



House of Commons  
Committee of Public Accounts

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# The Community Care Grant

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**Eleventh Report of Session 2010–11**

*Report, together with formal minutes, oral and  
written evidence*

*Ordered by the House of Commons  
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## The Committee of Public Accounts

The Committee of Public Accounts is appointed by the House of Commons to examine “the accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure, and of such other accounts laid before Parliament as the committee may think fit” (Standing Order No 148).

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Eric Joyce (*Labour, Falkirk*)

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Powers of the Committee of Public Accounts are set out in House of Commons Standing Orders, principally in SO No 148. These are available on the Internet via [www.parliament.uk](http://www.parliament.uk).

### Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at <http://www.parliament.uk/pac>. A list of Reports of the Committee in the present Session is at the back of this volume.

### Committee staff

The current staff of the Committee is Philip Aylett (Clerk), Lori Verwaerde (Senior Committee Assistant), Ian Blair and Michelle Garratty (Committee Assistants) and Alex Paterson (Media Officer).

### Contacts

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## Summary

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The Community Care Grant provides an important safety net for those most in need by helping them to obtain essential items, such as beds or cookers. The scheme has been frozen in cash terms since 2006-07, however, and the Department for Work and Pensions (the Department) expects future funding to remain at £141 million a year.

The way the scheme operates is both inefficient and unfair: awareness about the Grant is patchy; it is unevenly distributed across the country and across different groups of people. Errors are too common, with a large proportion of decisions challenged and over-turned; and administrative costs are unacceptably high. The Department has played a passive role in administering the scheme and we do not accept the Department's argument that it has been constrained by the legal framework from making improvements. We were pleased that, in preparing for our hearing, the Chief Executive of Jobcentre Plus (the Agency) outlined some important changes to the way the scheme is currently administered, although we were disappointed that he failed to notify us of the plans to devolve responsibility for administration to local authorities. The reforms provide an opportunity to address many of our concerns with the existing arrangements, but responsibility should only be handed to local authorities if there is a clear business case to do so, and if local authorities are properly resourced to do the job. Devolution does not absolve the Department of its responsibility to ensure greater fairness in the scheme.

Under existing arrangements, applying for and awarding a grant is essentially a paper-based exercise and the quality of decision making in Jobcentre Plus is unsatisfactory. Around half of the appeals considered by the Independent Review Service were found to contain significant errors because decision makers were making poor judgements based on incomplete information and without challenging applicants' statements. At 12% of total Grant funds distributed, administrative error is too high. The risk of fraud and error is further increased by a lack of basic checks and balances: customers are not required to keep receipts and no spot checks are carried out by the Department. Moreover, at £19 million in 2008-09 and 13% of total funds distributed, administration costs are unacceptably high, especially for a scheme intended to be light touch and discretionary.

We also have concerns about the fairness of the scheme. Funding is not fairly distributed across the country, with a clear imbalance between funding in each district and potential demand and need. Thus, an applicant's chances of receiving a grant vary according to where they live. We consider the Department should do more to forecast demand based on established patterns and trends. Regional funding allocations are decided by Ministers but it is up to officials to provide clear advice about changes needed to improve the fairness of the scheme. Furthermore, this Committee raised concerns five years ago that both pensioners and black and ethnic minority groups appeared to be under-represented in terms of benefiting from the scheme, yet the Department still does not know whether the distribution of funds between people is fair.

Finally, we consider there is scope to help more people by making the purchasing arrangements more efficient. Agreeing central contracts for frequently requested items could generate financial savings of around £14 million a year for the scheme and provide a

guarantee of quality to applicants. Such an approach can be used even if responsibility for decision making transfers to local authorities. Technological advances, such as the use of store cards, could also make purchasing easier for customers while preserving their dignity.

On the basis of a report by the Comptroller and Auditor General, we took evidence from witnesses from the Independent Review Service, and from the Department for Work and Pensions and Jobcentre Plus.<sup>1</sup>

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1 C&AG's report, *The Community Care Grant*, HC (Session 2010-11) 286

## Conclusions and Recommendations

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- 1. The Community Care Grant is an important source of emergency financial support for vulnerable people, but we have significant concerns about the fairness and efficiency of the scheme's administration.** The scheme awards £141 million in grants per year, but funding has been frozen since 2006-07 and is likely to remain frozen for the rest of the current Spending Review period. Tight funding makes it even more imperative that the scheme is fair and reaches as many of the people in the greatest need as possible. There are clear problems with the way the scheme is currently managed, however, which result in an unfair allocation of funds, poor controls over money awarded, and high management costs. Subsequent to our hearing the Government's White Paper on welfare reform announced plans to devolve the administration of the scheme to local authorities. The proposed reforms provide an opportunity to address many of our concerns, but we recommend that the Department quantifies the costs and benefits of transferring responsibility to local authorities so that it can be confident it leads to better value for money. We also need assurances that in the current financial climate local authorities will be properly resourced to do the job. We would expect an update from the Department on how any revised arrangements will replace the current system and over what timeframe. In the meantime, the onus is on the Department and Jobcentre Plus to make real and urgent efforts to tackle the serious problems with the existing scheme arrangements. The recommendations below outline how this should be done.
- 2. The distribution of funds between regions is unfair and means that the chances of getting a grant depend in part on where the applicant lives.** Budgets are set on a historic basis and do not reflect current need in each region. This means some regions are less able than others to meet legitimate demand for grants. In 2009-10, the Springburn district office was able to meet 37.1% of legitimate demand whereas Essex was only able to meet 26.3% of demand. This Committee raised similar concerns about regional inequalities in 2005, but the Department has not managed to persuade Ministers to change the system for deciding funding allocations. We remain extremely dissatisfied with the existing approach. We recommend the Department present clear and well-evidenced proposals to Ministers to reform the funding distribution formula so that budgets are allocated more fairly across the country.
- 3. The Agency does not forecast demand for the Grant and there is only minor adjustment of regional budgets in year to redistribute funds to high priority cases.** The Department concedes more could be done to even out regional funding inequalities by moving money around the country. The Agency should immediately start to prepare forecasts of future demand for the Grant in each region, update these regularly, and use these forecasts to recommend changes to the budget allocations in year so that regions can meet expected need on a more equitable basis.
- 4. Awareness of the scheme is low among key target groups such as pensioners and ethnic minorities, and the Department does not know whether grants are going to those most in need.** The Agency does not routinely monitor levels of awareness of

the scheme among vulnerable people to determine if money is being targeted effectively. A trial in Gateshead found that only 14% of pensioners were aware of the Grant, while the take-up rate among pensioners (9% of funds awarded) is lower than for other groups. This scheme exists to ensure that vulnerable people can remain in the community, so pensioners should be a target group. The Agency should regularly monitor awareness and take-up levels across the population and work to raise awareness amongst under-represented groups.

5. **Applicants rejected for grants are not consistently referred to other available sources of support.** The Agency could not tell us whether people failing to get a grant are made aware of other sources of financial help to which they may be entitled, such as Budgeting Loans. The Agency's procedures should be modified so that vulnerable people are routinely referred to alternative sources of support if they are deemed ineligible for a Community Care Grant.
6. **The Agency has failed to institute basic measures, such as physical spot checks on claims, to prevent customer fraud.** Without any spot checks, the Agency does not know whether the money it awards is used by those with the greatest need to buy the items intended. Grant recipients are not required to provide receipts for goods purchased. The Agency has now introduced a pilot exercise of home visits to claimants before awards are made to check on their eligibility and will change the application form to ask them to keep receipts. We welcome these initial steps, but proper action is needed to correct current weaknesses. We believe there is a strong case for introducing a nationwide programme of spot checks as soon as possible, and recommend the Agency decide and report to us by the end of the year whether it intends to implement such checks nationally.
7. **The effectiveness of the scheme is reduced by high levels of administrative error and poor quality decision making.** The Department's Social Fund accounts have been repeatedly qualified because of high error levels, and £17.1 million of this is attributable to the Community Care Grant arising from missing case files and incomplete documentation. In addition, the Agency's administrative 'Decision Makers' frequently fail to assess and challenge applications properly, such as by verifying information by telephone or in person. As a result, around 50% of appeals against decisions succeed. The Agency has proposed better training, quality assurance and record keeping measures. However, given the proposals to transfer responsibility to local authorities we need assurances that the training and quality measures will not now be cut. Moreover, the problems we highlight are long-standing ones and we need further assurances on the adequacy of the changes being made. The Agency's senior management must take greater responsibility for reducing error and improving decision making, and as part of this, outline to us the full range of measures they propose to improve performance in this area.
8. **The £19 million cost of administering the Grant is too high.** Administration costs are equivalent to 13% of the £141 million paid out in grants. This seems disproportionately high for what the Department claims is a light touch administration scheme. The Agency has undertaken to review the end to end process for administering grants in January 2011 to identify where costs could be reduced.

We expect the Agency to report back to us on the outcome of that review, and how it will implement potential cost savings, before the start of the 2011-12 financial year.

9. **The Agency has not fully explored options which could make Grant funds go further such as providing goods to customers directly or replacing cash awards with cards.** Introducing store cards or central contracts to supply frequently requested items, such as beds and refrigerators, could reduce fraud and generate significant financial savings: an estimated £14 million a year could be saved by negotiating contracts for goods centrally and thus gaining bulk discounts from suppliers. The Agency has said it will work with the Family Fund to learn from their use of payment cards. The Agency should investigate other promising initiatives and their potential for cost savings.

# 1 Improving the fairness of the scheme

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1. The Community Care Grant helps some of the poorest and most vulnerable people in society. The annual £141 million discretionary scheme enables people on income related benefits to apply for money to pay for essential items such as cookers or beds. The Grant is part of a wider package of Social Fund loans and grants administered by Jobcentre Plus (the Agency). The Agency currently relies upon around 330 Decision Makers in its 20 district offices to assess each application and to decide whether to award a grant.<sup>2</sup>

2. The Government's November 2010 White Paper on welfare reform proposes significant changes to the way the Community Care Grant will be administered in future. Under the White Paper, responsibility for administering the Grant will be devolved to local authorities. Until these proposals are implemented, the onus is on the Agency to administer the existing scheme cost effectively.<sup>3</sup>

3. The Community Care Grant scheme is cash limited and demand outstrips the available funds each year. The Agency assesses the value of legitimate claims received each year and in 2009-10 estimated that it was able to meet nearly 32% of the value of such demand. The Agency expects the funding available to remain at £141 million a year during the current Spending Review period, the same as it has been since 2006-07. In effect this represents a real terms funding cut once the impact of inflation is taken into account. As the recession has contributed to a 20% increase in the volume of applications received since 2007-08, pressures on the ability of areas to meet demand have increased.<sup>4</sup>

4. Jobcentre Plus distributes the available funds across Great Britain by setting local budgets for each area on the basis of historic data. Due to demographic changes, local budgets no longer reflect expected levels of demand. Figure 1 shows that in 2009-10, Sheffield, London and the South East were only able to meet a below average proportion of legitimate demand for grants, whereas Scotland and Northern England were able to meet a higher proportion of legitimate demand. There is little flexibility to redistribute funds to high priority cases during the year, as the Agency retains only a £1 million contingency fund for this purpose.<sup>5</sup>

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2 Q 1; C&AG's report, paras 1-2

3 Qq 1, 41-44; Department for Work and Pensions, *Universal Credit: Welfare that Works*, Cm 7957, November 2010

4 Qq 12, 41-44; C&AG's report, Figure 2

5 Qq 6, 13, 47-51, 62-63

<b>Figure 1: Level of legitimate demand for grants met by each area in 2009-10</b>			
<b>Budget Area</b>	<b>Legitimate Demand Met</b>	<b>Budget Area</b>	<b>Legitimate Demand Met</b>
<b>East of England</b> • Essex • Norwich	26.3% 35.5%	<b>South East</b> • Berkshire, Oxfordshire, Buckinghamshire and Surrey • Hampshire, Isle of Wight, Kent and Sussex	28.5%
<b>East Midlands</b> • East Midlands North • South East Midlands	30.6% 30.4%		27.2%
<b>London</b> • Central and East • South • North and North East • West	30.8%	<b>South West</b> • South West Central	32.6%
	30.8% 26.4% 29.8%	<b>Wales</b> • Llanelli • South East Wales	31.1% 32.7%
<b>North East</b> • Northumbria • South Tyne and Wear Valley • Tees Valley	30.9% 35.0% 32.4%	<b>West Midlands</b> • West Midlands	31.2%
<b>North West</b> • Chorlton • Greater Liverpool and Cheshire	35.7% 31.7%	<b>Yorkshire and the Humber</b> • Bradford • Sheffield	30.2% 28.6%
<b>Scotland</b> • Inverness • Springburn	36.0% 37.1%	<b>National Average</b>	<b>31.8%</b>
<i>Source: Ev 24</i>			

