We [are] working with Sir Richard [Tilt] and Alexis Cleveland, who is the Chief Executive of the Pensions Service, at a pilot up in Gateshead, looking there and seeing whether there are barriers to people and pensioners claiming Social Fund loans.”⁸⁴

Differential take-up

81. Research by the Joseph Rowntree Foundation has shown that among those eligible, households headed by a member of an ethnic minority are three or four times less likely to receive Budgeting Loans. Recipients of the Social Fund are more likely to: be families with

⁸¹ Ev 45

⁸² Ev 58, para 5

⁸³ Q 107

⁸⁴ Q 111

children (for Budgeting and Crisis Loans); be aged under 45 years; live in social or private rented accommodation; be, or live with someone who is, a disabled person; have two or more dependent children (Budgeting Loans only); and live outside of southern and eastern Britain (Budgeting Loans only).⁸⁵

82. Mr Plaskitt told us:

“At the moment we are not actually keeping a detailed score on the ethnicity of our clients or customers and I think the way to deal with that is by the method I have just described. We are in the process now of writing out to all of our customers, so that will include people from whatever background, with the information, and it may simply be that they have not accessed it before, not been aware of it before for whatever reason – and there could be a variety of reasons – but [...] they are receiving this information directly from us and they are going to become aware.”⁸⁶

83. The Minister told us that the reasons for low ethnic minority participation could be many and varied,⁸⁷ but when asked whether this was because of a lack of applications, or more applications being turned down, Mr Couling replied “The short answer is that we do not know.”⁸⁸

84. A recent Treasury Committee report highlighted the fact that some groups (certain religious groups, disabled people, lower income groups) are particularly vulnerable when it comes to financial exclusion. It is crucial that they are aware that they might be eligible to apply for the Social Fund when they find themselves in financial crisis. It is also critical that the Department is aware of the fact that some groups are particularly vulnerable and monitors take-up accordingly. However, the memorandum submitted by the Department for Work and Pensions only provides a limited breakdown of applicant groups into “pensioners”, “unemployed”, “disabled”, “lone parents” and “others”, but not, for example, ethnicity, gender and age.⁸⁹ We look forward to receiving a breakdown of the ethnicity of current claimants promised by the Department.⁹⁰

85. We recommend that further research be conducted on ethnic minorities’ experience of the Social Fund to explore the causes of low participation and that the Department extend monitoring of take-up of the Social Fund to cover ethnicity, gender and age.

⁸⁵ Kate Legge, Yvette Hartfree, Bruce Stafford, Monica Magadi, Jacqueline Beckhelling, Line Nyhagen Predelli and Sue Middleton; *The Social Fund: Current Role and future direction*, The Joseph Rowntree Foundation, 2006

⁸⁶ Q 109

⁸⁷ Q 109

⁸⁸ Q 113

⁸⁹ Ev 40-43

⁹⁰ Q 114

6 Financial Inclusion

Poverty target

86. Reform of the Social Fund is important if the Government is to achieve its goal:

“that everyone should have the information, support and confidence they need to prevent avoidable financial difficulty, and to know where to turn if they do find themselves in financial distress.”⁹¹

87. However, we received evidence from several sources to suggest that the Social Fund is failing in its objective to assist those most in need. A joint memorandum by the Child Poverty Action Group, One Parent Families, Save the Children, Help the Aged and the Family Welfare Association suggested that at the moment the Social Fund is failing to meet even current levels of demand, let alone extend its reach to more individuals in order to support anti-poverty objectives:

“Large numbers of individuals are refused loans or grants yet when their cases are reviewed the decisions not to make awards are often overturned. For those who do receive help, they are often not given enough to cover the costs of the goods or services they are purchasing. This means that they are then forced to seek alternative sources of credit to make up the shortfalls pushing people towards relying on charitable aid or (probably much more often) towards high interest rates and disreputable lenders.”⁹²

88. A recent study by the Joseph Rowntree Foundation found:

“Social Fund loans are used to buy necessities such as furniture, carpets and appliances. However, most applicants said that it had not helped them meet their needs – often applications were refused or only a partial award was granted. Administrative data shows that in 2004-05 the average amounts awarded were: £390 for Community Care Grants; £405 for Budgeting Loans; and £78 for Crisis Loans. The consequences of being refused or given a partial Social Fund award are that applicants have to turn to the other options [...], in some instances, leading to increased indebtedness or needs that remain unmet.”⁹³

89. When asked what happens to clients after their application was refused Sir Richard Tilt said:

“Anecdotally what happens to them from our contacts is that some of them will go to charities and will get payments. [...] The research demonstrates that some people go to loan sharks, they obtain money - the Provident, particularly, is a source of money

⁹¹ House of Commons Treasury Committee; *Financial inclusion: Government and other Responses to the Committee's Twelfth and Thirteenth Reports of Session 2005-06 and the Committee's First Report of Session 2006-07*, Fourth Special Report Session 2006-07, HC 437

⁹² Ev 63, para 5

⁹³ Kate Legge, Yvette Hartfree, Bruce Stafford, Monica Magadi, Jacqueline Beckhelling, Line Nyhagen Predelli and Sue Middleton; *The Social Fund: Current Role and future direction*, The Joseph Rowntree Foundation, 2006

to help people through getting lumpy expenditure - some people manage to draw some support from their family, some people do without. It is a pretty sad picture, I think, as you look at it. In the time I have done the job, which is now six years, you see charities talking much more now about food parcels than they were when I started doing it.”⁹⁴

90. This point was backed up by Citizens Advice Scotland, which stated:

“bureaux have seen an increasing number of destitute clients for whom they have to arrange emergency social work payments and charitable food parcels [...] Client case evidence indicates that - due to both the regulatory regime surrounding the discretionary Social Fund and problems with its administration - there are vulnerable CAB clients in demonstrable need who are not able to access the Fund. In fact, the current system frequently acts to exacerbate rather than alleviate poverty.”⁹⁵

91. Sir Richard Tilt said:

“To be fair, for the last three years or so it [the budget for the Social Fund] has gone up faster than inflation, and that has been welcomed, but I think we are still a long way short of the amount that would be anywhere near meeting the real need.”⁹⁶

Reform

92. DWP suggested that the performance of the Social Fund should be improved by an increase of access to, and use of, mainstream financial services:

“The Government has long made clear its continuing commitment to reform to improve the performance of the Social Fund. [...] In particular reform of the Budgeting Loan scheme should support aims of increasing access to, and use of, mainstream financial services. It should support efforts to reduce the need to rely on illegal lenders and to enable wider credit options which do not involve extortionate costs.”⁹⁷

93. As part of the financial inclusion campaign ‘now let’s talk money’,⁹⁸ the Government has put significant funds into improving the capacity of the third sector, in particular credit unions, to extend affordable credit to those who are currently not well served by the financial services industry. In parallel, a lot of work has gone on to improve financial education and advice to empower people to choose appropriate financial products.⁹⁹

94. The Treasury Select Committee recently recommended that “It is essential that the Social Fund becomes more fully integrated with other provision of affordable credit for people on low incomes. Given that many people rejected by the Social Fund turn to

⁹⁴ Q 16

⁹⁵ Ev 50,52 para 7

⁹⁶ Q 33

⁹⁷ Ev 36, para 7.8

⁹⁸ DWP Press Release, 31 Jan 2007 – *New Government Campaign to boost financial security of people on low incomes*

⁹⁹ HM Treasury, *Financial Capability: the Government’s long-term approach*, January 2007

unlicensed lenders, we recommend that the Government instigate arrangements to refer unsuccessful applicants to local credit unions and CDFIs [Community Development Finance Institutions] where appropriate or other providers of affordable credit.”¹⁰⁰

95. Some have already begun to develop these kind of ideas. A4E suggested incorporating the Fund into a large scale new financial institution providing a range of products targeted at this income group, including a new system of affordable loans financed using the Social Fund’s budget as the basis of attracting private equity.¹⁰¹

96. However, the Resolution Foundation highlighted a number of significant challenges to overcome before such a scheme could be implemented including:

- “Further work is needed to establish the sums that could be raised and, in particular, the interest rates that would be payable in order for the model to be financially viable;
- “The potential cost and logistical challenge of establishing a national distribution network could be significant, particularly given the current lack of coverage of credit unions and Community Development Finance Institutions;
- “Products would need to be designed that would be attractive both to investors and appropriate to the needs of the client group (for example, the need for flexible repayment options); and
- “In order to minimise the risk of default and keep investors on board, repayments would need to continue to be deducted at source; this may present logistical issues in extending the availability of loans more widely.”¹⁰²

97. Sir Richard Tilt said:

“On the whole, I do not think that the existing Social Fund applicants are going to make much use of credit unions. [...] Even at nine or ten [per cent interest rate] I think this is very difficult for the sort of people we are talking about. I am not trying to knock credit unions at all, I think they can be a very useful institution, but I am not sure it is for this group of people. It is the next bit up with people who are just in work but have quite low earnings.”¹⁰³

98. This concern was echoed by the memorandum received from the Child Poverty Action Group, One Parent Families, Save the Children, Help the Aged and the Family Welfare Association:

“We see much potential here for extending access to no cost and low cost credit to support anti-poverty objectives. At the same time we would not wish the desire to

¹⁰⁰ Treasury Committee Twelfth Report, Session 2005-06, *Financial Inclusion: credit, savings, advice and insurance*, HC 848

¹⁰¹ Ev 47

¹⁰² Ev 75

¹⁰³ Qq 21, 22

develop (low) interest bearing credit to undermine the role of grants or interest free loans for the poorest people.”¹⁰⁴

99. **While the Committee welcomes the Government’s campaign to tackle financial exclusion, the lack of reform of the Social Fund is at odds with the forward steps taken with these strategies. Credit unions cannot fill this gap. Evidence received from several sources pointed out that credit unions have an important role to play in helping people on low incomes, but are not an affordable solution for destitute people. We recommend that access to mainstream financial services should be developed alongside improved availability of grants and interest-free loans for those eligible for the Social Fund, recognising that these are the only appropriate means to meet the immediate needs of the most vulnerable in society.**

100. We agree that reform of the Social Fund must be linked in to the wider financial inclusion agenda, but for the reasons set out above we do not believe that this is the solution to the problems it is currently facing. We were therefore interested to explore with the Minister his precise timetable for reform of the Fund, and asked him what formal consultation was taking place. He told us:

“At this stage I am having informal discussion, I think is the best way of putting it, which is a consultation though it is not really an open public consultation, with a lot of interested groups ... I have been asking them to think in a very blue sky way about options that they might want me to consider.”¹⁰⁵

101. One area for reform suggested to us by Citizens Advice Scotland, Disability Alliance, Child Poverty Action Group, One Parent Families, Save the Children, Help the Aged and the Family Welfare Association was that the eligibility criteria for the Fund should be widened so that more people could apply.¹⁰⁶ When questioned on this the Minister answered “that might be too much to bite off of the Social Fund and of course there are plenty of other means of financial support available from other parts of the DWP.” However, **we encourage the Government to look in more detail at the potential for increasing the eligibility for the Social Fund and report back to us on its findings.**

102. Neil Couling noted “The Social Fund is almost always last to get the modernisation of anything because people are nervous of it, because it is the benefit of last resort for so many vulnerable people.”¹⁰⁷

103. The Treasury Committee, in its recent report on Financial Inclusion, shared some of our concerns on the Social Fund and recommended:

“the DWP needs to instigate an open debate on reform of the Social Fund to ensure that the Social Fund can make a better contribution to improving access to affordable

¹⁰⁴ Ev 63, para 4

¹⁰⁵ Q 39

¹⁰⁶ This was also a recommendation in Kate Legge, Yvette Hartfree, Bruce Stafford, Monica Magadi, Jacqueline Beckhelling, Line Nyhagen Predelli and Sue Middleton; *The Social Fund: Current Role and future direction*, The Joseph Rowntree Foundation, 2006.

¹⁰⁷ Q 65

credit and become a more positive source of assistance for people on low incomes¹⁰⁸.

104. It is our impression that Social Fund policy is currently in limbo, pending wider Government work on financial inclusion. Given the severe operational and resource issues which we have described in this report, we recommend that the DWP must now address the performance of the Fund as a matter of urgency, and launch a formal consultation exercise on how it can be improved.

¹⁰⁸Treasury Committee Twelfth Report, Session 2005-06, *Financial Inclusion: credit, savings, advice and insurance*, HC 848

Conclusions and recommendations

1. The Committee notes the Department's admission that centralisation of Social Fund administration has caused short-term problems in some areas and the Minister's comment that he was "pretty confident" that these would not be repeated. We ask the DWP to set out its timetable for rollout to the remaining nine Benefit Delivery Centres, and what specific measures it is taking to prevent similar disruption to the operations of the Social Fund. (Paragraph 13)
2. We have been told that the DWP is currently reviewing the operation of the Standard Operating Model. We ask that this review includes a detailed analysis of whether the current call handling problems are being caused by poor sharing of best practice between Centres, or by a lack of staffing resources. A copy of the full review should be sent to us for consideration. We also ask DWP to set out precisely when it will have national, comparable, management information about Centres' call handling performance. (Paragraph 30)
3. The Committee recommends that training on the Social Fund should be part of the initial training package for all Jobcentre Plus staff and that the necessary resources should be made available to facilitate this. We also recommend that Jobcentre Plus continues its efforts to ensure that all managers and offices are aware that applications for the Fund can be made by calling into a local office, and by post, and takes steps to collect statistics of incidents of non-compliance nationally. (Paragraph 35)
4. The Committee remains concerned that a person applying for a Crisis Loan - who by the nature of the claim is in a vulnerable position - should be refused the use of a customer service phone in a Jobcentre Plus office to make an application. The Committee therefore recommends that the Department should make swift progress including talks with PCS to remedy this situation, and we urge both sides to come to a resolution as soon as possible. We also ask the Department to review the number of "warm phones" in Jobcentre Plus offices in relation to footfall and examine the possibility of creating greater privacy for users. (Paragraph 39)
5. The Committee recommends that more effort is put into ensuring that calls from people applying for Crisis Loans are answered as soon as possible to take account of the costs incurred by mobile phone users. The Committee also trusts that the DWP will do everything it can to ensure that the freephone 0800 number is extended to all areas of the country as soon as possible. (Paragraph 45)
6. We recommend that the issue of alignment payments is dealt with swiftly and that the Department takes steps to learn the lessons of what has been achieved in Northern Ireland. Although Jobcentre Plus has reduced the proportion of alignment payments, the fact that 33% of Crisis Loans are being used, in effect, to cover benefit delays is unacceptable. (Paragraph 49)
7. The Committee recommends that Social Fund decision-makers should be provided with more time to attend training and more time to take decisions. DWP should

make the resources available to Jobcentre Plus and the Independent Review Service to make this possible. In addition to this the Committee endorses the recommendation by the Social Fund Commissioner that Jobcentre Plus puts in place “appropriate quality assurance, improvement strategies and external validation of decision-making” and asks the Department to have such a programme in place along with a report to the Committee on it by the rising of the House for the Summer Recess. We further recommend that the Department investigates the discrepancies in accuracy figures between districts, identifies the causes and ensures solutions are in place; this too should be reported back to the Committee. (Paragraph 57)

8. The Committee recommends that the standard of information given to Social Fund applicants on decisions is improved as a matter of priority. The Department should also ensure that all those who have applied for a Crisis Loan by telephone and who have been refused are sent a letter confirming that a Crisis Loan application has been turned down with the reasons for the rejection clearly set out. (Paragraph 61)
9. While recognising the trade off between speed and accuracy, we recommend that more work should be done to improve Social Fund clearance times, as it is unacceptable for claimants to have to wait for long periods of time for payments which by their nature are needed urgently. There should also be greater monitoring of clearance times on a regional basis, and areas which are consistently missing their targets should be investigated and provided with more resources or greater training to remedy the situation. (Paragraph 68)
10. The Committee recommends that the formula for allocating Community Care Grants be reviewed and additional funds made available so that all high priority needs are fulfilled. We agree with the Social Fund Commissioner that it is “unacceptable that someone can qualify [for a Grant] and have the items assessed as high priority and still not get a payment because there is not enough money.” (Paragraph 77)
11. We recommend that further research be conducted on ethnic minorities’ experience of the Social Fund to explore the causes of low participation and that the Department extend monitoring of take-up of the Social Fund to cover ethnicity, gender and age. (Paragraph 85)
12. While the Committee welcomes the Government’s campaign to tackle financial exclusion, the lack of reform of the Social Fund is at odds with the forward steps taken with these strategies. Credit unions cannot fill this gap. Evidence received from several sources pointed out that credit unions have an important role to play in helping people on low incomes, but are not an affordable solution for destitute people. We recommend that access to mainstream financial services should be developed alongside improved availability of grants and interest-free loans for those eligible for the Social Fund, recognising that these are the only appropriate means to meet the immediate needs of the most vulnerable in society. (Paragraph 99)
13. We encourage the Government to look in more detail at the potential for increasing the eligibility for the Social Fund and report back to us on its findings. (Paragraph 101)

14. It is our impression that Social Fund policy is currently in limbo, pending wider Government work on financial inclusion. Given the severe operational and resource issues which we have described in this report, we recommend that the DWP must now address the performance of the Fund as a matter of urgency, and launch a formal consultation exercise on how it can be improved. (Paragraph 104)

Formal minutes

Wednesday 16 May 2007

Members present:

Mr Terry Rooney, in the Chair

Natascha Engel
Michael Jabez Foster
Justine Greening

Mrs Joan Humble
Greg Mulholland
Jenny Willott

Draft Report (*The Social Fund*), proposed by the Chairman, brought up and read.

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 104 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Sixth Report of the Committee to the House.

Ordered, That the Chairman do make the Report to the House.

Ordered, That the Chairman do report to the House the Memoranda submitted to the Committee.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Monday 21 May at 4.00pm]

Witnesses

Wednesday 25 April 2007

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Sir Richard Tilt, Social Fund Commissioner and **Ms Karen Manuel**, Acting Manager,
Independent Review Service

Ev 1

Mr James Plaskitt MP, Parliamentary Under-Secretary, Department for Work and
Pensions and **Mr Neil Couling**, Director, Benefit and Fraud, Jobcentre Plus.

Ev 6

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Second Report	The Work of the Committee in 2005-06	HC 215
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Reports from the Work and Pensions Committee Session 2005-06

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First Special Report	Pension Credit and Delivery of Services to Ethnic Minority Clients: Government Response to the Committee's 3rd and 4th Reports of Session 2004-05	HC 297
Second Report	The Efficiency Savings Programme in Jobcentre Plus	HC 834
Third Report	Incapacity Benefits and Pathways to Work	HC 616
Second Special Report	The Efficiency Savings Programme in Jobcentre Plus: Government Response to the Committee's Second Report of Session 2005-06	HC 1187
Fourth Report	Pension Reform	HC 1068
Fifth Report	Power to incur expenditure under Section 82 of the Welfare Reform and Pensions Act 1999: new Employment and Support Allowance IT System	HC 1648

Oral evidence

Taken before the Work and Pensions Committee

on Wednesday 25 April 2007

Members present:

Mr Terry Rooney, in the Chair

Miss Anne Begg
Harry Cohen
Natascha Engel
Michael Jabez Foster
Justine Greening

Mrs Joan Humble
Greg Mulholland
Mark Pritchard
Jenny Willott

Memorandum submitted by Independent Review Service

Witnesses: **Sir Richard Tilt**, Social Fund Commissioner, and **Ms Karen Manuel**, Acting Manager, Independent Review Service, gave evidence.

Q1 Chairman: Good morning everybody. Welcome to this evidence session on the Social Fund. Sir Richard, thank you very much for making yourself available today, we do appreciate it, and we appreciated the evidence that you submitted. Would you like to introduce your colleague?

Sir Richard Tilt: I have Karen Manuel with me, the Acting Manager of the Independent Review Service. I may need to ask her to pick up on one or two facts and figures.

Q2 Chairman: Very good. Sir Richard, the memorandum you submitted was especially critical of the standard of decision-making in the Social Fund. What do you see as the main cause of that and are there any fundamental underlying issues that need to be addressed or changed?

Sir Richard Tilt: Yes, I have been critical of the decision-making at first line for a number of years now, and I think that has been repeated by the National Audit Office in their inquiry into the Social Fund. I think there are two principal problems. One is a lack of or inadequate, poor quality training for the staff involved. Over the years we have done quite a bit of training, but, of course, as a small organisation, we cannot possibly train all the decision-makers involved in the Social Fund. I think the other problem is probably the amount of time that is allowed for making these decisions. Broadly speaking, community care grant decisions have to be made within about 30, 35 minutes, something like that. It is very difficult to get all the information we need in that time; so I think the decision-makers need more support in terms of training and probably a bit more time to do the job. The principal mistake that they make is not gathering enough information. They deal with the stuff as it comes to them on the form, the form usually suggests a number of pertinent questions that need asking and they do not pick up on that and do not use the opportunity. Usually you just need to speak to the applicant, or perhaps to a health visitor, or somebody who is involved in

the case. So, more information and better training for decision-makers. We have been involved, as part of the centralisation programme, in assisting with developing the training, and I think the training arrangements that Jobcentre Plus are putting in place are much better, but it does need resourcing—in other words, people need to have time to be able to do the training.

Q3 Chairman: Are there structural issues or is it largely budgeting and training?

Sir Richard Tilt: I think it is largely training—training and making people aware. There are further issues in Jobcentre Plus itself. For instance, the awareness in Jobcentre Plus front offices is not terribly good about the Social Fund. I believe that someone who walks into a Jobcentre Plus office ought to get decent advice about the Social Fund. It is quite difficult to provide that because a lot of the front staff there do not know very much about the Social Fund. We have offered a training course for frontline people in Jobcentre Plus. There has been a very poor take-up of that, and I recognise that that is to do with time and resources, but people really need much better advice. Quite a lot of the research shows that awareness about the Social Fund is quite low in some critical groups, the elderly particularly.

Q4 Chairman: Just as an example, I saw some figures recently that around 55% of community care grant applications are refused at first application.

Sir Richard Tilt: Yes, that is correct.

Q5 Chairman: Do you think that is the correct ratio, or do you think it is a consequence of some of the things that you have been talking about?

Sir Richard Tilt: No, I think that is far too high a refusal on what we see. If people exercise their right to ask for an internal review at Jobcentre Plus about half those cases will be changed in the applicant's favour immediately, then the people

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who then come on to us for an independent review on community care grants we are changing about 60%. We have done one or two exercises over the past few years looking at, as it were, the random sample of cases that did not come forward, that did not ask for a review, and we found much the same level of error in the decisions as you find in the ones that we see. So, I suspect that that rejection rate is far too high.

Q6 Chairman: This Committee's previous inquiry has had great concerns about crisis loans and their operation. Do you think centralisation is going to address one of those key issues or incur further failure?

Sir Richard Tilt: As I said in my evidence, I support centralisation. I think it is a perfectly reasonable policy, a perfectly reasonable approach. There are some advantages in centralisation. You should be able to do better and more standard training for the decision-makers, it should be possible to get a more even standard of decisions across the country if you are operating it in 20 sites rather than 80 or 100, there should be some efficiencies, clearly, in it for the organisation. I am perfectly happy to support centralisation, but what it needs is proper resourcing and I do not think at the moment that it has adequate resourcing. There is a particular problem on crisis loan access through the telephone system. Telephones are a good way of doing crisis loans, and I have sat in these processing centres alongside decision-makers and they are doing very well. They provide a good, quick service for people who get through to them. The difficulty, as I think you know and as everybody is saying, is that it is very, very difficult to get through to the crisis loan 0800 numbers, and we have put evidence in about that. We have tested this. Something like 5% of our calls get through. Whether that is an accurate figure, I do not know, but it is tiny. My organisation (and I have been to quite a lot of these over the last year) has held 150 meetings of representatives who are involved in the Social Fund. That is about 2,500 people. At every one of those everybody bombards you with problems in getting through on the 0800 number, and that can be put right. It needs two things: it needs better, smarter telephony and it almost certainly needs more decision-makers, operators, answering the phone. Clearly, some of the people who cannot get through do eventually get through, and we have many stories of people who spend all day ringing 100 times before they get through. They are getting through, I think, eventually and, as I say, for the people who do get through, they get a good, prompt service and it can work very well, but I think it is under-resourced at the moment.

Q7 Chairman: Again, in the past we have had a lot of evidence about people who are not in a position, whether for financial reasons or other, of being able to make a telephone claim and want to go into the office and get a return at every opportunity. When

the move to these 20 regional centres is completed, will that negate the possibility of making an office-based application?

Sir Richard Tilt: It should not do. Certainly Jobcentre Plus' position is that people will still be able to make a written application. There will be a small number of people for whom the telephone is not appropriate and who need to make a written application. For the moment, of course, there is a huge problem. If you cannot get through on the telephone, you would need to be able to make a written application, and we have cases come in where people are simply told they cannot make a written application. Well, that is not the law, they can make a written application, and it should be dealt with on that basis and you should be able to hand it in at a Jobcentre Plus office.

Q8 Chairman: How will the application get transmitted to these 20 centres?

Sir Richard Tilt: It will get faxed, I think is the most likely way it will be dealt with, and that already goes on; some places are already doing that.

Q9 Michael Jabez Foster: You say that maybe there are not sufficient people at the other end of the line. When we were in New Zealand, and I appreciate you cannot always translate the practice there, but the Jobcentre Plus member of staff who was dealing with the application for JSA, or whatever, was asked, "I have not been able to pay my car tax and therefore I cannot use my car. I need car tax money", and she immediately gave permission said, "The cheque will be in the post." You will obviously have to pay it back, but it enabled the problem to be resolved immediately. Of course there is a training issue and a consistency issue, but is there a case for broadening so that we have more decision-makers, particularly up to a certain limit, so that we do not clutter up the system in more difficult cases?

Sir Richard Tilt: Absolutely. I think that is the answer. I think more decision-makers are needed. Smarter telephony is necessary so that people get the phone answered and then get either a message or they get put through to somebody, and at the moment the systems do not seem to be capable of doing that. But I entirely agree, and, as I say, the cases I have seen dealt with are dealt with very well and people get a prompt payment, usually an arrangement to go and collect a cheque within a couple of hours from a Jobcentre Plus office. It is very good, but it is no good if you cannot get through.

Q10 Chairman: Would, however, inevitably that mean a much increased sum in the fund?

Sir Richard Tilt: I do not know. I think it is very difficult to judge that. At the moment one of the difficulties is that Jobcentre Plus does not quite understand what the potential volume is. I do not know how much of the not getting through is people who are persistently ringing trying to get through, and, of course, certainly there will be some people who are ringing the wrong number,

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there are people who are ringing up for advice on benefits, which is inappropriate, so you need some way of sieving all of this out. At the moment it is very urgent, I think, and certainly what must happen at the moment is endorsements for Jobcentre Plus that written applications can still be accepted and making it possible for people. We have a case where someone handed in a written application and got it torn up in front of them. Apart from it being illegal, that is not the way to treat people.

Q11 Miss Begg: I want to ask a question about community care grants. There seems to be a bit of a lottery, not just a post code lottery, because obviously different areas have different limits on the amount they can give out, but there is also the calendar lottery where, heaven help these people who require help in January and February, as there is a good chance that they have run out of money. What do you think can be done about that? Should it still be cash-limited? Should these grants be based on need rather than on the amount of money that is left in the pot?

Sir Richard Tilt: Can I deal with the calendar lottery first? I do not see much evidence of a calendar lottery; I think the money available is profiled accurately across the year and, on the whole, Jobcentre Plus offices keep to that. I do not see a lot of evidence of calendar lottery. There is quite a lot of evidence of post code lottery, which is derived from the way the budget is allocated, and I have suggested, and I very much support, allocating the budget in a different way so that you do not get the discrepancies that arise at the moment. I gave the example in the evidence that, if you measure the amount of money available per number of applications coming in, in the North East of the country there is about £160 available per application coming in, in London and the South East there is about £360 available per application coming in. That is indefensible, I think, and I would like to see the budget allocated so that you could largely eliminate the post code lottery. The other point I would want to make on community care grants is that I find it personally unacceptable that someone can qualify and have the items assessed as high priority and still not get a payment because there is not enough money. I think we ought to get to a position where anybody who is qualified and the items are high priority should be paid, and that does need more money in the community care grant budget.

Q12 Miss Begg: What occurs to me is that because it is based on discretion, if you just happen to be unfortunate that there is someone slightly more needy than you are during a particular month, they are going to get the money and you are not.

Sir Richard Tilt: The scheme is, of course, based on that principle, but what decision-makers have to try to do is to identify the most needy. I would like to set a kind of floor, which is that all high priority

items should be paid. I do not think that we should be saying to someone, "We have assessed it as high priority, but we cannot pay you."

Q13 Miss Begg: Have you got evidence that, say, someone in the north of England who has these particular criteria consistently loses out because there are people in that area that are more needy, but in the south someone with exactly those criteria, get the money, even although they may be less needy?

Sir Richard Tilt: That is exactly so. You have got a better chance of getting a grant in the South East and in London and the amount is likely to be higher than it would be in the North East.

Q14 Miss Begg: How easy would it be to sort that, to rebalance it?

Sir Richard Tilt: These things are never quite as easy as they look.

Q15 Miss Begg: That is why the Minister is laughing!

Sir Richard Tilt: I think one could have a good go at it. What we have suggested is that you measure the number of applications coming in in the different parts of the country and allocate the budget, so that you end up with a national figure per application, and then give that area applications times the national figure. That would be a starting point, and I think that would be a big improvement. Of course the downside to that is that, inevitably, if the budget remained the same, you would be taking money away from London and the South East in order to push it towards principally the North East.

Q16 Miss Begg: Have you done any work at all in following people who get turned down for community care grants, particularly those who are on the cusp or on the wrong side, to follow what actually happens to them as a result of poverty, the fact that they do not get enough money to be able to—

Sir Richard Tilt: I cannot claim that we have done systematic work. Anecdotally what happens to them from our contacts is that some of them will go to charities and will get payments. You have got, I think, in your evidence from the Family Welfare Association, a list of cases. Just looking through those, on the facts of those cases, all of them would have qualified for a community care grant if they had asked for a review from our organisation—clear cases for grant payment. The research demonstrates that some people go to loan sharks, they obtain money and the Provident, also is a source of money to help people through getting lumpy expenditure—some people manage to draw some support from their family, some people do without. It is a pretty sad picture, I think, as you look at it. In the time I have done the job, which is now six years, you see charities talking much more now about food parcels than they were when I started doing it.

Q17 Miss Begg: Do any of the charities that are seeing these cases (and they must be able to make the same kind of judgment as you have that, if only they had appealed and asked for a review, then they would have been given money) give that kind of advice to people or are they just looking at them from their perspective as to whether they would give them the money, or are they empowering individuals to—

Sir Richard Tilt: No. I think both actually. In some cases they just give them the money; in other cases they do try to encourage them. It is a 28-day period. So, by the time it gets through the charity, the 28 days has expired. We spend a lot of time talking to charities, reminding them of the need for people to pursue their review. Of the cases that we see, I think it is somewhere between 10 and 15% are represented, so it is quite a small piece of it. A lot of people are not going to advocacy organisations to get help with this. If they did, I think they would do rather better.

Q18 Miss Begg: A lot of them will not know what organisations they may need to go to?

Sir Richard Tilt: Indeed.

Q19 Miss Begg: Especially if it is a one-off?

Sir Richard Tilt: Absolutely.

Q20 Miss Begg: They do not know what is out there. I suppose the final thing is: do you think that the Social Fund needs a complete overhaul? Is it time for radical reform? Should it be scrapped? Should something else be put in its place? One suggestion the Minister himself has made is looking at the role of credit unions. I declare an interest in that I am a member of a credit union.

Sir Richard Tilt: I certainly do not think it should be scrapped. I have not said, but I should say, that I think the budgeting loan part of it works relatively well. I think that provides low-cost, no-cost loans to people quite quickly and relatively simply. We see very few cases on the budgeting loan side, and the majority of them are conducted well and appropriately, so that bit works fine. I do not think it needs a wholesale reform—people have talked about that for years—I think it would be more important to make the existing system work. The community care grant system is very important to some very vulnerable people. What it needs is more money. People always say, “We need more money.” I think we really do need more money for the community care grant system to start to tackle the need that is out there. Likewise, crisis loans can work if people can get access.

Q21 Miss Begg: What about the credit unions?

Sir Richard Tilt: The credit unions. Credit unions are very useful and important organisations and they will provide help to certain sectors of the population. On the whole, I do not think that the existing Social Fund applicants are going to make much use of credit unions. One of principal

problems, and I have only been to a credit union in Leeds, but they talk in terms of short-term loans charging 26% interest. That is not cheap interest.

Q22 Michael Jabez Foster: It is 9 or 10 in most cases.

Sir Richard Tilt: Even at 9 or 10 I think this is very difficult for the sort of people we are talking about. I am not trying to knock credit unions at all, I think they can be a very useful institution, but I am not sure it is for this group of people. It is the next bit up with people who are just in work but have quite low earnings.

Q23 Mrs Humble: In a way, Sir Richard, you have just answered my question. I also declare an interest as a member of a credit union. In the Committee’s previous report on the Social Fund it did point out that the credit union was for poor people but not destitute people.

Sir Richard Tilt: That is right.

Q24 Mrs Humble: Not the sort of people who the Social Fund was aimed at. Would you agree with me that there is also another problem for the credit union, that if they do take on as members very, very poor people who we are talking about here, one of the problems for them is the administrative burden that they have, first, in administering benefits but, second, if they do give loans, many of these people want loans straightaway but, of course, they have not built up the savings that usually credit unions ask for. There is a danger that credit unions would get into financial problems if they gave loans to these people without them having built up any money, and they are unlikely to build up savings.

Sir Richard Tilt: It is impossible living on benefits, particularly if you have got additional health difficulties or families with health problems. I do agree. I do not think credit unions are going to tackle this problem. I think that the community care grant system can offer real help, and does offer real help. I forget the figures, a quarter of a million people, or whatever, successfully get a community care grant each year. The trouble is that there are far more people who need it and some of the amounts are too restrictive because of the budget, but principally it can be a scheme that will provide the sort of safety net that it is meant to.

Q25 Mark Pritchard: Going on to Sure Start maternity grants, I just wondered what your experience has been of the type of advice and the quality of the advice given to mothers who have just the given birth. Entitlement, in the submission of the DWP, is also dependent on them having received advice on the health, needs and general welfare of the new baby. I just wondered whether you feel that advice is being given and whether it is quality advice.

Sir Richard Tilt: I am sorry to say, I am not competent to answer that question. My role relates only to the discretionary social fund, not to the regulated social fund.

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Q26 Michael Jabez Foster: Can I go back to the point you made about the relationship between the position in the North and the South, namely the suggestion that it was easier in the South than the North. As a south-east MP I can tell you that the advice agencies do not see it that way.

Sir Richard Tilt: No, of course not.

Q27 Michael Jabez Foster: So there are two questions. If it is so tough in the South, then presumably it must be tougher in the North and, therefore, it is a wholly inadequate budget; but the second question is really: is it not that already the social needs of a particular area are taken into account in determining the budget for that area and, therefore, in a sense, that would not account for a different criteria?

Sir Richard Tilt: No, I do not think that is true. It is quite difficult to determine precisely how the budget is allocated. My best guess, after trying to work on it for a number of years, is that it is largely historical. It relates almost back to the old single payment scheme in the 1980s. People started their social fund budgets rather on the basis of what they were spending at that time in relative terms and, whilst there have been some tweaks to it since then, it has not greatly changed that underlying position. As I say, the way we would approach this now is to say: what is the level of applications coming in in this particular part of the country? We know how many applications come in nationally. We can divide the pot that is available by the number of applications and arrive at a notional amount per application. We then give each part of the country the piece that comes out of that calculation. It would not be perfect at all; I do not argue that.

Q28 Michael Jabez Foster: Is it not the case, though, that applications are to some extent a matter of culture? In some areas there will be a culture of making applications; in other areas not?

Sir Richard Tilt: I think that is certainly possible, yes. I do not see an easy way to distribute the budget, I am not claiming that, but I think there are better ways of distributing than we have got at the moment and some of the post code lottery could be significantly reduced by taking a different approach.

Q29 Justine Greening: A basic question about the numbers of people making claims and receiving. Is there a pressure on the finances that people are asking for more money or just that there are more people in a situation where they might qualify for it?

Sir Richard Tilt: I think it is both of those things, yes, particularly on community care grants, which obviously are going to be more attractive because they do not have to be paid back. You have got a lot of people asking for community care grants, but only about 50% are getting them, or less than 50%—45%, I think, are getting them—and, of course, those who do get them will usually have the amounts they have asked for reduced because of budgetary pressures.

Q30 Justine Greening: Are you seeing particular increases in certain cohorts of claimants?

Sir Richard Tilt: I cannot say I have. I do not know; Karen might want to comment on that. The principal ones are lone parents, sometimes domestic violence is involved, people with chronic illnesses. Those are the two main groups, I think. I have not seen much change, no.

Q31 Justine Greening: What I am trying to get an understanding of is what are the drivers. If the budget is inadequate and there are some key drivers, if it is more people claiming, I am trying to understand why that is. Obviously, we know they have a particular income level, but what is the broad trend that means that more people are in that position and why are they having to claim more?

Sir Richard Tilt: I cannot claim that the trend is going up. I think the number of people claiming is relatively static. It fluctuates slightly from year-to-year, but not very much at all. I think there is some emerging evidence that crisis loan by telephone has led to an increase in volume.

Q32 Justine Greening: Extra awareness?

Sir Richard Tilt: Yes, or better awareness. I do not know what it is, we shall have to see what the figures are for the first year, but I think that is possible. Apart from that, we have not seen much change at all in the number of applicants, or the number of applications.

Ms Manuel: We have always been concerned about people's access to making crisis loans in districts anyway; so the possibility there is that the increase is because people can now—they have got a phone they can use.

Q33 Justine Greening: You said also that people are asking perhaps for more than in the past.

Sir Richard Tilt: No, I did not mean to say that. I do not think I have seen an awful lot of change on that front; the money has always been short. To be fair, for the last three years or so it has gone up faster than inflation, and that has been welcomed, but I think we are still a long way short of the amount that would be anywhere near meeting the real need. My main point is about high priority items. Once someone has been assessed as needing a high priority item, I think that should be paid and there should be enough money to do that.

Q34 Justine Greening: Therefore, you are talking about a one-off increase in the budget, if you like, that then uplifts it?

Sir Richard Tilt: Yes.

Q35 Justine Greening: Then, at that stage, there is no reason why it should not be more adequate going forward.

Sir Richard Tilt: I think it would be more adequate. I would not claim that one can reach a position where all needs are met, that is unlikely, but, yes, I think we are substantially away from a reasonable figure at the moment.

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Q36 Harry Cohen: What response have you had from Government? Clearly in your memorandum you talk about these high priority items and the need to increase community care grants for those most in need. What has the Government told you?

Sir Richard Tilt: The response from the Government has been twofold. On the particular issue of high priority items, they have indicated that they are not able to find the additional funds that would be necessary to do that. On the general point about the quantum of the budget, they will, of course, draw attention to the increases that we have seen in the last two or three years, which have been better than inflation, and I welcome that, but I think the trouble is we start from a position that is a long way from meeting reasonable need.

Q37 Chairman: For the record (because there may be some people who are too young to remember) the single payment was the discretionary, uncapped

budget under the old supplementary benefit system, and it largely depended on the quality of advice available in the main area and how much was paid out, but the ratio of community care budgets set was based on that in 1988 and has substantially not changed between policies.

Sir Richard Tilt: I agree.

Q38 Chairman: I think it is the case that the office with the highest budget in the country is Tunbridge Wells.

Sir Richard Tilt: It will certainly be in the South East. We thought it was central London, but it is certainly in London or the South East, yes.

Justine Greening: Presumably they are not disgusted about that!

Chairman: Sir Richard, thank you very much. That has been very, very useful. We are very grateful.

Memorandum submitted by Department for Work and Pensions

Witnesses: **Mr James Plaskitt MP**, Parliamentary Under Secretary, DWP, and **Mr Neil Couling**, Director, Benefit and Fraud, Jobcentre Plus, gave evidence.

Chairman: Welcome to you. Good morning Minister; Mr Couling, welcome. We saw a few raised eyebrows in the first session! No doubt we will develop those.

Q39 Mark Pritchard: Hello Minister and Mr Couling. In your submission you state that the Government is committed to reforming the Social Fund. I suppose you are considering making changes, but within that are you going out to public consultation and what sort of consultation are you undertaking before introducing those reforms?

Mr Plaskitt: First of all, yes, I am certainly interested in, potentially, substantial reform of the Social Fund, and so I do have many aspects of it under review in the Department at the moment, and particularly the budget and loan side of it. At this stage I am having informal discussion, I think is the best way of putting it, which is a consultation though it is not really an open public consultation, with a lot of interested groups, including many of the charities and organisations who have made submissions to your Committee in connection with this inquiry. I have had discussions with them about how they feel the fund is working at the moment. I have been asking them to think in a very Blue Sky way about options that they might want me to consider. I have talked to people from the commercial side as well to explore their interest in it, and I think there is a fair amount of potential here to do something. Indeed, the other thing that is important to stress is that I see an opportunity perhaps to link more closely some of aspects of social fund to other things that are happening in other parts of Government to do with financial inclusion. There is probably not sufficient connection in my mind at the moment in what we are doing and what they are doing, because these

things are very close together. The Government has established now an inter-ministerial working group, as part of the financial inclusion agenda, to address very widely the issues of financial inclusion and lack of it, and I sit on that and I think that is helpful because it is bringing together different departments, hopefully with an opportunity to join up things that we are doing consistently across the piece, and there is potential in there for the Social Fund to do more to support those issues than it is at the moment.

Q40 Mark Pritchard: Financial inclusion, yes, but also financial capability.

Mr Plaskitt: Absolutely.

Q41 Mark Pritchard: Given that the infrastructure, let us say the DWP infrastructure, needs to be in place in order to deliver existing arrangements, existing benefits, if, for example, the outcomes of your consultations and subsequent reforms, if they come forward, were to look towards the third sector, then clearly there might be, in particular regions of the country, charities that have more financial capability and experience than others. Do you think there is a danger that there may be a knowledge gap, a knowledge deficit, potentially, so you find that the third sector has been given something to do, something that is very important, and that whilst in principle it may be right possibly to do that, the delivery of the service is interrupted because there is not the third sector infrastructure?

Mr Plaskitt: I think if we were to flip that situation now, you would be absolutely right. I think there would be an unevenness of offer from the third sector, it would be very patchy and it would work successfully in some areas but would break down in others, which is why I would not advocate

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making a switch of that nature right now. What needs to be done is build up the capacity and resource of third sector providers here, and, of course, that is what the “Now Let Us Talk Money” campaign, which the Government is running, a programme which we are running, is exactly designed to do, and DWP is closely involved in the delivery of that. Here we have about a five million pounds investment coming forward in two phases, firstly designed to establish a platform with third sector providers and then, as we move into the second phase, roundabout now, there is a first phase broadly complete, then do the outreach to customers with the objective of the “Now Let Us Talk Money” campaign and, by the time that investment is all made, you do have a uniform standard across the country where the facilities are in place and the third sector providers, who are the more trusted organisations, are exactly in the right place to offer financial advice and information to individuals. At the same time, of course, as you probably know, the DTI is investing a substantial amount of money in recruiting financial advisers to be in place, and they too are aiming at getting universal provision of this. This is what I was saying about the long-term opportunity. If we are getting to a point where we have really transformed the offering of financial advice in the community, then you can, I think, begin to think constructively about changing the way aspects of social fund work and perhaps opening up the question of who are our partners in the delivery of social fund. So, providing the platform is there, you can do that, but that platform is coming, which is why it opens up this exciting opportunity, I think, to do more with social fund in the future.

Q42 Mark Pritchard: Do you think this debate across government on all these changes is an interesting one: because we have heard from different parts of Government that perhaps Government should not be in a position of offering financial advice but financial information? I was interested in your emphasis perhaps on advice. Do you think Government should be offering financial advice rather than financial information?

Mr Plaskitt: It will not be Government offering the advice—that is the crucial point. What we are doing is investing in building up the provision of financial advice but it is by others. It is the Government supporting the creation of that field. It is certainly not directly the Government’s responsibility. Information, yes, but we are not in the advice business.

Q43 Mark Pritchard: Excellent. Thank you. I notice on the ePolitix website that you mentioned, “So the resources on the Social Fund may have to become more active. That would be hard to achieve with a rules-based system administered from Whitehall.” I am not trying to be clever on this point, but I just wondered are we, through that comment and perhaps others by ministers in recent months, beginning to see a fundamental shift of how central government sees the delivery of its

services, not only DWP but other services as well, and that Whitehall is not necessarily the best place to steer policies?

Mr Plaskitt: I would not try and read that much into what I said there, because if you look at the way social fund works now anyway, to a substantial degree it is down to very local individual decisions, it is not, in that sense, Whitehall run. I, as the Minister for it, have got responsibility for the broad architecture, but I am not making decisions about which loans or grants are made. I feel that decision-makers are doing that. It is already very devolved. All I was hinting at there is, I see the opportunities I have just been expanding with you for us to work more closely with other providers, in particular third sector providers, not in a sense of any philosophical desire to move things from A to B, but just in order to be able to offer a wider, better, more accessible, immediate service to customers who need it. If there is an opportunity to do that, I am up for a taking it.

Q44 Mark Pritchard: Two brief final questions. As a result of your potential reforms and outcomes and decisions that are made, what do you think the implications are for existing staff within the DWP architecture that you oversee?

Mr Plaskitt: Positive, I would have thought, because the staff working for us on Social Fund certainly want to be part of a successful offer to our customers. I am also talking to our staff who are involved in the administration and operation of this, and I think they share my sense of opportunity here (what we can do for improving this offer to our customers) and they can be part of that.

Q45 Mark Pritchard: Finally, as a point of detail, given that I was not able to raise it earlier (and it is a small point of detail but I am determined to get an answer today), on the issue of Sure Start maternity grant I just wondered whether you, Minister, or Mr Couling are happy: (1) are mothers getting advice and (2) are you convinced it is the right advice?

Mr Plaskitt: My understanding of this process is that, in terms of processing or preparing an application for a Sure Start maternity grant the discussion that mothers-to-be should be having is with midwives and doctors, and a doctor has to sign off the form. So, in a sense, the advice they are getting might be coming from people who are not my responsibility but part of the National Health Service. Neil, do you want to expand on that?

Mr Couling: No, just to say it is not Jobcentre Plus’ responsibility to give this advice. Obviously we are not experts in that particular field. It is our job to ensure that there is verification that, that has happened.

Q46 Justine Greening: I have a quick question. It is more clarification than anything. The DWP memorandum basically makes the point that the Social Fund is very much an immediate solution to an immediate problem but does not particularly address the underlying reasons of why people are

in this position. Do you see the potential for some of the reforms as more directly linking those to the short-term but then making sure that provides some assistance to solving long-term issues, and is that how you see the third sector possibly coming into that? Are they what you have in mind as a solution to that problem, or are there other options, do you think, for having people arriving to get budgeting loans, crisis loans, as a trigger point to then provide longer-term support for them and help?

Mr Plaskitt: There is a clear connection in my mind and a clear potential for us to do more for our customers than simply meet an immediate demand. We must meet that immediate demand, and there is an absolutely critical role for the Social Fund to play there and, in my view, it must continue to play that. We are best placed to do that. In the example of crisis loans, for example, meeting the demand right on the spot at the moment, providing the wherewithal to avoid a problem for an individual or a family. We are always going to be good at doing that and should do that, but I am thinking especially when you look at budgeting loans. I am concerned at the moment that our relationship with the customers is, as I have described it, too passive. They engage with us, we sort out a budgeting loan, the loan deals with that particular immediate issue, but that might be the end of the relationship. I am simply posing the question, as I consider reform, could we not do more also to have a discussion with that individual to find out more about those circumstances and, instead of then perhaps becoming a repeat customer of the Social Fund, we actually steer them, advise them, guide them to other ways we may be able to support them which will be of assistance to them and might mean that they will not have to keep coming back to us because there are other things we can do, either ourselves or the third sector, to assist them in the managing of their finances so that they improve their circumstances, which will be in their long-term interests? That is what I am getting at when I say that there is potential for us to be a more proactive and engaged provider than a merely passive one.

Q47 Justine Greening: The last point. Obviously you said there are some people who make one demand on the Social Fund and that will be it (it may just have been a particular problem that they had on one occasion), but there will be other people who come back for more. In terms of your customer base that access it, what proportion of them are people who have come back several times, more than once, versus the proportion of those customers that needed it that one time?

Mr Plaskitt: You would have to break it down between the different provisions that we make. I think Neil may be able to provide you with figures, but in the case of budgeting loans there is a significant proportion, we think, who are, as it were, repeat customers. Neil may be able to expand on that.

Mr Couling: I do not have the figures to hand here, but a number of our customers do repeat both on crisis loans and on budgeting loans, as you would expect if they have been benefits for long durations. I am sure we can provide the information, if it is of interest to the Committee, later.

Justine Greening: That would be helpful.

Q48 Jenny Willott: I have got some questions about centralisation of the Social Fund and then about processing particularly of crisis loans. Can you say a little bit about what progress has been made in centralising the Social Fund operations and how this has affected the quality of the service? I know that the Government has accepted that there have been some (I think they were called) short-term problems and we have had evidence. For example, Wolverhampton City Council told us that at times during the summer 2006 the absence of trained staff on Social Fund meant that the service hardly existed at all. I would be interested to hear your perspective.

Mr Plaskitt: As you heard from Sir Richard, centralisation is the right thing to do, and I am absolutely convinced of that, and certainly the National Audit Office encouraged us to do this because there are, I think, potentially very substantial gains to be made from this for our customers. You are asking how we are getting on with it. The majority of the 20 centralised offices are now up and running. The remainder will be complete by the spring of next year.

Q49 Jenny Willott: What is the majority? It is out of 20, is it not, the total?

Mr Plaskitt: We have about 11, I think. Eleven are up and running and there are another nine to go. Then we will have the 20 centralised centres handling all of this. Yes, *en route* I think there have been some problems—I completely accept that—which, of course, I am not happy about, and so I have been on the case and saying, “This needs to be sorted out.” It is manageable. The problems are manageable. It is not fantastically difficult to solve it. What we have discovered, for example, is that simply by re-phasing the times in the day that staff might be spending on doing the telephony, you can eradicate the problem of the telephone queue. I think particular office managers have worked out one way to respond to this situation (and, incidentally, there has been a significant rise in demand at the same time as we have gone towards centralisation, I think in some offices as much as 30% increase in demand, which we did not necessarily anticipate, that has added to the issues). I think we are tackling the training issues and are now quite successful at tackling the day-to-day almost hour-to-hour handling, making sure there are enough staff on the phones at the peak times of calls, say the first hour and a half of the day, such that in some of the offices that are now centralised the issue of telephone queuing is fixed and the customers are getting through immediately, first call. That might not be the case in all of them, but we know how to solve that, and I am pretty

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confident that the rate of progress in fixing those problems is accelerating and the service is getting to the sort of standard that I wanted it to be at.

Q50 Jenny Willott: Do you expect with the remaining nine centres that you will not be having the same problems that you had with the previous 11, or are we to expect the problems to continue until the full roll out?

Mr Plaskitt: No, I would hope it would improve consistently all the time as we roll out these additional offices. Obviously some lessons have been learnt from the experiences of the first offices. You can apply that as you move the roll out to the remaining offices. So I would expect continued improvement in the telephony performance right across the system. I would not expect new offices as they roll out to repeat some of the issues we have had in the earlier ones. I am pretty confident that will not happen.

Q51 Jenny Willott: We have had a lot of submissions about poor service, things to do with lack of trained staff, phones not being answered, the wrong information being given, the wrong information being asked for, backlogs in processing, and so on, and, as the IRS said earlier, when they did a test only 5% of calls they made were answered. I want to give you an example of a constituent of mine who came into my surgery last week. This is an on-going issue, a very immediate issue. He was applying for an emergency crisis loan because he had applied for incapacity benefit and had been told that it would be 18 working days before he would be given the first payment; so that is three and a half weeks without any money at all. He was told he could not use an online form, he was told he could not fill in a paper form, he had to do it by telephone; so he spent four hours in a phone box trying to get through to the contact to deal with housing problems and he did not succeed. He tried to get hold of the phone line to talk about household personal costs, but the number was a local number. It was one in Newport in South Wales, so it was not a free phone number, and because he did not have any money he could not call it. After two days without any money at all, he came to see me in my office. We managed, after two hours, to get through to the housing costs, the 0800 number. We managed to get somebody to call him back, and they did give him some money, but my office was told that we were not to do that again because clients were supposed to be using the 0800 number themselves and that MPs should not get involved. Clearly, I was not particularly impressed with that as a response, I do not think my constituent was either, because it had taken three days and the only way he had managed to get any money was through the involvement of my office. What is being done to remedy this? I know you have said that the situation is improving in some of the centralised units, but given that this was last week, it is clearly still a major problem. What is being done to make sure that that does not continue and how long is it going to take until it is sorted out?

Mr Plaskitt: I have said it is improving; I have not said that all of the problems have been fixed at the moment. Your constituent would find that experience unacceptable, you would find it unacceptable and so would I. By the sound of it, there were a number of different bodies involved there and it was more than one benefit issue that the customer was dealing with. I am clear that the model that we are aiming at in terms of that constituent or anybody else applying for a crisis loan is quickly getting through on the phone, having the decision reached within 20 minutes and, if it is a positive decision, having the money available that day. That would be an exceptional service, and that standard is already being achieved in quite a lot of the system but not yet in all of it, and that is what it needs to be. What is being done to get to that, as we touched on before, is tackling the training issue which Sir Richard raised, which we are doing, and tackling the telephony issues, the management of the telephony, to make sure that this telephone queuing is not happening. We are making quite rapid progress in fixing those problems. It does not mean to say some people today will not encounter it, they should not, and the things that need to be done to fix that are being done. Neil, do you want to add to that?

Mr Couling: I just wanted to add that the Newport office is not rolled out onto the new service. It is offering an 0845 service, not an 0800 service. So I appreciate the customer could not get through, and the way in which this was handled was clearly unacceptable.

Q52 Jenny Willott: This was not actually Newport. I am a Cardiff MP, so it is a Cardiff resident, and he had been given one 0800 number and one 01633, which is a local Newport—

Mr Couling: The Social Fund for Cardiff is, I think, delivered out of the Newport office. I am sorry, it is confusing. The thing I would like to add for the Committee's benefit here, because we did not have this information when we submitted our evidence to you, is the quite remarkable thing that is going on in terms of access to the Social Fund, because this debate is often framed in terms of access to the Social Fund. For many years Sir Richard and many others in the lobby have been criticising us that people cannot get the crisis loans to which they have been entitled. For the first six months of the year, on average, we paid out 25,000 crisis loans a week. That was the weekly average. From October time, when we started rolling out the new service, that average has gone up to 30,000 a week. In fact, in the last three months of the year that has gone up to 31,000 a week; so we are paying, on average, around 5,000 extra crisis loans a week with our new service; that is 1,000 crisis loans a day. That is giving us some operational problems, because we did not configure our resourcing for all of this on the basis of that kind of an increase. So, I am having to put in place extra decision-makers in a number of the locations to cope with this demand, and for all the people out there who said, "Do not go to a telephone service; it will make it harder to claim", they are absolutely wrong. It is actually getting easier to claim and easier to get

an award here. The figures just stand that up. My issue is responding to that as quickly as we can, but the bottom line here is that we do not think people are not getting paid. What is happening is they are not getting their calls answered first time, and that is clearly an issue, but I would be particularly concerned if people were not ultimately getting paid, and there is no evidence to suggest that that is not the case; quite the opposite in fact.

Q53 Jenny Willott: Mr Plaskitt, you said that the idea was that calls would be answered quickly and they would get a decision in 20 minutes. Do you know what proportion of cases at the moment is getting that service?

Mr Plaskitt: What I do know is that the target that we have set, that I, as the Minister, have set the system to deliver, is comfortably being met.

Q54 Jenny Willott: What is their target?

Mr Plaskitt: It is a target of two days.

Q55 Jenny Willott: Two days for what?

Mr Plaskitt: To settle an application for a crisis loan.

Q56 Jenny Willott: I thought you said that the objective of the service was that people would get a decision within 20 minutes or receive the money the same day?

Mr Plaskitt: They are doing.

Q57 Jenny Willott: What proportion of cases?

Mr Plaskitt: Where the crisis loan is related to living standard issues, it should be done in the day, and they are being done in the day.

Q58 Jenny Willott: What proportion though?

Mr Plaskitt: Neil will give you the figure, I think.

Mr Couling: The only cases where we would not be able to do that is where we get the call so late in the day, where, say, we get a call at ten to five in the evening, and there was not a pay-out option in a Jobcentre, so we would pay out the next day on those. I was in Newcastle yesterday in the Social Fund centre there and they were paying out. I was listening to calls between 12.00 and 1.00 o'clock and they were paying out at 2.30 in Jobcentres across the North East.

Q59 Jenny Willott: Does that take into account the length of time it takes for somebody to get through on the telephone? My constituent, for example, had been trying for hours and hours and gave up.

Mr Couling: No, I was answering the question on the basis of, once you have got through, are people being paid quickly; and absolutely they are.

Q60 Chairman: The question is how many people are not getting through.

Mr Couling: I looked at some of the statistics (because you have to do a deep dive into the statistics) for our Perry Barr office and in one week we had 25,000 calls, approximately, into the Perry Barr office and they were from about 6,000 customers. So roughly, on average, you are talking

about five attempts being made to get through, and we were making 8,000 calls. Those were either calls we were taking or calls that we were subsequently making: because if the customer rings and they are on a mobile phone, we try as quickly as possible to shift to ringing them back so that they are not incurring the costs there. There will clearly be exceptions, but I am confident that we are meeting the need. As I say, we are paying, on average, in the sites where we have rolled out, a third more. We are taking a third more applications and paying those. What we are not managing at the moment everywhere is to answer the calls the first time, and that is clearly an issue. It is regrettable that customers have to try more than once to get through, but I do not think that we are not meeting needs.

Q61 Jenny Willott: Do you know what proportion of calls is answered on the first attempt?

Mr Couling: It varies by site and unfortunately to provide comparative information I have a problem there because I have telephony systems on four different providers because we are modernising our telephony at the time, which was what Sir Richard was talking about, so it is very difficult to compare the figures. As I say, I think Perry Barr is a good barometer for what is going on, on average, customers having to try maybe five, six times to get through, and some have to try a lot more, as Sir Richard was saying. It depends on the time of day. Yesterday I initiated in Milton Keynes a queue-busting trial where I said to the manager there, "Let us put absolutely everybody on the telephones and take people's details; let us try and find out what the level of demand actually is" because, as Sir Richard said, we get a lot of inappropriate calls, calls which should not be coming to the 0800 number because it is an 0800 number and customers are hopeful that they can get through, without charge, to the rest of the social security system there. That was incredibly successful; by 9.30 there was nobody in the queue at all and they had had people queuing consistently since when they started the new service back in March. So it worked as a management response to these issues. I particularly know it worked because Sir Richard Tilt's office rang up eight times to test whether you could get through on the phone and got through eight times. There was no coincidence in the fact that I ran a queue-busting day.

Q62 Chairman: Are we supposed to believe that!

Mr Couling: There was not actually! Sir Richard and I were in Milton Keynes before Easter and I talked to him then about how I was going to try this because in terms of finding our way out of the situation we are in the one thing I do not want to do is to lose the fact that we are paying a third more people. I know quite a lot of people out there can say, "You can queue bust it this way and that way" but actually we are meeting the demand at the moment and I am rather pleased about that. So I want to find a way through that allows us to answer the calls that we are getting, for the majority of the first time, but does not lose the fact that we have improved the access in the way in which we have. So

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we are still looking at what went on yesterday, what was good and what was bad and I would envisage us rolling that out across a number of our other offices that have particular problems.

Mr Plaskitt: This is a system that is now paying out 6,500 Crisis Loans every working day and where the better practice is operating it is doing it very fast, and that is extraordinary progress from where the system was seven years back. I am keeping my eye on the gold standard that we are aiming to deliver here, and it is quite exceptional. We are not completely there yet but we are clearly getting there and once it is complete this is going to be a very, very efficient part of the welfare system.

Q63 Michael Jabez Foster: To pull up on Jenny's point about the mismatch between the benefits and the possibility of applying for a Crisis Loan, the example I wanted to give is a person similarly who had been displaced from a disability benefit, given a date three weeks ahead for the interview for JSA and told that they were not even eligible to apply for a Crisis Loan until the interview with the JSA. Is that your understanding?

Mr Plaskitt: No, it is not. I do not think that is right. Neil?

Mr Couling: No, they ought to have an interim payment paid because there is a legitimate expectation that they will be entitled to the new benefit if they have moved, say, from unemployed to sick or from sick to unemployed. So that sounds to me like a mistake has been made there. One of the issues we have—and Sir Richard is customarily persistent in making this point to us—is around alignment payments when people claim benefits and move on. We have had some success in the last few years in reducing the number of alignment payments down from about 38% of Crisis Loan awards down to about 33% in the last year, but our colleagues in Northern Ireland have had really much more success than we have and we are trying to learn from that. So it sounds, Mr Foster, in that circumstance that we just made a mistake with that particular claim. One of the advantages of centralisation is that by centralising we are actually building centres of excellence and people understand the rules; there has been a very uneven application of the rules around interim payments, for example, across the country, so I am hopeful you will see the standards improve.

Q64 Mark Pritchard: Coming back to queue-busting, you mentioned Milton Keynes?

Mr Couling: Yes.

Q65 Mark Pritchard: I wondered why it took somebody as senior as yourself to go down and see something that perhaps might be fairly obvious even to middle management level that if you get on the phones you are more likely to deal with the queues, and do you think there is an issue potentially of needing to train up managers in management and/or perhaps you may have some of the wrong people in the wrong place and that is why you perhaps have a queue?

Mr Couling: The short answer to that is no. Why were people in Milton Keynes reluctant to do this—and in fact they are reluctant across the organisation because customers like the new service, our staff like it, and I am not always in the position where I can say that a new service we have introduced wins on both of those? I think there was a fear that if we attempted the queue busting we could not then migrate back to the service. It might be helpful if I explain what the queue busting is. Essentially you take all the calls and say, “We will ring you back later on in the day”, so we are not doing the one call application and decision. It is fair to say that there is a fair amount of commitment out there amongst our managers. The Social Fund is almost always last to get the modernisation of anything because people are quite nervous of it, because it is the benefit of the last resort for so many very vulnerable people. So I think they were quite fearful that if they went down this road they would never get back from it. We think we can make this service work but we have been hit with two things, mainly: there is a huge upsurge in demand that we just did not know was there, so I have a resourcing issue there. The second thing is that our customers are used to queuing; they are used to queuing all day outside an office and by moving to the telephone what they have done is they are now queuing on the telephone, i.e. they are all ringing first thing in the morning, and we have a job to do for them to understand that you can get through if you ring at different times of the day, you do not have to ring first thing, you are not going to have to wait all day—the issues we were talking about before. And if we are not careful we will engrain that queuing mentality on to the telephone. So I do not think it is just a question that the managers were not skilled enough to spot this, I think it was their determination to make the new system work, and I had to step in there and say, “No, just take one step back.”

Q66 Mark Pritchard: Are they able to leave a message? When they call in are they able to leave their details?

Mr Couling: Yes, how the queue busting works is that you would ring up and we would say, “Can we take your details? We will ring you back later on in the day. Can we take a telephone number?”

Q67 Mark Pritchard: But is there an answering service if somebody cannot physically pick up? The presence of a queue suggests that there is no electronic form of leaving details for somebody to call back; is that right?

Mr Couling: No, there is not.

Q68 Mark Pritchard: But there is with Her Majesty's Revenue and Customs so there is a precedent within Government to do it, and would that not be a far more sensible way for people to get on and get about their business? Rather than being stuck on the phone for hours they can leave their message electronically—pretty simple, we all have answering machines at home—and then your staff can manage

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their time switching between roles and at the appropriate time go and take that information, retrieve that data and call people back.

Mr Couling: That is certainly one of the things we are looking at doing.

Q69 Mark Pritchard: Sorry, Chairman. You are looking at it?

Mr Couling: Yes.

Q70 Mark Pritchard: What programme is that called, what is the timetable for that analysis to take place and when do you hope to have a recommendation of whether you are going to adopt it or not?

Mr Couling: We are reviewing the operations of the Social Fund's standard operating model as we speak. I would have thought that by the beginning of May we would have some recommendations about what we should do about some of the medium-term problems we have here. Clearly in an overflow situation we would need to have some kind of facility like that but I do not want to abandon the model that we are trying to deliver here because I think it is such an improvement in our customers' service if we can make it work, and we are making it work in a number of locations. Bizarrely, in Newcastle yesterday I was sitting around for 10 minutes and I was waiting for a call to come through, and when I told the people in Milton Keynes this yesterday they were screaming down the phone at me because that is not their experience at the moment. But some of the Committee were on a visit that I hosted a couple of years ago in our Hastings contact centre and there is a tipping point with telephony because of the re-dial phenomenon, that if you get the calls answered you do not get these big volumes of calls presented to you. That is what I was trying to find out yesterday in Milton Keynes—at certain times of the day how many people do I have-to-have on the telephone to manage the demand that we are now getting.

Mr Plaskitt: We want the calls answered.

Chairman: We need to move on. Joan Humble.

Q71 Mrs Humble: I am listening to what you are saying, Mr Couling, and thinking do you talk to you colleagues in DWP because this issue has been faced by all other sections of the DWP and different answers have been found to it. I am impressed, James, that as Minister you are determined to solve it and you have clearly solved it in some offices but, for example, the Headquarters of the Disability Carers Service, Warborough Council in my constituency, over the past couple of years or so they have introduced new telephony systems so that then they are answering calls first time so that you do not get the repeat dial that clogs up the system and shows an unreal number of calls trying to come in. They did an analysis of when the bulk of the calls came in and so put more staff on at those times, but they also have a backup system so that the clerical staff are alerted; if a queue starts to form the clerical staff are taken off their clerical work and go on to the phones instead. I have to point out that this was not

warmly welcomed by many of the clerical staff, but nevertheless for the customer they are no longer waiting. So there clearly are ways of dealing with this as an issue and there is good practice in other parts of DWP and I just hope that you are sharing that.

Mr Plaskitt: Let me say first of all I completely agree with you. Obviously as a Minister I have toured many DWP offices on a regular basis and a common issue that I discuss with our officials in the offices is this art of handling telephony, and it is an issue now for the private sector as well as for us in the public sector as to how you do this. Incidentally, I do not know about you as individual Members of Parliament, but I pick up just about as many complaints about inability to get through on behalf of constituents trying to access the private sector service—it is not just ours. There is this issue—and I describe it as the art of handling telephony—and you are right, and I too have seen handling systems in operation in our offices which have been very impressive in terms of ensuring that you are matching the ability to cope with the demand as it is there, and it is almost down to minute-by-minute management. There are ways of doing this and, as I say, I think we are getting better at handling this. In this instance with the Crisis Loans as well on top of the move towards centralisation, as we have been saying, we are also dealing with quite a substantial growth in demand. But the system is getting a lot faster and it is offering a better service to people than was the case before we moved to centralisation and to telephone claiming.

Q72 Jenny Willott: I would like to ask some more questions about the processing side of things. Why is it that some Jobcentres are still refusing to accept written applications for Crisis Loans despite reassurances to this Committee by the Permanent Secretary last year that Jobcentres would accept claims by post and by people walking into offices?

Mr Plaskitt: They should not be; it should be possible. It is the case that if the customer, for legitimate reasons, wants to make a written application they are able to do so. That is the position.

Q73 Jenny Willott: What is being done to make sure it happens because it is clearly not happening at the moment?

Mr Couling: If I can come in? I have spent a lot of time personally on this issue. The case that Sir Richard mentioned in his oral evidence earlier is one with which I am very familiar because I followed that case up for Sir Richard. Some of this is quite historical. That case he was talking about is itself about nine months' old. I have been to talk to all the main lobby groups and all the groups to talk about this issue and I regularly get this put to me, and I say to them, "When you get an instance of it can you please let me know personally?"

Q74 Jenny Willott: Forgive me; it was my constituent last week who had exactly the same experience so it is not just historic.

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Mr Couling: I was not saying it is just historic, what I am saying is that when I have asked people to evidence this to me—because the evidence is actually particularly helpful because it allows you to go back to people and explain once more—we have delivered communications on this, we have explained what our approach is to our people over and over again, but mistakes do happen and people do get the wrong end of the stick and it is really helpful to have the examples because we take them back to the offices where it occurred, we take them through it and say, “This was an inappropriate way of dealing with this customer.” I think the Committee will hear, people will say to you, “They are not taking claim forms, they are not doing claims like this.” I can tell you we are; we get faxed claim forms to us into the benefit delivery centres and we are making decisions on Crisis Loans.

Q75 Chairman: Sorry, but can I just come in here? James mentioned this 30% increase. That is simply people who before could never get through—it is an unmet amount. The problem is, with this written application too many people cannot even get through the door because these so-called floor workers act as a barrier and inappropriately tell people, “You cannot come in” or “You cannot do that this way.” I honestly think that you are short selling the public on this issue. This has come up time-and-time again in this Committee; we get assurances, we then get cases where benefit offices have a sign in the window saying, “You cannot make a written application”. It is happening all the time and I think you need to be a bit more eyes open about this and a bit less defensive.

Mr Couling: I am sorry if I have given the impression that I am not eyes open or that I am defensive on this. One of the things that I have done in the last 12 months, that I have asked for and has now happened, is that as Jobcentre Plus was setting itself up some of the local liaison groups had fallen into disrepair. What we have done is made sure that there are local liaison groups across the country and I have asked people there and through people like CPAG and Citizens’ Advice to bring those kinds of instances to those groups’ notice. So it is very much something for local managers and local stakeholders to work on to try to make sure that does not happen. As I said to you back in January, I cannot give you an assurance that 100% of the time we are going to get it right here, but I can say that we have repeatedly communicated this to the organisation and we are monitoring it very carefully through these local groups that we have. I talked to the National Association of Welfare Rights Advisers’ AGM and I said there, “If you have instances of this, here is my e-mail address, e-mail me.” I have not had any e-mails on it. I did the same thing at the CAB conference—people gave me some historical examples where it had happened. So I think it is a case of we are almost conditioned to expect this kind of response now and you are saying to me that is still happening. I am sure there will be examples where it does but I do not think it is manifesting itself in great volumes across the country because I do not believe

that the advice groups would not be agitating about this with very real examples. I could be hopelessly wrong on this.