5. The Agency has reviewed the budgets set since 1988, but has made little progress on distributing funds more equitably across the country. In 2005 this Committee concluded the Department needed to reduce local variations in its administration of the Social Fund more generally.<sup>6</sup> However, the complexity of the funding formula and a reluctance to redistribute funding away from some areas has made it difficult to reform the existing administration of the Community Care Grant. The Department put proposals to Ministers in March 2010 which recognised that any change to the funding allocation system would mean reductions in some areas, but failed to fully explain the risks of not changing the budget. The Department has now undertaken to strongly represent our views to Ministers on the unfairness of regional funding allocations.<sup>7</sup>

6. The Agency could do more within the current system to make regional allocations fairer. It does not forecast likely demand for the Grant in each area and there is only minor adjustment of regional budgets in year to redistribute funds to high priority cases.<sup>8</sup> The Department recognises that greater efforts could be made to smooth out regional funding

6 Committee of Public Accounts, Twelfth Report of Session 2005-06, *Helping those in financial hardship: the running of the Social Fund*, HC 601, recommendation 8

7 Qq 50, 52, 57, 60, 64-67; C&AG's report, para 2.14

8 Qq 49, 55-56

inequities by moving money around the country.<sup>9</sup> Despite this acknowledgement, the Department and the Agency have not committed to doing so on a sustained basis.<sup>10</sup>

7. This Committee raised concerns in 2005 that some groups, such as pensioners and ethnic minorities, might be under-represented among grant recipients.<sup>11</sup> The Agency does not, however, routinely measure levels of awareness among vulnerable people. There is a limited amount of evidence in this area: one 2007 study found that only 14% of pensioners in Gateshead were aware of the Grant scheme, while the take-up rate for the Grant is lower for pensioners than other groups, at 9% of funds awarded.<sup>12</sup>

8. The Independent Review Service has observed that, while the scheme is accessible and few complaints are received about the application form, target groups are typically uncomfortable with bureaucratic processes. Pensioners may be put off from applying as the Grant is delivered by Jobcentre Plus, an agency with which they have little involvement. Research by Bristol University on pensioners' views on applying for the Social Fund also found that pensioners were reluctant to apply for the Grant owing to a perception that they were ineligible. Following discussions with a range of representative groups, the Agency confirmed that it was exploring how it could publicise the scheme further.<sup>13</sup>

9. There is a related issue of awareness regarding the support provided to people deemed not eligible for help under the Community Care Grant scheme. The Agency does not have information on whether people failing to get a grant are made aware of other sources of financial help, such as Social Fund Budgeting Loans.<sup>14</sup> It is therefore impossible to determine if these vulnerable people in need are receiving other forms of support to which they may be entitled.

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9 Qq 88-91

10 Q 56

11 Committee of Public Accounts, *Helping those in financial hardship: the running of the Social Fund*, recommendation 2, para 3

12 Qq 45-46, C&AG's report, para 2.5

13 Qq 14-15, 19, 45-6, 72; C&AG's report, para 2.7

14 Qq 15-16; Department for Work and Pensions, *Annual Report on the Social Fund 2009/2010*, July 2010

## 2 Cost and quality of Grant administration

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10. Under current administrative arrangements, the Agency's Decision Makers check each application form received with internal records to determine applicants' eligibility and priority for grants. The decision making process is largely paper-based and does not typically involve face to face contact with applicants. Decision Makers can contact individuals by telephone to ascertain whether they meet qualifying conditions or to seek further evidence or clarification, but the Agency does not monitor how frequently this is done.<sup>15</sup>

11. The White Paper on welfare reform published in November 2010 proposed devolving responsibility for scheme administration to local authorities. Local administration could result in financial savings by improving the targeting of support, although this might be offset by higher administrative costs from increasing the number of organisations involved. The Agency therefore needs to demonstrate that moving to local grant administration would be cost effective and that local authorities will be properly resourced to deliver the Grant.<sup>16</sup>

12. The quality of existing decision making under the scheme is a significant concern. A large proportion of cases are subject to review each year. The Agency processed 582,000 applications in 2008-09 and made an initial award in 252,000 cases. In that year, there were around 107,700 requests for the Agency to review its decision making, of which approximately 49% led to a change in the outcome of the application. Around 17,000 cases went to the further appeal stage conducted by the Independent Review Service, and 51% of those appeals resulted in a change to the original decision. In total, some 61,000 appeals against original decisions were successful: over 50% of the 107,700 requests for review.<sup>17</sup>

13. The two main types of errors made by Decision Makers are the failure to ask applicants the right questions and inadequate record keeping to back up the decisions taken. If Decision Makers do not ask appropriate questions or sufficiently challenge statements from applicants, potentially fraudulent claims may be accepted or genuine need ignored. Statistics provided by the Independent Review Service indicate that some Agency district offices are much more likely to make mistakes than others, as Figure 2 shows.

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15 Qq 31-33, 97-99, 109; C&AG's report, paras 7, 3.1

16 C&AG's report, paras 16c, 3.12; Department for Work and Pensions, *Universal Credit: Welfare that Works*

17 Department for Work and Pensions, *Annual Report on the Social Fund 2008/2009*, Cm 7677, July 2009, Appendix 11

**Figure 2: Percentage of errors made by each benefit district office in 2009-10**

Budget Area	Error rate (%)	Budget Area	Error rate (%)
Balham (West London)	77.8	Sunderland	45.3
Balham (London South)	77.6	Inverness	45.2
Balham (Central and East London)	74.2	Newcastle	44.1
Balham (North and North East London)	73.6	Springburn	43.6
Bristol	68.6	Milton Keynes 2	43.3
Perry Barr	62.2	Bradford	42.2
Llanelli	55.6	Nottingham	39.6
Norwich	53.9	Sheffield	38.8
Chorlton	51.5	Belle Vale	34.4
Milton Keynes 1	50.9	Stockton	31.3
Chesterfield	45.7	Basildon (Essex)	29.4
Newport	45.5	<b>National</b>	<b>54.3</b>
<i>Source: Ev 20</i>			

**Note:** This table refers to 'important' errors. These are defined as errors occurring at one of the key stages of the decision making process which make the rationale for the decision incorrect. However, it is possible that a case could contain an important error without affecting the validity of the original decision.

14. Since 2009, the Agency has implemented a Quality Assurance Framework to check selected cases and provide guidance and training to staff, and an accreditation programme for Decision Makers. So far, these measures do not appear to have improved the quality of decision making; for example, the number of appeals to the Independent Review Service as a percentage of all grant applications actually *increased* in 2009-10 compared to 2008-09.<sup>18</sup> Given the recent introduction of these changes, it may take time for the impact on decision making quality to be seen.<sup>19</sup> In light of the Government's proposals to devolve grant administration to local authorities, the Department needs to provide assurances that training and quality measures will not be cut and to clarify how its quality improvement measures will apply to local administrators.

15. The failure to keep adequate records is extremely costly and undermines the rigour of the decision making process. The £17.1 million cost of administrative errors identified by the National Audit Office in 2008-09 represented over 12% of total Grant funds distributed. This contributed to the Comptroller and Auditor General qualifying his opinion on the Social Fund accounts that year. Some £15.7 million of the administrative error (92%) was attributed to missing files or inadequate documentation.

18 Independent Review Service for the Social Fund, *The Social Fund Commissioner's Annual Report 2008/2009* and *2009/2010*; Q 101; C&AG's report, Figure 2

19 Qq 12, 96-104, 108; Independent Review Service for the Social Fund, *The Social Fund Commissioner's Annual Report 2008/2009* and *2009/2010*

16. The Agency does not check how funds are used by people receiving grants. Grants are awarded to recipients so they can purchase items requested, but there is no obligation to keep receipts and no follow up visits to confirm whether the requested items were in fact purchased. A 2003-04 pilot of home visits to check claims found that 70% of initial awards were incorrect and 44% of customers had overstated their needs.<sup>20</sup> Despite the obvious need for checks indicated by these findings, the Agency has not implemented a programme of physical spot checks and does not monitor the extent of fraud and error by customers. The Agency has, however, begun a further pilot of home visits in the East Midlands and will amend the grant application form to stipulate that receipts may be required.<sup>21</sup>

17. The estimated £19 million cost of administering the scheme is very high. Administration costs are equivalent to 13% of the £141 million paid out in grants. Moreover, the £19 million figure may be an underestimate as it excludes direct costs of transferring cash to recipients, amortised IT costs and some overheads. The Agency accepts that the overall cost of administering the Grant is too high and has undertaken to conduct an end to end review of the grant administration process to identify where costs could be reduced.<sup>22</sup> The findings of this review, to be conducted in January 2011, will be useful for however long the scheme remains centrally administered. They could also be used in future to benchmark the costs of local authorities' administration of the Grant, once the Government's proposals to devolve scheme delivery are implemented.

18. Further savings could be made by purchasing frequently requested items centrally and providing goods directly to recipients. According to the Office of Government Commerce, savings of around £14 million a year could be generated by negotiating bulk discounts from central purchasing contracts.<sup>23</sup> This would also ensure that items purchased are of serviceable quality and could lessen the extent of fraud. The Independent Review Service supports this proposal, and believes that voluntary sector organisations would also be in favour.<sup>24</sup> Replacing cash awards with payment cards is another option for reducing fraud while maintaining the dignity of applicants. The Agency confirmed that it would explore both options to improve how goods are purchased under the scheme.<sup>25</sup>

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20 C&AG's report, para 3.6

21 Qq 92, 96, 111-13

22 Qq 34, 80

23 C&AG's report, para 4.13

24 Qq 20

25 Qq 92, 114

## Formal Minutes

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**Wednesday 8 December 2010**

Members present:

Rt Hon Margaret Hodge, in the Chair

Mr Richard Bacon

Matthew Hancock

Mr Stephen Barclay

Dr Stella Creasy

Rt Hon Mrs Anne McGuire

Jackie Doyle-Price

Nick Smith

Ian Swales

Draft Report (*The Community Care Grant*), proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 18 read and agreed to.

Conclusions and recommendations 1 to 9 read and agreed to.

*Resolved*, That the Report be the Eleventh Report of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

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

Written evidence was ordered to be reported to the House for printing with the Report.

[Adjourned till Tuesday 14 December at 10.00 am

## Witnesses

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### Tuesday 20 November 2001

Page

**Karamjit Singh CBE**, Social Fund Commissioner and **Pauline Adey**, Office Manager, Independent Review Service

Ev 1

**Darra Singh**, Chief Executive, Jobcentre Plus, **Jeremy Groombridge**, Director, Jobcentre Plus and **Neil Couling**, Director, Employment Group, Department for Work and Pensions

Ev 8

## List of printed written evidence

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## List of Reports from the Committee during the current Parliament

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The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

### Session 2010–11

First Report	Support to incapacity benefits claimants through Pathways to Work	HC 404
Second Report	Delivering Multi-Role Tanker Aircraft Capability	HC 425
Third Report	Tackling inequalities in life expectancy in areas with the worst health and deprivation	HC 470
Fourth Report	Progress with VFM savings and lessons for cost reduction programmes	HC 440
Fifth Report	Increasing Passenger Rail Capacity	HC 471
Sixth Report	Cafcass's response to increased demand for its services	HC 439
Seventh Report	Funding the development of renewable energy technologies	HC 538
Eighth Report	Customer First Programme: Delivery of Student Finance	HC 424
Ninth Report	Financing PFI projects in the credit crisis and the Treasury's response	HC 553
Tenth Report	Managing the defence budget and estate	HC 503
Eleventh Report	The Community care Grant	HC 573

# Oral evidence

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## Taken before the Public Accounts Committee on Wednesday 3 November 2010

Members present:

Margaret Hodge (Chair)

Mr Richard Bacon  
Stella Creasy  
Jackie Doyle-Price  
Matthew Hancock

Joseph Johnson  
Mrs Anne McGuire  
Austin Mitchell  
Nick Smith

**Amyas Morse**, Comptroller and Auditor General, NAO, and **Phil Gibby**, Director, NAO, gave evidence. **Rob Prideaux**, Director of Parliamentary Liaison, and **Marius Gallaher**, Alternate Treasury Officer of Accounts, were in attendance.