Chairman: I do not want to prolong this but the assumption there is that everybody who fails to be treated properly goes to an advice centre or an MP. For every one that we see there is another 100 we do not see. Jenny.

Q76 Jenny Willott: I was wondering what you were doing that is more proactive—and you have answered some of the questions—other than relying on advice services and MPs to feed it back when there are precise examples of which, as Terry has said, there is a small proportion. Is there a case for financially penalising those job centres where they are not accepting written applications so that maybe if you discover an instance you ensure that they pay additional compensation for misadvising the client or something like that, to give a very solid reason why they will never do that again?

Mr Couling: In terms of the customer clearly there is an existing compensation scheme that we have for misadministration and so forth and special payments to them would be considered in those circumstances. I think as well if it were repeat behaviour one would go and talk to that member of staff or talk to that manager if it was something to do with the culture of that particular Jobcentre, and in the example that Sir Richard was talking about, without going into too much detail—the Committee will accept that I cannot do that—that particular individual who had ripped up the claim form was given a very clear understanding of what the right approach should be. So I think there is a mix of things that you do as a manager here. You clearly attend to the issues within the office and clearly where the customer has been disadvantaged you compensate them for that.

Q77 Jenny Willott: Can I ask you how discussions are progressing with the PCS over the use of the warm phones in Jobcentres for application for the Crisis Loans?

Mr Couling: The Jobcentre Plus Board met with the PCS in March and I think both sides accepted that because the business processes have changed we needed to discuss this issue further. This is a sensitive area. Certainly—and I presume the correspondence has been shared with the Committee—there has been correspondence to the Chairman from the PCS and the response from my Chief Executive on all of this. I do not really want to go into that unless you want me to, but I think it demonstrated the sensitive issues that there are here. I think the most encouraging thing from the exchange of correspondence was that our colleagues in the PCS said that they had no fundamental principled objections to us doing this, given we had the telephony. There were clearly issues for them about how we are going to work through. I do not want to give a blow-by-blow account of the discussions if I can help it because I do not think it would be helpful to those discussions, but we are making progress and I think I would be encouraged here.

Q78 Jenny Willott: So we can be optimistic that something will be resolved in the not too distant future?

Mr Couling: I am not sure I go that far. I have been involved in too many negotiations in the past to offer that to the Committee.

Q79 Chairman: But there is a dialogue?

Mr Couling: There is a dialogue going on and I would hope that you would let us continue that dialogue and what we will do is write to you and tell you what the results of that dialogue are as soon as we have concluded that.

Q80 Jenny Willott: My final question is around the phone numbers. You mentioned earlier that the Newport office is using an 0845 number rather than an 0800 number. Is that the only branch that is doing that, and why?

Mr Couling: No, we have been looking towards trying to do more of our business on the telephones for the Social Fund for a number of years. The first attempts at this were tried out in Glasgow in about 2002, I think from memory. We are converting Newport to the new process with an 0800 number.

Q81 Jenny Willott: Was the 0845 number from a previous trial a couple of years ago?

Mr Couling: Yes, we were trialling some things in Newport a couple of years ago. We trialled two different ways of taking claims, one in Glasgow and one in Newport, and the Glasgow variant is the one that we are rolling out across the country. The Newport variant had a hand-off in it between people taking the calls and then going to decision-makers, and it was much slower and much more ineffective. So they are still on that old process. They will migrate on to the new process by the end of 2008 and I am hopeful we can do that a bit quicker than that.

Q82 Jenny Willott: Is it possible to change the number in the meantime so that people in South Wales do not have to pay for the calls for the next two years whilst other parts of the country get them free?

Mr Couling: I would certainly be happy to look into that. I am hopeful that I can bring forward and roll out the Newport office to the extent that we do not have to do that for you and we can actually have it in place. I do not want to go into too much detail but there were some estate issues that are now resolved in the Newport building that allow us now to move a lot quicker. But I do not want to offer you a date just yet in case I disappoint you by failing on that date.

Q83 Jenny Willott: Can you keep in touch with us on that?

Mr Couling: Of course, and as a constituency MP you can get that anyway.

Q84 Jenny Willott: Thank you. The final issue is that although 0800 numbers are free obviously from mobile numbers usually they are not—they are usually charged at the national rate. We have had

quite a bit of evidence that those who have mobile phones as part of their budgeting process or, for example, because they are lone parents or they have disabilities and so when applying for a Crisis Loan they cannot stand in a phone box for hours on end trying to get through, with kids running around or whatever, and therefore they are using mobile phones to try and get through. Given that they are being charged for that we have had evidence that there are problems of people running out of credit before they are able to get through, and things like that, putting increased financial pressures on them. What is being done to resolve that and to help mobile phone users access the service?

Mr Plaskitt: Hence the importance of fixing the telephony problems so that ideally the call, if it is coming from a landline or mobile, gets through very, very promptly—that part of fixing the problem. Or it gets through in a way that we can say, “We will call you back” because we make that offer to anyone calling on a mobile phone. So provided the initial response is quick, if it cannot be dealt with immediately we can arrange to call that person back, thereby avoiding the necessity of racking up a huge bill on the phone. About 15% of the calls we get come from mobiles, so the vast majority are coming from landlines, which are of course completely free. There may be something for the mobile operators to think about here in terms of the contracts they offer their customers, and there is a question to ask them why perhaps they are charging their customers to call what are supposed to be free numbers. But that is an issue for them to think about.

Q85 Jenny Willott: In the meantime that will take a very long time.

Mr Plaskitt: We fix it by correcting the issues on the telephony so that they are not in the situation of having to spend an awful long time on their mobile time to get through.

Q86 Jenny Willott: What is your timeframe for the telephony issues to be resolved? Are we talking about towards the end of next year when all the new systems are in place?

Mr Plaskitt: I want the system to be resolved as rapidly as possible. I have not set an arbitrary timeframe; I have just made it very clear, as I have set out to you, that I am clear what the gold standard is and what we should be offering and I am satisfied that some parts of the system are already offering that and I am making sure that the lessons learned from the areas that have had problems are being taken to the areas with problems so that as the rollout continues and those additional nine offices come on there is no repeat of issues we have had in earlier rollouts, and that we quickly get to a point where this is offered at the gold standard across the country—that is what I want to see happen.

Q87 Jenny Willott: But there is not going to be an interim solution to help people in the meantime?

Mr Plaskitt: There are all sorts of solutions, as we have been describing. And as Neil and his colleagues, for example, discuss the simple art of

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telephony management you can potentially fix an issue within a particular centre within a few days, ideally. That is why I will not set some arbitrary target, I just want officials working on this with us to understand that there is an objective I want them to reach, and they do understand that—Neil and his team are helping us deliver that. I want to see the problems fixed as quickly as they can be.

Mr Couling: I think our solution is to try to minimise the costs—we cannot remove the cost—because if somebody uses a mobile to an 0800 number because of the nature of their contract with their supplier they will incur a cost. What our business process does, very early on in the call, is attempt to identify where you are calling from and if it is a mobile we make the offer there, “This may be costing you money, do you want us to ring you back?” and we will do that. That is what I saw was going on in Newcastle yesterday and that is what Sir Richard saw when he was in Milton Keynes—that very early identification. That is the most we can do about this within the contracting framework of mobile telephony at the moment.

Q88 Jenny Willott: Do you gather any figures on how long people are kept waiting before they get through to somebody, rather than trying to call back and call back and call back, that actually once they are in a queue what the average wait is for those on mobile phones?

Mr Couling: Again we have some average wait times but because we have these four different services at the moment they are not comparable because each service measures this in a slightly different kind of way. So I can answer by site but I cannot answer it across the country and I cannot give you a national average.

Q89 Jenny Willott: Can you give us some examples?

Mr Couling: Yesterday the figures in Milton Keynes were very low because there was—

Q90 Jenny Willott: They were doing this pilot.

Mr Couling: The average length of the wait within the queue at the worst part of the day, which was lunchtime when there were 15 people waiting, was 858 seconds, which is 14.3 minutes. And in the morning calls were being answered either immediately or there was a one or two second wait.

Q91 Jenny Willott: That is not representative of the rest of the country presumably?

Mr Couling: It is not representative of the previous experience of Milton Keynes, but that is where, as James Plaskitt was saying to you, the answer here is to get the first call through and where you are getting that you are not getting long waits—it is seconds that people are actually waiting.

Q92 Jenny Willott: Would you be able to send the Committee the information that you have on average waits in the different parts of the country because that would be useful to see?

Mr Couling: I will certainly see what we can provide. Currently—because some of the ways that the systems are configured it is not just a question of pressing a button and pulling the statistics off—sometimes you have to do deep dives into that, but I will certainly see what we can provide. Once we are on to the new telephony platform it will be really easy to provide that kind of thing for you; it is just quite difficult at the moment.

Q93 Jenny Willott: Is it not something that you ought to be monitoring regularly?

Mr Couling: It is something I would very much like to be monitoring regularly, but in terms of managing the DWP change programme the modernisation of our telephony is something that is being managed outside of Jobcentre Plus and we are trying to converge that project with this project to centralise Social Fund delivery, so the two do not exactly line up. This is a huge task for British Telecom and we are such a big business that this is probably the biggest rollout of the Internet protocol technology that they have attempted, certainly anywhere in the country and probably in Western Europe. So it is not as easy as you might immediately think.

Chairman: Michael Jabez Foster.

Q94 Michael Jabez Foster: Can I ask you a question about decision-making and review process? How concerned are you when the Social Fund Commissioner in the 2005 National Audit Office Report says 51% of decisions considered by the Social Fund Inspection 2005-06 contained fundamental errors, and that was after 48% of decisions had already been reviewed and overturned by reviewing officers? So however you work out the arithmetic that is appalling in terms of the first line decisions. How concerned are you and what can you do about it?

Mr Plaskitt: I think those figures relate to Community Care applications. I recognise the statistics that you have used there.

Q95 Michael Jabez Foster: It was overall decisions that we have been told; it was not simply Community Care Grants. It included those but it included other decisions as well.

Mr Plaskitt: I think it is nevertheless worth stressing that if you actually look at the figures on the extent to which the independent review service actually substitutes decisions for initial decisions made the percentages are extremely low. In the case of Community Care Grants it is 1%; Crisis Loans is 0.2% and Budgeting Loans is 0.01%. I will concentrate on Community Care Grants because that is where we get the highest volume of decisions referred up and decisions changed. We have done some analysis on why that is because at first sight it does raise concern, and I certainly asked a lot of questions about that when I saw the scale of cases that were being referred. There were a number of issues that emerged. I think it is important to remember that these are subjective judgments being made by a decision-maker; they are not all clear

cut. This is the discretionary part of the fund and these are tricky decisions to be made and that needs to be borne in mind. We also found in many of the cases that were referred, either for an internal review or ultimately went to IRS for review, the reason the decision was changed was that more evidence and more information became available. It is not necessarily that the first decision was wrong in the sense that it was not the right decision against the evidence that was to hand—it might have been appropriate against the evidence for information given—but when additional information was given or additional evidence added it led to a change in the decision. I think that is important to understand.

Q96 Michael Jabez Foster: It is not what the Commissioner said, he said that there were “fundamental errors”; he was not saying that new evidence had been provided or there was a different situation, which I appreciate—he said there were “fundamental errors”. Is he wrong when he said that?

Mr Plaskitt: I am not sure what he meant by that and that is why I wanted to go further into the process to find out why these decisions were being changed. One thing we have done to try and overcome some of those problems is to revise the application form to try and ensure that at first engagement we extract the fullest possible information so that we are able to make correct decisions from the outset. Inevitably it has made the form longer, I am afraid—and I often try to make forms shorter and simpler across DWP—but there is a case here for making it more involved because I want to see the maximum number of decisions made at first call on the basis of information given. I do not know if Neil wants to add anything from his perspective?

Mr Couling: I think we accept some of Sir Richard’s criticisms in and around the standard of decision-making and we have been working with the IRS on what we can do about that. They have been involved in revising our complete training suite and we are not completely through that at the moment, but there is over 10 days of learning that we now offer to decision-makers, with a facilitator-led two-day session as well. Whilst the IRS does not agree with us exactly how we have done it we have certainly listened to their contribution to comments there. The changes to the claim form, we designed that with IRS as well, and one of the things that we have done with that claim form is basically we asked the same question on a number of occasions because what we have found is that our customers do not present, necessarily, the full information, and what we are often criticised about, as Sir Richard said this morning, is that we do not gather the information so we do not manage to extract it from our customers. So that is why the claim form is so much longer. Thirdly, the actual centralisation itself, as Sir Richard was saying, gives us some advantages here because we have all our decision-makers in one place and it is easier to (a) monitor standards of decision-making and (b) improve

them when you do not have to manage across the large geographical spread of offices. So we have taken this really rather seriously, and of the minority of cases that come through to review and then go on to the IRS clearly we would like to do something about reducing those averages if we possibly can.

Q97 Michael Jabez Foster: What he also said was that it depended on district to district. In fact his figures on that were quite amazing as well: 72% were right in some areas and 7% were right in other areas. Do you have a system for reviewing or spotting areas where clearly the expertise is so limited that we are getting those sorts of results? It is almost impossible, I would have thought, to get to as low as 7%.

Mr Couling: We tried. I used to be the director of the southeast, as you know, Mr Foster and Sir Richard would meet each year and he would look at the results for the southeast and give me comparative information compared to the rest of the country. It was just too difficult to do across such a broad geographical spread of offices. Essentially I had decision-makers in over 100 sites across the southeast and it was just impossible to get consistency. Now in the southeast all the decision-making will be in Milton Keynes and that will make it a lot easier to do. It actually means as well—because we use the IRS rather a lot in terms of training our people and they are only a small organisation—that they will be able to deliver targeted action much easier to groups of decision-makers. It is almost as if we are now getting a community of decision-makers who are discussing their learning. I was in Balham a few weeks ago chatting to some decision-makers there on CCG claims and they were saying how much better it was that they could discuss amongst themselves about what they are learning, what directions they should be applying. The other thing we have tried to do, one of the things that Sir Richard pulls us up on, is the recording of evidence as well and recording the reasons for the decision—Sir Richard will tell us that a decision is wrong because we have not recorded why we have made the decision in that particular way. So the decision could be right but he does this on an error because we have not recorded why that is. Again, in terms of our new processes and our standard operating model I have put in some steps there that force decision-makers to record the reasons for their decisions. So it will be a long climb, this one, because decision-making is not an easy thing to get right very, very quickly, but I am confident that we will make some progress here.

Q98 Michael Jabez Foster: You jumped ahead a little from one of the questions I was going to ask about that aspect, and that is absolutely fine. In terms of what you tell—not just what you write down, what you record—the claimant, there is some criticism that they are not told why it has

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been rejected or indeed what rights they have about appealing or asking for a review. Are you conscious of that particular concern?

Mr Couling: I think in that we issue a decision the standard decision letter that our system produces does make reference to their right to reviews, so I am not anxious about that. Am I anxious about the quality of the information we are providing as part of the decision, then in an ideal world I would like to provide more information from the system? With the way the systems are currently configured that is quite a difficult thing to do and the Committee will know that the Social Fund computer system is now about 20 years' old and was configured for a world that we do not currently live in, so I have to work within those constraints. What I can say is that where customers do ask for reviews, and quite a lot do—and bear in mind on Crisis Loans, for example, we are paying 70% Crisis Loans, and we paid, when people applied, nearly 50% of Community Care Grants, so quite a chunk of those are asking for reviews and exercising their rights and I am pleased they are doing so.

Mr Plaskitt: I agree with Neil about these letters and I think there is an issue here. It is a computer system that is generating a pretty standard letter; it is not always in the most understandable language, perhaps for a benefit claim, and I do hope to look at those and we are looking at it. The ideal would be to virtually go to individualised letters, “Your claim was refused for the following reasons”, but it is really tough to get to that. The volume we are handling and the complexity involved in doing that would make that unachievable. It might be an ideal but I do not think I can get to that; but I do think we can do a little better with the information we give claimants about why a claim might not have succeeded—I think we can get it better than it is.

Q99 Michael Jabez Foster: Will the regional centres help you to be more ambitious about your clearance times? I note that according to the Social Fund Report you are meeting your standard times in all of them and that is success.

Mr Couling: We are missing one.

Q100 Michael Jabez Foster: Which one are you not, because according to my list you are meeting them in all?

Mr Couling: Perhaps I should not be correcting you!

Q101 Michael Jabez Foster: This is a confession!

Mr Couling: Unfortunately we just missed the Community Care Grant clearance time. I think the end of year figure was about 9.2 days.

Q102 Michael Jabez Foster: That is because it has gone down because last year it was 7.8, so that is really bad news. But generally is it not just because the times that you are setting yourselves are not themselves a bit ambitious?

Mr Plaskitt: Let me clarify the situation for the Committee, as I understand it. We introduced these key management indicator clearance times only in

2004-05, so they are not that old and they are broadly being met. We are slightly out on the Community Care Grants' side—the target is nine days and the latest figure I have is 9.4 in fact. The Budgeting Loan target, six days, has actually been done in 3.4; the Crisis Loans two days in 1.5; the Funeral Payments 16 days done in 12.7; and the Maternity Grants five days done in 4.1; and Internal Reviews done within the 10-day target as well. I think you make a fair point that as we get to the standardised model and the 20 delivery centres once that is done—this is what I would say to you—I would certainly want to look again at the targets I have set in the system to deliver on because that move towards the 20 centres will undoubtedly improve, I think, I am pretty sure, on what we will be able to offer. That will be an appropriate time for me, as the Minister, to look again at the targets the system has imposed to make sure that they are the right ones, sufficiently stretching and all the time aimed at improving the quality of service we are offering our customers.

Q103 Michael Jabez Foster: I am not encouraging you to be so ambitious, as so often happens in government, where ambition gets us into trouble, but certainly I think the figures here do in some cases, certainly in the case of Budgeting Loans, appear to be not as ambitious as they may be.

Mr Couling: I will give the opposite view, if you are allowed to do that, as the person who will probably have to deliver these targets. There is a trade-off between speed and accuracy and we need to be mindful of that when we set targets. The CPAG are very worried about Sure Start Maternity Grants, the target is too tough, and that is driving us to not wait for people to get their tax credit claims cleared—it is driving from the worst behaviours. So I am absolutely up for ambition here, I want to process claims quicker. I am the director who has presided over nearly four days off Income Support Claims this year, two days off the JSA claims and three days off Incapacity Benefit Claims, so I up for driving performance here. It is not just as simple as saying, “Let us all reduce the targets and things will improve” because it might go the other way.

Q104 Mrs Humble: Community Care Grants. Earlier you listened to Sir Richard Tilt raise two particular concerns about Community Care Grants and I would like to explore those two a little further with you. The first one is the level of the budget and the fact that the statistics show that not all high priority needs are being met. The Independent Review Service has given an estimate of a shortfall of about £18m in order to meet all those high priority needs. It seems logical that the very poor people we are talking about here, who have a need as being assessed as being a high priority, ought to have that need met, and within the context of the very large budget that the DWP has £18m does not seem a huge amount, and yet it could make such an enormous difference to these individuals. So I wonder what your answer is, James? I am sure you have £18m in your back pocket!

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Mr Plaskitt: I will have a look! The answer is that over the last five years or so this budget has increased by 40% already. I think Sir Richard referred to above inflation; it is actually very well above inflation. There has been very substantial additional money into the pot—it is £141m now for Community Care Grants. But attached to that is also the issue of the way that this money is distributed around the system, which he also raised and which I am very concerned about as well. I will pick that point up, if I might, while I am doing this? It is the case that there is this unevenness in the amount of money that can be offered to a successful applicant in different parts of the country and it is growing up historically for reasons that I think he described quite accurately and OF which I am very aware. I have noticed this growing disparity regionally when I have been looking at the allocations myself and I have obviously asked the same questions about it. We did an exercise within the Department very recently: was there a way of doing that differently that would address this challenge of the postcode lottery and even up the offer around the place? Yes, there is, but it is very difficult, as Sir Richard himself said. I could flick a switch and just have a different formula, but the impact it would have on a large number of areas would be quite significant. Yes, there would be some common gainers which might help address your point about are needs met in particular areas, but it would be at the expense of some very significant losers in other parts of the country, where you would find the inability to meet the need probably shooting up. I do not want that to happen so what I am now doing is undertaking a rather more deep exercise in what I might be able to do about the distribution formula within the available budget which, as I say, has already increased very substantially, to try and get a fairer distribution around the country, and I think if I can do that then one of the consequences of that would be we will meet more need because undoubtedly some of it is happening because of this uneven distribution around the country. I am not going to suggest to you it is going to be easy to get a formula that will work—it is not—but I am having a go at doing it.

Q105 Mrs Humble: My second question was about the postcode variations and the formula, and I was interested in the NAO Report on this, which talked not just about differing allocations around the country but also the fact that some of the results were because of different interpretations of the decision-making process. So presumably that will link in to your centralisation, going back to Michael Foster's earlier questions, that if you get in the decision-makers together in larger groups you will be able to even out the decision-making differences as well as the budgeting differences.

Mr Plaskitt: I am certain that that is true but I also think that the budgetary position may have a knock-on effect into the kinds of decisions that are made, and that may well influence the decisions that are made in different areas and lead to inconsistency. The budget may be driving a view of

what decision can be made but that can be corrected, and I think you are absolutely right that as we move towards the more centralised model I would expect to see a far greater consistency of decision-making—in fact I am sure that will be the case. But we all the time have to bear in mind that this is a discretionary part of the system and these are individual decisions. I do not think you are ever going to get to a stage where it is absolutely standardised and maybe should not be because we are trying to respond to particular sets of individual needs here—that is the purpose of this part of the Fund—and they are going to be individually different and some will be unique and require specific decisions to be made in those cases. I think the problems that you have identified will be ironed out, firstly by the centralisation and, secondly, if I can resolve the issue of what is called the postcode distributional point then we can make further progress as well on that.

Q106 Mrs Humble: Can I very quickly press you a little further? As part of your analysis of moving forward, of trying to introduce some sort of standardisation, given that it is discretionary, nevertheless will you be working towards the end of actually delivering for those people who have been assessed as having high priority needs? Is that going to be your goal?

Mr Plaskitt: Yes.

Chairman: Natascha Engel.

Q107 Natascha Engel: I wanted to talk about groups that are hardest to reach, given that you are already dealing with a difficult and very vulnerable group of people, and we have been talking about that this is a group of people who are eligible for Crisis Loans but who are not getting through to decision-makers in the first place. There is also a group of people who are not even making the phone calls in the first place and, given their serious vulnerability, which I think is of serious concern to all of us here, I wondered what kind of work the DWP is doing in order to promote the existence of the Social Fund? I note that on 19 March you gave an answer on this issue that Jobcentre Plus does not have a Social Fund hotline and does not actively promote the Social Fund to the public and I wondered whether that was something that we seriously need to look at quite urgently?

Mr Plaskitt: I can tell you what we are doing and it is probably one of the biggest mail shots that is taking place in this country at the moment on this subject. In each area where we have moved to the central office as part of the centralisation system we are writing out to all of our customers to explain that that has happened in their area, and that goes to every one of our customers and it includes information about the Social Fund, even to the extent of having a little tear out corner of the letter, credit card size, with the Social Fund and free telephone number on it.

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Q108 Natascha Engel: By “customer” you mean anybody who comes into contact with Jobcentre Plus?

Mr Plaskitt: No, that is all of our benefit recipient customers in that area, so we are literally talking about millions of those going out, and we know from research that we are doing that that little credit card contact number with Social Fund information is being torn off and is being retained by people to a very large extent, and so that is certainly boosting awareness of and knowledge about the Social Fund.

Q109 Natascha Engel: There was some recent research by the Joseph Rowntree Foundation which showed that of the group of people who were eligible for the Social Fund that ethnic minorities amongst those were four times less likely to receive Budgeting Loans, which is again a really alarming figure. What is the DWP doing in terms of doing its own research to see what can be done about it and if that is right?

Mr Plaskitt: At the moment we are not actually keeping a detailed score on the ethnicity of our clients or customers and I think the way to deal with that is by the method I have just described. We are in the process now of writing out to all of our customers, so that will include people from whatever background, with the information, and it may simply be that they have not accessed it before, not been aware of it before for whatever reason—and there could be a variety of reasons—but if they are receiving this information directly from us and they are going to become aware --- Neil, are we doing it in different languages as well?

Mr Couling: The telephone numbers and the cards are not in different languages but what we are doing is that this is not just a mail shot to people—these are in Jobcentres. We are writing out to local groups advising that these changes are going on and the kind of groups that I was talking about have now actually been set up across the country and they are debating when an office goes live and what kind of information is going out.

Mr Plaskitt: The information leaflets are in the various languages—Arabic, Bengali, Gujarati, Punjabi.

Q110 Natascha Engel: Not the credit card part?

Mr Plaskitt: Not the credit card bit but the leaflet information about the service.

Q111 Natascha Engel: What I am trying to get at is we received from the DWP some data, a breakdown on who was receiving what in terms of Crisis Loans and it does not go into any detail at all—it is the annex to the Community Care Grants, Expenditure by Applicant, and it goes into pensioners, unemployed, disabled, lone parents and others, but it does not give any idea about ethnicity, gender or age. In terms of monitoring who is applying for Social Fund grants in general, and given that these are the people who are in crisis and who are most vulnerable, it is quite important to identify those groups who are not applying in the first place in

order that they can be reached more easily, before talking about credit cards and different languages on leaflets.

Mr Plaskitt: You are right and I think the work that we are doing to reinvigorate the area networks, which enables us to work much more closely with the organisations that for example might represent ethnic minorities in that community, is critical to getting this information out. As Neil said in answer to an earlier question, we are doing a lot to reinvigorate those networks now and as that continues I think we will be much more effective at having that necessary dialogue, of finding out what impediments there are to any particular sections in society who are not getting the information and figuring out what we need to do to ensure that we overcome those. Neil, you might want to expand on that.

Mr Couling: It is a specific targeted group; we are looking particularly at pensioners. We are working with Sir Richard and Alexis Cleveland, who is the Chief Executive of the Pension Service, at a pilot up in Gateshead, looking there and seeing whether there are barriers to people and pensioners claiming Social Fund loans. The other thing I was going to mention is that the data you have is very much driven from our payments’ system, which does not record ethnicity—it is not recorded in the process of the claim.

Q112 Natascha Engel: You do not have anything that is more detailed than that which we have?

Mr Couling: I could be wrong because our statisticians often amaze me by what they can produce, but I do not know of any detailed ethnic breakdown that we currently have.

Mr Plaskitt: It does not mean that we cannot pick it up, and this is what I want to stress, which is the importance of these dialogues that we have with the charities, the organisations, all these other bodies, all the other stakeholders, even specific localities. That is crucial intelligence for us. So it is not that we will not pick up the problem where it is, we will, and then we can use the appropriate solutions to get over it.

Q113 Jenny Willott: Can I ask a very quick question? With the fact that those from ethnic minority backgrounds are less likely to get the Social Fund to pay out, is that just because they are not applying or is it also because a greater proportion of those applications were turned down?

Mr Couling: The short answer is that we do not know.

Q114 Jenny Willott: There are people behind you nodding and scribbling, so they might know.

Mr Couling: Interesting! I will come back to where I came into the questioning here. The kind of expansion we are currently seeing as a result of the telephony service in the numbers might well be solving the problem before we get to it. I know you are a little taken aback, perhaps, some of you, at the 15 to 20% increase in the number of awards we are making, in terms of the money we are spending on Crisis Loans, for example, which is up from £86m to

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£98m year-on-year comparison. There is a real access improvement going on out there, but I do not think we have anything. I am about to be advised. Apparently I can offer you an analysis.

Q115 Jenny Willott: If we could have that that would be interesting. A final question is what is being done to ensure that as there is a move to more telephone based services will those from ethnic minority backgrounds, particularly those whose first language is not English, having a telephone based service, where it is very difficult to make written applications, as we were discussing earlier, could lead to excluding those people even more than they are at the moment. What is being done to ensure that that does not happen?

Mr Couling: I witnessed yesterday at least two applications from people from an ethnic minority background where the operator was taking particular care with the claim and it was actually taking a bit longer but he was not worried about that, he was carrying on with the claim. Ultimately with the callers we have various caller contracts with translators so that we can set up calls where there is a translator on the line to deal with it. If we hit real problems we can advise the customer to present themselves at their local Jobcentre and arrange for the claim to be taken there. It is not easy but I think we are on top of some of these issues.

Q116 Justine Greening: I think this is quite an important issue because it goes back to what we were discussing before, which is helping people to solve the underlying problems. It may be that if ethnic minorities are less likely to go to the Social Fund that is actually because they are much better at supporting themselves within their own community. So in fact there may be some evidence of solutions demonstrated by that rather than these—what I think are slightly potentially and in a way patronising—assumptions that they are not claiming it but need it anyway. I am sure that there are some outreach issues with all communities, but it may be that these ethnic minority communities, certainly in my constituency, are much better at supporting one another than some of my white communities, frankly, and that I think is quite a good source of understanding to improve. I do not think we should dismiss the fact that they may actually be demonstrating some very good attributes for cohesion.

Mr Plaskitt: There may well be cultural issues, but from my point of view I want to be certain that anyone, completely regardless of their background, who is, nevertheless approaching the Social Fund for an entitlement that is theirs of right, is getting an equal standard of service and the best possible service. That is the test I have to think of applying. I am not necessarily going to go probing into cultural issues, I just want to make sure that clients and customers who are approaching us are getting the best possible quality of service, regardless of any other factor.

Chairman: Greg Mulholland.

Q117 Greg Mulholland: I want to ask some questions about financial exclusion, which follows on very neatly from the last set of questions. The Treasury Select Committee identified that the sources for financial exclusion are many and varied, including things such as religious beliefs, disability, lower incomes or lack of access to appropriate financial services in the person's locality. Two questions—and I suppose the first is to you, James—how is the Department working with the Treasury to identify the barrier to financial inclusion? Then a question to both of you, which is how are you trying to address that by means of the eligibility of clients for the Social Fund and actually are there issues within eligibility criteria and do we need to look at that again?

Mr Plaskitt: There is a great deal of work going on in this area and I would refer you to the Financial Inclusion document published by the Treasury at the time of the budget, which helpfully summarises all the work that is going on, and it is cross-departmental, so DWP is certainly playing a part in it. A cross-ministerial team is being established now with the Treasury in the lead to ensure that we have a joined-up approach on this. We have the Financial Inclusion Task Force led by Brian Pomeroy doing a lot of work on this. We are supporting that. The *Let us Talk Money* project came out of that as well. The DWP administers the Growth Fund, £36m, which is part of the Financial Inclusion Agenda and we are using that to invest in the growth and maturing of credit unions. That is proving very, very successful—I think something like 18,000 additional loans made already, in excess of £7m of extra loans being made as a result of that investment. So there is a great deal of work going on in tackling the question of financial exclusion in all of its dimensions. It comes back in a sense to where we started. I do see a big opportunity for the Social Fund being revised in some of the ways it currently works to contribute more to tackling financial exclusion than it does at the moment. I would like to see us do our part in putting the loan sharks out of business because it is clear that for many very, very vulnerable people they are very, very poorly served by having to have recourse to incredibly expensive doorstep credit. If we can deliver on what our aim is across government to really tackle this problem of financial exclusion once of all with the investments that we are applying then we are going to make significant headway into improving access to affordable credit for vulnerable people, and to providing free financial advice and assistance and this is going to help a lot of people avoid the problems that they currently have, and I am clear in my mind that there is quite a substantial role for a reformed Social Fund to play in helping to deliver that vision. I do not know if Neil has any other point to make.

Mr Couling: I am not sure that there is much I can add from an eligibility point of view because my job is to try and administer the Fund on the rules that Ministers and Parliament set for it.

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Q118 Greg Mulholland: I would like to ask a specific question, which is has the Department considered commissioning research into whether certain elements of the Fund, which may or may not be causing an issue—lack of awareness, stigma or repayment terms—are actually driving people to the loan sharks that you have mentioned?

Mr Couling: We have recently changed some of the repayment rates and made them less steep. We have increased the limits that one can borrow—they were increased recently by about 50% from £1000 to £1500. I think we have tried to modify the Social Fund in an effort to improve its accessibility and to improve the kind of service people can get from it. I think seeing the Social Fund as the way of sorting out loan sharks is probably too high an ambition for the Social Fund, but that would just be my view.

Mr Plaskitt: And more than £200m more going into it plus all the work we have down on the Growth Fund side is beyond question substantially extending affordable credit to vulnerable people—there is no question about that. I was not trying to suggest that the Social Fund alone can put the loan sharks out of business, of course it cannot, but as part of this broader very concerted attack now on financial exclusion I think we really can get to a situation where we can relieve many people of having to have that ultimate and very expensive recourse.

Q119 Greg Mulholland: Going back to eligibility, you are aware that the Joseph Rowntree Foundation has suggested that the discretionary

part needs to be extended to people on other benefits that are not currently included and also to people in low paid work. Do you think that that is something that we should be looking at?

Mr Plaskitt: Certainly for the latter category I think extending sources of affordable credit is the more appropriate answer. So the investment that is going into the third sector lenders, the credit unions is really the answer there. The other category that is sometimes brought to us is perhaps extending it to other groups such as those with a disability. In fact that might be too much to bite off of the Social Fund and of course there are plenty of other means of financial support available from other parts of DWP in that area. What I am anxious to do is to ensure that we continue to improve the operation of the Fund as it exists and the changes we introduced in April 2006 have done an awful lot to do that, plus the additional resources that are going in, plus the way it operates, and is substantially improving the offer that we make, and I think it is appropriate that we concentrate on that at this stage.

Q120 Chairman: We did have some further questions on debt collection but in view of the time we will ask you if you would respond in writing.

Mr Plaskitt: Certainly.

Chairman: Thank you very much for your openness and candour. We will be keeping an eye on this, as I am sure you would expect.

Supplementary evidence submitted by DWP

Repeat applications—provide data on the proportion of repeat applications to the Social Fund compared to the proportion of one-off applications.

This data is available only for the discretionary Social Fund—ie Budgeting Loans, Crisis Loans and Community Care Grants.

The attached tables provide data on:

- The proportions of repeat applications to individual parts of the discretionary Social Fund during 2005–06 compared with the proportions of one-off applicants.
- The proportions of repeat awards for individual parts of the discretionary Social Fund during 2005–06 compared with the proportions of one-off awards.

DISCRETIONARY SOCIAL FUND: REPEAT APPLICATIONS AND AWARDS

BUDGETING LOANS

BUDGETING LOANS WITH INITIAL DECISION DATE IN 2005–06

<i>Number of applications</i>	<i>Proportion of all applicants</i>
1	66.1%
2	23.1%
3	7.1%
4	2.3%
5	0.8%
More than 5	0.6%
Total	100%

BUDGETING LOANS WITH INITIAL DECISION DATE IN 2005–06

<i>Number of initial awards</i>	<i>Proportion of all applicants with initial award(s)</i>
1	76.1%
2	18.2%
3	4.1%
4	1.1%
5	0.3%
More than 5	0.2%
Total	100%

Source: Analysis of scans of the Social Fund Computer System (SFCS) taken at the end of each month, showing the results (of Budgeting Loan initial decisions made during 2005-06) recorded on SFCS during the month.

NOTES FOR BUDGETING LOAN TABLES

1. An initial decision on an application is the offer of an award or the refusal of an award.
2. The result of an initial decision is an initial award, an initial offer rejected or not responded to, or an initial refusal.
3. When the Secretary of State's annual report on the Social Fund refers to an initial decision it means the result of an initial decision.
4. Withdrawn applications are not included here, though they are included in the results of initial decisions in the annual report.

CRISIS LOANS

CRISIS LOANS WITH FINAL DECISION DATE IN 2005–06

<i>Number of applications</i>	<i>Proportion of all applicants</i>
1	57.3%
2	20.0%
3	9.4%
4	5.1%
5	3.0%
More than 5	5.2%
Total	100%

CRISIS LOANS WITH FINAL DECISION DATE IN 2005–06

<i>Number of successful applications</i>	<i>Proportion of all applicants with successful application(s)</i>
1	61.2%
2	20.2%
3	8.8%
4	4.5%
5	2.3%
More than 5	2.9%
Total	100%

Source: Analysis of a scan of SFCS taken at the end of September 2006, showing the results (of all Crisis Loan final decisions made during 2005–06) held on SFCS at the date of the scan.

NOTES FOR CRISIS LOAN TABLES

1. The final decision on an application is the initial decision if the application was not reviewed or the final review decision if the application went to review.
2. The final decision on an application is the offer of an award or the refusal of an award. (This is in addition to any award made as a result of a previous decision on the application.)
3. Withdrawn applications are not included.
4. An application is successful if an award is made initially and/or on review.

COMMUNITY CARE GRANTS

COMMUNITY CARE GRANTS WITH FINAL DECISION DATE IN 2005–06

<i>Number of applications</i>	<i>Proportion of all applicants</i>
1	81.1%
2	14.4%
3	3.1%
4	0.9%
5	0.3%
More than 5	0.3%
Total	100%

COMMUNITY CARE GRANTS WITH FINAL DECISION DATE IN 2005–06

<i>Number of successful applications</i>	<i>Proportion of all applicants with successful application(s)</i>
1	87.9%
2	9.6%
3	1.6%
4	0.5%
5	0.2%
More than 5	0.2%
Total	100%

Source: Analysis of a scan of SFCS taken at the end of September 2006, showing all Community Care Grant final decisions taken during 2005-06 held on SFCS at the date of the scan.

NOTES FOR COMMUNITY CARE GRANT TABLES

1. The final decision on an application is the initial decision if the application was not reviewed or the final review decision if the application went to review.
2. The final decision on an application is the making of an award or the refusal of an award. (This is in addition to any award made at a previous decision on the application.)
3. Withdrawn applications are not included.
4. An application is successful if an award is made initially and/or on review.

NOTES FOR ALL TABLES

1. Data is for Great Britain.
2. Percentages may not sum due to rounding.
3. Data has been given for 2005-06 rather than for 2006-07 because:
 - Budgeting Loan offers made towards the end of 2006–07 may result in initial awards in 2007-08; and
 - decisions made on Crisis Loans or Community Care Grants towards the end of 2006–07 may not be final decisions as the applications may go to review in 2007–08.

Crisis Loan decisions—what proportion of cases receive a decision within twenty minutes?

The Department has planned the system on the assumption that calls take 20 minutes on average and that decisions are given within this timeframe. However, it would not be appropriate to enforce this as it is important to give the operator scope to continue beyond this time depending on the customer's needs. Accordingly the telephony management information has not been configured to provide data on the length of each call. Based on our observations, calls are taking about 20 minutes and customers are usually receiving decisions within this timeframe. Clearly though, on more complex cases, it may be necessary to ring the customer back after seeking advice or consulting detailed guidance.

Newport SOM—respond to the proposition that either (a) the 0845 number at the Newport office could be changed to a 0800 number as an interim measure before roll-out to the new system in 2008 or (b) whether roll-out can be brought forward to an earlier date in light of estates issues having recently been resolved.

When fully completed, the BDC in Newport, in common with BDCs across the rest of the country, will offer an 0845 number for general Social Fund enquiries and an 0800 number for crisis loan applications. Because the full rollout of Newport was not scheduled until March 2008, owing to the level of adaptation to the building, the office has been gradually migrating areas served by the BDC to the 0800 number. In effect this brings forward the benefits of 0800 so that customers in that part of Wales were not disadvantaged compared to other parts of Great Britain with an earlier rollout of the new service. Customers in Cardiff have had access to the 0800 number for crisis loans since April 2006. Following local discussions, plans have been made to bring forward the complete rollout from March 2008 to 22 October 2007.

Call waiting times—provide data (as comprehensive as possible) on the average call waiting times to the Crisis Loan application line, in different parts of the country.

Average call waiting times are provided to team leaders of our telephone teams in real time. They give managers a snapshot on the length of a queue at any point in time and inform decisions to open or close lines and divert resources to meet peaks and troughs of demand over the course of the day. As a consequence they update by the second and are not recoverable in the form of historical statistical data.

As part of the special exercise intended to evaluate the benefits of queue-busting in Milton Keynes on 24 April 2007 managers were asked to record, at five minute intervals, the duration of the longest waits. This information is set out at Annex A.

Ethnicity data—provide analysis on whether a low number of Social Fund payments to people from ethnic minority groups is because such groups are less likely to apply or if it is because they are more likely to have their application turned down.

The Department does not record the ethnicity of those applying to the Social Fund. To answer the Committee's question, however, we propose to match discretionary Social Fund records by National Insurance number with the equivalent records, where available, on our Labour Market System, which does record ethnicity. This is not a routine exercise and will take time to complete. We believe we will be in a position to provide the results in our reply to the Committee's report.

ADDITIONAL INFORMATION

Since the introduction of crisis loan applications by telephone, in some parts of the country, there has been a marked improvement in access in those locations. This information was not available at the time of the Department's original memorandum. Below is an analysis of Crisis Loan applications for the first five centres to rollout the new services. We have looked at the total number of monthly applications received two months before go-live and compared it to the monthly figures for January 2007. This information is set out below. Until the new service is rolled out fully across the whole country we will not be able to evaluate the full impact but the initial results are encouraging.

<i>BDC</i>	<i>Applications received during 2 months before go live</i>	<i>Applications received during January 2007</i>	<i>% Increase</i>
Sheffield	3,782 (July)	5,377	42
Norwich	6,393 (August)	8,618	35
Newcastle	2,344 (September)	3,271	40
Nottingham	2,860 (September)	3,743	31
Basildon	3,176 (October)	3,786	19
Total	18,555	24,795	34

Annex A

QUEUE-BUSTING EXERCISE IN MILTON KEYNES ON 24TH APRIL 2007

	<i>Total staff on phones</i>	<i>Calls in queue</i>	<i>Longest wait (seconds)</i>
09:00	55	0	0
09:05	74	22	218
09:10	79	7	474
09:15	84	21	151
09:20	86	13	127
09:25	90	12	145
09:30	90	3	9
09:35	95	0	0
09:40	97	0	0
09:45	98	0	0
09:50	93	0	0
09:55	96	0	0
10:00	96	0	0
10:05	95	0	0
10:10	95	0	0
10:15	92	0	0
10:20	91	0	0
10:25	93	0	0
10:30	90	0	0
10:35	88	0	0
10:40	85	0	0
10:45	81	0	0
10:50	79	0	0
10:55	79	0	0
11:00	77	0	0
11:15	81	0	0
11:30	81	0	0
11:45	63	0	0
12:00	35	7	254
12:15	27	19	287
12:30	25	37	239
12:45	24	14	1,036
13:00	19	1	1,765
13:15	19	21	810
13:30	21	1	1,792
13:45	25	7	1,080
14:00	25	31	360
14:15	23	11	1,217
14:30	25	29	358
14:45	26	4	1,144
15:00	34	3	796
15:15	63	6	688
15:30	25	16	184
15:45	30	6	519
16:00	24	2	731
16:15	24	6	228
16:30	24	6	56
16:45	19	7	354
17:00	11	1	1,273

10 May 2007

Additional answers by DWP

Evidence suggests that there is a trade-off between availability and affordability of low-cost credit. How does the Department intend to ensure that the development of (low) interest bearing credit does not undermine the role of grants or interest free loans for the poorest?

The Government believes that the third sector has an important role to play in providing access to affordable credit for people on low income and has taken a number of steps to support third sector lenders in expanding their role for this client group. Alongside these measures the Government has also provided extra funding for the discretionary social fund to support some of the most vulnerable people on low income—the budget for the Community Care Grant scheme has increased from £118 million for 2003–04 to £141 million for 2007–08 and an additional £210 million has been provided for the loan scheme for the period 2006–07 to 2008–09.

The Social Fund will continue to have an important role to play in helping this group to cope with large or unexpected items of expenditure but the Government also wants to expand people's ability to manage their money and to plan ahead and to improve awareness of, and confidence in, using basic financial services such as bank accounts, savings and insurance. Further work to consider Social Fund reform will consider how the budgeting loan scheme can also contribute to the wider strategy for promoting financial inclusion.

The Government announced in March, in its new financial inclusion strategy paper (*Financial Inclusion; the way forward*) that a working group of the Financial Inclusion Task Force, including senior representatives from the banking and third sectors, would be established to consider how to achieve a nationwide increase in the coverage and capacity of third sector lenders. This working group will also consider the potential for delivery by the third sector of the social fund budgeting loan scheme to contribute to this agenda. Any suggestions on this point will be considered very carefully in the context of the Government's strategy to tackle poverty as well as promote financial inclusion.

We welcome the fact that the Department has reduced its maximum repayment rate from 15% to 12% of a customer's benefit. However, the Committee received evidence from the Joseph Rowntree Foundation to suggest that the level of repayment rates is still a major concern. How will the Department assess whether the recent changes are adequately enforced?

The rules for setting repayment terms are not in legislation. They are administrative rules designed to provide flexibility and choice, whilst ensuring that money is efficiently recycled back into the Fund.

The new administrative rules from April 2006 are reflected in national computer system calculations and have been operated by Jobcentre Plus since 3 April 2006.

There are two interlinked elements to repayment terms—the weekly repayment rate and the length of time allowable for the loan to be repaid (the repayment period). The key element to affordability of repayment terms is the repayment amount. From April 2006, we also extended the standard repayment period from 78 weeks to 104 weeks (or exceptionally up to 130 weeks), so that all customers have longer to repay.

Standard weekly repayment rates (5%, 10% and 12% of a customer's weekly available income,¹ defined as the qualifying benefit allowance plus any Child Tax Credit and any Child Benefit) are a starting point for calculating repayment terms for agreement with the customer. From April 2006, the highest standard rate was reduced from 15% to 12% and the maximum repayment rate was reduced from 25% to 20%.

Because the April 2006 changes have extended the overall period in which total loan debt is to be repaid, more applicants will be able to repay at standard repayment rates—the highest of these now being 12%. For those who still need to repay at an individual non-standard weekly rate, the effect of a longer repayment period means that their repayment rate is lower than it would have been pre-April 2006.

Table 1, on the next page, provides details of repayment rates for Budgeting Loan awards since the April 2006 changes (equivalent data for Crisis Loans is not available).

¹ The percentage for the standard weekly rate depends on the extent of the customer's other repayment commitments. Eg significant other commitments mean 5%, lesser commitments mean 10%, and no other commitments mean 12%.

TABLE 1

REPAYMENT RATES FOR BUDGETING LOAN AWARDS SINCE THE APRIL 2006 CHANGES
(TO THE END OF MARCH 2007)

To simplify presentation, the weekly repayment rate for each new Budgeting Loan has been rounded to the nearest whole percentage. The results are given in the table.

BUDGETING LOAN AWARDS SINCE THE APRIL 2006 CHANGES (TO THE END OF MARCH 2007)

<i>Rounded repayment rate agreed</i>	<i>Percentage of awards</i>
< 5%	0.0%
5%	27.3%
> 5% and < 10%	8.6%
10%	23.7%
11%	0.8%
12%	35.0%
> 12% and < 20%	4.1%
20%	0.4%
> 20%	0.0%
Total	100.0%

Note:

Awards made after review are not included.

Percentages do not sum due to rounding.

In a recent report the NAO welcomed the Department's performance in debt recovery from customer on benefit but saw major scope for improvement related to recovery from customers who are not on benefits. What are the barriers to improved recovery from customers off benefit and how are they going to be addressed?

During 2006–07, approximately 228,500 Social Fund cases were referred to Debt Management (DM) where the customer was no longer in receipt of benefit. In total, £12.3m was recovered from off-benefit customers, representing a 20% increase in these off-benefit recoveries.

Debt Management seek recovery in these cases initially by voluntary arrangement with the customer. The preferred method of repayment is by Direct Debit, and approximately 10% of the amount recovered is by this method. Other methods include:

- cheque repayments direct to bank (bank giro credit slip and business reply envelope are provided with each notification);
- Debit Card;
- Bankers Standing Order;
- HSBC counters (England and Wales only); and
- Post Office counters—cash only.

Where such agreement cannot be obtained, or the customer cannot be located, the case may be passed to our private sector partners, who will seek recovery on our behalf as our agents. Alternatively, if agreement for repayment cannot be reached with the customer, enforcement action can be taken through the civil courts.

It appears that 40% of districts do not use the software introduced to recover debt from customers returning to benefits. Why is the software not used and what is the Department doing to address this issue?

The figure of 40% was lifted from the NAO report in 2005, and was current at that time.

However, since that time the Debt Manager (DM) system (reference is made to this software) was introduced within Debt Management, and the interface with the Social Fund Computer System (SFCS) introduced in April 2006.

The DM/SFCS Interface system is primarily an Accounting Tool to facilitate the accurate and prompt reporting to SFCS of all monies recovered by Debt Management. The system notifies SFCS that a customer has returned to benefit via Work Available reports, which are then actioned to institute Recovery by Deduction (RTB) whilst the customer remains on benefit.

In addition, Midas Scans provided by EDS to Debt Management provide details of all customers on SFCS where the appropriate deduction from benefit has not been actioned.

The latest information relating to the Cash Caseload shows that, following increased focus and priority on this work, 85% of the national Cash Caseload is now being actioned.

This is despite the fact that Social Fund resource has been significantly stretched over the last 12 months, as SF units undergo transformation within the Benefit Delivery Centre rollout programme, due for completion in September. Ongoing performance pressures, including Crisis Loan Direct performance and telephony systems for example, have resulted in resource being diverted from recovery work to respond to the increased customer demand.

The 25% increase in return-to-benefit recovery action mentioned above is, we believe, evidence that the processes are working more effectively. However, for further improvements, the Department is about to launch a package of recovery measures within Social Fund, aimed at the debt recovery process for SFCS customers. Recommendations to enable effective recovery action include refinements to the current process to encourage compliance, and a dedicated debt resource.

10 May 2007

Written evidence

Memorandum submitted by DWP

1. INTRODUCTION

The Memorandum provides the Committee with background information on the Social Fund and its history, describes its operation in the context of major change in the way Jobcentre Plus provides services to customers and looks at the future of the scheme.

2. NATURE AND PURPOSE OF THE SOCIAL FUND

2.1 The Social Fund is a system of grants, loans and payments to help people to meet necessary expenses which are hard to pay for out of regular income. It provides different types of help depending on the different circumstances people are in, but most are only available to those on specified qualifying benefits. The Social Fund is the safety net for people on low income who need financial help.

2.2 The Social Fund is divided into two elements: regulated payments and discretionary loans and grants. Regulated payments are dependent on fulfilment of specific conditions set out in regulations. Regulated payments are not cash limited: if the qualifying criteria are met a payment is made. All applicants for a regulated payment have a right of appeal to an independent tribunal.

2.3 The discretionary element of the Social Fund is cash limited and the amount of funds available in the relevant budget allocation will therefore influence decisions about whether payment can be made in an individual case. The circumstances in which payment can be considered are set out in Directions issued by the Secretary of State. The Directions are supported by guidance. Within the framework provided by primary legislation and the Directions, decisions are made by an appropriate officer who considers the applicants circumstances. An applicant for a discretionary grant or loan who is dissatisfied with the decision made on his application can ask for the decision to be reviewed.

2.4 With the exceptions of Winter Fuel Payments and Crisis Loans, a person must be in receipt of a specified qualifying benefit (or a specified element of tax credit in the case of Sure Start Maternity Grants and Funeral Payments) to receive a payment from the Social Fund.

2.5 Payments from the Social Fund aim to help meet several types of need, such as:

- expense as a consequence of life events, eg birth or death (regulated payments);
- likely expense of heating as a result of winter weather (regulated payment);
- community care needs (discretionary grant);
- routine cost for the replacement of essential household equipment, furniture or clothing (discretionary loan); and
- unexpected expenditure arising from unanticipated and special circumstances eg theft of money or property (discretionary loan).

2.6 The discretionary Social Fund offers both non-repayable grants (Community Care Grants) and repayable loans (Budgeting Loans and Crisis Loans). Loans are interest-free and recovered direct from the applicant's benefit. The money recovered is recycled to provide further loans. From the start of the Social Fund until the end of February 2007 over 33 million loans—worth over £7.1 billion (in cash terms)—have been made at a net cost of around £840 million (in cash terms) (however some of the net cost will be recovered in future years).

3. BACKGROUND TO THE SOCIAL FUND

3.1 The Social Fund was introduced as part of a wider package of reforms to the Social Security system in 1987–88 (including the replacement of the Supplementary Benefit scheme by Income Support). The first phase of the Social Fund, comprising Funeral and Maternity Payments, came into operation on 6 April 1987. The payments replaced contributory grants plus provision under the single payments element of the Supplementary Benefit scheme. The second phase, comprising the discretionary, cash limited elements of Community Care Grants and interest-free repayable Budgeting and Crisis Loans, was introduced on 11 April 1988 and replaced provision under the single payments element of Supplementary Benefit. Further information on previous arrangements is set out at Annex 1.

3.2 Annexes 2 to 7 provide statistical data on various elements of the Social Fund over the period 2001–02 to 2005–06. The data is drawn from annual reports by the Secretary of State on the Social Fund, based on the Social Fund Policy, Budget and Management Information System.¹ The annual report is normally published in July each year with copies placed in the Libraries of both Houses. Annex 8 provides information on the key management Indicators measuring Jobcentre Plus performance. Data is drawn from Jobcentre Plus management Information.

4. DESCRIPTION OF SOCIAL FUND PAYMENTS

REGULATED PAYMENTS

Sure Start Maternity Grants

4.1 A Sure Start Maternity Grant is intended to help people on low incomes pay for the immediate needs of a newborn baby. Entitlement conditions include the receipt of at least one qualifying benefit or tax credit by either partner, (ie Income Support, income-based Jobseeker's Allowance, Pension Credit, Working Tax Credit (which includes a disability or severe disability element) and Child Tax Credit (at a rate higher than the family element). Entitlement is also dependent on an applicant having received advice on the health needs and general welfare of the new baby (and on maternal health where the application is made before the birth of the child) from a doctor, midwife or health visitor. A certificate on the back of the claim form must be signed by the relevant health professional.

4.2 Sure Start Maternity Grants are paid as a lump sum and are currently worth £500 per qualifying child. The scheme is not cash limited. In 2005–06 there were 238,000 awards of Sure Start Maternity Grants worth £120 million. Details of awards over the last five years are at Annex 2.

Funeral payments

4.3. Funeral Payments help people on low incomes meet the cost of a funeral which they are responsible for arranging. A Funeral Payment is intended to cover the costs of a simple, respectful and low cost funeral within the United Kingdom (or, in certain cases, a funeral taking place in another European Economic Area state). Claimants or their partners must be in receipt of at least one of the following benefits or tax credits: Income Support, income-based Jobseeker's Allowance, Pension Credit, Working Tax Credit (which includes a disability or severe disability element), Child Tax Credit (at a rate higher than the family element), Housing Benefit and Council Tax Benefit. Further conditions are based, for example, on whether it is reasonable for the claimant to take responsibility for the funeral costs and where the deceased was resident. Claims can be made up to three months after the date of the funeral.

4.4 The amount allowable for a Funeral Payment is intended to cover the reasonable cost of specified items, including necessary burial or cremation charges, plus up to £700 for other funeral expenses. The scheme is not cash limited. In 2005–06 some 42,000 Funeral Payments worth £45 million were made. The average award was £1,081. Funeral Payments are recoverable from the estate of the person who died, although this does not include either the house or personal items left to a widow or widower. £1.3 million was recovered in 2005–06. Details of awards over the last five years are at Annex 3.

Cold weather payments

4.5 Cold Weather Payments are intended to help certain people on low incomes with the extra heating costs which result from very cold weather. A payment is triggered if the average temperature is, or is forecast to be, 0° Celsius or below over seven consecutive days at a specified weather station which is local to where an eligible person lives. The award is £8.50 for each seven day period of cold weather.

4.6. Cold Weather Payments are available to people on Pension Credit and for vulnerable people in receipt of Income Support and income-based Jobseeker's Allowance (this covers a person aged 60 or over, a person who qualifies as disabled or long term sick or a child who is disabled or aged under five). Payments are made automatically. The scheme is not cash limited. In 2005–06 this resulted in 988,000 awards being made at a cost of £8.4 million. The annual number of awards and cost are very variable as they depend upon the severity of the winter. Details of awards over the last 5 years are at Annex 4.

Winter fuel payments

4.7 The Winter Fuel Payment scheme is intended to help older people meet additional heating costs during the winter months so that they do not worry about keeping warm in cold weather. Amounts vary according to circumstances but are basically £200 for a person aged 60–79 years living alone in their own home (£100 if they live with another eligible person). For people of age 80 or over the standard rate is £300

¹ A very small number of figures were updated after the publication of some annual reports: these updated figures have been included, but the differences are very small.

(£150 if they share). Payment is usually made before Christmas. The scheme is not cash limited. In 2005–06, around 11.5 million people, in over eight million households, benefited from the payment. Total expenditure was around £2 billion.

4.8 Unlike most other payments from the Social Fund, Winter Fuel Payments are paid to those entitled regardless of whether they are getting a Social Security benefit and are available to the vast majority of men and women aged 60 and over. Most are paid automatically but newly eligible people may need to make a claim.

THE DISCRETIONARY SOCIAL FUND

4.9 The discretionary Social Fund is cash limited. It is a system of one-off payments, mainly to people receiving Pension Credit, Income Support or income-based Jobseeker's Allowance. There are three types of payment: Community Care Grants, Crisis Loans and Budgeting Loans.

4.10 The discretionary net budget for 2006–07 is £298.2 million (this includes an additional £120 million as the first instalment of one-off additional investment for the loans scheme to support changes introduced in April 2006—see paragraphs 5.2–5.4). The discretionary gross budget for 2006–07 (which includes anticipated loan recoveries) is £842 million. The gross budget is divided between the Community Care Grants budget and a single loans budget covering both Budgeting and Crisis Loans (and the Contingency Reserve). The national gross budgets are then allocated to local budget holders for local administration. As Social Fund processing is centralised into Benefit Delivery Centres, local district discretionary budgets will be merged to create larger area budgets for each centre to administer. Amendments under consideration as part of the Welfare Reform Bill will permit further simplification (see paragraph 5.5).

Community care grants

4.11 Community Care Grants are intended to support vulnerable people living in the community by giving awards in certain specified circumstances. These circumstances allow for an award to:

- help people to establish themselves in the community after a stay in institutional or residential care;
- remain in the community rather than enter care;
- ease exceptional pressures on families;
- set up home in the community as part of a planned resettlement programme following a period without a settled way of life;
- care for a prisoner on release on temporary licence; and
- meet expenses for certain journeys and visits.

4.12 To be eligible to apply for a Community Care Grant, applicants must be receiving Pension Credit, Income Support or income-based Jobseeker's Allowance or be a person leaving care or an institution (eg prison) within the next six weeks and likely to receive one of these benefits on discharge. Community Care Grants are not repayable. The decision maker in Jobcentre Plus decides whether an award can be made and if so, how much. There is no set maximum for a Community Care Grant. The national Community Care Grants budget for 2006–07 is £141 million.

4.13 The cash limit under which the Community Care Grant scheme operates means that Jobcentre Plus staff must decide on the priority of each application—taking into account all the circumstances of each individual case—to ensure grants are paid to the applicants who have established the greatest need. In doing this they can exercise a measure of discretion, within boundaries defined by the Secretary of State's Directions and guidance. Around 275,000 initial Community Care Grant awards were made in 2005–06 with an average value slightly over £400. Expenditure (including awards made after review) was £137 million. Details of awards over the last five years are at Annex 5.

Loans

4.14 There is an overall debt limit of £1,500 for Crisis and Budgeting Loans for any applicant. The gross loans budget for 2006–07 is £700 million of which £543.8 million is to be provided from the repayment of loans.

Crisis loans

4.15 Crisis Loans are available to anyone, whether on benefit or not, who cannot meet their immediate short-term needs in an emergency or as a consequence of a disaster. An award must be the only means of preventing a serious damage or serious risk to the health or safety of the applicant or a member of his family. The decision maker must decide, from all the evidence in the application, whether all these conditions are met. Crisis Loans can be awarded for daily living expenses, for items and services or for rent in advance in specified circumstances. The maximum amount payable for daily living expenses is specified in Directions.

4.16 Crisis Loans are not available to certain applicants, for example, people under 16, in residential care or members of a religious order. Also, certain applicants who have had benefit sanctions applied to their weekly benefit can only get a Crisis Loan as a consequence of a disaster or for heating and cooking facilities.

4.17 Crisis Loan awards have first call on a (gross) local loans budget; this ensures that a person who meets the criteria is not refused on the grounds of lack of resources. An increase in the amount of Crisis Loans paid will reduce the funding available for Budgeting Loans. In 2005–06 the total gross expenditure on Social Fund loans amounted to just over £600 million of which £86 million was spent on Crisis Loans. Over 1 million Crisis Loan awards were made with an average initial award value of £81. Details of awards over the last five years are at Annex 6.

Budgeting loans

4.18 Budgeting Loans are intended to help people on the main income related benefits cope with intermittent expenses. They provide interest-free credit for lump sum expenses to people who might otherwise be forced to rely on unscrupulous or extortionate lenders. The scheme is intended to help with the cost of goods and services such as furniture and household equipment, removal expenses and costs associated with looking for or starting work.

4.19 Budgeting Loans are available to people who have been on Pension Credit, Income Support or income-based Jobseeker's Allowance for at least 26 weeks, and are paid in the form of an interest-free loan which is then recovered through deductions from weekly benefit. The scheme is cash limited and is managed centrally to ensure consistency of outcome across the country. The main control is in the setting of a maximum amount that can be borrowed by an individual in the face of predicted demand and recoveries. The limits applying throughout February/March 2007 are £399 for a single person, £532 for a couple and £931 for a family with children. A person applying for a Budgeting Loan who has been on a qualifying benefit for at least six months and has no outstanding Social Fund loans will generally be offered a loan up to the amount relevant to his particular circumstances.

4.20 In 2005–06, slightly over 1.2 million Budgeting Loan awards were made. The average value of initial awards was £423. Gross expenditure (including awards made after review) was £519 million. Details of awards over the last five years are at Annex 7.

Reviews of Community Care Grants, Crisis Loans and Budgeting Loans

4.21 If an applicant is unhappy with the decision on his application for a Community Care Grant, Crisis Loan or Budgeting Loan he can first ask for the decision to be reviewed by another Social Fund officer in Jobcentre Plus who may change or uphold the original decision. If the applicant is still unhappy he can ask for his case to be considered by a Social Fund Inspector at the Independent Review Service. A Social Fund Inspector can confirm the Jobcentre Plus decision, substitute his own decision or refer the original decision back to Jobcentre Plus to reconsider.

4.22 In 2005–06 Social Fund Inspectors at the Independent Review Service upheld:

40% of the 12,432 Community Care Grant decisions reviewed by them.

47% of the 4,360 Crisis Loan decisions reviewed by them.

86% of the 1,525 Budgeting Loan decisions reviewed by them.

Inspectors substituted their own decisions in the vast majority of the remaining cases—very few were referred back to Jobcentre Plus.

4.23 Since April 2006, a customer who has had a review by Jobcentre Plus and wants a review by a Social Fund Inspector has been able to apply directly to the Independent Review Service instead of to Jobcentre Plus. This emphasises the independence of the Service and aims to ensure customer confidence in the review process.

5. RECENT CHANGES TO THE SOCIAL FUND

5.1 An extra £90 million funding was added to the discretionary Social Fund net budget over the three years from 2003–04 to 2005–06. The funding was added in annual instalments with most of the additional funding going to the Community Care Grant scheme. Details are as follows:

2003–04 additional funding of £20 million split £10 million each to Community Care Grants and to the net loans budget.

2004–05 further increase of £10 million allocated to Community Care Grants (in addition to the increase in 2003–04).

2005–06 further (final) increase of £10 million allocated to Community Care Grants (in addition to the increases in 2003–04 and 2004–05).

5.2 A number of changes to Crisis and Budgeting Loans were introduced in April 2006. These built on the significant change introduced in 1999 (which meant that decisions on Budgeting Loan applications were no longer based on detailed consideration of the priority of the need for which a loan was sought but on factual information about length of time on benefit, family makeup and the amount of any outstanding social fund loans—see Annex 1). The April 2006 changes introduced further simplification intended to make the scheme more transparent and accessible.

5.3 The key changes introduced in April 2006 were:

- subtract only the amount of actual existing Budgeting Loan debt from the maximum amount when calculating the amount of any further Budgeting Loan—previously twice the existing Budgeting Loan debt was subtracted (the “double debt” rule);
- the calculation of Budgeting Loan maximum amounts based solely on family composition. There are now three maximum rates, for single people, couples and families with children (previously time on benefit was also taken into account and there were family variables to reflect all possible combinations of family makeup);
- savings limits for Budgeting Loan applicants were increased to £1,000 for people of working age and £2,000 for pensioners (savings in excess of the limits reduce the amount of loan available);
- minimum Budgeting Loan available increased from £30 to £100;
- maximum standard repayment rate for Crisis and Budgeting Loans reduced from 15% of a customer’s qualifying benefit allowance plus any Child Tax Credit and Child Benefit, to 12%;
- maximum Crisis and Budgeting Loans repayment rate reduced from 25% of a customer’s qualifying benefit allowance plus any Child Tax Credit plus Child Benefit, to 20%;
- the maximum Crisis and Budgeting Loans repayment period to extend from 78 weeks to 104 weeks; or, where a customer has particular difficulties, from 104 weeks to 130 weeks; and
- the overall debt limit for all Social Fund loans ie including both Budgeting Loans and Crisis Loans increased to £1,500 (from £1,000).

5.4 These improvements are supported by £210 million in additional funding over the three years from April 2006. The information available (for April 2006 to February 2007 inclusive) indicates that there has been a 6.6% increase in the number of initial Budgeting Loan awards compared to the same period in 2005–06 and that the average initial award has increased by 8%.

5.5 In addition work is under way on two minor measures:

- (i) an amendment to Sure Start Maternity Grant legislation to extend payments to include customers who have been awarded a residence order in respect of a child in certain circumstances;
- (ii) amendments currently under consideration as part of the Welfare Reform Bill continue the simplification of the approach to managing the (gross) loans budget. They allow flexibility in the making of Social Fund allocations and it is intended that there will be no local loans budgets, only a national loans budget.

6. OPERATION OF THE SOCIAL FUND

6.1 Jobcentre Plus is undergoing a significant process of change to modernise its service to customers. The aim is to improve the quality, accessibility and delivery of services and to increase overall productivity, efficiency and effectiveness. The Government accepts that this transformation may have brought short term problems some of which may have had an impact on Social Fund delivery but action has been and will continue to be taken to resolve difficulties. Underlying performance, as measured by Key Management Indicators, has remained strong.

6.2 Jobcentre Plus’s modernisation programme involves rationalising its service delivery and managing with a smaller corporate centre and support services. One of its key elements is centralising the processing of all benefits into fewer and larger Benefit Delivery Centres, 20 of which will also process Social Fund claims and applications. The January 2005 National Audit Office report on the Social Fund² acknowledged the efficiency savings to be gained from centralisation. It also recommended that Social Fund administration be centralised and that standard working processes be introduced.

6.3 Moving Social Fund work into Benefit Delivery Centres will provide the means to:

- Pull together staff expertise to handle complex cases.
- Deliver Social Fund services that are more consistent.
- Better support consistency/quality of decision making.
- More easily introduce new policies and processes.
- Help identify training needs.
- Reduce management overheads.

² Helping those in financial hardship; the running of the Social Fund, Report by the Comptroller and Auditor General, HC179 Session 2004–05, 13 January 2005.

Currently (as of 1 April 2007) there are 11 Benefit Delivery Centres delivering Social Fund (not all administering combined budgets as yet). Newport, the last Benefit Delivery Centre to deliver Social Fund, will be rolled out by April 2008.

Social Fund Standard Operating Model

6.4 Centralisation is a key initiative for Jobcentre Plus, enabling the business to provide a quicker and more convenient service to customers within current headcount constraints. Linked to this is the development and rollout of a Standard Operating Model. The Standard Operating Model (SOM) supports staff and managers by providing detailed process maps linked to procedural guidance. The SOM will provide a platform on which Jobcentre Plus can continue to make improvements in customer service and efficiency. The Social Fund component of the SOM will be rolled out nationally as Social Fund work is centralised into Benefit Delivery Centres.

6.5 The Social Fund SOM has been constructed around existing tried and tested best practice. The most significant change is the way it encapsulates the Jobcentre Plus preferred method of dealing with Crisis Loan applications for living expenses through a telephone process which requires applicants to telephone a specialist Crisis Loan team on an 0800 free phone number. Concerns have been expressed about the expense involved for customers who choose to make the call using a mobile phone. Although such a customer would have to contact the Crisis Loan team in the first instance, arrangements can be made for them to be called back. Nevertheless, Jobcentre Plus is actively looking at what can be done to make customers aware of telephone waiting times and charges should their call be placed in a queue. Jobcentre Plus will continue to provide a service to those customers who, for whatever reason, are unable to use the telephone to pursue their Crisis Loan application.

6.6 Under the SOM customers will continue to apply for Budgeting Loans, Community Care Grants, Funeral Payments and Sure Start Maternity Grants by post to the PO box of the Benefit Delivery Centre covering the area in which they live. Also, applications for Crisis Loans for items will be taken by post in most instances, although in very urgent cases the facility will exist for them to be taken by the Crisis Loan telephone team.

Access

6.7 Jobcentre Plus is aware that some customers have experienced difficulty accessing the Crisis Loan telephone service. The reasons for this have been investigated and action taken to ensure that Jobcentre Plus provides the best service possible. Jobcentre Plus is talking to its telephony suppliers to ensure that "information and comfort messages" are provided for customers who are waiting.

6.8 Jobcentre Plus remains committed to providing a signposting service to Social Fund at its customer facing outlets. This might be to answer a routine enquiry, provide a customer with an application form or accept a completed form from them. If the customer wishes to enquire about an application they have already submitted they would be advised to ring the Social Fund processing section within the Benefit Delivery Centre where the officer they speak to will be able to provide a progress report on their application. Jobcentre Plus staff are expected to provide an empathic service for customers and to deal appropriately with any special requirements the customer might have.