### REPORT BY THE COMPTROLLER AND AUDITOR GENERAL

#### The Community Care Grant (HC 286)

##### Examination of Witnesses

*Witnesses:* **Karamjit Singh CBE**, Social Fund Commissioner, Independent Review Service, and **Pauline Adey**, Office Manager, Independent Review Service, gave evidence.

**Q1 Chair:** Welcome to you both. Thank you very much for agreeing to come and give evidence to us, and also for the note that you prepared for us, which we found very useful. We hope we won't keep you too long, because we will then have a session with the officials at DWP, who are responsible for administering the scheme. We couldn't resist the opportunity of trying to pick your brains and hear a little bit from your experience. I want to ask you a very broad question to start: from where you sit in considering the appeals, what do you think works well with the scheme and what do you think doesn't work so well?

**Karamjit Singh:** Thank you for the invitation. We must remember that the scheme has now been operating for some 22 years since the inception of the Social Fund. What works well is that it is very accessible. We are talking here of a group of people who are among the poorest and most vulnerable in our society. In terms of people's ability to seek redress fairly quickly, it's something that this scheme was intended to do. The other interesting thing about this scheme is that, according to our figures, something like 85% of the applications that come to us are from people who are representing themselves. Only 15% or so are represented by third parties. I think that is something that works well. Perhaps it would be invidious of me to compare us with other grievance mechanisms, but it seems to me that we are very effective, certainly in terms of cost and our ability to turn cases around. If you look at other grievance mechanisms, their unit costs and the time they take are probably much greater.

What doesn't work so well? I've come into this and had just under a year here. One of the things that struck me when going round and talking to people externally, is that there are obviously issues about the extent to which there is awareness of the process. To

some extent, I think one can understand that, when you're talking about a group here who clearly are not comfortable with navigating bureaucratic processes. The question is how you ensure you have systems and decision making, which are very clear and understood, so that people are aware of their rights. The other issue, if you think about the State of the Nation report, which was published earlier this year, is multiple disadvantages. If you look at the client group, which comes through this process, they very often have one or more of those disadvantages. That raises questions of what kind of assistance some of those individuals could get from other quarters. In the past, for example, I have chaired a mental health trust and worked in local government. There are questions here, particularly as we operate in a wider context of pressures on public finances. One has to think about whether some of that assistance could come from elsewhere.

**Q2 Chair:** To pursue you on that issue, you're saying that this is one of a number of pots of money for people who are on the edge and in dire need, and that we could be more efficient if we tried to draw them together.

**Karamjit Singh:** I'm not sure about pots of money, because I'm not qualified to comment on that aspect. I read some of the cases regularly myself, and it seems to me that you see, for example, occupational therapists, social workers, GPs sending in notes, and support workers from voluntary groups who are involved with those practices. It seems to me there is an issue about whether one can actually make sure that that kind of assistance is available. The other question that arises here is whether the assistance of local charitable foundations—there are some—can be utilised. There may well be other pots of money available, but we have to remember that the social

fund is unique in the sense that we are talking here about one-off grants. We are not talking about ongoing money. These are one-off grants to meet an emergency situation. Very often it might be a question of someone coming out of care or wanting to remain in the community. It may well be a question, for example, of someone going into a new tenancy and an unfurnished flat. It requires a fairly rapid decision and response.

**Q3 Chair:** If it was in your power to say that you'd change three things about the scheme, what would your top priorities be?

**Karamjit Singh:** That's an interesting question, and I hope you don't mind if I just expand a little bit on that. We mustn't forget that this scheme has a legal framework behind it. Therefore, that means you must go through a series of steps. You must look at issues like eligibility. You must look at whether the Secretary of State's directions are met. You then have to look at issues like prioritising in terms of the need, and then the question of resources. I think that that certainly comes out in the report, which you've been considering, and in the reports that the Public Accounts Committee and also the Work and Pensions Committee have considered in the past. I think there are a number of issues, which I would rate firstly around the question of: how does one ensure there is awareness among the underrepresented?

**Q4 Chair:** Is this particularly pensioners?

**Karamjit Singh:** Pensioners and minority ethnic communities are two that are picked up. Clearly, this is an ongoing saga; it is not new. Effective targeting is one issue. Secondly, one should recognise that decision making in the context of the social fund has been in the context of a very large Department, the DWP—I'm coming in very much as a newcomer, who's dealt with many areas of the public sector in the past but certainly not this one—where there are a lot of benefits. Therefore, there are questions about the expertise that people need to develop, and training. I have to say that I think that the Department, quite rightly from what I can see, certainly over the last few months, has focused on training as a priority in trying to deal with raising the quality of the decision making. I think that's very important in terms of sensitising people.

**Q5 Chair:** Just expand on that a bit: where it's poor, what's wrong?

**Karamjit Singh:** If you look at the Secretary of State's annual reports, and also my annual report and that of my predecessors, there are what I think are quite high proportions of cases, where the decision is substituted at the internal review stage and then it's substituted at the stage it comes to my office. In everyone's interest, we would surely want the right decision first time in an ideal world, while recognising that, if people have a grievance, clearly you want to try to ensure that that is addressed as much as possible internally, before it comes to us. You have an effective triage system, if you like, with people thinking about eligibility. The third area is somewhat sensitive, because it has come up again in many reports and it's addressed in

the most recent NAO report. It is the question of the budgets. It seems to me that one of the issues we have here is whether one continues with a discretionary system of decision making, which is clearly cash limited. This is the whole purpose behind the social fund. If one is to continue with that, the question is whether it should be reviewed at regular intervals in terms of looking at patterns of applications from different parts of the country, for example? I say "sensitive" because inevitably once you get into that kind of process, some areas may gain and some may not be beneficiaries. I certainly know that my predecessors have suggested—perhaps it's a somewhat crude approach to start off with—that one might want to look at the total amount of applications in any given year, and divide the Community Care Grant sum by that, as it were, so you have a fixed amount per application, and you allocate that to each of the 23 budget areas that currently exist. That has certainly been put forward. It seems to me that that might be one way of at least trying to put a transparent formula on the table.

There are two aspects that I want to very quickly describe on this. We have held a series of seminars with external groups—we are unable to do so at present, but we have done so in the past. We have tried to ensure that welfare rights advisers and other groups dealing with applicants actually understand how the directions and the decision-making process work, so that they can put in focused applications. That's what the purpose of that is. It's quite interesting how, every time, the refrain that seems to come up is that people assume or say, "Well, if we were in a different part of the country—we know this because we talk to other welfare rights groups—we think our opportunity of getting a successful application through would be much greater." In a discretionary system, and in a system whereby you have a process that is about the concept of each individual case being unique, and therefore you must go through this thinking process of looking at those needs, the need to promote confidence in it is important and to ensure that people feel there is at least some kind of process, which is responsive to what's going on.

That leads me to my final point. If the social fund is to continue—and of course there is a wider framework of welfare reform and qualifying benefits; if they change, there may be issues about the social fund, and we're not here to talk about policy—one of the key things is how one promotes confidence in the social fund's operation, so that people feel there is equity of treatment. I'm sorry it's been a long answer.

**Q6 Chair:** No, that's very interesting. Does Pauline Adey want to add anything to those initial observations?

**Pauline Adey:** In relation to the budget inequities that the Commissioner raised, of course, we see the whole of England, Scotland and Wales from our operation in Birmingham. At the moment, we have a situation whereby seven budget areas can meet only the most compelling high priorities at the lowest prices. We have three other areas that can meet all high priorities at the lowest prices, another seven areas that can meet all high priorities at lower prices, and six further areas

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where all high priorities with no restrictions can be met. Where you live can make a difference. The Decision Makers in those areas have to have regard to that budget. They can't say, "Well, my neighbour has more money so I can pay this case."

**Q7 Chair:** Do you get more appeals from areas that have less money?

**Pauline Adey:** We get high activity from those areas, yes.

**Q8 Chair:** Could you actually correlate the level of appeals to the level of funding?

**Pauline Adey:** To some extent, because more people in those areas where the money is tight can be completely refused or limited in what they can have, either in the number of items they can have, or the amounts they can have for those items.

**Q9 Chair:** When you consider an appeal, do you have to have regard to the budget that is available in that area?

**Pauline Adey:** Exactly.

**Q10 Chair:** The appeals mechanism does too?

**Pauline Adey:** Yes.

**Q11 Austin Mitchell:** Just to follow up on that, without going to your list, which I'd like to do later. Your predecessor in 2008–09 mentioned the issue of distribution of a grant budget. Now, presumably it's distributed on the basis of historic need. I just wonder which areas need more funding and, before you answer that, can I just tell you, you spell Grimsby, G-r-i-m-s-b-y?

**Karamjit Singh:** When I talked a little bit about sensitivities, I think one of the issues, inevitably, is that, if I may say so, you and your colleagues quite naturally will be concerned about the local communities that you represent. That's clearly a very important factor. However, if you have a cash-limited scheme, should the process of allocating the different budgets be done transparently, so that people understand the criteria—not only the people administering the system and people like yourselves, who may well be interested because of your constituents, but also the people who are likely to apply and the people who may actually represent them? I hope that the answer to that is yes. On historic need, the context surely is—to bring it back to the wider context—that we are in a changing society. Let me give you one example.

From some of the cases I read, one sees people who are refugees and asylum seekers receiving the right to remain. You see applications from support workers trying to move them on into the context of supported accommodation. You might take the view that that is clearly an aspect of our changing society, certainly over the last few years. The question is that, if they meet the eligibility criteria—and I'm assuming they meet the eligibility criteria and then the qualification criteria, i.e. Direction 4 of the Secretary of State's directions—there may be particular communities where that change is occurring. In the same way, if

we think of pensioners, the demography of certain communities surely changes over time.

**Q12 Austin Mitchell:** It could be that this recession has a different impact and in different areas to the last. There's a need to keep constantly revising these allocations.

**Karamjit Singh:** May I come back on that? I had thought about that. It's interesting that, if we look at the last three years, there were 543,000 applications in 2007–08 for Community Care Grants. There were 588,000 the year after, and 640,000 in the year after that, in 2010. That reflects through, both in terms of those going through the internal review process—the increases are there—and also in terms of the numbers coming to us. They've gone from 17,000 in 2007–08, up to 29,500. Why is that happening? That's against a context of no increase in the funding during that period. Clearly, an increased number of people are on the qualifying benefits. That may well be linked to the recession. The increased numbers coming through the system surely must raise the question of whether one ought to have a mechanism that looks at redistribution, perhaps on a more regular basis.

**Q13 Chair:** Were you saying that you thought it was wrong that asylum seekers should access this money?

**Karamjit Singh:** I'm sorry, no, I wasn't saying that at all. What I was saying was that we have people who apply for that funding, but they can apply only once they have status to remain in the country. The point I'm making is that here is a relatively new group of claimants who are emerging. I gave that as an example in terms of changing demography.

**Q14 Nick Smith:** Mr Singh, to answer the point you make, this Committee and the NAO love data. If you have any further information about regional breakdowns, criteria for decision making and different client groups, we'd love to see it, because it would help our reports and consideration of them. Please give us more information. I did try to see where the money was distributed across the country by region, but I couldn't see it in the NAO report. If you have that information for the future, it would be good to see which money goes where, to which different client groups, please.

I was going to come back to your point, however, about some groups that you say don't get a fair deal and don't get a reasonable share of the money you disburse. You talked in particular about pensioners and sometimes BME groups. It occurred to me that pensioners might not come to you for this sort of grant, if it's primarily distributed through Jobcentres. There's a whole thing about client groups and access to Decision Makers, which perhaps needs to be borne in mind for the future. I'm less sure about BME groups but, if we had information about need, perhaps that would allow us to think about the structures for distributing resources.

**Karamjit Singh:** I think the broader point I was making there was that, when you have something like the social fund, which is there clearly to assist poor and vulnerable communities—I remember reading one report that talked about one in four households

having no savings and about one in five having very low levels of income; I'm assuming, therefore, that there are groups, such as pensioners and BME communities, which may be overrepresented—it seems to me that you have to look beyond the statistics and really ask yourself why people are not applying. The current figures, in the Secretary of State's report, seem to be that about 9% to 10% of the applicants tend to be pensioners.

There are two very interesting pieces of work. There was a piece of work undertaken in Gateshead in 2007, before I was appointed, where we did a collaborative partnership with the DWP, Jobcentre Plus and local community groups, which really tried to focus on raising knowledge and awareness of the social fund. It actually increased the number of applications, but one of the things it did raise, therefore, was how people learn about this. Clearly there is the question: if you're receiving a pension, why would you think of going to a Jobcentre in order to find out about the social fund? There are issues of how one makes groups like that aware. There was also a very interesting piece of research that Bristol University did some years ago, where they asked pensioners about their views on applying for the social fund, and issues arose such as their reluctance—their perception, for example, that they're entitled to a pension but didn't feel that they ought to apply for these one-off grants. There was this concern that there were also psychological inhibitions around people's perceptions of applying for the social fund.