6.9 Jobcentre Plus will continue to administer Social Fund for pensioners.

Crisis Loans

6.10 If the customer wants to apply for a Crisis Loan for living expenses they will, in the first instance be directed to the 0800 free phone service. In order to create an appropriate environment and respect the needs of all its customers it has always been Jobcentre Plus policy to ask customers to refrain from using mobile telephones in its front facing offices. Whilst customer access phones are available in Jobcentre Plus offices, the telephone process for Crisis Loans has been designed as end-to-end with, in the majority of cases, the decision communicated to the customer at the end of the call. The Jobcentre Plus Benefit Delivery Framework currently excludes the use of customer access phones as a means by which an application for a Crisis Loan can be submitted, this is in line with the agreed risk assessment process within Jobcentre Plus, based upon formal agreements with the Public and Commercial Services (PCS) union in relation to the safety of Jobcentre Plus staff.

6.11 Jobcentre Plus is aware that restricting the use of customer access phones in the way described could cause problems for some customers and of the views expressed by Committee members that improvements should be made to this service. Lesley Strathie's letter of 15 March 2007 to the Committee Chair explained that she had already discussed this issue with PCS, that both sides accepted that businesses processes governing Crisis Loans have changed, and that both sides have signalled a willingness to discuss this further.

Targets

6.12 Social Fund performance is measured by a Key Management Indicator (KMI) that sits below but supports the main Jobcentre Plus target regime. The KMI measures performance across the five different Social Fund payments—so in effect there is a clearance target for each payment. The targets reflect the relative timescales within which the proper evidence can be obtained, and a decision completed for each of the individual payment types. There is also a target for clearing the local review of a discretionary decision, plus accuracy standard—based on a management check carried out locally. Annex 8 provides details.

Decision making

6.13 Aspects of Social Fund decision making by Jobcentre Plus have come in for criticism from both the Social Fund Commissioner and The National Audit Office. Decisions on Community Care Grants can involve difficult judgements in individual cases. Jobcentre Plus has undertaken a number of initiatives to ensure the best possible support for staff in improving decision making.

6.14 Last year a new suite of training modules were delivered to staff via the Intranet. These were devised with significant input from the Independent Review Service and specifically address the principles of decision-making in a discretionary scheme. The modules have been well received and feedback has been positive. Social Fund training is in line with the Department's corporate Learning and Development strategy whereby managers and staff across all benefits identify an individual's training needs and are free to address these in ways that best suit them. The training is available to support new staff including those taking up new duties because of organisational changes.

6.15 Also Jobcentre Plus has recently completed work to redesign the current Community Care Grant application form in order to improve the quality of the initial decision by developing a format that elicits the right information in the simplest way possible. Improving initial (as opposed to review) decisions is part of a specific recommendation from the 2005 National Audit Office report. The Independent Review Service is providing significant and valuable input to this work.

6.16 In addition a desk aide and aide memoire on decision-making has recently been made available to decision makers as part of the tool kit that supports the SOM.

7. THE FUTURE OF THE SOCIAL FUND

7.1 The Social Fund draws together in one place a number of mechanisms for helping people on low income deal with large occasional expenses. The aim is to target resources where there is the strongest need for help and in ways which do not unduly encourage dependency on benefit where work is a viable option. Inevitably there are tensions as to what is provided and how it is provided.

7.2 The Sure Start Maternity Grant provides a significant lump sum payment for families at a time of predictable extra expenditure—when a new child is added to the family. The main challenge continues to be to ensure that all those eligible are made aware of the grant at the right time and in particular that those brought into entitlement by the more generous provisions of Child Tax Credit take up their entitlement.

7.3 Funeral Payments provide valuable support for people responsible for the costs of a funeral for which no-one has made alternative provision. The payment should not provide a disincentive to people to make their own provision nor should it provide any incentive to increase funeral charges. A limit is therefore placed on the amount of Funeral Payment contribution to the non-specified aspects of funeral costs. There is often pressure to increase this limit. The Government will continue to keep the position under review but has no immediate plans to increase the current limit of £700.

7.4 Community Care Grants have provided additional support to a considerable number of people. Since 1988 up to the end of February 2007 over 4.7 million awards have been made. Community Care Grants have been criticised on the grounds of high refusal rates, poor quality of decision making and the extent of local variation. Community Care Grants are intended for people with the highest priority need based on individual circumstances. The scheme requires staff to make difficult judgements as to the relative priority of different needs and the funding available from the cash-limited budget. It is inevitable that some commentators will take a different view on who should be paid from those who have to make the decision whilst balancing competing demands.

7.5 A number of measures have been, and are being, taken to improve the quality of decision making. Since 1997 the budget for Community Care Grants has been increased from £97 million for 1997–98 to £141 million for 2006–07. Jobcentre Plus will continue to look for improvements in customer service and efficiency. The centralisation of Social Fund administration into Benefit Delivery Centres will help concentrate expertise and ensure greater consistency in services. In addition consideration is being given to the scope for improving the scheme to tighten its focus on the applicants with the strongest case for help.

7.6 Crisis Loans are paid as a last resort mechanism to help avoid a risk to health or safety. In the majority of cases this is to help address a gap in income but it can also help with the purchase of an urgently needed item. Gaps in income can arise for a number of reasons, for example: on first claim for benefit, on leaving benefit, because of theft or because an expected source of funds has not materialised. The Government recognises the need for accessible help provided promptly and will continue to look for improvements in the delivery of Crisis Loans.

7.7 The Government has transformed Budgeting Loans from a wholly discretionary scheme where applicants had to justify the need applied for and the priority of that need to a scheme based on simple factual criteria that operate on a consistent basis throughout the country. It is simpler and more transparent for both customers and staff—particularly since the April 2006 changes. While the cash limit means that not all demand can be met, the scheme nonetheless provides a useful budgeting tool for people reliant on benefit. It is therefore reasonably effective at the job it was designed for, but the question for the future is whether that role should change.

7.8 The Government has long made clear its continuing commitment to reform to improve the performance of the Social Fund. The aim of current work is to explore the scope for further measures to improve the contribution the scheme makes to wider Government aims for tackling worklessness, poverty and exclusion. In particular reform of the Budgeting Loan scheme should support aims of increasing access to, and use of, mainstream financial services. It should support efforts to reduce the need to rely on illegal lenders and to enable wider credit options which do not involve extortionate costs. The Department for Work and Pensions has met a number of organisations and commentators to discuss issues and possible approaches.

Annex 1

History of the Social Fund and its predecessors

PREDECESSORS TO THE SOCIAL FUND

1948

National Assistance was introduced. This meant that specific provision for urgent cases needed to be made for those claimants who had no funds available to them and needed help, but who would not be eligible to receive benefit.

Between 1948 and 1980

Payments for one-off needs were made on a discretionary basis under the Exceptional Needs Payments element of National Assistance and its successor Supplementary Benefit. The Exceptional Needs Payments scheme was not cash limited. As numbers and costs tended to rise over the years, concern was expressed that the payments were no longer an exceptional element of the Supplementary Benefits scheme. In some cases they had become almost a regular top-up to benefits, giving the impression that some had an advantage over others on low incomes. It was hoped that many of these problems could be resolved if the discretionary element was replaced by codified rules.

November 1980

The Single Payments scheme was introduced (still as part of Supplementary Benefit) whereby some discretionary payments were replaced by regulated payments. If the claimant satisfied the conditions set out in regulations, he was legally entitled to a payment. The scheme was not cash limited. The intention was to define clear boundaries for help and thereby ensure fairness and consistency of decisions. However, the scheme was vulnerable to abuse and expenditure escalated, while at the same time the inflexibility of the regulations sometimes meant that genuine need could not be met.

1985–86

In June 1985 a Green Paper proposed a new format, or Social Fund, for dealing with budgeting problems and helping vulnerable groups with special difficulties. The Social Security Act 1986 introduced the Social Fund. As an interim measure Single Payment Regulations were substantially amended in 1986 to control expenditure and ensure greater fairness.

1987–88

Single Payments were replaced by the Social Fund. The first phase of the Social Fund, comprising Funeral and Maternity Payments, came into operation on 6 April 1987. The second phase, comprising the discretionary, cash limited elements of Community Care Grants and interest-free repayable Budgeting and Crisis Loans, was introduced on 11 April 1988. From 7 November 1988 regulations were introduced which provided for payments from the regulated Social Fund to help meet higher fuel bills following a period of cold weather.

CHANGES TO THE SOCIAL FUND SINCE MAY 1997

Since 1997 the Government has introduced a number of reforms to the Social Fund reflecting client group priorities and its overarching welfare reform objective of modernising the Social Security system to make it simpler and more transparent for claimants. The most recent changes are covered separately in part 5 of the memorandum.

Sure Start Maternity Grants

Sure Start Maternity Grants were introduced in March 2000 to replace the former Maternity Payments element of the Social Fund. The rate was set at £200. It was increased to £300 in September 2000 and to £500 in April 2002. Capital limits for Sure Start Maternity Grants (and for Funeral Payments) were abolished in October 2001.

Winter Fuel Payments

Winter Fuel Payments were introduced for the winter of 1997–98 to help older households with their winter fuel bills. The amount of the Winter Fuel Payment for a person aged 60 or over living on their own in their own home was increased to £200 for winter 2000–01. From winter 2003–04 the rate for a person aged 80 or over was increased to £300.

Community Care Grants

In April 1998 the Government introduced specific provision to help homeless people with the cost of household items when they set up home as part of a planned resettlement programme. Under the previous rules, homeless people who were moving from hostels into the community were sometimes refused help because they were not considered to be at risk of returning to institutional or residential care. The new provision was designed to improve help available to homeless people re-establishing themselves in the community. It was supported by a £1 million increase in the grants budget.

The Budgeting Loan scheme

In April 1999 the Government made significant changes to the way that Budgeting Loan decisions are made. The new arrangements meant that the applications process was much simpler, decisions were made more quickly, and there was no intrusive questioning. The applicant had only to provide a few simple facts on the application form with decisions based on two criteria: the length of time the applicant has been getting benefit and the composition of his family. These criteria were weighted so that the longer on benefit and the greater the number of children, the larger the potential loan.

Annex 2

SURE START MATERNITY GRANTS

SURE START MATERNITY GRANTS: SUMMARY STATISTICS

	2001–02	2002–03	2003–04	2004–05	2005–06
Applications received (000s)	242	289	317	321	325
Initial decisions (000s)	243	289	318	321	325
Awards (000s)	201	232	238	236	238
Awards as % of initial decisions	83.0	80.4	74.8	73.5	73.1
Initial refusals (000s)	46	63	91	94	99
Expenditure (£m)	61.2	110.5	120.4	119.4	120.2
Average award (£)	304	476	506	506	506

Notes

1. In this table, the number of awards and expenditure include awards made after reconsideration or appeal.
2. The method of calculating the average award is to divide expenditure by the number of awards.
3. The average award reflects multiple births.
4. The difference between applications received, initial decisions, awards and initial refusals is due to: applications being withdrawn; applications not decided at the time the count was made; awards made after reconsideration or appeal being included in the number of awards.
5. Figures and percentages may not sum due to rounding.

SURE START MATERNITY GRANTS: NUMBER OF AWARDS BY CLAIMANT GROUP (000s)

	2001-02	2002-03	2003-04	2004-05	2005-06
Pensioners	0.1	0.2	0.3	0.2	0.2
Unemployed	19.1	20.3	19.2	16.3	16.5
Disabled	14.3	15.7	16.2	15.8	15.4
Lone parents	66.1	70.4	67.4	61.3	59.7
Employed	51.6	69.4	70.2	71.9	67.4
Others	50.3	56.4	64.7	70.3	78.2

SURE START MATERNITY GRANTS: % OF TOTAL NUMBER OF AWARDS BY CLAIMANT GROUP

	2001-02	2002-03	2003-04	2004-05	2005-06
Pensioners	0.1	0.1	0.1	0.1	0.1
Unemployed	9.5	8.7	8.1	6.9	6.9
Disabled	7.1	6.7	6.8	6.7	6.5
Lone parents	32.8	30.3	28.3	26.0	25.1
Employed	25.6	29.9	29.5	30.5	28.4
Others	25.0	24.3	27.2	29.8	32.9

Notes for the two tables above

1. These tables include awards made after reconsideration or appeal.
2. Figures and percentages may not sum due to rounding.

SURE START MATERNITY GRANTS: NUMBER OF AWARDS BY QUALIFYING BENEFIT OR TAX CREDIT (000s)

	2001-02	2002-03	2003-04	2004-05	2005-06
Income Support, Jobseeker's Allowance (income based) and Pension Credit	135.0	144.2	140.8	130.0	126.2
Tax credit (see notes)	66.4	88.3	96.9	105.9	111.3

SURE START MATERNITY GRANTS: % OF TOTAL NUMBER OF AWARDS BY QUALIFYING BENEFIT OR TAX CREDIT

	2001-02	2002-03	2003-04	2004-05	2005-06
Income Support, Jobseeker's Allowance (income based) and Pension Credit	67.0	62.0	59.2	55.1	53.1
Tax credit (see notes)	33.0	38.0	40.8	44.9	46.9

Notes for the two tables above

1. These tables include awards made after reconsideration or appeal.
2. In 2001-02 and 2002-03 the qualifying tax credits were Working Families' Tax Credit and Disabled Person's Tax Credit. From 2003-04 the qualifying tax credits were Child Tax Credit (at a rate higher than the family element) and Working Tax Credit (which includes a disability or severe disability element).
3. If an award is made to a claimant who receives both a qualifying benefit and a tax credit, then the award is recorded under the qualifying benefit.
4. Figures and percentages may not sum due to rounding.

Annex 3

FUNERAL PAYMENTS

FUNERAL PAYMENTS: SUMMARY STATISTICS

	2001-02	2002-03	2003-04	2004-05	2005-06
Applications received (000s)	66	70	73	69	68
Initial decisions (000s)	66	70	73	69	68
Awards (000s)	42	45	46	44	42
Awards as % of initial decisions	63.7	63.7	63.6	63.4	62.0
Initial refusals (000s)	24	26	27	27	27
Gross expenditure (£m)	38.4	41.6	47.2	46.3	45.4
Recoveries (£m)	0.6	1.1	1.2	1.4	1.3
Net expenditure (£m)	37.9	40.5	46.0	45.0	44.1
Average award (£)	909	929	1,019	1,051	1,081

Notes

1. In this table, the number of awards and gross expenditure include awards made after reconsideration or appeal.
2. The method of calculating the average award is to divide gross expenditure by the number of awards.
3. The difference between applications received, initial decisions, awards and initial refusals is due to: applications being withdrawn; applications not decided at the time the count was made; awards made after reconsideration or appeal being included in the number of awards.
4. Figures and percentages may not sum due to rounding.

FUNERAL PAYMENTS: NUMBER OF AWARDS BY CLAIMANT GROUP (000s)

	2001-02	2002-03	2003-04	2004-05	2005-06
Pensioners	16.4	18.2	20.1	20.6	20.1
Unemployed	2.2	2.1	1.9	1.6	1.6
Disabled	6.3	6.1	5.9	5.6	5.0
Lone parents	4.5	4.3	4.2	3.5	3.4
Employed	1.9	2.2	2.3	2.3	1.9
Others	10.9	11.7	11.9	10.4	10.0

FUNERAL PAYMENTS: % OF TOTAL NUMBER OF AWARDS BY CLAIMANT GROUP

	2001-02	2002-03	2003-04	2004-05	2005-06
Pensioners	38.8	40.8	43.5	46.8	47.9
Unemployed	5.2	4.7	4.0	3.6	3.8
Disabled	14.9	13.7	12.8	12.8	12.0
Lone parents	10.6	9.7	9.1	8.0	8.0
Employed	4.6	5.0	5.0	5.2	4.4
Others	25.9	26.1	25.6	23.6	23.9

Notes for the two tables above

1. These tables include awards made after reconsideration or appeal.
2. Figures and percentages may not sum due to rounding.

FUNERAL PAYMENTS: NUMBER OF AWARDS BY QUALIFYING BENEFIT OR TAX CREDIT (000s)

	2001-02	2002-03	2003-04	2004-05	2005-06
Income Support, Jobseeker's Allowance (income based) and Pension Credit	30.1	31.6	33.0	32.7	31.8
Tax credit (see notes)	2.4	2.8	2.9	3.1	3.2
Housing Benefit and Council Tax Benefit	9.6	10.4	10.5	8.3	7.1

FUNERAL PAYMENTS: % OF TOTAL NUMBER OF AWARDS BY QUALIFYING BENEFIT OR TAX CREDIT

	2001-02	2002-03	2003-04	2004-05	2005-06
Income Support, Jobseeker's Allowance (income based) and Pension Credit	71.4	70.6	71.2	74.1	75.6
Tax Credit (see notes)	5.8	6.2	6.2	7.1	7.5
Housing Benefit and Council Tax Benefit	22.8	23.2	22.6	18.8	16.9

Notes for the two tables above

1. These tables include awards made after reconsideration or appeal.
2. In 2001-02 and 2002-03 the qualifying tax credits were Working Families' Tax Credit and Disabled Person's Tax Credit. From 2003-04 the qualifying tax credits were Child Tax Credit (at a rate higher than the family element) and Working Tax Credit (which includes a disability or severe disability element).
3. If an award is made to a claimant who receives more than one qualifying benefit or tax credit, then the award is recorded under the qualifying benefit or tax credit which appears first in these tables.
4. Figures and percentages may not sum due to rounding.

Annex 4

COLD WEATHER PAYMENTS

COLD WEATHER PAYMENTS: SUMMARY STATISTICS

	2001-02	2002-03	2003-04	2004-05	2005-06
Awards (000s)	1,804	1,675	418	213	988
Expenditure (£m)	15.3	14.2	3.5	1.8	8.4
Average award (£)	8.50	8.50	8.50	8.50	8.50

Notes

1. There is no requirement to claim Cold Weather Payments.
2. Figures for a given financial year include any Cold Weather Payments triggered towards the end of March but not actually made until April of the following financial year.

Annex 5

COMMUNITY CARE GRANTS

COMMUNITY CARE GRANTS: SUMMARY STATISTICS

	2001-02	2002-03	2003-04	2004-05	2005-06
Applications received (000s)	579	593	589	566	578
Initial decisions (000s)	580	593	588	570	576
Initial awards (000s)	233	245	256	261	275
Initial awards as % of initial decisions	40.1	41.4	43.5	45.8	47.8
Initial refusals (000s)	346	346	330	307	299
Expenditure (£m)	102.6	108.0	117.5	127.1	137.0
Average initial award (£)	338	342	364	390	406

Notes

1. Initial awards do not include awards made after review. However, in this table, expenditure does include awards made after review.
2. The method of calculating the average initial award is to divide initial expenditure (excluding the value of review awards) by the number of initial awards.
3. The difference between applications received, initial decisions, initial awards and initial refusals is due to: applications being withdrawn; applications not decided at the time the count was made.
4. Figures and percentages may not sum due to rounding.

COMMUNITY CARE GRANTS: EXPENDITURE BY APPLICANT GROUP (£m)

	2001-02	2002-03	2003-04	2004-05	2005-06
Pensioners	10.1	10.0	11.3	12.8	13.7
Unemployed	10.0	11.6	12.6	13.7	15.2
Disabled	36.9	39.1	41.5	44.4	46.9
Lone parents	33.2	35.0	38.6	41.6	45.8
Others	12.3	12.3	13.5	14.6	15.4

COMMUNITY CARE GRANTS: % OF TOTAL EXPENDITURE BY APPLICANT GROUP

	2001-02	2002-03	2003-04	2004-05	2005-06
Pensioners	9.9	9.3	9.6	10.0	10.0
Unemployed	9.7	10.8	10.7	10.8	11.1
Disabled	36.0	36.2	35.4	34.9	34.3
Lone parents	32.4	32.4	32.9	32.7	33.4
Others	12.0	11.4	11.5	11.5	11.2

Notes for the two tables above

1. These tables include awards made after review.
2. Figures and percentages may not sum due to rounding.

COMMUNITY CARE GRANTS: EXPENDITURE BY PART OF DIRECTION 4 SATISFIED (£m)

	2001-02	2002-03	2003-04	2004-05	2005-06
Direction 4(a)(i)	10.4	9.8	9.2	9.6	9.8
People moving out of institutional or residential care					
Direction 4(a)(ii)	37.0	39.3	42.8	43.3	44.0
Helping people stay in the community					
Direction 4(a)(iii)	48.4	50.9	56.7	64.4	72.2
Families under exceptional pressure					
Direction 4(a)(iv)	0.1	0.1	0.1	0.1	0.1
Prisoner or young offender on release on temporary licence					
Direction 4(a)(v)	4.3	6.2	7.3	8.5	9.9
People setting up home as a planned programme of resettlement					
Direction 4(b)	2.4	1.7	1.3	1.1	0.9
Travelling expenses					

COMMUNITY CARE GRANTS: % OF TOTAL EXPENDITURE BY PART OF DIRECTION 4 SATISFIED

	2001-02	2002-03	2003-04	2004-05	2005-06
Direction 4(a)(i)	10.1	9.1	7.9	7.6	7.2
People moving out of institutional or residential care					
Direction 4(a)(ii)	36.1	36.4	36.5	34.1	32.2
Helping people stay in the community					
Direction 4(a)(iii)	47.2	47.1	48.2	50.6	52.7
Families under exceptional pressure					
Direction 4(a)(iv)	0.1	0.1	0.1	0.1	0.1
Prisoner or young offender on release on temporary licence					
Direction 4(a)(v)	4.2	5.7	6.2	6.7	7.2
People setting up home as a planned programme of resettlement					
Direction 4(b)	2.3	1.5	1.1	0.9	0.7
Travelling expenses					

Notes for the two tables above

1. These tables include awards made after review.
2. If more than one part of direction 4 is satisfied by an application it will be recorded under the first part satisfied, in the order set out in these tables.
3. Figures are estimated as the Management Information System does not split expenditure made after review by the part of direction 4 satisfied.
4. Percentages may not sum due to rounding.

CRISIS LOANS

CRISIS LOANS: SUMMARY STATISTICS

	2001-02	2002-03	2003-04	2004-05	2005-06
Applications received (000s)	1,330	1,391	1,397	1,334	1,366
Initial decisions (000s)	1,329	1,394	1,395	1,333	1,364
Initial awards (000s)	991	1,064	1,059	1,000	1,016
Initial awards as % of initial decisions	74.6	76.3	75.9	75.1	74.5
Initial refusals (000s)	317	305	308	304	316
Gross expenditure (£m)	74.9	84.6	85.1	81.9	86.4
Recoveries (£m)	57.9	62.5	66.7	67.9	70.1
Net expenditure (£m)	17.0	22.1	18.4	13.9	16.3
Average initial award (£)	71	75	77	78	81

Notes

1. Initial awards do not include awards made after review. However, in this table, gross expenditure does include awards made after review.
2. The method of calculating the average initial award is to divide initial gross expenditure (excluding the value of review awards) by the number of initial awards.
3. The difference between applications received, initial decisions, initial awards and initial refusals is due to: applications being withdrawn; applicants rejecting or not responding to loan offers; applications not decided at the time the count was made.
4. Figures and percentages may not sum due to rounding.

CRISIS LOANS: GROSS EXPENDITURE BY APPLICANT GROUP (£m)

	2001-02	2002-03	2003-04	2004-05	2005-06
Pensioners	1.1	1.2	1.3	1.2	1.4
Unemployed	26.1	29.4	29.7	30.2	33.1
Disabled	14.6	17.2	17.9	17.3	18.4
Lone parents	17.2	19.8	19.9	17.4	17.5
Others	15.8	17.0	16.3	15.8	16.1

CRISIS LOANS: % OF TOTAL GROSS EXPENDITURE BY APPLICANT GROUP

	2001-02	2002-03	2003-04	2004-05	2005-06
Pensioners	1.5	1.4	1.5	1.5	1.6
Unemployed	34.9	34.7	34.9	36.9	38.3
Disabled	19.5	20.3	21.0	21.2	21.3
Lone parents	23.0	23.5	23.4	21.2	20.2
Others	21.1	20.1	19.2	19.3	18.7

Notes for the two tables above

1. These tables include awards made after review.
2. Figures and percentages may not sum due to rounding.

CRISIS LOANS: GROSS EXPENDITURE BY APPLICATION PURPOSE (£m)

	2001-02	2002-03	2003-04	2004-05	2005-06
Items or services	25.3	28.9	28.3	28.1	31.8
Rent in advance	1.0	1.3	1.6	2.1	3.0
Living expenses (general)	20.5	23.0	22.6	19.9	20.4
Living expenses (alignment)	26.7	29.8	31.0	30.3	29.5

CRISIS LOANS: % OF TOTAL GROSS EXPENDITURE BY APPLICATION PURPOSE

	2001-02	2002-03	2003-04	2004-05	2005-06
Items or services	34.4	34.8	33.9	35.0	37.5
Rent in advance	1.4	1.6	1.9	2.6	3.6
Living expenses (general)	27.9	27.7	27.1	24.7	24.1
Living expenses (alignment)	36.3	35.9	37.2	37.7	34.8

Notes for the two tables above

1. These tables include awards made after review.
2. An alignment payment is to cover living expenses up to the first payment of benefit or wages.
3. For technical reasons, for the first table, the total of figures for a year differs slightly from the corresponding gross expenditure figure in the Crisis Loans Summary Statistics table.
4. Percentages may not sum due to rounding.

Annex 7**BUDGETING LOANS****BUDGETING LOANS: SUMMARY STATISTICS**

	2001-02	2002-03	2003-04	2004-05	2005-06
Applications received (000s)	1,748	1,774	1,732	1,621	1,640
Initial decisions (000s)	1,750	1,772	1,729	1,625	1,637
Initial awards (000s)	1,240	1,251	1,250	1,200	1,217
Initial awards as % of initial decisions	70.8	70.6	72.3	73.8	74.4
Initial refusals (000s)	460	466	428	377	371
Gross expenditure (£m)	469.4	461.8	484.1	490.5	519.1
Recoveries (£m)	444.6	458.2	462.5	467.9	477.9
Net expenditure (£m)	24.8	3.6	21.6	22.6	41.1
Average award (£)	375	366	384	405	423

Notes

1. Initial awards do not include awards made after review. However, in this table, gross expenditure does include awards made after review.
2. The method of calculating the average initial award is to divide initial gross expenditure (excluding the value of review awards) by the number of initial awards.
3. The difference between applications received, initial decisions, initial awards and initial refusals is due to: applications being withdrawn; applicants rejecting or not responding to loan offers; applications not decided at the time the count was made.
4. Figures and percentages may not sum due to rounding.

BUDGETING LOANS: GROSS EXPENDITURE BY APPLICANT GROUP (£m)

	2001-02	2002-03	2003-04	2004-05	2005-06
Pensioners	20.4	21.8	23.9	26.5	32.3
Unemployed	44.8	37.8	37.9	35.7	43.9
Disabled	127.2	130.3	140.9	146.9	158.1
Lone parents	235.2	231.1	242.8	245.3	252.0
Others	41.8	40.8	38.7	36.1	32.8

BUDGETING LOANS: % OF TOTAL GROSS EXPENDITURE BY APPLICANT GROUP

	2001-02	2002-03	2003-04	2004-05	2005-06
Pensioners	4.3	4.7	4.9	5.4	6.2
Unemployed	9.5	8.2	7.8	7.3	8.5
Disabled	27.1	28.2	29.1	30.0	30.5
Lone parents	50.1	50.0	50.1	50.0	48.5
Others	8.9	8.8	8.0	7.4	6.3

Notes for the two tables above

1. These tables include awards made after review.
2. Figures and percentages may not sum due to rounding.

SOCIAL FUND KEY MANAGEMENT INDICATORS

KEY MANAGEMENT INDICATORS—AVERAGE ACTUAL CLEARANCE TIME

<i>Average actual clearance time</i>	<i>Target</i>	<i>Cumulative performance year to date (February 2007)</i>
Community Care Grants	9 days	9.4 days
Budgeting Loans	6 days	3.4 days
Crisis Loans	2 days	1.5 days
Funeral Payments	16 days	12.7 days
Sure Start Maternity Grants	5 days	4.1 days
Internal Reviews	10 days	9.8 days

Notes

1. Though an Average Actual Clearance Time of two days is shown for Crisis Loans, applications for living expenses must be cleared on the same day as the application is made.
2. The clearance time for an individual Social Fund application is measured in whole working days from the date the application is received until the date the decision is taken (on whether to make an award or a loan offer), plus, if a loan offer is made, the number of whole working days between receiving the applicant's reply to the offer and the recording of that reply. The minimum clearance time recorded for an individual Social Fund application is one day, even if the application is cleared immediately.

KEY MANAGEMENT INDICATORS—ACCURACY

<i>Accuracy</i>	<i>Target</i>	<i>Cumulative performance year to date (February 2007)</i>
Social Fund decisions	80%	92.8%

Source for both tables: Jobcentre Plus Management Information.

March 2007

Memorandum submitted by Suffolk County Council

Thank you for this opportunity to feedback to this session. We have a number of concerns about the operation of the Social Fund in this area. Last year the operation of the Social Fund was centralised for Suffolk residents to Norwich BDC. This is now a telephone based system; an 0845 tel no for general social fund enquires/applications ie Community Care Grants (ccg's) and Budgeting Loans (bl's); and an 0800 tel no for Crisis Loans for living expenses. It is the latter tel no that is causing the most difficulty for customers.

CRISIS LOAN PROBLEMS

The current Crisis Loan telephone based system is clearly failing the most vulnerable in our society.

There is a knock on effect of this failure to local agencies who are having to commit greater amount of resources to meet this shortfall in statutory provision.

For example

From the Community Resource Centre: "*The number of food parcels and free dinners we are having to issue has risen substantially*".

From the local womens refuge: "*These have been chased up by both M and me with VB (SF manager) who was one of our contacts, we have left answer phone messages with VB and to date have not received a reply*".

The delay in answering a call from a customer for a crisis loan is unacceptable. On a recent visit to the SF office we observed the telephony for ourselves as it went "live". The average wait was in excess of 50 minutes. This can be longer on occasion adding to the stress they may already be experiencing. Many of our customers use mobile phones, however many mobile service providers will cut a call after 20 seconds, requiring them to recall the telephone number. Land line telephone calls fair better but for a lone-parent or person with a disability to stand in a phone box for in excess of 40-50 minutes at least must be very difficult.

Example

From the local YMCA: *“Two ex residents came in to see me towards the end of last week telling me their fingers ached from pressing the redial button . . . both residents had become frustrated and eventually very angry”.*

From a CAB outreachworker: *“a young mum at our local mums and tums group had tried for four days without success, I tried for two hours before phoning a SF manager, however they were all out”.* Clearly the escalation route that adviser had been told about hadn't worked.

From the Community Resource Centre: *“a recently released ex offender in need of a payment for basic necessities, his discharge grant being swallowed up in travel . . . we tried continuously between 10.30 am and 3.00 pm but without getting anything but the engaged tone, we provided a meal and food parcel to keep this man from the risk of re-offending”.* Probation Service colleagues have also expressed concern that if applicants are unable to get access to Crisis loans in a timely manner that they may resort to other methods to get the money they need?

DECISION MAKING

We have concerns about the quality of decision making:

Examples

Welfare Rights Officer Customer had Income Support suspended, was refused crisis loan application because she was *“not on a qualifying benefit”*

CAB outreach to Hollesey Bay Prison: *“all the ccg applications had been turned down”* ignoring SF Dir 25(2)(c).

We believe the decision letters sent to applicants are inadequate, they are clearly not individualised; example was two brothers with different needs and requesting assistance with different items received exactly the same letter. Applicants are left wondering why they have been refused a grant.

Standard CCG decision letters state that *“qualifying conditions for a community care grant are not satisfied”*. This suggests that the applicant is not entitled to apply for a grant in the first place rather than reasons why someone should be refused based on the merits of the case. This ambiguity may then put applicants at a disadvantage in pursuing their case further?

There also appears to be unacceptable delays in decision making: Ipswich YMCA were told: *“In my first phone conversation with the CCG office I was informed CCG were taking six to eight weeks”* the worker observed that *“In the meantime this resident has only a borrowed microwave to heat something up with and not very much else. What a way to begin a new life”*.

A SF manager informed me by letter on 29 March 2007 that: *“Please be aware that living expenses applications are to be made by telephone only”*.

This is contrary to the Social Fund Regulations 1988 reg 2 and I am unaware of any alteration to this, furthermore the application form SF401 which can be downloaded from the DWP website still indicates that daily expenses can be sought via a paper application?

Finally part of team work solely with people over the age of 60. They have found that all the older people they have come across are unaware of Community Care Grants which is surprising when much Community Care legislation is aimed at this age group. However, this appears to be consistent with the national picture which shows that less than 15% of older people who could apply for CCG's do! I would suggest therefore that the DWP need to focus on this issue to enable people to remain in their own homes?

I appreciate from a visit to Norwich BDC that the workers there are under significant pressure. However, I am also aware of the impact these operational changes have had on our mutual customers and the workers in both statutory and voluntary agencies. Together with the inconsistent decision making we are still awaiting the promised improvement to customer service.

Please do not hesitate to contact me if you would like any further details or clarification to the above.

CONCERNS RE: COMMUNITY CARE GRANT SYSTEM

Since the operation for dealing with the CCG moved to Norwich, the system has failed us, at the Bury St Edmunds Womens Aid Centre on every occasion. Our residents having fled their homes due to Domestic Violence, rarely have much more than the items they can carry away, when they leave, then what is left is irretrievable as often it is destroyed by the violent partner, or the victim is simply too fearful to retrieve her goods or too far away.

At the end of their stay with us many of the residents are offered a Social Housing Tenancy, which has to be taken up within a short space of time. In fact once the tenancy commencement date is known the woman is usually then less than two weeks away from leaving the Refuge. It is only now; when the tenancy start date and exact address of the property is known that our resident can apply for her CCG. Here in lies the problem.

Since the move to Norwich the applications are taking between six to eight weeks to process, of course leaving a woman, usually with young children in an empty property without even the most basic of needs met for many weeks.

This situation is of course intolerable and inhumane, with a family who have suffered enough being forced to live for weeks in much less than basic conditions.

The Refuge resources are also stretched at this time as we are making many phone calls to the Norwich office to try a chase the grant, then many more begging friends of the Refuge to help out with the loan and transportation of basis living necessities for these families, whilst awaiting grant funding.

Yet another drawback is, in the past we could track the grant application, and would be informed when a decision regarding the amount had been reached. We would then know the guaranteed amount being granted and in many cases could secure a short term loan from family or friends of the Refuge on the basis that the money would shortly be forthcoming, this tracking process is no longer available, again causing much frustration.

The specific cases caused

One single 51 year old was allocated a property by Havebury H A on 19 February. She moved out of the Refuge on 26 February with only a mattress on the floor and a microwave—she heard from the CCG on 22 February only to hear her claim had been turned down for no apparent reason—we therefore appealed and three weeks later heard she was allocated £1,070.00. This lady had been going through weeks of worry. She also accrued a debt from Havebury of one weeks Rent and Council Tax because Housing Benefit no longer overlap benefit on two properties unless you have children under five, or you are over 65 or disabled so again another worry.

Our second case is a lady with four children—14, 12, nine and seven so again no longer eligible for overlap from Housing Benefit moved from the Refuge on 16 March having had her tenancy from 12 March into a three bedroomed house which needed extensive cleaning and decoration with only a sofa bed, a mattress and a second hand cooker and fridge and various items we could muster up. This lady was still waiting to hear from the CCG on 4 April when she was told she again was not eligible for the grant. She contacted the Refuge and we phoned the CCG and asked why and we were told they could not tell us the reason but after a lengthy conversation they said they would look at the claim again—and we were grateful of this—our lady heard on Friday 13 April that yes they would allocate her a grant of £1,800.00 and would be in her account some time this week five weeks after leaving the Refuge.

4 April 2007

Memorandum submitted by A4e

NOTE:

Within the three strands of the discretionary Social Fund this submission focuses on the Budgetary Loans scheme and not on either Community Care Grants or Crisis Loans. A change in the current delivery of Budgetary Loans though would allow the refocusing of both of the other schemes so that those in most need of help are better serviced and looked after.

THE DISCRETIONARY SOCIAL FUND A MAJOR FORCE IN TACKLING FINANCIAL EXCLUSION

1. CONTEXT

There is an emerging consensus across many stakeholders that the present Budgetary Loans scheme of the discretionary Social Fund is significantly out of step with the Government's long-term welfare reform drive to tackle harmful passivity among recipients and to utilise the system to empower and support people to climb out of poverty. As such it is increasingly clear the potential part a reformed discretionary Social Fund could play, along with other elements of the welfare and benefits system including Housing Benefit/ Local Housing Allowance and New Deal, to more effectively support the Government's transformation of the welfare system from one that encourages dependency to one that actively supports people to establish and build assets for themselves to provide a ladder out of poverty. This is key to fundamental national drives such as reducing child, pensioner and generational poverty while removing major barriers to social inclusion.

Within this context the ability to establish a model that transforms the Budgetary Loans scheme into a ladder to inclusion closely linked to complementary initiatives such as account ownership, financial capability, income maximisation and specific product sets such as Saving Gateway and Child Trust Funds, is notable.

In terms of the discretionary Social Fund at present the system operates with a well-recognised set of flaws, including but not exclusively the following:

- it is complicated for users, advocates and front line delivery staff;
- the system encourages passivity among recipients;
- the support is not uniform in accessibility either geographically or in terms of client profile and is therefore “patchy”;
- the administration and operation of Social Fund is relatively expensive to administer;
- the current system is reactive and deals with “symptoms” of financial exclusion rather than tackling the root causes;
- there is significant repeat usage among recipients and no clear “progression” from the use of Social Fund into other more “self-sufficient” services; and
- the Social Fund is in many cases part of a “portfolio” of funds used by the customer to manage debt.

The recently-announced Government increases to the total Fund will in all probability not be replicated in future years and therefore innovative and radical improvements in the operation of the Fund are vital if it is to achieve any success. Equally additional “outcomes” from the Fund will not be achieved solely by levering in further monies from non-Governmental sources, though this is part of the picture, but by focusing on changing the shape of future provision to place the Budgetary Loans scheme at the heart of tackling financial exclusion against the backdrop of welfare reform and the “social contract” of a two-way relationship between “government” and “individuals”.

2. A POTENTIAL MODEL—“BUDGETING LOANS DIRECT”

A reformed Budgetary Loans scheme would need to have sustainability as a key plank of its model to ensure it does not rely on future Government subsidy in order to maintain and grow its total lending pot and meet demand with increased supply.

Although it would be hoped that a “separating out” of the Budgetary Loans scheme to another provider would result in some significant administrative savings, that could be ploughed back into the lending pot, this cannot be relied upon to expand the fund sufficiently and therefore a move to an “interest charge/fee” is necessary. Potentially difficult though this move may be it is also fundamental to support applicants in an attitudinal shift away from being “passive recipients to active consumers”.

An element of charging, however structured, would mean individuals would undergo a sea change in behaviour from being supplicants to a position of being valued customers. This motivation would then be the main driver to radically alter for the better the service experience they undergo.

Note: Interest rates

It is suggested that to support this change the level of interest would necessarily be tightly controlled and subject to Government approval. A cap along the lines of rates currently charged by credit unions may well be appropriate. However, the ability to charge interest will mean that the Fund will not only be self-sustaining but will mean private equity would be able to earn a moderate return on a low risk basis and this could be used to attract funding to expand the Fund in total (see below).

In this service environment potential clients could then seek to access the new Budgetary Loans scheme via distribution channels that they are familiar and comfortable with, mainly telephone or the Internet, and receive an informative, non-bureaucratic service that results in a positive experience for them as a customer.

Key themes underpinning this provision are suggested below:

- Comprehensive screening of potential clients to ascertain if Community Care Grant or interest-free Crisis Loan is more appropriate.
- Focus on provision of clear, concise information on all aspects of a loan, including FSA-guidance on Key Facts such as interest rate, total repayment amount, repayment period (and therefore crucially “affordability” to the client within their own budgeting), ability to reschedule terms, so the client can make an informed choice.
- Integration with other key initiatives such as increasing access to bank accounts, face-to-face money/debt advice and other spurs to action such as the Child Trust Fund or the Saving Gateway, for instance all loans would be paid into an account and if an applicant had no account they can be supported in opening one with an account provider of their choice.
- Quick, efficient process with immediate “in-principle” decisions and fast completion.
- Signposting to other services as appropriate if client is in need of money/debt advice or support with financial capability.
- Service excellence as standard.

Service Linkages

The Saving Gateway in particular would be helpful in supporting the borrower to avoid further use of loans by building of assets. For instance the borrower could be given the choice of extending their period of repayment into the establishment of a savings account with the Gateway.

In order to prevent clients from becoming “revolving clients” and applying to the Fund continually, and to work with those already in that position, a clear link would be made by the service provider to increasing the potential borrowers financial capability.

Upon an individual’s first application they could be “signposted” to relevant support, such as a Generic Financial Advice service or a local provider such as Citizens Advice, AdviceUK or third party provider. The borrower could also be offered an individual welfare benefits check to ensure the maximisation of their income.

If this was an individual’s second or more application to the Fund then they could be offered greater support to enable an improvement in their financial circumstances.

The key point being that there are points of intervention and interaction where the individual can be provided with the help necessary to avoid repetition and positively alter behaviours.

3. INCREASING FUNDING IN THE NEW BUDGETARY LOANS SCHEME

It is clear from the experience of the present Budgetary Loans scheme that demand for loans exceeds current supply. Although the Government is in the process of increasing its total funding available, as previously announced, it is also clear that this is unlikely to happen again and therefore it will be necessary to attract other forms of funding into a reformed Budgetary Loans scheme to enable it to grow and meet customer demand.

The ability to use current Budgetary Loans spending as a lever to attract further external funding is being investigated by several stakeholders including the Resolution Foundation. Institutional investors, the high street banks etc are possible avenues of approach but there are also innovative alternatives that should be pursued including the peer-to-peer social lending model.

Social peer-to-peer lending—the Zopa model

This model, typified by innovative UK institutions such as Zopa, is a tried and tested solution that seeks to replicate the success of Internet marketplaces by creating an Internet marketplace for money, the ebay for money if you like.

By cutting out the huge overheads in current bank retail lending social peer-to-peer lending can make very attractive rates available to both lenders and borrowers, the marketplace earns money in the form of extremely low fees to both lenders and borrowers.

Social lending is a financial category of genuine and increasing importance and the power of the Internet in bringing people together quickly and safely is making it possible to deliver on a very large scale.

Risk to lenders is reduced by factors such as spreading their funds across a number of borrowers and the entering into of a legally binding contract in each transaction, these are electronic and are not a barrier to speed of process.

The approach of using individuals, rather than City institutions, as sources of capital is already a tried and tested method of raising funds in Government terms as is demonstrated by the history of premium bonds. In essence individual citizens are prepared to lend significant sums of money on the basis of low risk, low return to achieve a common good. This may well be an avenue worth investigating.

4. CULTURAL APPROACH, SERVICE THEMES AND OUTCOME ASPIRATION

To summarise A4e’s submission on the potential for innovative reform to the Budgetary Loans scheme within the discretionary Social Fund, the following themes can be identified:

- Retain a strong cushion of Crisis Loans and Community Care Grants to safeguard health and safety of the most vulnerable.
- Maintain national coverage with a well understood distribution channel that is fast and easy to access and navigate for clients.
- Migrate Budgetary Loans provision away from the current net to become first rungs on the ladder to financial inclusion and out of dependency.
- Create and stimulate a competitive market for the provision of financial products, particularly short-term lending, to the current sub-prime sector to drive down the cost of products over time and tackle the problem of the poorest people in society paying the most for their financial services.
- Increasing the effectiveness and consistency of the service to the customer (access to all who are in need of support with parity).

- Increasing the financial independence of customers and changing behaviours from dependency on “benefit-loan” entitlement to “informed choice”.
- Change the behaviour of loan recipients to informed consumers of appropriate financial services and products.
- Reducing the cost of administration of the service.
- Introduce “private equity” into the Budgetary Loans scheme to create—over the medium to long term—a self-replenishing fund which does not require Government funding and operates with integrity at ethical lending rates for its target market.

CONCLUSION

Any solution to the broader issue of tackling financial exclusion and offering an opportunity to provide a fresh approach to the Budgetary Loans scheme in particular must address some key challenges. It needs to be practicable in terms of having the scale to cover the current loans scheme “footprint” (ie geographic access across the country), service a high volume of the client cohort and be a delivery model that mitigates the risk of not meeting client, and stakeholder, expectations.

Thematically it must also be able to deliver on the key tenets of radically improving access to affordable credit for those most in need, while acting as an empowerment tool to support individuals to move out of poverty.

5 April 2007

Memorandum submitted by Citizens Advice Scotland

INTRODUCTION

1. Citizens Advice Scotland (CAS) is the umbrella organisation for Scotland’s network of 76 CAB offices. These bureaux deliver frontline advice services throughout the country—at over 200 service points—from the city centres of Glasgow and Edinburgh to the Highlands, Islands and rural Borders communities.

2. Problems relating to the Social Fund are a major concern for the Scottish CAB service. CAS has long campaigned for reform of the fund to ensure that it provides access to affordable credit for those on low incomes which cannot stretch to sudden, unplanned expenses.³ We therefore welcome this opportunity to contribute to the Work and Pensions Committee’s one-off evidence session examining the Social Fund.

3. In 2005–06, the 76 Citizens Advice Bureaux across Scotland dealt with a total of 442,550 enquiries. The largest area of enquiry related to social security benefits, accounting for 31%—or nearly one in three—of all enquiries. Of the benefits enquiries brought to bureaux, 6% specifically concerned the Social Fund and an additional 2% related to benefit debts (a category which includes Social Fund loans).

4. Additionally, because the Social Fund is not meeting need, bureau clients are sometimes having to borrow from alternative high-interest credit sources. In this context, it is important to note that consumer debt is the biggest single issue brought to bureaux. In 2005–06, Scottish bureaux dealt with a total of 61,597 enquiries relating to consumer debt, representing nearly one in seven of all enquiries. The amount of debt bureaux dealt with last year rose to nearly £212 million, an increase of 25% on the previous year.

5. Our submission is based on the actual experiences of CAB clients, anonymised and presented as client case evidence. This is made possible by the CAB service’s social policy feedback mechanism by which bureaux throughout Scotland highlight the problems in their area by sending in specific case examples that are indicative of wider issues.

6. This submission focuses on those areas of the Social Fund about which we have the most client evidence, namely the three strands of the discretionary Social Fund: Community Care Grants, Budgeting Loans and Crisis Loans. It starts by looking at problems that bureau clients are facing in relation to accessing the Social Fund, namely the Crisis Loan telephone application system, refusal of awards, insufficient awards and repayment of awards. It then examines problems in relation to administration of the Social Fund, namely errors, delays in payment and the impact of the transition to Jobcentre Plus.

PROBLEMS WITH ACCESSING THE SOCIAL FUND

The Crisis Loan telephone application system

7. The Crisis Loan telephone application system is failing to meet the needs of our most vulnerable clients, and issues relating to this system represent a significant and ongoing problem. The phone lines are frequently engaged for lengthy periods of time, meaning that clients and advisers are simply unable to get

³ *Missing the target*, CAS, 1988; *No faith, no hope, try charity: A report on the practical effects of the Social Fund on CAB clients*, CAS, 1992; *No help, No home*, CAS 1994; *Submission on the Social Fund to the Social Security Select Committee*, CAS, 2002.

through and start the claiming process. Additionally, the 0800 claim numbers can be prohibitively expensive from mobile phones. Some clients—who have specifically chosen to have mobiles as a budgeting tool—cannot afford the call or are forced to wait for so long in the claim queue that they run out of credit. These problems can result in severe financial hardship, and bureaux have seen an increasing number of destitute clients for whom they have to arrange emergency social work payments and charitable food parcels:

A South of Scotland CAB reports of a female client who has a disability and wanted to apply for a Crisis Loan. She had repeatedly tried to phone the application line and been unable to get through. She went to the social work department who told her they did not have time to deal with her and she would have to keep trying the Crisis Loan line for as long as it took. The bureau was also unable to get through and reports that unfortunately they have no “CAB only” number.

A North of Scotland CAB reports of a male client in his 30s in receipt of Disability Living Allowance. He had been trying unsuccessfully to get through to the Crisis Loan application line for five days. He had been borrowing money for food but had run out of options and was getting desperate. He came to the bureau to ask if he could use the phone to continue trying the application line—the bureau made a phone available but he was still unable to get through. Eventually a Crisis Loan was made for £18.45 and the paperwork was faxed to the bureau for the client to sign and send back.

An East of Scotland CAB reports of a client who had his room broken into and his money stolen. He was unable to get through on the Crisis Loan application line and then ran out of credit on his mobile phone. He was not able to use the telephone at the local Jobcentre Plus as they had a risk assessment done which had stated that there is a risk to staff and the public in allowing Crisis Loan claimants to use their phones, as claimants who are refused Crisis Loans may become violent.

8. These problems are exacerbated by the fact that some local Jobcentre Plus offices are refusing to deal with paper forms, despite the fact that the Social Fund regulations retain people’s rights to make clerical claims:

A South of Scotland CAB reports of a client who was in need of a Crisis Loan. His local Jobcentre Plus had refused to fax his claim. The bureau tried to contact the claim line, but it was permanently engaged.

9. The impact of failures in the phone application system are felt by bureaux, as well as clients, as they are seeing an increasing number of clients requiring help with their applications, putting additional pressure on limited resources:

A West of Scotland CAB reports of a client who had been advised by Jobcentre Plus to apply for a Crisis Loan and given the number. The client had no phone or mobile and came to the bureau to ask if they could apply for him. The adviser spent 45 minutes trying to get through but was unable to access the service.

Refusal of awards

10. Social Fund awards are being turned down in such a way that the system is not meeting the needs of people in the intended target groups. A key issue is the inconsistencies that can arise from the discretionary nature of the fund:

A West of Scotland CAB reports of an older client with diabetes, arthritis and depression. She applied for a Community Care Grant for a cooker, washing machine and fridge as she was unable to do her washing, store fresh food or cook hot food. She was turned down for all items as they were not considered priority needs.

A South of Scotland CAB reports of a client in severe financial hardship. She is diabetic and needs to eat regularly three times a day. Her Crisis Loan application was turned down on the grounds that “food is not an emergency”.

11. All Social Fund payments—apart from Crisis Loans—require claimants to be in receipt of one of a limited number of benefits. Consequently, clients with demonstrable need who are not in receipt of these specific benefits can be ineligible for Social Fund payments, resulting in severe hardship:

A North of Scotland CAB reports of an older couple who had moved to a new council house and had no money for furniture. As they were not in receipt of Pension Credit, they were not eligible for a Budgeting Loan.

A North of Scotland CAB reports of a client with mental health problems who had been allocated a housing association flat after leaving a homeless unit. Without money to buy essential items, he felt he would have to turn the flat down. However, because he received Incapacity Benefit and Disability Living Allowance—not Income Support or Jobseeker’s Allowance—he was not eligible for a Community Care Grant.

Insufficient awards

12. An additional problem for clients accessing the Social Fund occurs when they are awarded a loan or grant, but it is insufficient for their needs.

A West of Scotland CAB reports of a client who was very distressed because he had been trying for some days to make a Crisis Loan application by phone. With the adviser's help he was finally granted a loan—but as it was for just over £26, he would have to reapply in three days:

A West of Scotland CAB reports of a client who had been told her benefit claim was delayed and would take four weeks to process. She was awarded a Crisis Loan of £46.90 to cover a one week period, and will then have to reapply for an emergency payment.

Repayment of awards

13. Case evidence indicates that some clients are being granted Social Fund loans which they are then struggling to repay, thus aggravating rather than alleviating their financial hardship:

A West of Scotland CAB reports of a client with mental health issues on Income Support. He had five children and had applied for a Budgeting Loan. He was awarded a loan of £224, which the DWP planned to recover at the rate of over £44 per week from his income support.

A South of Scotland CAB reports of a lone parent client with a 12 week-old baby. Her tax credits had not been paid for four weeks and she had no other income. She had a previous Crisis Loan of £40, but was unable to meet the payments. Another Crisis Loan cannot be considered until the first one has been paid off.

PROBLEMS WITH ADMINISTRATION OF THE SOCIAL FUND

Administrative errors

14. Case evidence indicates that administrative errors in the operation of the Social Fund—such as the provision of incorrect forms or poor advice by DWP staff—can cause vulnerable clients distress and financial hardship:

A West of Scotland CAB reports of an alcoholic client who had just been discharged after a 12 week hospital stay. The social work department had cleaned his flat and thrown away his carpets. He went to the local Jobcentre Plus to request funds for replacement carpets, where he was given a Crisis Loan form and told to go to a CAB for help completing it. The adviser told the client that it would actually be a Community Care Grant that would be most suitable for him to claim, and called the DWP to request the relevant forms.

15. The following case demonstrates how administrative errors originating in relation to a client's other benefit claims can also have a negative impact on their ability to access the Social Fund:

A West of Scotland CAB reports of a client who had been on Jobseeker's Allowance (JSA) for nine months. He had applied for a Community Care Grant and a Budgeting Loan to buy furniture for his children who stay on weekends, but had been turned down on the grounds that he was not in receipt of a qualifying benefit. However, he should have been moved from contribution based JSA to income based JSA after six months, which would have made him eligible for the Social Fund. The Jobcentre reported that this was a clerical error resulting from a failure to update their systems.

Delays in Payment

16. Delays in the processing of Social Fund claims are also an area of concern, as they mean that essential funds are not reaching vulnerable clients at the point of need. This is particularly problematic in the context of vulnerable clients who turn to Social Fund payments—particularly Crisis Loans—during times of acute stress and hardship:

A North of Scotland CAB reports of a client who was recovering from an operation. She had moved into a flat with no furniture or cooking facilities. She had applied for a Community Care Grant, but this was going to take a further 10 days to process due to staff shortages.

A West of Scotland CAB reports of a client who had been awarded a Crisis Loan of £150. The award had been made three weeks previously, but she had still not received the money and was desperate.

A West of Scotland CAB reports of a client who was pregnant and whose bed had been damaged when her house was burgled. She had applied for a Crisis Loan and was turned down. After appealing she was awarded £400, but the DWP mislaid a signed declaration thus delaying payment. When she came to the bureau, the loan had been in process for eight weeks and the client was about to lose the deposit she had paid on a new bed.

The transition to Jobcentre Plus

17. Administrative problems relating to the Social Fund have been exacerbated in recent months during the transition to Jobcentre Plus. Clients have been reporting severe delays in the time taken to process their benefit claims and get them into payment—this has resulted in severe financial hardship and increasing numbers of clients requiring “stop-gap” Crisis Loan payments:

A South of Scotland CAB reports of a client who had been recently discharged from prison. He had submitted an application for Income Support and Incapacity Benefit, but nearly three weeks later these had not been processed. He had applied for and been granted a Crisis Loan, but had also not yet received that.

18. The move to Jobcentre Plus has also involved the centralisation of services and the closure of local offices. This has proved problematic for some clients, particularly those in rural areas, who have to travel significant distances to pick up Crisis Loan payments. This can prove both time-consuming and expensive, and poses specific barriers for clients with reduced mobility:

A North of Scotland CAB reports of a client who had had problems accessing her Post Office card account, who had to wait almost a week for a new PIN to be issued. She applied for a Crisis Loan to cover food and heating, and was told she had to travel to Inverness for an interview and to receive payment. She came to the bureau in a very agitated state as the journey costs nearly £5—she had no money and knew nobody who could lend it to her.

CONCLUSION

19. Client case evidence indicates that—due to both the regulatory regime surrounding the discretionary Social Fund and problems with its administration—there are vulnerable CAB clients in demonstrable need who are not able to access the fund. In fact, the current system frequently acts to exacerbate rather than alleviate poverty.

20. The Social Fund is an essential lifeline to people on low incomes who are unable to afford unplanned, one-off expenses and who cannot access affordable mainstream credit. Consequently, it is vital that the Social Fund is accessible, efficient and well-resourced, if it is to help contribute to the Government’s goals of combating poverty and social exclusion.

13 April 2007

Memorandum submitted by Independent Review Service (IRS)

ABOUT THE INDEPENDENT REVIEW SERVICE (IRS)

1. This organization provides the independent grievance process for applicants to the discretionary Social Fund, by way of a review. In the last year we completed around 22,500 reviews from across Great Britain; changing around half of the decisions made by the Jobcentre Plus. Our position as an independent national organisation gives us a comprehensive overview of Social Fund delivery. From our casework and our contacts throughout Great Britain, we identify common problems and observe wide diversity in the standards of decision making and customer care which are provided by the Jobcentre Plus across the country. Our findings are collated and fed back regularly to decision makers and senior managers in Jobcentre Plus.

2. The Social Fund Commissioner reports annually to the Secretary of State. His report most recent published report is attached; this says more about the organization, the independent review and our findings. Pages 34 to 38 are particularly relevant.

SUMMARY

3. The Committee will be aware of the Jobcentre Plus’ plans to centralize its social fund operations in 20 sites across the country, and its shift towards telephone contact with customers. I am supportive of these aims as, if carefully managed, they offer the opportunity for higher standards of decision making and service as well as much greater consistency. To achieve this, I believe it is important to ensure that people in need have ready access to apply to the Social Fund; their treatment should be fair and equitable, wherever they live; they should get a correct decision promptly; and the service they receive should be helpful and appropriate to their needs.

4. I am conscious of the magnitude of the Jobcentre Plus’ transformation of business and the efforts of its staff in this regard. It is, necessarily, a lengthy programme and its benefits may not be fully realized by its customers for some time. However, some acute problems do need urgent attention. Based on the casework we see and the regular contacts we have with advocates and organizations that represent applicants to the Social Fund, I believe that significant improvements are necessary to deliver the

appropriate level of service to the public. In particular, I have concerns about:

- The difficulties people have when applying for crisis loans. By definition, these are needed at times of great vulnerability.
- The quantum and distribution of the Community Care Grant budget. In many areas, the budget is not sufficient to meet all high priority qualifying needs. In addition, the formula by which the budget is distributed to districts leads to significant inequity between different parts of the country. This contributes to wide disparity in decision making and different outcomes for people depending on where they live.
- The quality of Social Fund decision making needs to improve overall. In some areas, where standards are particularly poor, significant improvement is necessary.

ACCESS TO CRISIS LOANS

5. I have seen for a number of years the barriers people encounter when trying to access the Social Fund. I have raised these issues in my annual reports to the Secretary of State.

6. The facility to make an application for a crisis loan by telephone was introduced several years ago. The Application Regulations and the directions make it clear that this is in addition to the existing legislation allowing applications in writing. When working well this is a positive move and is something the IRS actively supports. The process for making crisis loan applications by telephone is commonly termed Crisis Loan Direct (CLD); each Benefit Delivery Centre is responsible for the CLD for its area. Unfortunately, there are substantial and widespread problems for customers trying to apply for a crisis loan by telephone. These include:

- the inability to get through on the CLD telephone number to make an application;
- inappropriate corroborative evidence demanded routinely by CLD decision makers, such as police crime numbers where the applicant has lost his money, before an application is accepted;
- the refusal of payments for reasons that are not legally sound, for example, because the applicant has not had a work focus interview;
- the failure to record a decision to refuse an award which means the applicant has no right to a review;
- the difficulties people face getting to a Jobcentre to collect a payment following a successful telephone application, especially in rural areas; and
- no facility to make a review request by telephone, thus preventing the urgent review of such cases.

7. I have received numerous complaints from applicants and their representatives about the difficulties they face in getting through on the CLD telephone numbers. In order to establish the facts my office has undertaken two studies of the CLD telephone lines. This included the offices about which we have received the most complaints. In the second test between 1 February and 1 March 2007 the IRS made 478 telephone calls to eight different offices at different times of the day. Only 23 (4.78%) of these calls were successful, 20 of which were to the Newcastle number. This means that the success rate for the remaining calls was less than 1%. On 260 occasions our caller received a recorded message—usually “all lines are busy” and on a further 174 occasions the line was engaged. Of the numbers included during both rounds of tests, only Newcastle showed an improvement. This still only resulted in a successful call rate of 33%. Appendix 1 shows the full results.

8. These results represent very poor service for customers in crisis. This is particularly worrying in light of the many other barriers people face in accessing the Social Fund and its grievance process. I believe the Chief Operating Officer of the Jobcentre Plus shares my concerns. He has advised me that he intends to undertake a review of the accessibility of the telephone process and has asked the IRS to take part in this review. This is clearly sensible and we will offer whatever help we can, but the solution will almost certainly involve additional resources.

9. The CLD numbers are freephone numbers, which means that callers using a landline are not charged for using this service. However, customers using a mobile phone are charged at the normal rates of their provider. It is not unusual for an applicant to wait in a CLD queue for at least 20 minutes before he can speak to someone to make his application. I understand that decision makers offer to call people back when they are using mobile telephones. However, the caller may already have accrued a large bill whilst waiting to speak to someone.

10. In the absence of effective telephone access to crisis loans, it is vital that applications can be made in writing or in person and that other barriers are removed. In many areas we hear that the only acceptable route for making crisis loan applications is by telephone. Written applications are not accepted, including forms downloaded from Jobcentre Plus’ website and people are generally not allowed to visit a Jobcentre Plus office to apply. Applicants and representatives are often told that crisis loan applications have to be made by telephone. Until telephone access is resolved, there is a need to ensure that written applications are accepted and that applicants are not denied access to a Jobcentre to collect or hand in an application or to have help with its completion. The present situation does not measure up to the statement in the latest DWP Business Plan about customer choice.

11. The agreement between Jobcentre Plus and Trade Unions that Social Fund should only be discussed in an office with a screened environment adds to the access problems for applicants. It causes inconvenience, extra travelling and refusal of entry to offices when people are at their most vulnerable and without money. Given the fundamental changes to the business operations in Jobcentre Plus, I believe it is essential that the practice regarding Social Fund and screened environments is revisited as a matter of urgency.

12. In some areas a backlog of Jobseekers Allowance and Income Support benefit processing has resulted in a high number of applications for crisis loans pending a benefit decision. This is inappropriate use of the Social Fund loans budget, which impacts on the amount of budget available for budgeting loans. It also means that applicants build up a Social Fund debt that is unnecessary if benefit is processed appropriately. This process of “alignment” continues to be unsatisfactory and should be resolved. Interestingly, the Social Security Agency in Northern Ireland has had considerable success in tackling this.

COMMUNITY CARE GRANT BUDGETS

13. The amount of the Community Care Grant budget overall is inadequate to meet all high priority qualifying needs across the country throughout the financial year. Out of the total 78 districts in 2006–07, 20 were unable to meet all their high priority needs; a further 35 districts, while meeting high priority needs, routinely restricted prices. Only 23 districts met high priority needs without restrictions. My office carried out some analysis of the budget and estimated that a further £18 million would need to be added to the national grants budget to meet all high priority needs with restrictions on amounts, or a further £67.5 million without restrictions.

14. The formula by which the budget is distributed to districts leads to significant inequity between different parts of the country. At one end of the spectrum, one district has £366.41 for each application it receives, while at the other end a district has £158.94. This contributes to wide disparity in decision making and different outcomes for people depending on where they live. This can affect the amount of award and indeed whether an award is made at all.

QUALITY OF DECISION MAKING

15. In 2005–06, Inspectors reviewed around 20,000 decisions, made in Jobcentre Plus. They found that 51% of decisions contained a fundamental error and overturned more than half the decisions they reviewed. Reviewing Officers in Jobcentre Plus had already changed around 48% of the first line decisions. This suggests that decision making standards in Jobcentre Plus overall need to improve significantly. It is also clear from our records that standards vary from district to district; during 2006, the proportion of decisions found to be correct ranged from around 7% to 72%. Appendix 2 provides a snapshot of Inspectors’ findings from 2006 and highlights accuracy results by region.

16. We know that there are backlogs in some areas, both at initial application and review stage that mean applicants have to wait for an unacceptable length of time for a decision. There are also individual practices in some parts of the country, which disadvantage applicants, for example, failing to gather necessary information, making applicants produce unnecessary information such as crime numbers or estimates for repairs to items needing replacement and the failure to conduct review interviews. These are likely to have an impact on the overall results.

17. The IRS has been working with Jobcentre Plus on a national quality assurance standard for the quality of decision making; we are currently discussing proposals for a revised quality checking regime and IRS independent validation of Jobcentre Plus’ quality checks.

RECOMMENDATIONS

18. I would welcome the Committee’s consideration of the following recommendations:

- Acute problems for applicants seeking to access the crisis loan telephone lines need to be remedied urgently and the facility for written applications needs to be retained universally.
- Jobcentre Plus should issue a service standard for the handling of crisis loans, including access, waiting times, and accuracy of decisions.
- Further discussions should take place between Jobcentre Plus and Trade Unions regarding screened environments, to reflect the revised business arrangements.
- The formula for the distribution of the community care grant budget should be revised to provide a more equitable geographical distribution.
- The quantum of the social fund budget should be increased so that all high priority qualifying needs can be met.
- Jobcentre Plus should be encouraged to commit to improve the quality of decision making via appropriate quality assurance, improvement strategies and external validation of decision making.

Sir Richard Tilt
Social Fund Commissioner
Independent Review Service

APPENDIX 1**IRS CALLS TO CRISIS LOAN TELEPHONE LINES**

1 FEBRUARY 2007 to 1 MARCH 2007

(bold figures show the results of earlier tests—1 November 2006 to 22 December 2006)

	<i>Birmingham</i>		<i>Glasgow</i>		<i>Milton Keynes</i>		<i>Newcastle</i>		<i>Newport</i>		<i>Norwich</i>		<i>Manchester</i>		<i>Sheffield</i>	<i>Total</i>
Calls	60	58	59	48	59	57	60	58	60	58	60	57	60	60	478	367
Answered 7-10 rings	0	5 (9%)	0	2 (4%)	0	5 (9%)	20 (33%)	15 (26%)	2 (3%)	3 (5%)	0	0 (0%)	0	1 (1.7%)	23 (4.8%)	36 (10%)
Line engaged	22	(51)	0	20	0	0	14	0	57	55	56	1	0	25	174	149
No reply	0	1	3	3	1	12	3	2	0	0	0	0	3	5	15	20
Recorded message	38	1	56	18	56	34	23	41	1	0	0	4	57	29	260(*)	99
Placed in queue	0	0	0	5	2	6	0	0	0	0	4	52	0	0	6	63
Place in queue	-	-	-	11-14	n/k	n/k	-	-	-	-	n/k	n/k	-	-	-	-

(*) On all but two occasions, the message advised that all lines were busy and the caller should phone back later. On the other two occasions, callers were advised that the office was closed and gave details of the opening hours; both of these calls were made before 4 pm when the office should have been open.

APPENDIX 2**QUALITY OF DECISION MAKING IN JOBCENTRE PLUS
INSPECTORS' FINDINGS FROM April TO SEPTEMBER 2006**

<i>Quarter Ending June 2006</i>	<i>Inspectors' Findings—% Correct</i>			<i>BLs</i>
	<i>Overall</i>	<i>CCGs</i>	<i>CLs</i>	
National	44.3%	38.1%	53.5%	82.7%
East Midlands	54.8%	47.9%	69.2%	80.0%
East of England	49.6%	48.8%	37.5%	81.8%
London	34.7%	28.0%	47.4%	79.2%
North East	56.0%	50.0%	63.6%	85.7%
North West	41.6%	37.5%	42.0%	81.6%
Scotland	49.3%	44.1%	55.1%	81.8%
South East	19.5%	11.9%	46.7%	79.2%
South West	55.1%	53.4%	40.7%	100%
Wales	33.7%	27.1%	51.3%	85.7%
West Midlands	64.0%	56.7%	78.8%	97.1%
Yorkshire and Humber	57.0%	53.4%	60.6%	74.3%

<i>Quarter Ending September 2006</i>	<i>Inspectors' Findings—% Correct</i>			<i>BLs</i>
	<i>Overall</i>	<i>CCGs</i>	<i>CLs</i>	
National	42.3%	37.9%	51.5%	64.7%
East Midlands	55.8%	55.2%	55.9%	66.7%
East of England	54.2%	53.7%	53.3%	61.5%
London	42.3%	37.3%	48.0%	67.7%
North East	56.7%	57.9%	51.7%	64.3%
North West	43.0%	40.5%	42.0%	67.7%
Scotland	50.1%	48.6%	51.3%	60.0%
South East	6.0%	2.8%	31.8%	64.3%
South West	64.0%	67.6%	47.4%	70.0%
Wales	41.2%	35.4%	55.1%	56.3%
West Midlands	59.7%	57.5%	64.6%	66.1%
Yorkshire and Humber	47.9%	44.0%	57.0%	58.3%

13 April 2007

Memorandum submitted by Wolverhampton City Council

We are very concerned about the deteriorating service from the Social Fund for the Wolverhampton area, especially for Community Care Grants and Crisis Loans.

We have always had good links with, and co-operation from, the local DWP Office and from the Pensions Local Service and this continues. Administration and decision making for the Social Fund's Community Care Grants, and for Crisis Loans, have been removed from the local Wolverhampton DWP Office. Re-organisations and re-location of Social Fund work away from the local DWP office in Wolverhampton have made it difficult to find anyone within DWP's local or regional management who has responsibility or authority for the administration of Social Fund. In this document, I am summarising the experience of nine community welfare rights officers, each of our Welfare Rights Officer is based within a specialist social work team (some teams are joint health and social services teams).

From around July 2006, all Social Fund work seems to have been "centralised" to the DWP office in West Bromwich. Social Fund work for the Black Country boroughs (Wolverhampton, Sandwell, Walsall and Dudley) has now been centralised at the DWP office in West Bromwich.

The resources to manage this work do not appear to have followed. We understand that most of the experienced and trained social fund staff did not move with the service and our experience was that at times during the summer 2006 the absence of trained staff meant that the service hardly existed. We understand that relocation to West Bromwich is itself a temporary arrangement and, during 2008, the work will once more be transferred to a regional centre in Aston, Birmingham. We very much fear that the same delays and upheavals will be repeated all over again in 2008.