**Q15 Mrs McGuire:** I think that the phrase that you used was, "There was an assumption about pensioners." Can I ask why you think that pensioners actually need to have more access to the social fund than other groups in society, given that the last statistic that I saw indicated that pensioners were no more likely to be poor than other groups in society? I'm interested in why we focus on pensioners, when that may not actually be the reality. I'm being a bit of a devil's advocate here, because I don't want all the pensioners' groups to write to me, but I just think I need to unpick that a wee bit.

**Karamjit Singh:** Can I make two points on that? One of the reasons why I focused on pensioners in this session is because the NAO report talks about it. My understanding was that you were interested in the themes arising in the report and that's why I focused on it. Also, when I started doing some research on it, it seemed to be a recurrent theme. That's one of the reasons why I've raised it.

**Mrs McGuire:** I will ask the NAO people afterwards, then.

**Karamjit Singh:** One of the other issues is that there are also obviously other groups. You're right; there are other groups. I think the State of the Nation report makes it clear, for example, that lone parents with children also have a very high association with various degrees of disadvantage. We can see that in terms of the applications that come through to us through the review process. I certainly wouldn't want to give you the impression, and I apologise if I have, that actually I'm singling out just this group and

excluding others, but I'm just giving that as an example.

The other issue is we have to think in terms of the demographics. We are an ageing society. I don't have the economic data to hand, and it may well be that pensioners as a group are perhaps relatively more affluent than the population as a whole. I don't have that information to hand. I think one of the issues, which the Gateshead work shows, is that there appears to be certainly a gap there.

There are two broader questions that come out of this, and they come of any casework allocation process. The first is: are all the people who are eligible applying? Quite rightly, that's one of the issues that's raised in the NAO report because, if you're talking about value for money and making that money most effective, that's important. The other question is the triage issue, which is perhaps more of a process question. The question is: do you actually have applications coming through the process that really stand very little chance? If I may whet your appetite with another statistic, if you look at the Secretary of State's last report, it tells you that 68% of the pensioners who applied to the social fund were excluded because they did not meet the direction. Interestingly, it also tells you that, if you look at the unemployed who applied, 92% of them were excluded because they did not meet the Secretary of State's direction. There are issues here about the applications that are being made and the extent of information or lack of it that people have about the criteria in the social fund.

**Q16 Mrs McGuire:** There is obviously an interest in raising awareness, but do you have any feel for how many of the applicants who are currently turned down meet the eligibility criteria, and are really being refused on the basis of a judgment by a Decision Maker? In other words, when you go through the objective assessment, they tick all the boxes, but those who meet the criteria still have to be judged by an individual person making a judgment. Do you have any feel for how many? The reason I'm asking the question is I'm wondering whether we will create a demand that we cannot meet by raising awareness, which I think most of us would like to see happen.

**Karamjit Singh:** May I come back at it on the basis of our casework experience, and how we are required to operate? We are required to operate a process that looks at, first, whether individuals have a qualifying benefit. Then it looks at eligibility and the qualifying process, which is really a question of: assuming people have the appropriate benefit, do they meet what is basically set out in Direction 4? In other words, is this an application from someone who is in care, is this an application from someone who is committing—

**Q17 Chair:** I think Anne is asking a pretty simple question. If we raise awareness, are we going to run out of money?

**Mrs McGuire:** Are we going to run out of money sooner than we run out of money at the moment? A significant number of the hundreds of thousands who do not receive any help from the fund must qualify

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in that objective-assessment, box-ticking exercise, as you've already indicated, but there comes a point when an individual Decision Maker has to balance a budget with the number of priority cases he or she has in front of them.

**Karamjit Singh:** Forgive me. One of the reasons why I was trying to go through the process was, first, to say that this has to be an objective process. It is governed by legal principles. If people apply because they become more aware of it, the question, it seems to me, that one might want to look at, is about the eligibility criteria that are used. That's one issue. The other issue that one might want to look at is the redistribution of the budget.

**Q18 Chair:** Around the country?

**Karamjit Singh:** Yes.

**Q19 Chair:** Pauline, would you like to add anything to that?

**Pauline Adey:** There are a couple of questions I'd like to pick up on. One of the reasons why the concern about pensioners arose in the first place was that the Community Care Grant rules, the directions and the delegated legislation, are about care in the community. Two key elements of that are helping people come out of care, such as hospitals, and helping them not to go into care, such as residential care homes. It's about disabled, sick, frail and fragile people. One can see that, as people age, that is a likely situation that they will face. As a consequence, it seemed incongruous that only 9% of the money went to pensioners, when let's say almost 50% went to families under exceptional pressure.

What would happen, if you raised awareness with pensioners and made them have an informed awareness—not just, "Look, everyone can apply for this," but an informed awareness—is that the money would be redistributed. That is true. Our experience of pensioner cases is that a small amount of money can actually make quite a big difference. To give you a very graphic example of that, let us imagine someone elderly who has mobility problems and has a threadbare carpet. You can replace it now and they will be fine or you can wait until they break their hip and go into hospital. For a few hundred pounds you can make quite a lot of difference. Many of the young families, when they come to the fund, tend to have bigger awards. In a high proportion of the cases we see, young families are looking to furnish a whole house. A lot of money might go in furnishing a whole house; a relatively small amount might help an elderly person to stay in their home, even perhaps for a few months, but the overall cost to the public purse is reduced, potentially, because of that. This is where the concern came from initially.

**Mrs McGuire:** Thank you, that was a very helpful full explanation.

**Q20 Jackie Doyle-Price:** The NAO report suggests that, by shifting provision away from cash grants to providing the goods directly against agreed lists, we'd get the money to go further. What would be your attitude to that?

**Karamjit Singh:** Our view, and I made these comments earlier this year in my response the Social Fund Reform Green Paper, is that we would support that. It is about making the money go further. The other interesting thing for us is that we have the feedback from voluntary sector organisations and organisations that do casework, saying to us that, yes, they think this is the way forward. Let's think about individuals here. The point we are making is that, for some individuals, there is the possibility that, if you give them a cash payment, they will quite naturally want to make it go further. People may have received a grant for a brand new item but they might, for example, buy a second-hand item. We support the proposal and we certainly know there are voluntary organisations out there—

**Q21 Chair:** You don't want to go back to the old voucher system. This is more the family fund scheme.

**Karamjit Singh:** Yes.

**Q22 Joseph Johnson:** I just wanted to look at how you ration the resources in this cash-limited scheme. I was very struck, looking at the pattern of annual applications, that it doesn't seem to zoom up during what was the worst recession in 70 years, nor does the number of awards that you made after review. I wondered what the explanation was for that, because I would expect more people to be seeking these emergency payouts in such circumstances. Does that suggest that there is rather a large number of people, a core group of users of this scheme, who know how to work the system?

**Karamjit Singh:** Can I take that last point first? If you look at page 16 of the NAO report, there is a graph that shows the number of applications people make. One of the striking issues is—that was looking at it over an eight-year period—that it seemed to show me that out of something like £800 million over a year, off the top of my head, about 8% went to people who had applied more than six or seven times. I'm not sure that that data there actually support that particular point. I think the very important point that you're raising is how we make these resources go much further. Clearly there are issues here about the point that's just been raised, in terms of using procurement processes that can do that. On your point about linking it to the recession, I said that applications over three years had gone from 543,000 to 640,000. That to me seemed a significant increase.

**Q23 Joseph Johnson:** I was looking at the data of Community Care Grants awards. I may have looked at the wrong figure. The peak of the boom, you might say, was 2006–07, and figure 2 shows 312,000 grants made after review, down to 293,000 in 2008–09. Maybe there's some data I'm not looking at.

**Phil Gibby:** Can I just chip in on that? I think that the Commissioner is actually referring to the 2009–10 data, which are just now available. If you look at the number of applications processed, we talk about 582,000 in 2008–09. It's gone up to 640,000 for 2009–10.

**Q24 Chair:** There is an important thing that I think Jo is saying. If you look at figure 4, on page 16, two thirds of people who make only one application get only 41% of the money.

**Karamjit Singh:** The point that you've raised is that there clearly are differences in people's levels of awareness. One cannot discount word of mouth; one cannot discount the fact that people don't understand that this is a discretionary scheme, which is tailored to individual circumstances. One can't discount the fact that people may well be talking to each other and saying, "Well, I've applied and I've got this grant," and someone's thinking, "Well, this is the case." How do we know that? We know from some of the discussions we've had with voluntary sector organisation representatives, because some of them come along with some perceptions, which are not clear, about how this scheme works.

**Q25 Joseph Johnson:** You'd also know, presumably, from a geographical distribution of where the claims are coming from.

**Karamjit Singh:** Yes, certainly we're aware of those applications—or the DWP or the Jobcentre are. What we receive is the requests that come through for an external review by us.

**Q26 Chair:** There are some concerns in the report about administrative error, which is quantified, and fraud, which is not. Pauline, from your day-to-day dealings, what are your views about all that and what do you think could be done to improve that loss?

**Pauline Adey:** The Inspector's review has two stages. The first stage is to see whether the early decision was reached correctly in law. If it isn't, an error is raised. That error isn't a nitpicking error; it's a substantial error. A substantial number of the cases that we see contain errors. That doesn't mean that every one of the cases that we don't see has an error, because we see only the ones that have come through two stages of review.

**Q27 Chair:** What proportion of errors?

**Pauline Adey:** It does rather depend. The overall error rate is around 50% in the Community Care Grants.

**Q28 Chair:** Fifty per cent.? Actual error, so their mistake about how they've read this 32-page document, is that right?

**Pauline Adey:** It's not necessarily an error in how they've read the document and the application form. It could be an error in interpreting the law incorrectly. More commonly, the error is around not asking the right questions of the applicant. That can mean that a genuine need has gone unmet, or it could mean a potentially fraudulent or chancy claim has not been addressed. It can fall both sides. If someone makes a statement and it's not challenged and it should have been, an award could possibly be made to someone who didn't, based on the law, deserve that award. Equally, it could be that a very needy case has been swept aside and refused. We're talking about substantial errors. To put that in context, the Department for Work and Pensions has put in place a Quality Assurance Framework, which we assisted

them with, which is very rigorous. Actually, they are attempting to improve the standards of decision making, but the two biggest errors we see are failure to ask the right questions and papers that are missing. When the case comes to us, and someone says, "I want a review," we can't get all the papers, particularly the applicants' papers, from Jobcentre Plus. Again, Jobcentre Plus is putting methods in place to improve that, and I'm sure you will speak to them about it but, at the current time, that is still a problem and has been a problem for a while.

**Q29 Chair:** And fraud?

**Pauline Adey:** Our approach on fraud is that, if one looks at the evidence and makes sure that all the gaps are filled and that evidence is evaluated correctly, it flushes out those cases that are overstated and those that potentially have been understated. The National Audit Office refers to some research done some years ago, when visits were used. It found that some people had overstated their claims.

**Chair:** It found that 70% were wrong.

**Pauline Adey:** It also found that some people had understated.

**Chair:** Seven out of 10 were wrong.

**Pauline Adey:** We think a lot of that is about getting the right evidence, asking the right questions, probing when there's a probe to be made and making sure that the facts are found correctly.

**Q30 Chair:** What would you change?

**Pauline Adey:** I would say that it has to be a learning process and it isn't a quick fix.

**Q31 Mr Bacon:** How much do you think this is down to the judgment of the Decision Maker, as to the bona fides of the person in front of them? How much of it is stuff you can't easily put down in a rule book, but is just in the tips of your fingers or in your nostrils? You sometimes see in one's constituency surgery people who are desperate and people who are trying it on. We're all familiar with that. How much of all this is down to the Decision Maker's feel for the job?

**Pauline Adey:** The Decision Makers tend not to see the customer, so they're not looking at the whites of their eyes, saying, "Are you telling the truth?" They're going on paper, and generally on telephone calls and written correspondence.

**Q32 Mr Bacon:** The interlocutor who sees the customer is just a person in the Jobcentre. Somebody sees them at some point?