COMMUNITY CARE GRANTS: (APPLICATIONS)

The time taken to make a decision for Community Care Grant applications has lengthened. Following the move to West Bromwich from July 2006 until about December 2006, average waiting times were from six to eight weeks between an application and a decision for Community Care Grant. By March 2007, delays in dealing with initial grant applications are now reduced to around three weeks. Delays were blamed on the absence of trained decision making staff and delays in recruiting and training new recruits following the move to West Bromwich. Why were these problems not foreseen?

Community Care Grants are specifically targeted by the qualifying rules at vulnerable people with no resources who have to be in receipt of Income Support. Amongst other conditions, they have to show that they are families under "exceptional pressures" or individuals at risk of entering "institutional or residential care" or needing help to leave institutional or residential care and set up a new home or return to their family home.

The consequences of these delays—especially for those people who are supported in the short-term by our hospital discharge social work team or, in the longer term, by our community mental health or adult learning disability teams—is unnecessary hardship for individuals and families who are already vulnerable.

Delays with Social Fund also cause unnecessary expenditure from the Social Services budget and lengthen hospital stays. Our hospital social work team regularly experiences delays in moving people back to their homes or into suitable adapted accommodation because of the time taken to process Community care grants. In some cases this means people moving out of hospital bed into residential care, temporarily, whilst they wait for a grant decision.

Welfare Rights Service has now been given direct phone numbers so that we can speak to the Social Fund Manager at West Bromwich about specific urgent cases. This is not a long-term solution, we are in a position of "queue-jumping" by prioritising "our" cases over others who are unrepresented, or supported by other non-specialist staff, and of equal urgency. All successful Community Care Grant applications are, by definition, of a high priority in order to meet a need or crisis in the immediate future for a vulnerable person or their family.

COMMUNITY CARE GRANTS (REVIEWS)

(a) From Autumn 2006 there have been continuing problems with the conduct of reviews as a result of an initial decision to refuse a Community care grant. The loss of experienced staff also meant not enough decision makers to deal with reviews. From December 2006 an extraordinary situation arose—again we discovered it quite by accident only when our own clients began to receive a standard letter in response to request for a first tier review. The Social Fund office decided that they could not cope with reviews and would send the work to the Independent Review Service.

(b) We have no quarrel with this arrangement in principle. However, instead of passing on the case files direct to IRS as and when review request were received, the Social Fund office issued a standard letter to claimants which went through the motion of formally refusing every review request (see attached copy dated 2 December 2006) and which put the onus on the claimant to contact the IRS. We have examples of Social Fund taking over three weeks from receipt of claimants review request just to issue this standard letter—and

a further three weeks to get the case files to the IRS. We found a number of clients who had not understood the letter and had not pursued the matter further. We understand that this situation continued until March 2007.

CRISIS LOANS

(a) A free-phone, 0800 number is now the only available way to apply for a Crisis Loan from the West Bromwich Office. No application forms are made available by the DWP local offices in Wolverhampton. Crisis Loans are not accessible via a face-to-face visit to the local DWP office in Wolverhampton for those who cannot manage forms and phones.

(b) For a typical example: A Lone Parent, supported by our Community Mental Health Team and with a child with severe behavioural difficulties, had lost her purse. She attended her local Wolverhampton DWP office to enquire about a Crisis Loan. Application Forms were refused and an interview appointment was not offered, she was escorted from the DWP office premises by the security guard with the instruction to ring the Social Fund number from a public call box. She was effectively abandoned in the centre of Wolverhampton without bus fare home and with her distressed child. Fortunately her enterprising social worker was able to collect her and also managed to download the Crisis Loan application form from the DWP website.

(c) The situation for people with no resources, waiting for a decision on a new claim for Incapacity Benefit and Income Support is of special concern. There has been a tendency for both Social Fund and the local DWP Jobcentre Plus Office to deny responsibility so that the penniless claimant is left bouncing between the two agencies of the DWP.

(d) A new claim for Incapacity or Income Support will take between seven and 14 days from initial contact with Call Centre. During that period, if the claimant contacts the local office or the Jobcentre they will be told *"not our responsibility, you have to phone the Crisis Loan 0800 number"* but the Social Fund Crisis Loans have regularly refused to deal with people (when they have eventually got through!) on the grounds that *"you should be getting interim payments from Income Support"* and also because *"we don't know if you will qualify for benefit therefore how can we be sure we can recover the loan?"* We can verify that both of these comments have been confirmed by Social Fund directly to ourselves as justifiable reasons in their view for refusing to consider Crisis Loan. As there is no written decision, there is no realistic chance of appeal or review, unlike Community Care Grants.

(e) Equally worrying is the access question. A claimant at the Jobcentre is told that his Income Support/ Incapacity Benefit claim may take seven to 10 days, he says *"what about some money in the meantime?"*, The Jobcentre staff say *"go away, phone this 0800 number for Crisis Loan"*. No attempt is made by Jobcentre to make the call themselves (thereby verifying to Social Fund that a valid claim has been made but can't yet be paid). Apparently Jobcentre Plus have no way to contact Social Fund Crisis loans in this situation—save hanging on to the engaged 0800 number themselves?

(f) The 0800 free-phone is, it seems, on most days unable to cope with the volume of calls. After choosing an option, the phone line just cuts off if after a set number of rings if it is not answered. Calls to the Crisis Loan section regularly go unanswered! This has been the situation virtually the whole period since summer 2006, it is no better in March 2007. The recent experience of two single males who were discharged by the local psychiatric hospital (24 March) and were awaiting the result of new claims for Incapacity Benefit and Income Support was that the 0800 number was continually engaged for several days, and this was verified by Hospital ward staff and by the duty officer at their Community Mental Health Team, who also tried to ring for them.

(g) The Crisis Loan element of Social Fund is in effect no longer available to respond and meet the emergency needs of vulnerable local people, as Parliament intended when the Social Fund was created. An application by phone is virtually impossible on many days, paper applications are impossible because the DWP local offices will not issue application forms nor will the DWP make appointments for interview at the local office to take applications (not even at the request of our Hospital Social Work Team for people without funds who are being discharged on that day).

UNANSWERED CALLS

With the Social Fund Lines regularly engaged for long periods. We understand that many frustrated people (those waiting for a Community Care Grant decision or those needing to apply for a Crisis Loan) have been phoning their local DWP office. Unfortunately the local Wolverhampton DWP office cannot forward their calls to West Bromwich, cannot access any information from Social Fund (such as what's happening to their application); cannot say how long it may take for a decision; cannot take an application for a Crisis Loan.

SOCIAL FUND 2007–08

1. In the longer term, we are concerned about the budget implications for the allocation of funds to Community Care Grant for 2007–08. Each local area has a fixed budget for Community Care Grants. If the budget is under-spent it can be re-allocated to other areas which have higher than expected pressures and with the result that, in the next financial year, the budget allocation for Wolverhampton could be reduced.

2. If Wolverhampton people are prevented from applying for grants or crisis loans from Social Fund, and prevented from discussing an application (for instance in order to determine whether they need to provide further evidence to support a successful claim) then the numbers for Wolverhampton are likely to indicate (artificially in our view) a fall in demand for Community Care Grants and Crisis Loans. We are concerned that future staffing and spending budgets could be put at longer term risk by the current problems with access to the Social Fund.

3. The use of centralised telephone call centre as the sole method of administering the Social Fund is disastrous from the perspective of many vulnerable or disabled people who just cannot access by phone.

- For example people who do not have a phone or.
- People with limited pay as you go mobiles.
- Stroke and other similar trauma victims and severely disabled who will lose voice or speech.
- Many symptoms of severe mental illness and learning disability (voice hearers/paranoia/distracted thoughts/short term memory loss) make using phones very difficult.

4. Whilst there are advantages in the use of a call centre for many callers, they cannot replace all other services. As a minimum we need to see a restoration to the local DWP offices of an outreach service from Social Fund to deal with:

- Face-to-face interviews to gather information for reviews.
- Crisis Loans from destitute people who have claimed Incapacity/Income Support and wait for a decision.
- People who can't use the phone—or who need an advocate or friend to help make their case.

5. Throughout this period of upheaval and change we had no positive contact or advance notice of changes (including new telephone numbers) from Social Fund and no evidence of attempts to liaise with Social Services or Hospital and Mental Health trusts to minimise risk and hardship to vulnerable people. I would have thought that a service (such as Community Care Grants) which is specifically charged with avoiding risk of entering institutional care and helping people to leave care and remain independent should have a duty to cooperate with local Social Services and Health Trusts and to ensure that any changes were given advance notice and consultation.

See enclosed example of automatic review refusal letter dated 2 December 2006.

APPLICATION FOR A SOCIAL FUND REVIEW

You have asked for your Social Fund application to be looked at again.

I have reviewed the decision. I have decided that it should not be changed.

Due to backlogs of work at this office, we are unable to process your review request in the normal way. We have a large number of applications like yours waiting for a review and we have introduced emergency procedures to process reviews and to prevent further delays. This is the reason I have made my decision without contacting you.

YOUR RIGHT TO AN INDEPENDENT REVIEW FROM A SOCIAL FUND INSPECTOR

I can see that you are unhappy with the outcome of the decision. As I have not changed the decision, I have enclosed some information about your right to an independent review by a Social Fund Inspector at the Independent Review Service (IRS).

Telephone enquiries: Monday, Tuesday, Thursday and Friday—9.00 am to 4.30 pm; Wednesday 10.00 am to 4.30 pm.

Part of Jobcentre Plus Network, Department for Work and Pensions

If you would like an Inspector to review your case please sign and date the attached form and return it to the IRS.

The address is Independent Review Service, Freepost. There is no charge for sending the review request to the IRS. You do not need a stamp.

Once you have asked for an Inspector's review and sent your form to the IRS they will contact this office and we will send the papers to them.

When the IRS have all your paperwork about your case the Inspector will contact you within 3 days of receiving that paperwork, The IRS will aim to complete the whole process in 12 working days or less.

Request for a review by a Social Fund Inspector

I agree to my case proceeding without an interview.

I would like my case reviewed by a Social Fund Inspector as I am unhappy with the outcome of my case.

Name –

NI number –

Address –

.....

Phone number –

Type of application – Community Care Grant/Budgeting Loan/Crisis Loan (please circle)

SIGN HERE
DATE

NOW SEND THIS FORM TO:

**INDEPENDENT REVIEW SERVICE.
FREEPOST.**

13 April 2007

Memorandum submitted by Disability Alliance

SUMMARY OF RECOMMENDATIONS

- Disability Alliance feel that eligibility for social fund payments should be extended to contribution-based JSA and ESA recipients.
- Disability Alliance would like to see the scope for eligibility to the social fund widened out to include people in receipt of disability and carers benefits.
- Disability Alliance suggests that the Government consider an automatic annual grant of £500 for families on Income Support whose child is in receipt of DLA.
- Disability Alliance would like to see mandatory grants for certain essential items being made available to all qualifying disabled people.
- Disability Alliance feel that benefit claimants should be able to have a higher disregard applied to savings before they are taken into account in the assessment of social fund awards.
- Disability Alliance suggest that where a disabled person comes off benefit and moves into low-paid work, repayment of a loan should be suspended for a six-month period, and if they remain in low-paid work after that time, the loan could be written off.

- Disability Alliance would like to see improvements in relation to decision making on all welfare benefits including the social fund, particularly in respect of processing times, decision letters and accuracy.
- Disability Alliance would like to see longer term reform of the social fund.

DISABILITY ALLIANCE

1. Disability Alliance is a national registered charity with the principal aim of relieving the poverty and improving the living standards of disabled people. Our eventual aim is to break the link between poverty and disability.

2. We are a membership organisation with over 365 members ranging from small, self-help groups to major national disability charities. We are controlled by disabled people who form a majority of our Board of Trustees.

3. We provide information on social security benefits and tax credits to disabled people, their families, carers and professional advisers; undertake research into the needs of disabled people, with particular emphasis on income needs and promote a wider understanding of the views and circumstances of all disabled people.

4. We are best known as the authors of the *Disability Rights Handbook*, an annual publication with a print-run of 30,000, but also have a range of other guides and provide a telephone helpline and a popular website. The *Disability Rights Handbook* provides clear and concise information on the welfare benefits and tax credits systems, as well as other areas such as social and residential care and a range of other issues relevant to disabled people and their families. We feel this makes us particularly well-placed to comment on the complexities of the UK benefit system.

5. Our policy work is informed by our daily contact with disabled people and those who provide services for them. We undertake research into the needs of disabled people, with a particular emphasis on income needs. For example, together with the Centre for Research in Social Policy at Loughborough University, we undertook a major piece of work, into the extra costs faced by disabled people—“*Disabled people’s cost of living—more than you would think*”. Other work has covered disabled parents and families with more than one disabled child.

INTRODUCTION

6. The UK has a diverse population of 11 million disabled adults and 770,000 disabled children. Disabled people are more likely to live in poverty than non-disabled people and disabled people with children are at particular risk of poverty. Only 50% of disabled people of working age are in employment compared with 80% of non-disabled people.

7. Disabled people of working age have incomes that are, on average, less than 50% of that earned by non-disabled people. Many disabled people may never be able to enter the labour market and will depend on benefits their whole lives. Yet, levels of benefit are inadequate. Incapacity Benefit, which replaces earnings for people unable to work, is worth £4,082 a year. Take-up of disability benefits is also low, with only an estimated 40% to 60% of those eligible for Disability Living Allowance (DLA) actually claiming it.

8. Day-to-day living is more expensive for disabled people. Disabled people experience additional costs in most areas of everyday life, from specialist equipment to higher ongoing expenses for food, heating, transport and recreation. The weekly income of disabled people solely dependent on benefits is approximately £200 below the amount required for them to ensure an acceptable and equitable quality of life.

ELIGIBILITY

9. In light of the extra costs of disability, we feel that restricting access to the social fund to those people receiving means-tested benefits suggests that many disabled people are being denied adequate options for financial assistance from the Social Fund. A recent Joseph Rowntree Foundation study found that there was agreement that social fund eligibility should be extended to cover all benefits, particularly incapacity benefit, DLA and carer’s allowance.⁴

10. An example of the current inequity is that people who have paid sufficient National Insurance contributions, receive contribution-based jobseeker’s allowance (JSA) for up to six months before moving on to income-based JSA. Both benefits are paid at the same rate but as contribution-based JSA is not means-tested, it is not an eligible benefit for community care grants and budgeting loans.

⁴ *The Social Fund: current role and future direction*, K Legge, Y Hartfree, B Stafford, M Mayadi, J Beckhelling, L Nyhagen Predelli and S Middleton, Joseph Rowntree Foundation, 2006.

11. This inequity looks set to continue or worsen when Employment and Support Allowance (ESA) is introduced from October 2008 as contribution-based ESA will remain in payment indefinitely. Disability Alliance is very concerned that many sick and disabled ESA claimants will be denied access to social fund payments, simply because they are receiving contribution-based ESA, rather than the means-tested ESA, if both payments are pegged at the same rate.

12. Thus, Disability Alliance feel that eligibility should be extended to people in receipt of contribution-based JSA and ESA because of the financial difficulties they experience when first making a claim for benefit. We would also like to see the scope for eligibility to the social fund widened to include people in receipt of disability and carers benefits.

DEBTS, GRANTS, LOANS AND REPAYMENTS

13. It is well established that many disabled people and parents of disabled children are poorly served by the social fund. For example, recent research indicated that families with disabled children would rather go without or use other forms of credit than turn to the social fund for additional support.⁵ This, in turn, often leads to them incurring debts with catalogue companies, door-step lenders and other forms of loans.

14. Further, although families may be reluctant to apply to the social fund, they are often forced to take out a loan to help ends meet if they lose Disability Living Allowance (DLA) for example. Other families report that where they receive DLA for a child, this is identified as a relevant source of income when they apply for a social fund grant, even though it should not be.

15. The knock-on consequences are that many disabled people and parents of disabled children find themselves experiencing unmanageable debt. Leonard Cheshire research has found that nearly half of respondents interviewed said that an unexpected one-off cost, not specifically related to disability (eg broken cooker, bed or washing machine), had contributed to their financial problems. The debt problems can severely compound other issues such as exacerbating existing health conditions, not eating properly and not being able to afford essential services and equipment.

16. We highlight the fact that the latest annual report on the social fund from the Department for Work and Pensions (DWP), notes that for 79% of disabled people who were refused a budgeting loan, the reason given is other outstanding debt. It cannot be acceptable that disabled people are denied interest-free social fund payments on the basis that they have accumulated debt when the reason for the debt is a combination of factors outside their control: inadequate benefit levels; complex extra needs and a lack of access to affordable credit.

17. Disability Alliance suggests that the Government consider an automatic annual grant of £500 for families on means-tested benefits and whose child is in receipt of DLA. This would reduce bureaucratic costs and ensure that low income families with disabled children are receiving the additional support they need.

18. Disability Alliance would like to see mandatory grants for certain essential items being made available to all qualifying disabled people.

These could include:

- household appliances—cooker, washing machine, boiler, refrigerator;
- furniture—sofa, wardrobe, bed, bedding;
- kitchen equipment—kettle, saucepans, plates, cutlery; and
- home adaptations—to allow disabled people to stay in their homes.

We do not feel that it is acceptable for disabled people to be denied these basic requirements, simply because of a discretionary system of awards.

19. Disability Alliance feels that benefit claimants should be able to have a higher disregard applied to savings before they are taken into account in determining Social Fund awards. It seems ludicrous that in situations whereby disabled people have managed to make some provision via savings, their ability to access financial assistance for large one-off costs is denied and they are forced to decrease their savings, thus leading to an increased risk of running into debt.

20. We feel that current rules on the repayment of social fund loans for people moving into work act as a major disincentive to do so. Disability Alliance suggest that where a disabled person comes off benefit and moves into low-paid work, repayment of a loan should be suspended for a six-month period, and if they remain in low-paid work after that time, the loan could be written off.

⁵ *Helter Skelter, Families, disabled children and the benefit system*, Gabrielle Preston, CASEpaper 92, February 2005.

 DECISION MAKING

21. Delays in making decisions on processing benefit claims or related paperwork, places disabled people and families at great risk, indicated through take-up of private debt, the social fund and charities. Social fund crisis loans made to cover “alignment periods”, which are the gaps between first payments of benefits or wages, take up 37% of crisis loan expenditure.⁶

22. As well as evidence of poor service from DWP,⁷ allocating such a high percentage of the Social Fund budget on crises loans, reduces the amount available for the poorest applicants and highlights the extent to which social fund payments plug the holes created by delays and errors elsewhere in the administration of benefits. It also demonstrates a lack of awareness of other benefits available when starting work such as job grants, which illustrates the lack of cohesion across the DWP.

23. Further, decision making on social fund applications could be improved. The latest Social Fund Commissioner’s report noted, in relation to grant decisions, that “*it is disappointing that there has been little improvement in the error rate compared to last year*”. Disability Alliance would like to see improvements in relation to decision making on all welfare benefits including the social fund, particularly in respect of processing times, decision letters and accuracy.

LONGER TERM

24. In the longer term, we would support radical reform of the social fund. We see the following features as key if the social fund is to be more effective:

- a fund that is more grant-based than the present system, because of evidence that repayment of loans leads to hardship;
- substantial extra funding, because the current scheme is not meeting all of the demands placed upon it;
- should be transparent and open with clearer entitlement criteria and consistent and timely decision-making; and
- the fund should be underpinned by an agreed list of “essential items” that people with a low income have a right to access, as well as recognition of the specific extra needs and associated extra costs that apply for disabled people.

25. We also feel that there should be more funding available for the Family Fund, which is often left to try to pick up the pieces where the social fund has failed. There has been no increase in funding in England for three years running, yet the Family Fund still managed to provide awards totaling £27.1 million to over 46,000 families.

April 2007

**Memorandum submitted by Child Poverty Action Group (CPAG), One Parent Families,
Save the Children, Family Welfare and Help the Aged**

INTRODUCTION AND SUMMARY

1. Despite significant welfare reform under the recent Labour administrations, the Social Fund has escaped major attention. This is despite repeated reports⁸ which amply demonstrate the fund’s failings and others which have propounded practical reform proposals.⁹

2. There has been some recent interest shown in Social Fund reform but, despite a series of moves which have somewhat increased its resources and made some limited administrative and policy reform (for instance removing the double debt rule), long term reform of the Social Fund does not appear to have been seriously considered. Given the manifest inadequacies of the current scheme this should be as unacceptable as it is surprising.

3. The failure to tackle the problems of the Social Fund is particularly odd given the political capital afforded to improving financial inclusion—we see these as closely linked agendas.

⁶ National Audit Office, *Helping Those in Financial Hardship: the running of the social fund*, The Stationery Office, 2005.

⁷ This indicates poor administration as Jobcentre Plus staff can use interim payments instead of crisis loans, which would also reduce the pressure on the fund.

⁸ Social Security Select Committee, “The social fund” HC 232, 2001; National Association of Citizens Advice Bureaux “Unfair and underfunded CAB evidence on what’s wrong with the social fund”, 2002; National Audit Office, “Helping those in financial hardship the running of the social fund”, HC 179, 2005.

⁹ Howard, M, “Lump sums roles of the social fund in ending child poverty” 2003, One Parent Families, Child Poverty Action Group, Family Welfare Association; Legge, K, Hartfee, Y, Stafford, B, Magadi, M, Beckhelling, J, Nyhagen Predelli, L and Middleton, S, “The social fund: current role and future direction” Joseph Rowntree Foundation, 2006.

4. We see much potential here for extending access to no cost and low cost credit to support anti-poverty objectives. At the same time we would not wish the desire to develop (low) interest bearing credit to undermine the role of grants or interest free loans for the poorest people.

5. At the moment the Social Fund is failing to meet even current levels of demand let alone extend its reach to more individuals in order to support anti-poverty objectives. Large numbers of individuals are refused loans or grants yet when their cases are reviewed the decisions not to make awards are often overturned. For those who do receive help, they are often not given enough to cover the costs of the goods or services they are purchasing. This means that they are then forced to seek alternative sources of credit to make up the shortfalls pushing people towards relying on charitable aid or (probably much more often) towards high interest rates and disreputable lenders.

6. The Social Fund simply isn't playing the role it should in helping to alleviate some of the worst symptoms of poverty and exclusion. Rather when people are wrongly turned down, or are not given enough in grant or loan monies, their problems can sometimes be compounded. The fact that the system cannot cope with current demand also means that it is not promoted to people. So many of the most vulnerable do not know it exists.

7. This submission comes from not one organisation but from five, we have been working together on the Social Fund because we share an analysis of many of the problems and would like to see policy reforms both to increase the generosity of what has been done through the fund and urge both policy and administrative reform to its functioning.

8. At a level of principle the need for the Social Fund in its current form demonstrates inadequacies in other areas of income maintenance. If incomes and savings are so low that lumpy needs like the cooker breaking cause a sudden crisis, initial income or savings were simply not high enough to overcome this problem, and this implies benefit inadequacy. If the Social Fund (such as crisis loans) is used to cover alignment payments between other systems this also implies the fund is picking up the pieces for failures elsewhere. Nevertheless we are where we are implying a continuing need for the Social Fund.

9. Many reform ideas have been more positive, implying new ways of using the fund (or related policy) to tackle material hardship and to improve social and financial inclusion. We support innovative thinking around the development of the fund but urge that its essential purpose of meeting the costs of essential items for the poorest families is not lost.

10. We hope this note is useful in shaping the Committee's session with the Minister. The submission discusses administrative concerns, the link with financial inclusion and then sets out the key principles which we believe must underpin any reform. Though we do not discuss the fund's failings in depth (these have been raised elsewhere and the Committee will be well aware of these given its previous interest) we have included several examples from the Family Welfare Association as an appendix, which powerfully illustrate the material circumstances of some of those who require specific support.

ADMINISTRATIVE CONCERNS

11. In a short response we do not revisit the many failings of the fund around postcode variations in service or limitations on budgets (with the result of this being the money running out in certain places before others, or being sapped by alignment payments to pick up delays in other areas of provision), suffice to say we are still concerned about these problems and we hope the Committee will push the Minister on progress in these areas. Instead we raise a number of specific issues of particular current concern. In preface we note the Social Fund needs to meet often desperately urgent need, as we hope the inclusion of FWA case studies amply demonstrates—any delay is a serious and quite possibly dangerous problem.

12. *Lack of monitoring.* To our understanding the Social Fund is still not adequately monitored and details of claimants' (both successful and refused) ethnicity not recorded. In a discretionary system where discrimination could be a problem this is a serious weakness and needs urgent attention.

13. *Impact of service redesign* (with the closure of frontline offices and the reliance on the telephone). The moves to reduce the use of frontline Jobcentre Plus offices and to rely more on the telephone have implications for the Social Fund. Our experience suggests access to a face-to-face service is important, alongside use of the telephone. In particular we highlight:

- Our understanding is that the number of crisis loans being issued (following a telephone claim) has risen—this may well result from getting around frontline staff (not expert in the Social Fund) wrongly turning down applications (and is therefore very welcome). Also though more people are claiming this does not mean there are not others unable to use the telephone and are consequently falling through this gap;
- We argue the need for an over the counter service continues (with training to stop staff wrongly turning people away). This means that Jobcentre offices need to continue to take applications (we understand there are particular issues around the availability of "screened areas" where applications can be made, our view is that offices should be made able to accept applications); and

- We are also aware that staff sometimes refuse to take over-the-counter applications; this is despite regulations which require written applications to be accepted. These points suggest that though the call centre based model may work for some, it is important to continue access to an over-the-counter service and that DWP need to ensure this is truly accessible for those who need it—particularly older people and those for whom English is not the first language (including through training, office design and geographic proximity of offices).

14. We understand in places there is a lack of clarity over out of hours provision for claiming crisis loans—this is important given the desperate situation people who need these may be in. For the same reason we also have concerns about the extent to which crisis loans may be provided on the next day.

15. Reliance on the telephone opens up questions about the costs of calling the DWP. Since many claimants may be reliant on mobile phones this is a particularly important issue. Our understanding is though Government is keen to ensure calls are free, in practice those from a mobile and to some landlines carry a charge. Given that there may also be delays in getting through this is particularly pressing.

16. One additional concern is around the process for claiming a Sure Start Maternity Grant (SSMG) from the Social Fund. This requires a claim for Child Tax Credit (CTC) to have been accepted and processed. Delays in this processing may mean that eligible claimants are denied their entitlement to a SSMG. Although they can claim again once their Child Tax Credit claim has been processed, we fear that the initial rejection may deter many from doing so. At present the Social Fund will not hold applications on file while a CTC claim is being processed as it would impact adversely on their “turnaround” targets.

17. Applications from older people are much lower than for other sectors of the population. This does seem to be partly a result of a reluctance amongst older people to incur debt. However, this should not be seen as indicative of a lack of need. Research has shown that instead many older people use catalogue companies or hire purchase arrangements where they are paying very high levels of interest. As such, particular attention needs to be given to how the Social Fund is administered and delivered to older people so that it meets their needs. This could be done through the Pension Service or Link Age Plus pilot schemes rather than purely Jobcentre Plus offices which older people rarely use.

18. Finally we would suggest the Committee investigate what provision is being made to link children’s centres with Social Fund provision—we strongly believe getting the links (information, advice giving and possibly provision) right here could be a powerful tool to tackle poverty.

THE LINK WITH FINANCIAL INCLUSION POLICY

19. There has been a great deal of political focus in the past year on the related issues of financial inclusion and financial capability. The Government has put in significant funds into improving the capacity of the third sector, in particular credit unions, to extend affordable credit to those who are currently not well served by the financial services industry. In parallel a lot of work has gone on to improve financial education and advice to empower people to choose appropriate financial products. This work is very welcome, but the lack of reform to the Social Fund is at odds with the forward steps taken with these strategies.

20. One of the key drivers behind the work on financial inclusion has been the problem of indebtedness which has increased significantly over the past decade. It is thought that if people are enabled to be more financially capable they will then recognise that high interest loans are not a good idea. This is undoubtedly true, but it fails to recognise that for many groups, these are the only loans available. True financial inclusion can only be achieved when there are adequate sources of no and low cost credit available to and promoted to low income groups, and where grants are available for those who are most vulnerable.

21. Reform of the Social Fund is extremely important if the Government is to achieve its own goal; that everyone should have the information, support and confidence they need to prevent avoidable financial difficulty, and to know where to turn if they do find themselves in financial distress.¹⁰

As well as highlighting the lack of awareness of the Social Fund, The Treasury Select Committee also made some very useful recommendations for improvements in its recent report on financial inclusion:

- Better links between the Social Fund and other provision of affordable credit so that people can be referred if their application is unsuccessful.
- Funding of the Social fund should better match the needs of those on low incomes and consideration should be given to expanding eligibility.¹¹

¹⁰ House of Commons Treasury Committee, Financial inclusion: Government and other Responses to the Committee’s Twelfth and Thirteenth Report of Session 2005–05 and the Committee’s First Report of Session 2006–07. Fourth special report to House of session 2006–07, HC437 March 2007.

¹¹ House of Commons Treasury Committee, “Financial inclusion: credit, saving, advice and insurance”, 12th report of 2005–06 session. HC 848-1, November 2006.

PRINCIPLES FOR SOCIAL FUND REFORM

22. We are pleased to see the Committee's continuing interest in the Social Fund. Though we accept there have been some improvements to its functioning, this is a world away from the scale of reform required. Instead of reiterating the reform ideas which have been raised elsewhere,¹² this section focuses on the principles we feel should guide reforms and "bottom line" concerns we would have around some reform options. This section lays out these principles.

23. Extending access to free or low cost credit has significant potential to reduce poverty, improving living standards, absorbing shocks and to extend opportunities. The point at which a Social Fund application is made can often represent a time of extreme pressure in an individual's life. This can be a tipping point where if the right help is offered people will be able to cope, but where assistance is not forthcoming or is refused, this can lead to deeper exclusion. We continue to believe there is a role for an expanded scheme of grants to provide help with key costs. These could be issued either on a "life event" or a seasonal grant basis.

24. Widening access to low cost credit would help to build opportunities, provide choice to those often denied it and to drive out the loan sharks but these should not weaken the current role of the Social Fund in meeting basic financial need. The current inadequacies of the social fund are demonstrated by the extent to which people are driven to high cost lenders as the only option they have in order to get credit they need.

25. We do not, however, think that access to low cost credit should be tied to compulsory saving. It is, impractical and often unjust to expect those in poverty to be able to save out of already inadequate incomes—encouraging saving requires raising incomes. Where saving can be encouraged this is likely to be using vehicles which—like the savings gateway—operate over short timescales.

26. Though the fund is not meeting the need adequately it remains important for many families, there continues to be an important role for both grants and interest free loans: we would like to see eligibility widened to increase the role of both grants and interest free credit.

27. Claiming a Social Fund payment is often indicative of both financial and social stress—it is an opportunity—often currently missed—to offer advice and support to individuals going through significant difficulties. One example of this is where individuals are seeking funeral payments—this is clearly a time where relevant bereavement support can be offered. In reality individuals are instead faced with battles in order to get help with funeral costs normally being asked to prove that there is no one else who can pay and if they are awarded a grant this often is insufficient to cover the amount needed.

28. There are administrative improvements to the current fund needed to tackle poor administration and end the postcode lottery of access to it.

29. If people are turned down by the fund they are less likely to approach it again. The fund could advertise other possible sources of acceptable credit if individuals are turned down to avoid people turning to loan sharks.

30. Reform options should account for why people often turn to loan sharks and higher cost credit alternatives: because they do not know about the Social Fund, cannot access it, because receipt of it is stigmatising, or because the repayment terms do not suit, with fast repayment requirements (despite being interest free).

BOTTOM LINE CONCERNS

31. There would be serious concerns over changes which undermined the current role and scope of grants and interest free loans. There would also be criticism of any moves to shift decision making powers about the current Social Fund into the private or voluntary sectors.

32. If extending low cost credit requires a great role for either private or voluntary sector, the activities of providers would need to be tightly and carefully regulated.

33. Applying conditions such as forcing poor people to continue to save as a pre-condition of accessing any kind of grant or loan would neither be fair nor administratively practical.

APPENDIX, CASE STUDIES OF FAMILIES HELPED BY THE FAMILY WELFARE ASSOCIATION

These are examples below are individuals and families who had contacted and were helped by the Family Welfare Association (we also include the grant amount). They powerfully demonstrate both the material deprivation of many the safety net ought to be catching and supporting, and also that where such support is insufficient or is absent.

Mrs M is 37 years old and has seven children ranging in age from nine months to 14 years old. She lives in Essex. Her support worker wrote: "Following a period in a Women's refuge Mrs M has been housed by the local council. She is fleeing domestic violence. Her partner is currently in prison and their previous accommodation has been repossessed and all belongings have disappeared. Mrs M has consequently had to furnish her home completely as well as providing clothing etc for the whole family. She did not receive

¹² See "Lump Sums" note 2.

assistance from the Social Fund as at the time of moving they had no budget left with which to provide assistance. As it has now been several months since her move she no longer qualifies for a Community Care Grant and a she is unable to afford the repayments on a crisis loan.

“We are applying to a local charity which meets monthly and makes small grants for items and utilities and hope to receive grant aid to pay to have the gas cooker installed. We feel it is important for carpeting to be installed in the upstairs rooms as this will provide a measure of insulation and prevent heat loss thereby helping to keep fuel consumption and costs lower. We are trying to ensure this can be accomplished before the colder weather sets in.”

A grant of £350 was made by FWA for household needs.

Mrs SC is 60 years old. Now widowed she spent years being abused by her husband who consistently beat her and stabbed her while she was pregnant.

S now suffers from arthritis caused by massive injuries when she was married. She requires a double bed with a wooden frame, as she uses a monkey pole to help her in and out of bed. She also requires vinyl for flooring so she can manoeuvre her aids in the house more easily. S cannot get any help from the Social Fund as she is up to her limit with previous loans.

A grant of £150 was made by FWA towards the cost of a bed and towards flooring.

Mr JC is 47 years old and lives in London with his 12 year old son. Mr C was referred to Families in Focus because of his mental health problems and the emotional abuse his son endured when he was living with his mother. His support worker wrote: “Mr C has been diagnosed with Social Phobia which is complicated by alcohol abuse. Following a breakdown some years ago, Mr C attempted suicide and was admitted into psychiatric care. During this period his relationship with his former partner broke down and she eventually left him.

Mr C often becomes very depressed and as a result suffers from suicidal depression and has self harmed on a number of occasions. Two years ago, Mr C’s son came to live with him as his son had endured emotional abuse from his mother. As a result of this abuse, his self-confidence and school work were severely affected. He now attends a special school and goes three times a week for therapy at the Tavistock Centre. Mr C and his son have now moved into a new two bedroom flat. Their previous accommodation was a one bedroom flat which was furnished with old and broken furniture as Mr C’s moods often led him to self neglect both personally and his home environment.

Mr C is anxious and depressed about making a decent home for his son, especially given his experiences when he was living with his mother. Mr C has also to deal with his son’s emotional and behavioural difficulties as well as cope with his own mental health problems. Mr C receives Incapacity Benefit and is therefore not eligible to apply to the Social Fund. He has no savings or any other means with which to purchase items he requires to make a home for both himself and his son”.

A grant of £200 was made from The Mercers’ Company’s Grants in Aid programme for multiple needs.