**Pauline Adey:** No, not generally.

**Mr Bacon:** Not at all? It's purely paper-based? There's no face-to-face at all?

**Pauline Adey:** I wouldn't say there is no face-to-face, but there is very little face-to-face.

**Karamjit Singh:** Can I just come back on that? The essence of this process is that it's fundamentally, in terms of its conception, trying to ensure you have a decision-making process which is very quickly trying to deal with issues that have been raised in a way that's proportionate to the resources that people are seeking. We receive very few complaints about the

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application form, so that clearly is a very good basis for the information that applicants can provide. We also have to recognise that there are issues such as literacy, skills, etc, in terms of people's ability to write things down. Even though staff in the Jobcentre and, indeed, our inspectors, can't see these people face-to-face, they can clearly pick the phone up, they can obviously contact individuals. The point that Mrs Adey was making was that, assuming the correct inquisitorial non-judgmental approach is applied, there is no reason why they shouldn't have sufficient information to make an informed decision.

**Q33 Mr Bacon:** Can you just clarify something, because I'm obviously missing part of this? I understand that the Decision Maker—capital D, capital M—is operating a paper-based process. At some point, referring to what Pauline Adey was saying earlier about “failure to ask the right questions”, there must be somebody asking or failing to ask those questions. Who is that person?

**Pauline Adey:** The Decision Maker.

**Mr Bacon:** That is also paper based?

**Pauline Adey:** Yes.

**Q34 Mr Bacon:** This accounts for it. This type of bottom-end rock-face social security is absolutely essential and probably everybody would approve of it as critical, but I can't understand why it costs so much money. The thing that hit me between the eyes, when I read this report, was £19 million out of £141 million. It does say it's only £33 per claim. To put it another way, it's £57,000 per Decision Maker, which is a lot of money. Any charity that was raising £141 million and was spending £19 million of it on admin would be taken to the cleaners and excoriated in the media and in Parliament. Those costs, that £19 million, doesn't even include, as it says in paragraph 11, the cost of processing payments. It doesn't include the amortised IT costs; it doesn't include all the overheads, such as senior management oversight. I would be interested to know from the NAO, do you have a comprehensive figure of the costs? If the £19 million isn't a comprehensive figure, what is?

**Phil Gibby:** The £19 million is based on the standard charge-out rate plus an element for overheads of that grade or the different grades of the staff involved. You multiply that to get to the £19 million. On that basis, it has to be an approximation.

**Q35 Mr Bacon:** Your basic problem, according to the report, is that you don't know—you don't monitor—whether you're targeting it sufficiently. Your budget distribution process generates inequalities, which you've referred to. There's very high admin error cost, which you've referred to, and the grant funds awarded for frequently-requested items are not consistent with the lowest prices. Your response to all that is to say that it's in the nature of the discretionary scheme that there'll be variations in the way judgments will be exercised, of course, and that the alternative is to operate a scheme on a rigid, uniform basis. Have you considered the possibility that the alternative is to have much more discretion? It's in the nature of a discretionary scheme, as you

say, that it's going to be like this. All administrative law works on the basis of the polarities of rules and discretion. This is very much at the discretion end of things. It's a drop in the ocean compared with the total social security budget. Shouldn't you perhaps be going on a much more discretionary basis, and having much greater variation and being more flexible in how you do things, going down a procurement route and getting more of the available money to those who need it, rather than this enormous chunk of 20 million quid that is being spent running what is really a very small scheme?

**Karamjit Singh:** There are two issues there. I think you're talking about the Jobcentre Plus cost, and I'm sure that those questions perhaps ought to be directed elsewhere. I'm very happy to talk about the costs of my organisation, which is an independent organisation.

**Chair:** That's not covered by our session.

**Karamjit Singh:** Right. Thank you.

**Mr Bacon:** I'm asking for your opinions about that ratio, because it hits you between the eyes as a problem.

**Karamjit Singh:** I think it would be appropriate for me to speak about my costs, rather than the Jobcentre Plus costs.

**Chair:** We'll have Austin then.

**Karamjit Singh:** You did raise, if I may, an issue about discretion.

**Chair:** We are just running a bit late, but go on.

**Karamjit Singh:** Very quickly, in theory, I think the point you make is that the Secretary of State has the power to vary the directions and the guidance if he wishes. Therefore, if he wished to bring in a new eligibility system, he could do so.

**Q36 Austin Mitchell:** I see that, just following this point about the costs, in 2009–10, you reviewed 25% of Community Care Grants compared with 17.5% the year before, and identified important errors in 47% of the Jobcentre Plus decisions. That's an incredible proportion, isn't it? What's going on? Is the Jobcentre becoming more lax? Is it making more mistakes? Are you becoming more vigilant? What's up?

**Karamjit Singh:** First, a consistent theme has always been that, with a discretionary based process, there is always this question—some of you already alluded to this—about the quality of the decision making.

**Austin Mitchell:** I've got discretion, but I don't make that many mistakes.

**Karamjit Singh:** We've already alluded to the fact that a key factor is how you use your inquisitorial approach. I'm very conscious that Jobcentre Plus is bringing in a major change programme. I've had a series of discussions. It's very clear to me that they have tried to and they are trying to clearly look at not only the training and, as Pauline Adey has mentioned, the QAF programme to assist in the quality of their decision making, they're clearly concentrating their decision making in various groups of people who are working exclusively on the social fund, and they're clearly focusing on certain sites. As Pauline has said, this is not a quick fix. What one does look to, one

should look to and one should expect in the future is that actually more cases should be dealt with correctly at the first point of contact.

**Q37 Stella Creasy:** I have a question about the referral process. It seems to me, if one of the challenges is inappropriate applications and your data talk about customers being offered a crisis loan or other forms of access to the social fund, what evidence do you have of that actually happening? If people make an application that's not eligible, what happens next and what evidence do you have of tracking that to see how the process of dealing with some of the applications is?

**Karamjit Singh:** We see examples in our casework of reviews that have come all the way through where, in some cases, people ought to have been informed of the fact that there is another component to the social fund, namely a crisis loan, which might have been appropriate. There is an issue there of training individuals. Equally, on the other hand, you see cases where people's attention has been drawn to the fact they don't meet the eligibility for the Community Care Grant. They're told "crisis loan", but then you see them coming through to us and saying, "I don't want a crisis loan; I want a Community Care Grant." In other words, you've got issues around people's understanding. There is a question there of making sure that the Decision Makers are fully cognisant of the different components. Quite clearly, when they're taking a decision, if they decide that something is not eligible in terms of Community Care Grants, perhaps a crisis loan or a budgeting loan might be appropriate.

**Q38 Stella Creasy:** How do you suggest that happens?

**Karamjit Singh:** I think that comes to the quality of training and investing in the front-line Decision Makers. I think that certainly we have no reason to take a view that that isn't recognised, and a considerable amount of resources is being put into that.

**Q39 Stella Creasy:** That goes to Pauline's point, and I'd be interested in your views on this, Pauline, if all the decision making is paper based and there isn't interaction with the individual claimant. What we are all concerned about is that people get the right assistance and help that they are entitled to. The referral process seems to be the nub of some of this. What would you say about where that could happen in the future?

**Pauline Adey:** The distinct rules that surround Community Care Grants and crisis loans are very different. The Community Care Grant rules are about promoting community care in very specific ways. Many people who are in great need still don't meet those criteria, because they are very specific. If they're in great need and they have an emergency, those can automatically be considered for a crisis loan. In many cases that we see, that has happened. We don't see all the cases, so we don't know what happens on the front line but, in many cases, that does happen. There is a specific part of the law that enables that to happen. What it doesn't allow is for a budgeting loan to be considered; that has to be a separate application. If someone applies for a Community Care Grant and they don't meet the criteria, automatically the Decision Maker can consider that.

**Q40 Stella Creasy:** They can't say, "Actually, you don't fit these criteria. The most appropriate avenue for you to pursue would be a budgeting loan"?

**Pauline Adey:** They can tell the individual. I don't know how often that happens. That would be something for Jobcentre Plus to address. Certainly in my organisation that is what happens, but I can't speak for them.

**Chair:** We've overrun a little bit. Thank you so much for giving us all that very helpful evidence. I hope we can reflect some of the concerns that you've expressed in our final recommendations in the report. Thank you so much. We'll move now to hearing from Jobcentre Plus. Thank you.

### Examination of Witnesses

*Witnesses:* **Darra Singh**, Chief Executive, Jobcentre Plus, **Neil Couling**, Director, Employment Group, and **Jeremy Groombridge**, Director, Jobcentre Plus, gave evidence.

**Q41 Chair:** Welcome to you all and thank you for coming to give evidence today. If we can just start by getting clear the parameters of how we're doing, can you tell us, in the light of the CSR settlement, is the Community Care Grant going to continue?

**Darra Singh:** As Chief Executive of Jobcentre Plus, I'm responsible for operating the framework that is developed.

**Chair:** You're going to have to speak up a bit.

**Darra Singh:** My apologies.

**Chair:** No, the acoustics in this room are really difficult. Apologies for that. Go on.

**Darra Singh:** In terms of the CSR, my responsibilities remain at this stage to ensure that Jobcentre Plus delivers within the framework that is set.

**Q42 Chair:** Is there going to be a Community Care Grant?

**Darra Singh:** I'm basing my next year's plans on the basis that there will be a Community Care Grant, yes.

**Q43 Chair:** Do you know yet whether funding is going to be cut, maintained at current cash terms or increase in line with inflation?

**Darra Singh:** If I may, Madam Chair, on my left is Neil Couling, who is our Director of Benefit Strategy for the Department. Could I invite him just to respond to that particular point?

**Neil Couling:** In the Government's forecast for expenditure for the rest of the Spending Review, there's an allocation of annually managed expenditure of £141 million a year for Community Care Grants.

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**Chair:** So it would be frozen at the current cash level?

**Neil Couling:** Yes, as it has been since 2006–07.

**Q44 Chair:** So it's gone down in real terms. Just do us a quick calculation, if you can. From 2006 to the end of the Spending Review period, there's a real cut of—do you know?

**Neil Couling:** Across that period, 10 years, then yes. It's about 10%.

**Chair:** It could be a real terms cut of 10% so far.

**Neil Couling:** Yes, that's a good approximation.

**Q45 Chair:** Thank you. It's helpful to have those parameters in considering the issues. We want to cover a range of issues. I think we want to start with the issue of fairness, which was raised quite a lot in the previous evidence. If we can start with the nature of the population who come to you or come to Jobcentre Plus to seek a Community Care Grant, there does seem to be some unfairness in that pensioners, as we heard, and people from BME communities are less likely to come, although they may be eligible, particularly because it's a Community Care Grant. What comments do you have on that? What are you doing about it or are you just letting it flow?

**Darra Singh:** What we do with Community Care Grants, as we do with all our other benefits, is to publicise them in exactly the same way.

**Chair:** It's clearly not reaching them, is it?

**Darra Singh:** In terms of the Directgov website and downloads of the Community Care Grant form, for example, my last information was that 200,000 forms were downloaded. On pensioners, we regularly inform my sister agency, so to speak, in the Department, the Pension, Disability and Carers Service—

**Chair:** I'm going to interrupt you. The information in the NAO report says that only 14% of pensioners are aware of this grant. Let's forget about the parameters of how much is available. That is an abysmally low percentage of a very important cohort, who might need this money to stay in their home. The current system isn't working. I can't remember, but somewhere in the report, it states that you ran a little pilot that more than doubled it, but then decided not to go beyond the pilot. What are you doing to reach those people so that you up that rate and so that there is greater awareness among pensioners or BME as the two most discriminated against groups, in terms of accessing this money?

**Darra Singh:** One specific action that we're undertaking to try to get to the bottom of the assertions that there are large numbers of individuals who are not aware of the Community Care Grant scheme is that we've talked to a range of customer groups and agencies, and we are reviewing with them what more they think we can do to publicise Community Care Grants more widely.

**Chair:** I know you haven't been there for long, but in 2005—

**Phil Gibby:** May I just say that the figure was 14% in Gateshead in that pilot?

**Chair:** In 2005, there was a report to this Committee, which said, "Hang on a minute, pensioners don't know about it." There was a little pilot in Gateshead, which shows that, if you do some specific work

around it, you can triple it—you got up to 40%, so you tripled it. You choose not to extend that pilot elsewhere, and we're down to 14% as we speak. Just doing a bit of research; nothing happens for five years. This isn't a great story to tell us today.

**Darra Singh:** Actually, we did take some action as a result of that work in 2007. In 2008, there was an independent evaluation of the Gateshead pilot, which showed that, as I understand it, while short-term awareness of Community Care Grants among the pensioner group, in this case, was raised, there was no evidence that that would lead to a long-term sustained raising of awareness. The Gateshead pilot actually soaked up resources and, in terms of rolling that out on the same basis, the view was taken that that wouldn't be cost effective. However, we beefed up our information to the pensioner group in this instance.

**Chair:** Which has also been ineffective?

**Darra Singh:** Well, 9% of awards, Madam Chair, last year—2009–10.

**Chair:** Nine per cent. consistently, over time?

**Darra Singh:** Yes. However, if one looks at the nature of the Community Care Grant scheme and the qualifying conditions, which are essentially targeted, as you know, at either safeguarding people's position in the community, helping people to settle in the community or to ease exceptional family pressures, the question really is: is that 9% of awards out of kilter? I spent a few hours with Decision Makers in Perry Barr, and the first applicant for a Community Care Grant to whom I spoke was indeed a pensioner, who had been informed about the grant by an NHS professional, and who had lived in a property that had been damaged by fire, and had actually made an application for a range of items.

**Chair:** Hang on a minute; I want to get this clear. Are we all accepting around the table that only 14% of pensioners know about the scheme?

**Phil Gibby:** I just want to clarify something. The research in Gateshead showed that only 14% in that pilot in Gateshead were aware of the scheme.

**Chair:** Have we any data beyond that?

**Phil Gibby:** No, because there is no monitoring of levels of awareness across the country.

**Q46 Chair:** If we can presume that awareness, because nothing much has happened, is at about the level, are you then telling us that you are satisfied with the figure that only 9% of grants given by this particular scheme go to pensioners? You're satisfied that that is fair, yes or no?

**Darra Singh:** What I'm actually saying is that we've taken on board the comments from the NAO Value for Money report, and we're re-looking at, particularly with our partners in the voluntary sector and customer representative groups, what more we can do.

**Chair:** Are you satisfied, yes or no, with the fact that only 9% of these grants are going to pensioners?

**Darra Singh:** Nine per cent. of the awards in the context of what the scheme is focused on.

**Chair:** Are you satisfied, yes or no?

**Darra Singh:** Madam Chair, I don't actually have sufficient information from any source to say that is out of kilter, given the nature of the Community Care Grant scheme.

**Chair:** Are you satisfied with it then?

**Darra Singh:** I don't have any evidence to be dissatisfied.

**Chair:** So you are satisfied?

**Darra Singh:** I want to make sure that we talk to representative groups to see what more we can do to publicise the scheme.

**Q47 Chair:** I take that as meaning that you are satisfied. I'm not sure we are, and I'm not sure the NAO demonstrates through its evidence that you are. Can I just ask you about another issue of fairness, which was again raised by the previous evidence? It is about how the money is distributed across the country. It appears that the distribution formula was set in 1988—correct me if I'm wrong—and has not been changed. Unlike one of my colleagues, I'm lucky enough to have a budget allocation of what that means, and it means that if you're in Springburn BDC—benefit delivery centre—37% of legitimate demand is met, whereas if you're in Sheffield, only 28.6% of legitimate demand is met and, if you're in Essex—Jackie will be interested in this—only 26.3% of legitimate demand is met. Is this fair?

**Darra Singh:** Actually, fairness and the allocation of the budget has been looked at on several occasions since 1988, and changes have been made. The challenge for the Department, in terms of handing over a budget to Jobcentre Plus, is how you take a fixed budget, reallocate it and avoid the cliff edges. You're quite right about Springburn benefit delivery centre, and—I wrote to you last week, Madam Chair—I've actually asked for this to be re-looked at, and a review is commencing this month, so we can put advice to Ministers about the options available to look at the allocation methodology.

**Q48 Chair:** In your view—let me ask you again, perfectly straight—in your view, is the current geographical distribution fair?

**Darra Singh:** In my view, in order to avoid the cliff edges, it's the best that we believe we can do at this stage, given that legitimate demand changes from area to area, year to year, and is not predictable. You can only take a judgment about legitimate demand in safe terms if you do that with hindsight, which is what is reflected in the NAO Report.

**Q49 Chair:** As the accounting officer—you're not quite the accounting officer but as the officer responsible for it—you are happy that in Springburn, 37.1% of eligible people get their grant, whereas in Essex only 26.3% get their grant.

**Q50 Neil Couling:** Essentially, the choice you face with a fixed £140 million is to move money around within that. What Ministers have chosen to do, since 1988, whenever the fund has had an increase, is to use that increase to level out as much as possible. The policy has been, hitherto, every time there's been an increase to use it in a way that narrows the differences. Essentially, if you were to say to me, Madam Chairman, "Equalise the budget tomorrow," places like Scotland, London and the East Midlands would lose money, and the rest of the country would gain.

**Q51 Chair:** You've had a fixed budget since 2006?

**Neil Couling:** Yes.

**Q52 Matthew Hancock:** Can I just come back on two points there, which are interconnected? That last response could possibly be explicable if this were a flow of cash to existing people. This is about discrete one-off awards, isn't that right?

**Neil Couling:** Not always, no. Some people can qualify for regular awards. For example, if you have a regular contact need with a child with another parent, you could get a series—

**Matthew Hancock:** Sorry, hold on. At the back of this report, on page 60, there's a chart that shows that 41% of awards are the first time somebody's awarded a grant.

**Neil Couling:** Yes. You asked me were they individual awards, and I was saying it is possible to get repeat awards under the scheme.

**Matthew Hancock:** No, my question is: how can you possibly justify a big disparity on the grounds that you need an increase in funds in order to reduce that disparity? If 41% of the awards are one off, you're not taking money away from anybody if you move money around the country. You're just having fewer applicants in the future. You're not taking money away from anybody.

**Neil Couling:** No.

**Matthew Hancock:** Why, in that case, do you allow the disparities to continue?

**Darra Singh:** What we want to do, actually, is to look at the disparity between the percentage of legitimate demand in the previous year that is met, and feed that into our options.

**Q53 Matthew Hancock:** When the Chair just asked you why these disparities have continued at such a bad rate, the answer was because you haven't had increase in funding. This isn't about flows of cash. This is largely about individual, discrete awards.

**Neil Couling:** Ministers have taken the view in the past that, rather than remove money from budgets in certain localities, like London, Scotland and the East Midlands, and put money in other places in the country, they have waited for increases in the budget to continue the levelling-up process.

**Q54 Matthew Hancock:** You're blaming the regional disparities on Ministers?

**Neil Couling:** These are ministerial decisions.

**Q55 Matthew Hancock:** The second thing I wanted to push on was that you just said that you can't make any predictions. I was astonished by that, frankly. We were talking about the regional disparities, and you said you can't predict demand, but if you're in a business that is about managing people who are in dire financial straits, and making sure the money goes as well as possible—with all the difficulties that we fully understand, especially from our constituency work—getting it to the people who need it most, how can you possibly do that without trying to make some kind of predictions about where need will be?

**Darra Singh:** In terms of legitimate demand, that changes year to year. For example, in terms of

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applications, as you'll be aware, from 2009–10 we had a 64,000 increase in applications that we dealt with.

**Matthew Hancock:** Just over 10%, but you could have predicted that because the economy was going into recession. You could have had a stab.

**Darra Singh:** In terms of predicting the demand levels against each of the qualifying conditions, that is not capable, in our view, of precise forecasting.

**Matthew Hancock:** I didn't ask about precise forecasting.

**Darra Singh:** That's the point I was trying to make.

**Q56 Matthew Hancock:** How can you possibly manage a budget of £141 million if your starting point is you can't forecast anything?

**Darra Singh:** We manage a budget of £141 million effectively; 99.8% of that budget for 2009–10 was spent—

**Matthew Hancock:** No. The reason we're pursuing this line of questioning is because it's not managed effectively in a number of ways: first, the regional disparities; and secondly—which I'm sure we'll come on to—the amount of money that goes in admin costs and also the very large errors. To the question, "Why don't you try to forecast to try to spend it better", I don't think the answer could possibly be, "99% of it is spent perfectly". Are you saying that there isn't any problem with any of the way that any of this money is spent?

**Darra Singh:** It's a fixed budget, so we're not allowed, as you know, to overspend the £141 million.

**Matthew Hancock:** I'm not talking about overspend. I'm talking about the effectiveness of the spending.

**Darra Singh:** Actually, the scheme is effective, in the sense that it's quick and it responds to acute needs that individuals have.

**Matthew Hancock:** This is extremely frustrating. The Chair asked you why these regional disparities continue, and you said that "There's no way that we can forecast demand." You weren't saying that there isn't a problem. You were saying we can't solve the problem because you can't make any forecasts. Is it true that you can't make any forecasts at all of how this money might be required?

**Darra Singh:** The point I'm making is we can't precisely forecast the level of legitimate demand from one year to the next.

**Matthew Hancock:** Just because you can't do it perfectly, it doesn't mean that you shouldn't try.

**Darra Singh:** I never said we shouldn't try.

**Matthew Hancock:** You did; you said, "We can't forecast."

**Darra Singh:** No, sorry. I didn't say we could never try. In fact, actually, we do use historic information as well as what we know is happening to unemployment, for example, and other indicators, and we will feed that kind of intelligence and view into the review of the allocation methodology, and give advice to Ministers for the next financial year.

**Q57 Nick Smith:** I'm trying to understand your decision making about the allocation of moneys, and whether the shared money is distributed by areas of acute deprivation. I understand that all the clients who

go through your door and ask for this money and are successful are in great need. I'm just trying to understand the bigger picture about whether the share of the budget is distributed by area of deprivation.

**Darra Singh:** May I ask Mr Couling to respond to that?

**Neil Couling:** It's a complex calculation that goes into allocating the CCG budgets. As the Chairman pointed out, there's some historical basis for it from 1988, when six sevenths of the budget was decided on the basis of the then single payments load, and one seventh on the basis of the then supplementary benefits load. A series of amendments has been made since then, as hikes have happened in the overall budget amounts. In respect of that, we do take a look at whether there are cases for moving money around. As the administration of the Community Care Grants has changed over time, essentially we've taken them out of district offices and moved them into these 23 benefit delivery centres. That's allowed some movement of money in and around the system, but it's this mix of history, the fact that for long periods of time the amount of money has been capped, and a reluctance to move areas down, as well as move areas up.

**Nick Smith:** Could we have the data then, Chair?

**Chair:** Yes, we're just handing it round. Just to be clear, the figures you are using in the Committee are the percentage of legitimate demand. That is needs based. At the moment, if you're needy in Essex, you're less likely to get it than if you're needy in Springburn.

**Q58 Nick Smith:** Is it true that you're more likely to have more needy people in some regions?

**Chair:** This is the percentage of those in need who apply.

**Nick Smith:** But as it's rationed—

**Chair:** If you have 100 needy people in Essex, 26 will get it. If you have 200 needy people in Springburn, 74 will get it.

**Mrs McGuire:** Why don't we just use 100 in both cases, so it doesn't sound quite so bad?

**Chair:** What Nick was trying to say was there were more needy people in Springburn.

**Mrs McGuire:** I think what you're saying is that 26 people in Essex would get it, and 36 people in Springburn. I just think we need to compare like with like. I don't want to fall out with you, Madam Chairman.

**Q59 Jackie Doyle-Price:** Ultimately, the Chairman's original question was: is this geographical distribution fair? If we take Essex slightly out of the equation, because I have a direct interest in it, the NAO's Report in paragraph 2.11 actually put some figures on this which say that, if all offices met the same proportion of legitimate demand, Springburn would have paid £2.2 million less than they did in grants, while Sheffield—and Sheffield is not the most affluent place in the country—would have paid £1 million more. In what sense can that be considered fair, and why has there not been more interrogation of how this grant's distributed around the country?

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**Darra Singh:** There has over the years been quite a lot of interrogation and thought about the methodology of the grant allocation. The dilemma is how you move and can you, without hitting these cliff edges and significant drops in the amount of Community Care Grant in certain districts, from year to year, when you have a fixed budget—

**Q60 Mr Bacon:** Mr Singh, can I interrupt you at this point? I looked to Mr Hancock to see if his eyebrows were going up and down furiously when you were saying that and, indeed, they were. It's because of his point about the one-off claims. You talk about these cliff edges but, once the one-off claim's been met, it ceases to be; it is an ex-claim, as it were, so there is no cliff to fall off for that claim. It is in the past. You could at any point relatively easily say, "This right-hand column here, they'll be 33% for all of them," or whatever the number is, and just do it by fiat. Now, Mr Couling said this was a decision for Ministers. I'm sitting next to a former Social Security Minister; she said she was never asked. I'm just wondering who was actually taking these decisions.

**Neil Couling:** The Minister with responsibility for the social fund.

**Mr Bacon:** Is this not a bit of a red herring about the cliff edge, given the nature of the one-off grants that Mr Hancock was referring to?