Mr and Mrs K are in their 40’s and live in South London with their six year old daughter. They fled Kosovo after experiencing terrible and traumatising atrocities, including the death of their two teenage children. The project worker wrote:

“Mr K suffers from post traumatic stress disorder and depression. He attends the specialist traumatic stress clinic at the M Hospital and also has psychiatric input from the community mental health team. The family have recently been re-housed and though content with the new house, they have had to borrow money from the Social Fund to fix the flooring that needed replacing. Currently they are in dire need of a new cooker as the one they are using at the moment is broken—only one plate (out of four) works and the oven is completely wrecked. Preparing meals takes a very long time and is also hazardous because of the state of the stove.”

The family’s income consisted solely of benefits from which they were repaying a Social Fund loan at £6 per week. They had no savings and could not afford a new cooker.

A grant of £250 was awarded by FWA for a new cooker.

ABOUT CPAG, ONE PARENT FAMILIES AND THE FAMILY WELFARE ASSOCIATION

CPAG is the leading charity campaigning for the abolition of poverty among children and young people in the UK and for the improvement of the lives of low income families. CPAG aims to: raise awareness of the causes, extent, nature and impact of poverty and strategies for its eradication and prevention; bring about positive policy changes for families with children in poverty; and enable those eligible for income maintenance to have access to their full entitlement. CPAG is a founder member of the campaign to End Child Poverty.

One Parent Families is the national charity representing the 1.9 million lone parents and the three million children who live with them in Britain today. The charity aims to tackle the poverty, social exclusion and stigma still faced by too many of those who live in one-parent families. As well as campaigning to ensure

that the voices of lone parents are heard in the policy debate, the charity runs a free helpline taking around 20,000 calls a year, and runs programmes helping lone parents who want to return to work. OPF is a member of the campaign to End Child Poverty.

The Family Welfare Association was founded in 1869 to help some of England's families in greatest need. We provide home-based and centre-based support for families in a range of circumstances, many of whom have complex needs and are at risk of social exclusion. We have always sought to work holistically with families by working with all family members together and individually. Throughout our history we have worked across the lifecycle and across traditional service boundaries with a particular blend of practical advice, financial help and therapeutic individual and relationship counselling. These principles, and this approach, underpin our work today. FWA helps 45,000 children and families each year through 100 local services across England and our national grant-making programme. A further 60,000 benefit from our educational grants advice.

Help the Aged is the charity fighting to free disadvantaged older people in the UK and overseas from poverty, isolation, neglect and ageism. It campaigns to raise public awareness of the issues affecting older people and to bring about policy change. The Charity delivers a range of services: information and advice, home support and community living, including international development work. These are supported by its paid-for services and fundraising activities—which aim to increase funding in the future to respond to the growing unmet needs of disadvantaged older people. Help the Aged also funds vital research into the health issues and experiences of older people to improve the quality of later life.

Save the Children UK is a member of the International Save the Children Alliance, the world's leading independent children's rights organisation, with members in 29 countries and operational programmes in more than 100. Save the Children works with children and their communities to provide practical assistance and, by influencing policy and public opinion, bring about positive change for children. Save the Children UK is a founder member of the campaign to End Child Poverty.

16 April 2007

Memorandum submitted by Families Need Fathers

1. ABOUT FAMILIES NEED FATHERS

FNF exists to promote the rights to children whose parents live apart to have the love and care of both of them. Our first task, as is right for a charity, is social care work. This is supporting and helping parents whose children do not see enough of them first to get, and then to use for the best, adequate parenting time. This work is now partly grant-aided by the DfES and others. Our second task is to use the legitimate methods that charities are allowed to change attitudes, so that the rights of children to both their parents are better recognised.

We are an equal responsibility charity that recognises diversity.

We now have some 400,000 contacts with parents per year, although there is still a massive amount of unmet need.

2. THE SOCIAL FUND

The Committee will of course know the origin of the SF. Once there was a perceived need to complement the low level of social benefits with two sorts of discretionary additions. Exceptional Circumstances Additions were awarded to people who had recurrent above average needs, often for health reasons. Exceptional Needs Payments were given to people who had particular lump sum needs that they could not meet from their regular benefits. When these were abolished in favour of different rates for people in different categories, it was recognised that all the needs would still not be provided for. The new rules were, out of necessity and for administrative simplicity, rough justice. Both within and outside the social security system there remained a need for discretionary extras, but of a much more restricted sort. The part of this within the social security system was the Social Fund.

FNF allies itself with other organisations that argue that both the sums available and the rules governing them are too restrictive. We have some direct experience of this. Broadly this re-enforces the far wider and deeper experience of agencies and charities specialising in this. The Committee will, we trust, give their representations the authority they deserve.

The needs that concern us are the needs of the "other parent" of children involved in the social security system or family law.

There are two particular aspects; the maternity grants and the needs of children for contact.

When a child has two parents living in separate homes, clothing and equipment need to be duplicated. There is no provision for this. This of course replicates the situation of, for instance, disabled parents or parents of disabled children. They get no help with their parenting on account of their disability, nor does a disabled child get any help to have both parents involved. This of course in terms of regular income, grants for home adaptations and so on. It may be that good experience is not brought to our attention, but we know of no case where an NRP has been helped. On paper one would expect residential parents to be able to provide “respite care” either in addition to, or as an alternative to, local authority provision, but we know of no assistance being provided.¹³ The rules would not normally provide for it. A non-residential parent of a disabled child will get no adaptations made to his home, or any other support with his parenting on account of the needs of his or her child. A non-residential parent who is disabled themselves will find this militates against his or her child having a relationship with them—rather than a reason for their being supported. To provide for such needs would seem to fall within the ambit of *Community care grants* but to repeat, if they are used in this way we have no knowledge of it.

Where there is a baby, it seems clear that a Sure Start Maternity grant will never be paid to a non-residential parent. If his ex refuses to share “her” equipment, how is he expected to cope? The early period of bonding is very important for both parent and child, and if it fails to take place in infancy it is harder to establish later. For a non-residential parent to be able to get basic equipment would transmit an important social signal and enable both parents to stay involved.

One provision of the Social Fund has the intention of protecting the parenting of children involved in the family law system.

This pays for the cost of contact between parents and children pending the outcome of court proceedings. The idea—which we warmly support—is that the outcomes of those hearings should not be effectively prejudged because a parent on benefit had been unable to afford to keep in contact with the children if, for instance, the children are living elsewhere, perhaps with a parent who has taken control of them at the moment of separation.

The Family Rights Group may well offer comment from the perspective of parents whose children are involved in “public law” cases on how well the Social Fund provides for such cases. It would certainly be very wrong if children were at risk of being kept in care, or longer in care, or adopted simply because the parents could not keep in contact with them for lack of the necessary funds. If a care order is made there are sources of funds for parents to keep in contact with their children. This is (another) respect in which the “public” system better protects the rights of children to their parents, despite their being accused of abuse or neglect, than the private ones in which the issue is only parental separation. In the latter case, there are no sources of help except for hearings that are pending. Once a decision has been made, any further help ends and we suspect that some or all of the relationship will have to end also.

Despite our support for this provision, we have been unable to find evidence of its use. We know of only one application, which failed, seemingly because of lack of funds. It may be because the people using it are not in contact with us. There are barriers to social security claimants getting our help. Our services are free, but people still need to know of us, phone us or attend a meeting. Any expenditure, even of travel to a meeting or purchasing refreshments during one can be hard for people at this income level. Some of our services are available only to members, but even the concessionary rates may be hard to pay. *The more likely explanation, however, is that this provision is simply not known about.* It is hard to see how a separated parent could find out about this. The Social Fund, given the lack of support the rest of the social security system provides for contact parents, is not an obvious source of help. The experience many claimants may have of it might not encourage approaches. Officials in the system are unlikely to know themselves those claimants likely to be in need. Some, but of necessity ad hoc and unsystematic enquiries among those who might be in a position to inform people—solicitors, CAFCASS staff, court officials reveal general ignorance.

This is obviously a matter of concern, and an area that the Committee might want to investigate further, perhaps in oral evidence from those delivering the system.

There is an additional need not mentioned, providing for the cost of “supervised” contact. This is where the court orders that contact between a father¹⁴ and a child can only take place under supervision. In some cases, of course, there are good reasons. In other cases it is required to appease an obstructive resident parent. Some of the providers require payment by the father. This we think should be a legitimate claim to the Social Fund, on the grounds of a family under exceptional stress.

¹³ We do know of a case of a CAFCASS officer telling a father applying for “contact” that he could not expect his son to be given it because the boy had autism.

¹⁴ Used deliberately here. Despite the NSPCC evidence that child maltreatment is inflicted more or less equally by mothers and fathers, and that physical violence is inflicted more by mothers than fathers, the requirement of supervised contact is effectively exclusively on male parents.

3. SHARED PARENTING AND THE SOCIAL SECURITY SYSTEM

Our principal objection to the current arrangements for family division is the assumption that, following separation, the children must or should lose all or most of the care and love of one of their parents. One parent becomes the “residential parent” or the “caring parent” or “parent with care”. Their needs are regarded as legitimate and take priority. The other parent may succeed in getting “contact” (a term that might indeed describe the situation but which rather belittles the potential), but is described as “non-residential”. We thought we had moved away from the offensive term “absent parent” but John Hutton and his team are using it again.

It is acceptable to malign parents—normally fathers—who do not keep in touch with their children. We are not against this, but this is only part of the story. Those individuals are, in a sense, the lucky ones. *They do not suffer the distress of being prevented from having the relationship with the children that they would like.* Research¹⁵ shows that most non-residential parents are stopped from having as much time with their children as they would like. Most children affected want to have more time with their “other parent” than they are allowed (research cited in his talk to the FNF AGM on 18 March 2007 by Sir Al Ainsley-Green, Children’s Commissioner for England)

The “winner takes all” situation is entrenched in the British Social Security system. Irrespective of how the children’s time—and therefore the cost—is shared between parents, all the public money made available to support the costs of parenting goes to the parent deemed “residential”. This legitimises and re-enforces the exclusion of the “other parent” from the lives of the children. It is a social signal of what the state expects and in some cases actually stops children having the love and care of both parents. This distresses and damages children and parents alike. It has a raft of negative social effects currently being visited on society in the form of teenage pregnancy, poor school performance, and children and young people being a problem to themselves and others.

The worst single aspect of this is the penalty imposed by the CSA on liable parents on benefit. If such a parent is on benefit, their income is reduced by £5–5.80.¹⁶ It is currently proposed this should be increased to £7. Such parents, almost by definition, have time to spend with their children, who would normally benefit. In some circumstances shared parenting might enable the “resident parent”, currently prevented by lack of affordable childcare, to take a job. But far from being supported in being involved, Non residential parents on benefit have a lower standard of living imposed on them than adults without obligations to children. They will be prevented from being involved by any cost—even that of taking a bus to see them, giving them a meal, or buying birthday or Christmas presents. FNF approves signals being given to parents that they have financial obligations to their children, but we think that providing direct care is at least as important. Any such signals should not prevent children having the love and care of both parents. Given the low level of benefits this deduction goes beyond saying that personal contact is not valued—*it effectively says it shall not be permitted.* This is far from being child-centred.

4. THE FUTURE OF THE SOCIAL FUND

Such a Fund seems to us an essential complement to a restrictive and rule bound system for the provision of “normal” benefits. It is currently too rule bound itself and underfunded. The almost infinite variability of human conditions and the causes of human distress means that there must be discretion, and the funding must be enough to be of help.

Whether in fact the social fund could be a source of help for non-residential parents in maintaining contact with their children is a matter we would like to see discussed. It is certainly a “crisis” and a family under exceptional stress if, for purely financial reasons, a child was unable to have a relationship with a loved and loving parent.

5. A FINAL SUGGESTION

The social security system is one of the driving forces behind the exclusion of many parents from the lives of children that do not live with them. These are normally fathers but if a male parent is awarded “residence” the system treats the children’s mother just as badly.

In some respects this is because of the signals it gives—only one parent matters and the need of children for the other is ignored. In the case of parents on benefit, the exclusion of one is effectively made a financial necessity.

The next or an early topic for this committee to enquire into is the provision by the Department for Work and Pensions for children and parents living apart.

13 April 2007

¹⁵ “Absent Fathers?”, 1999, Routledge; by Jonathan Bradshaw, Carol Stimson, Christine Skinner, Julie Williams.

¹⁶ Reduced/ removed if care is “shared” as restrictively defined. But in these cases there is still no sharing of the benefits supposedly for the support of children.

Memorandum submitted by Greater Norwich Supporting Agencies Liaison Group

I am writing on behalf of the Greater Norwich Supporting Agencies Liaison Group regarding the difficulties experienced as a result of the implementation of the Customer Management System.

Members of the group (some 25 agencies in the area) provide support to a range of potential DWP claimants namely people with enduring mental health concerns, needing refuge, ex-offenders, people with substance dependencies, the homeless requiring temporary or emergency accommodation and people needing long-term housing support.

The experience of many agencies is that the CMS is constantly changing and there are still teething problems. These include:

- Difficulties with DWP staff understanding new procedures.
- JSA teams have no extra capacity to deal with demand creating a backlog and claims are still taking a long time to process.
- Claimants are waiting excessive amounts of time leading to numerous abandoned calls. While centres will only call back up to three times there is a risk of not tracing callers.
- Trying to deal with all information on initial call does not necessarily provide a comprehensive picture and there is now little opportunity to amend claims.

We recognise that system is still bedding down. We understand that local centres are now simply signposting and acting as a post box. Once a claim is in the system there appears to be no benefit in contacting local centres. Evidently, Jobcentre Plus staff are also experiencing similar issues and their local autonomy has been withdrawn. It is unhelpful when the system prioritises efficiency targets at the expense of working effectively for people with chaotic lifestyles. Positive outcomes for service users should be the primary concern.

There are of course very specific cases which need to be sorted with individual agencies but in general there were four areas that need to be addressed, as follows:

1. SPEED OF PROCESSING CLAIMS

Applicants have experienced long waits (many weeks) for new claims to be processed. This is a particular problem for those agencies with a high turn over like a Refugee or hostel because often the claim is not processed before the client leaves, thus any problems can no longer be rectified because there is no way of contacting the client. We seek assurances from you that future claims will be processed nearer to the 14 day target (or as soon as possible after this) once all information has been presented.

2. COMMUNICATION

Dialogue in respect of a specific claim has deteriorated considerably with the introduction of the new system. It is unreasonable to expect queries, updates, and questions to be delayed purely on administrative grounds. Indeed, as long as the claimant has supplied all the information and the delay is not the fault of the claimant, then payment on account must be made after 14 days.

We propose the re-introduction of a named officer in the Benefit Delivery Centre—for example with each agency who would deal exclusively with that agency's claims. This has worked in the past and has speeded up the process considerably. It can have extremely positive results in terms of that named person building up expertise and understanding of the specific needs of their link agency which in turn will help you to process claims efficiently.

We feel that agencies have a significant role to play in helping the Benefit Delivery Centre to streamline the claims of their clients/residents and that together we need to look at ways of doing this.

We believe we can actually save you time and thus help you to meet your targets but we need to be engaged with you in a proper relationship characterised by partnership and liaison.

We are open to suggestions from yourselves on how best to achieve this but one simple change in procedure could cut both our workloads significantly; that is copying requests for info, award letters etc to agencies as client landlords. So much time is wasted by both sides chasing what are, after all, chaotic and/or disadvantaged clients who are seeking our services exactly because they struggle to cope with bureaucracy and process.

Our aim of course is to help them to acquire those skills but it would help considerably if, at least in the beginning, we could work alongside the BDC.

3. OUTSTANDING CASES

We request that the backlog of outstanding cases and issues is dealt with as a priority. Some agencies have cases going back over six months and we would like to call a line under these so that we can move forward in dealing with the current claims and would suggest a dedicated team to deal with these immediately.

4. TRACKING CLAIMS

We are concerned about a particular issue in respect of the issuing of receipts. We understand why ideally applicants should have their forms gone through when they submit it but there are many situations, for instance change of circumstance and when forms are taken in by our professional staff, where what is needed is merely a receipt to record that it has been handed in. Jobcentre Plus does not and is not permitted to issue receipts. Claims are being lost in the system and it is difficult to track claims leading to claimants being penalised. This is particularly problematic if a claimant submits two or more benefits as these are taken up by different internal departments. Can we not have a procedure where we can just be given a simple receipt acknowledging that the documents have been handed in?

EXAMPLES

1. Made application for Community Care Grant in August 2006. At the time the client was fleeing domestic violence with three children under the age of three years. When the application was chased by the project worker we were informed that there was no record of her application—it had been “mislaidd”. Reapplied at the end of December and we are still awaiting the outcome.

2. Applied for a Community Care grant in May 2006. At the time the client was homeless, five months pregnant. She was refused the CC grant in June 2006, but was offered a social fund loan. The young woman accepted this as she was about to move into unfurnished accommodation and furniture was an essential need. The project worker worked with the Citizen’s Advice Bureau to complete an appeal against the decision. In July 2007 they were informed that the review of the Community Care Grant had been mislaidd. CAB completed and returned a second review in August 2006—this was acknowledged. In September 2006 a Community Care Grant was awarded and the social fund loan paid off.

3. A young woman applied for a Community Care Grant before we were supporting her. She is 17 years old, eight months pregnant and on income support. She had been offered a tenancy and completed the application for a community care grant to carpet and furnish her flat. This was turned down in November 2006 and in the same letter she was offered a Social Fund loan of £1,095.00, which she accepted (as again she needed to carpet and furnish the flat). The repayments are £10 per week (for a period of over two years). The letter stated that she did not meet the criteria for a Community Care Grant—we cannot understand why this is. We have tried to appeal—including contacting Tony Peck, but have been told that the appeal is too late.

4. A young parent turned 18 years in May 2006. She was sent a Council Tax bill in August 2006 (she had not completed the Council Tax review form). This was appealed against but the appeal rejected and she received a summons in May 2006. In August 2006 her benefit review was accepted. In November the project worker realized that the young woman had not had her benefit entitlement increased when she turned 18 years (from £45.50 to £57.45). The project worker contacted the benefits office and pointed this out. After serious insistence it was acknowledged that her benefits were wrong and she received arrears of £400 backdated from December 2006 to May. The project worker has had of a number of young women that have recently turned 18 who have not had their benefits increased. She has had to contact the DWP to insist that the payments are wrong and should be increased.

5. A young parent whose baby was born in September 2006. The young woman moved out of the family home in October to live independently. The Benefits office was informed of the change in circumstances, but did not increase the benefits. Eventually the project worker had to chase them again to get the benefits increased.

6. There is a long standing case and we followed up with a formal complaint to the DWP on 30 October 2006 following the poor treatment of this young woman and her partner. Since our complaint some of the issues have been resolved and the claim awarded. It has been a catalogue of lost paperwork and conflicting advice. From August 2006 till November 2006 the couple were left with a new baby and in extreme financial hardship. The current situation is that Jobcentre Plus erroneously informed housing that Incapacity Benefit was being paid at a high rate. This has resulted in the young couple’s housing benefit and council tax benefit being suspended and arrears accruing. We are currently trying to resolve this issue.

7. A young woman applied three times for a Community Care Grant and it was refused on each occasion. However, she was being told that her application was not valid as she had a previous award, which was not the case. After pursuing the DWP the project worker managed to inform the DWP that the young woman had never received a Community Care Grant and it was eventually awarded.

8. Below is an account of one workers experience from Leeway. After this incident I myself tried to contact the Department to discuss but unfortunately I was waiting so long for the phone to be answered I had to go to another meeting and gave up.

On the 28 November 2006 I called regarding a crisis loan application and waited an hour on hold. The call was made between 12.20 and 1.20.

On the same day I made another call to the crisis loan information line to find out about a clients crisis loan application. She had filled in the form which was given to her in the Jobcentre and handed it in. It was returned to her by post with a number stamped on it, no other information was with it. I was informed they had no record of it. I explained the situation and that the form had been stamped, they said they needed proof of this and I explained that my client had the form and I had no way of accessing it at that moment in time. I did however explain that I had the number that they had stamped it with, they said it was unimportant, as they had no record of the application.

I rang again later to see what I could do about this as my client was in desperate need of food and money for her electric card. As a newish member of staff I was keen to assist my client in any way possible, so I explained what had already happened and asked if there was anything I could do. I explained again the situation for my client and that as she had already completed the paperwork she was expecting some money and was unaware that the application had been lost. The advisor asked what it was for and then told me that the client "would not get money for that anyway". He suggested completing a budgeting loan form or resubmitting the crisis loan form. I again explained the situation was urgent and that both of these would take time and asked what could be done. He was extremely rude and suggested that my client learnt to budget better and was generally derogatory towards my client and myself. I was a new member of staff and this was my first experience of crisis loans and phoning the DWP, needless to say the experience was not a good one and has tarnished the view I have of DWP in Norwich.

9. 5 January 2007—Client went to DWP with partner to tell them they wished to make a new claim together. Client signed a letter saying the date her partner had moved in and handed it to the member of staff (female) on the desk. Client has received no money, support worker rang and a member of staff said is says on the system clients IS is suspended until they get in writing the date the partner moved in. Clearly this had already been done and handed in, in person. They have no record of clients original letter so another has had to be written—prolonging and delaying and payment due.

10. I am a support worker for St Matthew Housing in the Ipswich and surrounding areas. The Social Fund department I felt used to be better when it was dealt with locally at the Ipswich and sometimes Bury St Edmunds Jobcentre. As a support worker, my job was made easier as I familiarised myself with the people who worked in that department and they communicated and responded well to my questions or requests. For them, they were soon aware, that as a support worker, and many like me, would put supporting letters with CCG applications, giving authenticity to the application and additional helpful information, these *were* genuine cases. Every person I have worked with to apply for a CCG, has been informed, that in order for me to put a supporting letter with a CCG, I would want to supervise the spending, or see evidence of the spending of the grant. If a service user did not agree to those terms, then it was evident that they were planning to spend the money in another way, than they have said in the CCG. If a service user submitted a CCG stating I was their support worker, but there was no supporting letter, the social fund department would know to look at the application closely!! I was also able to hand deliver an application and call the Social Fund department that same day, if it was an extremely urgent matter, explain the situation and they would try their hardest to process it as-soon-as they could. I did not chase nor need to chase every application, nor did not get any preferential treatment or immediate turn around, but I know that they always gave me the time, to explain the urgency of a situation, and then they do their best. There were many times they would end up getting the application processed quicker than they originally had said!! For me, and most of the service users I have supported, it was a system that worked OK in our region.

However, my most recent experience of the social fund application system is firstly, the lengthy process it takes for me to get through to them on the telephone, as the local office to do Ipswich Applications is Norwich. I forgot to mention, I also had direct dial numbers to the social fund team in Ipswich! On Monday, it took me nearly an hour of constantly dialling, getting the engaged tone, hanging up, and repeating this process, until I was just sat in a queue. This is on the day that my service user who's application I am trying to chase is moving into a new home, following eight months living in a hostel, after being accepted as homeless. He has no bed to sleep on, no fridge or cooker, the CCG application was submitted three weeks previously, when he first viewed and accepted the tenancy. Thankfully his flat needed extensive renovations before he could move in otherwise by this time, he would have been living in a home without any furniture for more than a week! Once I finally spoke to someone in Norwich Social Fund department, she was very nice and helpful, but told me that they were dealing with applications made just over 1 week before they received my service users. He will not receive the grant to buy any furniture or white goods for at least 7–10 days. Two days ago, my service user spent the first night in his new home, his new start in life, following him having to abandon his previous home eight months ago, through fear of violence. He was violently attacked three times and his flat rampaged, unfortunately his first night in his new home, his new start in life was spent on the floor of his uncarpeted flat, using just a duvet and a pillow. The lady I spoke to in Norwich actually said to me herself, they have given us more applications to process here, but not more staff to do the work!! That says it all!!

I tend not to get involved with or support social fund loans so much, so can not really comment on my experience of dealing with those applications. I hope my opinion and comments have helped.

11. I am a Tenancy Support Worker based in King's Lynn, I recently had a referral for a tenant who had applied for a community care grant but had been turned down. It was quite clear she fit the criteria, she had just been re-housed from temporary accommodation and had no basic furniture. We wrote an appeal letter and consequently she received £945.

12. Our experiences within the refuge services I manage are that it is almost impossible to access a crisis loan as the designated phone lines are constantly engaged. When the women and children arrive at the refuge, they are nearly always in need of a crisis loan either due to having limited access to money due to the financial abuse that often accompanies their circumstances or from having spent their last few pounds getting to the refuge (petrol money or public transport). The limited belongings they arrive with very rarely include food and sometimes does not include clothing, if the situation dictates they have left promptly. We have to rely upon donations of food and clothes (which can be sporadic donations and not guaranteed) to give to some women and children when they arrive. It has taken constant calling for a week with no success to crisis loans, before we again rely upon the local Salvation Army to provide further donations, whilst also trying to set up benefits, such as income support. This again can be a difficult and long process, particularly if we have to request ID.

Due to the time scale we often work within when a family are offered a new property through the homelessness department, two weeks notice is the most we are usually given and CCG's are normally processed within six weeks. Due to the constraints around dual housing benefit, this leaves a family approx four weeks with a new property, but no furniture to enable them to move in, but no dual housing benefit to allow them to remain at the refuge whilst they await the CCG.

16 April 2007

Memorandum submitted by Resolution Foundation

The Resolution Foundation is an independent research and policy organisation. Our first project has explored how people on low to moderate incomes access financial services, focusing in particular on their financial advice needs. Through this work, we have developed a close interest in the Social Fund and the broader financial exclusion agenda. Our work in this area has included:

- In October 2006, we published a pamphlet, written by Rt Hon David Blunkett MP, which put forward a number of proposals for reforming the Social Fund.
- In March 2007, we hosted a policy seminar to discuss ideas for reform, and in particular, options for attracting private capital to increase the availability of loans under the scheme.
- We have also carried out extensive in-house policy work on the operation of the Fund.

The Foundation welcomes the Committee's decision to hold a one-off evidence session on this issue. This follows on closely from the Treasury Committee's recent recommendation that the Department for Work and Pensions should:

“instigate an open debate . . . to ensure that the Social Fund can make a better contribution to improving access to affordable credit and become a more positive source of assistance for people on low incomes”.¹⁷

BACKGROUND

The Social Fund provides a vital lifeline for people on low incomes by delivering a range of grants and interest free loans to meet particular needs and enable them to meet so-called “lumpy” items of expenditure. However, despite a number of small-scale reforms, administrative changes and increases in Government funding in recent years, the Fund still falls a long way short of meeting need and continues to suffer from administrative problems. This has prompted a number of major reports to call for reform in recent years:

- Reform of the Social Fund was first identified as a priority by the Social Exclusion Unit's Policy Action Team 14, which reported on access to financial services in 1998.¹⁸
- This Committee's predecessor, the Social Security Select Committee, called for radical reform of the Fund in a report in 2001¹⁹
- In 2005, the National Audit Office published a report highlighting low awareness of the Fund and other administrative inefficiencies in a report²⁰ which was subsequently endorsed by the Public Accounts Committee²¹

¹⁷ *Financial inclusion: credit, savings, advice and insurance*; Treasury Committee, Twelfth report of Session 2005–06.

¹⁸ *Access to financial services*; Report of PAT 14, HM Treasury, 1998.

¹⁹ *The Social Fund*; Social Security Select Committee, Third Report of Session 2000–01.

²⁰ *Helping those in financial hardship: the running of the Social Fund*; National Audit Office, 2005.

²¹ *Helping those in financial hardship: the running of the Social Fund*; Public Accounts Committee, Twelfth Report of Session 2005–06.

- Last year, the Joseph Rowntree Foundation published research into the discretionary loans scheme, concluding that it is “making only a very limited contribution” to reducing poverty.²²

Criticism has tended to focus on the Fund’s failure to meet need and its outdated approach to service delivery, which is rooted in its origins in the old system of one-off Supplementary Benefit payments:

- The cash-limited budget and strict eligibility criteria mean that large numbers of applications are refused and in many cases only partial awards are granted; just over a quarter of all applications for Budgeting and Crisis loans were refused in 2005–06.²³
- The restrictions governing the scheme also lead to a “postcode” and “calendar” lottery, with the award of loans often more dependent on the location and timing of applications than the needs of applicants.
- Awareness of the Fund is low and evidence suggests that applicants view it as complex and arbitrary; less than half of people on low incomes are aware of it and only 14% of those potentially eligible have used it.²⁴
- Evidence suggests that take-up by some groups is low, especially among older people and some ethnic minorities, while it is also suggested that some people “play the system”.
- There is little linkage between the Fund and the Government’s welfare reform and financial inclusion agendas; for example, as the Treasury Select Committee found recently, little effort is made to signpost applicants to other forms of affordable credit or sources of financial advice.²⁵
- The approach to service delivery is passive and bureaucratic, doing little to encourage independence and self-reliance among clients.

These criticisms have been echoed by ministers, with the Parliamentary Under-Secretary of State at DWP, James Plaskitt MP, commenting that the Fund “does not punch its weight in terms of the financial resources the Government puts behind it.”²⁶

BUDGETING LOANS AND AFFORDABLE CREDIT

It is important to distinguish between the different elements of the Fund. The regulated arm of the scheme administers three types of payment on a means-tested basis: Sure Start Maternity Grants, Funeral Payments and Cold Weather Payments.²⁷ Three types of payment are also provided under the discretionary scheme: Community Care Grants, Crisis Loans and Budgeting Loans.

Budgeting Loans should provide access to affordable credit for people in need. However, the large numbers of failed applications and partial awards granted, along with the low awareness and use of the scheme by potential applicants, provide evidence that this is not currently the case. This contributes to locking people into reliance on high cost lenders, undermining the Government’s aim that affordable credit should be available to all who need it:

- People on benefits borrow an estimated £330 million a year on home credit, with interest payments alone amounting to £140 million.²⁸
- Low income consumers pay an average of £129 a month, equivalent to 11% of their income, on servicing high-cost borrowing.²⁹
- Around two-thirds of people who are refused loans by the Social Fund simply do without, with one in four going on to borrow from high cost doorstep lenders and unlicensed loan sharks.³⁰

Reform of the Social Fund should be seen in this context; it must do much more to break the stranglehold of high interest lenders and ensure that people on low incomes have access to the affordable credit they so desperately need. It should also be seen in the context of the Government’s wider financial inclusion agenda. For example, loans could be linked to the opening of appropriate accounts with banks and credit unions, efforts to promote savings (for example, repayments could be extended to pay into a Savings Gateway account) and the provision of debt or generic financial advice.

REFORM OPTIONS

The key to reform is to achieve a step change in the provision of Budgeting Loans. The gross national loans budget for 2007–08 is £610 million.³¹ This includes a £50 million net funding increase, the latest instalment in a £210 million funding package for the period up to 2008–09, and follows an increase in the net discretionary budget of £90 million over the three years up to 2005–06. Although very welcome, these

²² Legge et al: *The Social Fund: current role and future direction*; Joseph Rowntree Foundation, 2006.

²³ *Affordable credit; a model that recognised real needs*; National Consumer Council, 2005.

²⁴ *Helping those in financial hardship: the running of the Social Fund*; National Audit Office, 2005.

²⁵ See *Financial inclusion: credit, savings, advice and insurance*; Treasury Committee, Twelfth report of Session 2005–06.

²⁶ *Ibid.*

²⁷ The regulated scheme also administers Winter Fuel Payments.

²⁸ *Affordable credit; a model that recognised real needs*; National Consumer Council, 2005.

²⁹ *Ibid.*

³⁰ *Ibid.*

³¹ Official Report; 28 March 2007, col 109WS.

increases will not be enough to meet need and it seems unlikely that further significant increases in Government funding will be provided in future years. Other options for expanding the provision of loans under the scheme should therefore be explored.

In a pamphlet published by the Foundation last year, the former Secretary of State for Work and Pensions, Rt Hon David Blunkett MP, outlined ideas for attracting private investment to increase the availability of loans under the scheme. The potential to bring in private capital was also highlighted in work published in 2005 by Bristol University's Personal Finance Research Centre.³²

In March 2007, the Foundation held a seminar at which representatives from the Scarman Institute presented early thinking on how to develop a model for attracting investment. The most significant change envisaged by the model presented is that, in order to generate a return for investors, interest would be charged on loans. Further work is needed to determine the rate of interest that would be charged; for illustrative purposes, it was assumed that interest rates would be broadly in line with those of credit unions and significantly below those charged by home credit and other sub-prime lenders.

The assumption behind the model is that the potential for consistent returns would be attractive for investors (recovery rates for Budgeting Loans are as high as 97%). Loans could be distributed through a nationwide network of providers including credit unions, community development financial institutions and other approved organisations, with repayments made through deductions from benefits, as at present, keeping default rates at a low level.

The seminar revealed a number of significant challenges to overcome before such a scheme could be implemented including:

- Further work is needed to establish the sums that could be raised and, in particular, the interest rates that would be payable in order for the model to be financially viable.
- The potential cost and logistical challenge of establishing a national distribution network could be significant, particularly given the current lack of coverage of credit unions and community development finance institutions.
- Products would need to be designed that would be attractive both to investors and appropriate to the needs of the client group (for example, the need for flexible repayment options).
- In order to minimise the risk of default and keep investors on board, repayments would need to continue to be deducted at source; this may present logistical issues in extending the availability of loans more widely.

Concern was also expressed about moving away from interest-free loans to a system where interest is charged. This reflects the debate in recent years which has focused on increasing the budget for the Fund, extending the availability of grants and relaxing eligibility criteria. However, as set out above, further increases in Government funding to support such changes appear unlikely.

There is clearly a trade off between increasing the availability of loans and affordability, and the level at which interest rates would be set is therefore critical. However, it is also important to frame this debate in the right way. The evidence set out above shows that, in reality, few people have their needs met by the current system. Rather than seeing proposals to introduce low rates of interest in the context of reducing access to interest-free loans, they should therefore be viewed as an opportunity to increase the availability of affordable credit to those who are currently forced to pay extortionate interest rates by doorstep lenders and loan sharks.

This proposal clearly needs much more work. Others are also developing alternative ideas; for example A4e has suggested a model based on the peer-to-peer lending model used by organisations such as Zopa.³³ New forms of technology such as mobile telephones may also have a role to play as distribution channels.

CONCLUSION

The Foundation welcomes recent indications from DWP ministers that it intends to consult widely with stakeholders on options for reforming the Social Fund. This reflects an emerging consensus that radical reform should be considered. The Foundation believes that this should be based on the following principles:

- The aim should be to provide a step change in meeting need by attracting significant new investment to increase the availability of loans, which should be provided at affordable interest rates.
- The current system of grants and Crisis Loans should be retained to provide a safety net to meet the urgent needs of the most vulnerable.
- The Fund should do more to promote financial inclusion by linking the provision of loans to opening appropriate accounts, promoting savings and providing financial advice.
- Service delivery should be transformed from its current passive, bureaucratic approach to one which treats Social Fund applicants as customers accessing a service.

³² Collard, S and Kempson, E: *Affordable credit: the way forward*, JRF, 2005.

³³ Zopa is an Internet-based social lending scheme.

Despite their poverty, reliance on high interest credit is a way of life for many Social Fund clients; breaking this link is a prize worth fighting for. The Committee's one-off evidence session provides an important opportunity to frame the terms of future debate on this issue.

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