**Neil Couling:** The NAO report makes it clear, that advice has gone to Ministers on these kinds of issues. I feel a bit for Mr Singh here; he can only administer the budgets that he's given. Ministers decide how the £141 million is cut up. All I can offer to do for the Committee is to report, in the strongest terms that I'm hearing, what I think is the consensus view of the Committee: that you'd like to see this change.

**Q61 Stella Creasy:** At what point is the decision made about the budget that goes to each region?

**Neil Couling:** Before the start of the financial year.

**Q62 Stella Creasy:** There's no change of that throughout the financial year, so even if you're getting a large number of claims from one particular area, you have no flexibility in the system?

**Neil Couling:** We have a £1 million contingency float that we run.

**Q63 Stella Creasy:** You have a 1% contingency fund.

**Neil Couling:** It's less than 1%; it's about £1 million. That has proved successful when we've had shocks. For example, when we had the floods in Sheffield, we directed a lot of that £1 million at extra provision for Sheffield.

**Q64 Mrs McGuire:** Could I ask how you change the formula? Is the formula set down in regulation? Is it just guidance? Is it set out in primary legislation?

**Neil Couling:** It's not in legislation. It's a question for, in effect, ministerial decision.

**Q65 Stella Creasy:** Who advises the Minister?

**Neil Couling:** The Department.

**Q66 Chair:** I think we should move on to another issue, but can we just take it that it was wicked Labour Ministers who didn't take the decision? Will you be putting advice up to the coalition Ministers in time to change the formula for the financial year 2011–12?

**Neil Couling:** We put advice up every year to Ministers.

**Q67 Chair:** Can I ask again: will there be advice to Ministers this year to change the formula to make it fair for 2011–12?

**Neil Couling:** As the Report made clear, we always put up advice and options to Ministers about different ways of cutting the £141 million.

**Chair:** Can I just ask once more, in the hope that you'll answer it directly?

**Neil Couling:** I thought I had, sorry.

**Chair:** Apparently it was us lot, Anne, who were unfair, but will there be advice to Ministers, this time around, for 2011–12, to have a fair distribution across the country?

**Neil Couling:** I will strongly represent the views of the Committee to Ministers on this.

**Q68 Chair:** Right, can I move on to another fairness issue, which is about who gets the awards? On page 15, paragraph 2.3, of the report, we see that 4,000 people had more than 10 awards. If you look at the bottom of the page, it states that 4,000 people got more than 10 awards, estimated at £25 million, an average total of £6,200 per person. Again, because this is a cash-limited fund, where demand will always outstrip supply, is it fair that we have a system that enables some who know more about it—and we know that pensioners don't know anything about it—to get a disproportionate amount of the money?

**Darra Singh:** As you know, and as was pointed out by a previous witness, this is a discretionary scheme, which is based on individual needs. In some circumstances, applicants will have repeated needs. Flooding is a good example; domestic violence is another example where there may well be repeat needs. For us at the moment, a repeat application is any application that is made within 28 days, which we've already looked at, where circumstances haven't changed. What we have done, since this report was published, is to seek and get approval from the Secretary of State to amend the guidance from next year, so that the repeat application window moves from 28 days to 12 months, on the basis that, if any individual makes a repeat application for the same item for which that they've received an award, and their circumstances have not changed, that award, unless there are other really extenuating circumstances, will not be given.

**Q69 Mrs McGuire:** To go back to Mr Hancock's point, I can't remember exactly how it was phrased, about the number of repeats—I think, Mr Couling, you said that somebody might have recurring costs, for example, for visiting. Will they count as repeat or do they count as a one-off?

**Darra Singh:** We may need to make exceptions for travel expenses, particularly if somebody needs to travel because they're visiting a child pending a court

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hearing. We will consider that. We do need still to maintain the principle of actually basing a reward on individual requirements, but if an award is made for a fridge-freezer or any other item that normally now carries a 12-month warranty, we would expect them not to reapply, unless their circumstances changed. We get many instances of domestic violence where, unfortunately, a woman has to move from one accommodation to another, so we may need to respond. Unless there are strong circumstances to warrant a further award, the rule will generally be no repeat applications within a 12-month period.

**Q70 Austin Mitchell:** I'm not frustrated, and I'm not going to call any witnesses to that effect, but just on the point that the Chair raised, about 4,000 people getting more than 10 awards in seven years at a cost of over £25 million. It says in the report that's £6,200 for each person—thank God the *Daily Mail* has not got to hear of this. Why is that happening? Why are they doing that? Do you not have records of how many previous claims they've had that are tested before a new claim is issued? What are they doing with the money? Are they buying beds to set up brothels? What is happening?

**Darra Singh:** We do actually have records.

**Austin Mitchell:** So they are checked for previous claims?

**Darra Singh:** Yes. It sits with a Decision Maker. When we have the applicant's name and address and their National Insurance number, we do check on the social fund computer system and our other systems their history, so we will be aware; if we've made an earlier award—a Community Care Grant—to somebody, we will know that information. Where the latest application is made within 28 days of a previous award for the same item and there has been no relevant change of circumstance the decision maker will not determine the application. If there has been a relevant change of circumstance the decision maker will decide the latest application on the basis of the evidence, seeking out further information if necessary. It may well be that those awards are made on appeal, rather than through the initial decision, but there are some legitimate reasons why people require several payments of Community Care Grants.

**Q71 Austin Mitchell:** On the general point, it seems to me that you're in a bit of a cleft stick, because really it's a very good fund. It should be bigger but, because it's not bigger, you can't promote in the way you need to, so that everybody gets to know and everybody gets a shot at the money. That's the dilemma, isn't it, and that's the dilemma that's going to get worse, as the fund, because it's being cut in real terms, levels off, and this Government manage to increase demand by deepening the recession? That's going to be a situation that is worse. What are you going to do? Are you going to promote it more or are you just going to keep quiet about it?

**Darra Singh:** We will continue to promote the scheme in the same way that we promote all other benefits. The Community Care Grant, in terms of downloads of forms this financial year so far, is the fourth most popular form that is downloaded. It is widely

publicised. We're not complacent about this; it can always be improved, but actually it is very widely publicised.

**Q72 Austin Mitchell:** A lot of folks who come to see me in surgery don't know about it. I don't know much about it either, but I try to encourage them to take it up. There isn't a widespread knowledge, particularly among pensioners.

**Darra Singh:** We can return to the pensioner point, if you like, Madam Chair, but the point I was trying to make is that we regularly inform those recipients of Pension Credit about the Community Care Grant scheme, so 2.1 million uprating letters and leaflets go out every single year. There are 290,000, roughly, new applications or repeat applications for Pension Credit, and we inform pensioners in the leaflet about Community Care Grants that PDCS issue to people who make new and repeat claims for Pension Credit. We also, through our sister agency, the PDCS, inform pensioners when there's a review or change of circumstances. That goes into the millions as well. There is a lot of information. I'm not suggesting this is perfect but, again, there is a lot of information out there about Community Care Grants.

**Q73 Nick Smith:** It doesn't seem to make a big impact, though, does it? You send lots of paper out, but not many people are applying, so it doesn't seem to be very impactful.

**Darra Singh:** There was a 64,000 increase in applications from one year to the next into 2009–10. Again, we need to continue to test how impactful it is, so that's why we're talking again to our stakeholders, customer representative organisations and the IRS to see what more we can do.

**Q74 Matthew Hancock:** Just picking up on this point about multiple awards, I'm sure we all entirely understand why there might be a need for several awards. I didn't note down the exact words, but tell me whether you think the number of people who have been awarded more than 11 awards is reasonable. The information is on page 16 in part 2.

**Darra Singh:** That depends. As it's a scheme that is based on individual needs, it depends very much on those individual requirements.

**Matthew Hancock:** In your assessment, do you think that's reasonable?

**Darra Singh:** Actually the way we operate the scheme—the way we have to operate the scheme—means that a repeat application is, at the moment, only an application that is made within that 28-day window. Those are the guidance and the regulations that we operate. This looks at repeat applications over a much longer period.

**Matthew Hancock:** I can see that. It's in the title.

**Darra Singh:** Over that longer period, there are lots of occasions where, in fact, an individual's requirements may well demand and warrant a payment.

**Matthew Hancock:** Do you think it's reasonable that 4,100 people made more than 11 successful applications to this fund?

**Darra Singh:** That depends upon their requirements. There's nothing to suggest in here that, in fact, we have actually not administered the scheme properly, in light of the regulations.

**Q75 Matthew Hancock:** So you're happy with these proportions represented in this table. ?

**Darra Singh:** I don't think actually my personal happiness is relevant really.

**Matthew Hancock:** You administer the scheme and I assume you would be unhappy if you administered it badly.

**Darra Singh:** There's no evidence in here that we administer it poorly.

**Q76 Chair:** I think the question is: are you satisfied it's fair? With a limited scheme, are you satisfied that's fair?

**Darra Singh:** That again comes back to the fact that all the information I have shows that, in these instances, we administered the scheme properly, in light of the individual requirements of the customer at the time.

**Q77 Matthew Hancock:** Can I ask the same question to the Department, because I understand that all you're doing is turning the handle? All you're doing is administering a scheme that you're given, and you obviously don't want to be drawn on whether you think the scheme is any good or not, unless you want to come back on that.

**Darra Singh:** If I may, that's a separate question. Do I think the scheme is any good?

**Matthew Hancock:** On this particular point.

**Darra Singh:** On this particular point, we administer the framework that we're provided, and this actually stretches the point about what is technically a repeat application, in terms of the structure and the framework of the scheme that we administer.

**Q78 Matthew Hancock:** You don't want to be drawn on whether or not you think it's a good thing that, in 4,100 cases costing £25 million, there are repeat awards more than 11 times over a seven-year period. Do you think that that is a good element of the scheme? Are you satisfied with those data?

**Neil Couling:** I'm just not certain what conclusions one could draw from figure 4.

**Q79 Matthew Hancock:** You could draw the conclusion that a number of people who know about the scheme apply repeatedly, sometimes more than 20 times, and that, as a proportion, the number of times that somebody has received a reward once, as it's lower than 50%, is lower than you might expect.

**Neil Couling:** The purpose of the scheme is to try to keep people in the community. Some of the people making applications for Community Care Grants are among the most distressed people in the country. I'm not surprised that there is a very small number of people with a large number of repeat claims, but I just don't think you can draw a conclusion from those data, produced by the NAO, either this way or that.

**Q80 Mr Bacon:** May I just support what the witnesses are saying at this point? I'm not normally known for leaping to the defence of witnesses but, I have to say, it doesn't surprise me in the slightest, either. It's 4,000 out of 1.2 million applications. It's a tiny amount; it's one 300th of the number of applications over a seven-year period. Indeed, I would imagine these are probably some of the same people going round and round again, having mental health problems, going into prison, going into an abuse clinic and whatever. They manage to get their lives into a mess several times, and it's a very small proportion of the total. To me, it's wholly unsurprising.

What I'm really interested in, and you'll have heard my question earlier to the previous witnesses, is about the cost, because the thing that shines out in bright lights is this £19 million cost, and it's not the whole cost, out of a very small budget of £141 million, yet it's only £33 per applicant. You could halve the cost and you're still spending £15 per applicant. You could say, "We'll not spend more than £5 million on administering this," and you're still making it £7.50 per applicant. If you spend as little as £7.50 processing each applicant, there's a risk associated with that. What are you thinking about doing in order radically to reduce that proportion of your very small budget that is going on cost, which is huge and really not obviously right, while at the same time limiting the downside risk?

**Darra Singh:** May I respond initially on that, and Mr Couling and Mr Groombridge may want to make some comment? The £19 million, just to be clear, is not out of the £141 million. The £141 million is the grants budget in addition to that, as the NAO report points out, £19 million in administration.

**Mr Bacon:** It's still a lot of money.

**Darra Singh:** Obviously if we can reduce that and still maintain the service we provide, and improve it, we should do so. I absolutely take that point. What I tried to do in my letter last week to you, Madam Chair, is to set out that Mr Groombridge, on my right, will be from January looking at our entire end-to-end process for claiming Community Care Grants, and looking at where we can actually reduce the costs further. One of the things we're doing, for example, is to try to reduce the cost of document retrieval, and also provide a better service in the independent review service by introducing scanning, and therefore speeding up some of our decision making. That's just one idea or one initiative, but we will look at that, because we do want to try to get that cost down.

**Q81 Stella Creasy:** I want to talk to you a bit more about the total amount of budget that you spend. Can you talk us through how you've managed to reduce the underspend in the last couple of years?

**Darra Singh:** We appointed an officer nationally to manage the social fund in terms of strategy and finance. What we do with the distribution and the allocation to the 23 districts of the budget is give area Decision Makers, area social fund managers rather, the responsibility for monitoring spend, month by month. They profile spend over a 12-month period, then monitor variances, positive or negative, and then issue guidance to staff locally, as to the budget

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position, as we go through the year. Essentially, it's a greater focus on making sure we do spend as much of the £141 million as we possibly can, because obviously we're not allowed to overspend against that budget. The NAO quite rightly, in previous years, criticised us for not getting as close as possible to the £141 million. It's essentially focus.

**Stella Creasy:** Sorry to interrupt, but does that mean that you overspend in some districts?

**Darra Singh:** No, we don't, because actually we monitor on a district-by-district basis.

**Stella Creasy:** So you always underspend in every district?

**Darra Singh:** I don't have with me the figures for the distribution of the overall annual underspend by district, but I can let you have that. I don't have that with me.

**Q82 Stella Creasy:** You don't know how efficient each district is, depending on the budget that you've set them? You just know that, as an overall figure, you come in under the £141 million.

**Darra Singh:** No, we do monitor by district. I don't know if you've actually got that information, Mr Couling.

**Neil Couling:** I used to run this for Jobcentre Plus before I did this job. We narrow in on the budget for each month. You're talking about spend and you're calibrating that spend in your decisions, each month, getting it narrower and narrower. For example, in April, people are allowed a 22% variance on their budget before management alarms go off. That narrows. It goes: 10%, 6%, 4%, 2.8%, 2%, 1.4%, 1% each month, coming right down to try to get the spend on the nail at £141 million.

**Q83 Stella Creasy:** What's the best time of year for someone to make an application?

**Darra Singh:** Given the percentages that Mr Couling has quoted, the reason for adopting that mechanism is that actually there isn't a best time of the year to apply for a Community Care Grant. We use this mechanism to ensure that all the money doesn't run out, let's say, in Springburn, in July, but actually perhaps in London there's still some resource remaining.

**Q84 Stella Creasy:** In London? You are saying that you move money between districts then?

**Darra Singh:** No, I'm just comparing one district with another.

**Q85 Stella Creasy:** You don't. There's a pot of money for each district, and you're saying, every month, the same amount is spent as you get closer to the variance? There's no difference in the budgets? There's no point at which there's more money able to be distributed because, obviously, you only meet about 35% of the legitimate need over the course of the year, in any case, in any one of these areas. If all these claims are legitimate, you're saying it doesn't matter at any point of the year when people apply, because of that variance and because you have so many that you don't meet. Two thirds of your legitimate applications aren't met.

**Neil Couling:** I'm just trying to think this through. In a very marginal sense, you might be better off applying at the end of the financial year, if your case became the balancing item in terms of getting to that full spend on the budget. It would be so marginal and so statistically negligible that I don't think it's that material personally. In theory, maybe that would be the best time to apply.

**Stella Creasy:** Does that seem to fair to you?

**Neil Couling:** I think it's marginal. It's negligible.

**Q86 Stella Creasy:** What do you think would be a fair budget, for the Community Care Grant to be able to meet need at any point in the year?

**Neil Couling:** It might interest the Committee that there is, within the United Kingdom, a place where there is more money per capita for Community Care Grants, and that's Northern Ireland. Northern Ireland typically has 2 to 3% of benefit spending based on its head of population, but, because of the way in which the division was made in 1988, about the equivalent of 9% of the GB amount of social fund. We know that Decision Makers in Northern Ireland make a lot more awards down their priority list than they can do in Great Britain. It's a function of the amount of money going into the Community Care Grants.

**Q87 Stella Creasy:** That's fascinating and that tells me that, when people come to my surgery, I should say to them, "Move to Belfast and apply in April, because you're going to do well." What figure would you put on being able to meet need equitably across the country?

**Neil Couling:** If you wanted to meet all need, you would need to increase the Community Care Grant budget to about £443 million. That is the amount you would have to move it up to; you would have to increase from £141 million to £443 million. However, I think you need to recall the situation that preceded the Community Care Grants in 1987-88, when single payments were ratcheting out of control and would be at over £1 billion now, if that system hadn't been reformed then. If you were just to pump money in, you might recreate the kinds of problems that Community Care Grants were created to solve back in the late 1980s.

**Q88 Stella Creasy:** Given all the problems that we set out for you today and given that limit on the money that you have, what would you suggest is the best way to rationalise this to overcome the problems that we've all exposed about the fact that there are probably better times in the year to apply, there are probably more groups that are more likely to get it and there are probably areas where you're more likely to get it? What would you do to rationalise some of those problems out of the system?

**Neil Couling:** You can more equitably distribute the £141 million. We discussed that.

**Q89 Nick Smith:** How would you do that?

**Neil Couling:** You'd take money away from Scotland, London and the East Midlands, and you'd redistribute it across the rest of the country to level everybody

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up, so everybody had the same chance of getting an award paid.

**Q90 Nick Smith:** Would that distribution be by population or would it be by need and level of deprivation?

**Neil Couling:** You could do it in a number of ways.

**Q91 Nick Smith:** If I look at the tables you've done, it seems to be by population.

**Neil Couling:** There are a number of ways of trying to assess need. You could use the qualifying criteria for the benefit, which is people in receipt of income support, Jobseeker's Allowance, bits of ESA and Pension Credit, and you could look at populations in those localities and cut it that way round. That's probably the easiest way of doing it.

**Q92 Mrs McGuire:** It depends what the formula is. You glibly said that Scotland would get less. I don't mean to be here just to represent Scotland, but the chances are, depending on what indicators you use, you could be in a situation where Scotland got more, and London could get more. It's the formula. I'm not sure, Chair, if you want us to move on a wee bit, but I'm interested in seeing what changes you're going to make. There has been a lot of criticism today about administrative costs, about the lack, frankly, of an audit trail, in terms of how public money is spent, because there is no indication that receipts are required. There appears to be very little checking on whether people are actually using the money—I think, for the most part, people will be using the money properly. I recognise that, as public servants, both you and ourselves need to ensure that public money is properly accounted for. That is the context. What are you looking at that will bring greater efficiency, which will deal with some of the issues relating to administrative cost, and fulfil some of the criteria in terms of auditing that the money is being used for the correct purpose?

**Darra Singh:** Madam Chair, I tried to set out in my letter last week some of the measures that we are pursuing. For example, we will in December amend the application form to make it a much more explicit statement about the fact that we will challenge fraud and also make a statement that we may ask for receipts for Community Care Grant awards. We have launched on 25 October a trial in the East Midlands district or area for a number of visits before an award is made, just to check and pursue the point made in the NAO report about potential fraud. In all those cases, of course, we will ask for receipts as well.

I've mentioned the point about extending the repeat applications timeframe from 28 days to 12 months. We're also looking at the whole process to seek to make it even more efficient, and we will be reviewing the whole issue of payment cards and how we procure goods and services. We had a very interesting meeting last month with the family fund, and I've asked Mr Groombridge to take forward a specific project to talk to senior officials at the family fund to see whether we can import or transfer their approach to use of payment cards as well. My final point is about price. The report talks about price variations. We've sought

to balance the need to run a discretionary scheme and to allow Decision Makers the discretion to look at each individual application with the need to pay the lowest possible award. Where all those things are reasonable, we are now saying to Decision Makers, and the Secretary of State has amended the guidance to say to Decision Makers, that we will pay only the lowest price when those goods or that product are reasonable for the individual applicant.

**Q93 Mrs McGuire:** What are you going to take as the benchmark for the lowest price?

**Darra Singh:** The lowest locally available price.

**Mrs McGuire:** That still hasn't answered my question. If somebody asks me the price of a single bed, I can either go to Debenhams, Argos or the local second-hand shop. What criteria are you going to use for the lowest price?

**Darra Singh:** It's the lowest price of a serviceable quality. We will not price at a second-hand shop.

**Mrs McGuire:** Charity shops will tell you that they do a very good deal. I still want to know where it is. As well as ensuring that public money is properly spent, I also want to ensure that people have as wide an element of choice and that their dignity is kept intact. I just need to have a feel for where this is going, in terms of the lowest price.

**Darra Singh:** As the report says, Decision Makers do use mainly recognised outlets, so Argos and so on. If in fact, the individual feels that we're not giving the right level of award, we will review that decision. It may well be that actually what's required is a vacuum cleaner of a specific specification, because the individual applicant suffers from asthma, for example. We will need to make sure that we don't get the lowest price for a vacuum cleaner in that area, but make an award of a suitable level. The other thing that we have, just to make sure that we improve the quality of our decision making, is, coming back to the point that Karamjit Singh made, our Quality Assurance Framework. We have a number of decisions per Decision Maker every month that are checked by another individual within Jobcentre Plus, to make sure we're making the right decision.

**Q94 Mr Bacon:** Mr Singh, can I just take you up on something you said about not using second-hand shops because you wanted to be sure it was of serviceable quality? I've bought lots of furniture from second-hand shops and often you get remarkable value for money. Are you just saying it's too difficult, too much hassle or too costly, which might be perfectly good reasons for not going down that route? You might actually get a much better deal for the individual by going to a second-hand shop, not probably for electrical goods, where there are safety issues, but certainly for furniture.

**Darra Singh:** I'm linking it with the extension of the repeat applications timeframe to 12 months. We're assuming that, all other things being equal, products are guaranteed or have a warranty for a 12-month period. As far as I know, second-hand items don't carry such a warranty.

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**Q95 Mr Bacon:** You have to look at them and prod them and see whether they're going to fall apart or not, which is certainly what I do when I'm buying one. It's not that difficult. Are you just saying, from an administrative point of view, given the nature of the scheme and what you're doing, it's just too difficult to go down that route?

**Darra Singh:** What I'm saying is that we actually price or quantify the award on the basis of an item that is of serviceable quality. At the end of the day, the way the scheme is structured at the moment of course, we can't compel an individual customer to go and purchase an item at a particular store. If they wish to make the individual decision that they can for that award get a good product, whatever it is—a bed or some other furniture—which is of serviceable quality, and they recognise that they can't make a repeat claim within 12 months, the way the scheme is structured at the moment means that they can exercise that choice. We're not preventing them from doing that.

**Q96 Chair:** I am grateful for your letter; I think we all are. We are also grateful for the fact that you've taken up a number of the NAO recommendations and are working on them. Can I just take you to two issues? One is the administrative error issue. Richard talked about the administrative costs, which are £19 million. Administrative errors accounts for 10% of the budget, £17 million, and then there's fraud and error, where we have absolutely no evidence, except for this old 2003–04 exercise, which showed that 70% of the awards were wrong: 28% hadn't claimed enough; 44% had over-claimed. In that whole world there, there's a heck of a lot being wasted, either through administrative error or a lot going to the wrong people or not enough going to the right people, through fraud and error: the 2003–04 exercise.

What I wanted to ask you was two things. One is: I know you're doing another little pilot to see whether visits count. It seems to me pretty obvious from the stuff that happened in 2003–04 and 2004–05 that it might be sensible to do physical checks, rather than just looking at the paperwork, before you give an award, as spot checks. I can't understand why you have to do a pilot before you actually bring that in. The second question comes out of the previous evidence: it's clear that your Decision Makers are just not very good at taking the decisions. Half their decisions are wrong. That is clearly unsatisfactory, and I wondered what you were doing about that. If we can eke out value, we might get more money to the people who need it. The first one is why you're not just doing something about fraud and error. Is it Jeremy Groombridge who's answering that one?

**Darra Singh:** I might start, unless you want Jeremy Groombridge.

**Chair:** No, I saw you pointing to him, so I thought maybe he was starting.

**Darra Singh:** My apologies for pointing. We take administrative error seriously. If you were to ask me the question you asked Karamjit Singh—"which are the top three things you would ideally, in a fantasy world, like to change?"—I'd like to get to a position where there's absolutely no error whatsoever. The £17 million figure in the NAO Report, of course, is

based on two components, as you know: £1.4 million of actual error and £15.7 million of deemed error. On the second one—the deemed error of £15.7 million—out of a study of 100 cases, that's where we were either unable to produce a file on time, because it had gone to storage and we couldn't retrieve it or, indeed, the paperwork we did produce in the view of the NAO did not then flow through to the conclusion of the decision. We need to deal with that and scanning is one important element, in terms of getting lots of the data to our colleagues in the NAO.

In terms of the actual error of £1.4 million, we do want to reduce that. That's why we've introduced the Quality Assurance Framework to help drive up the quality of our decision making, our accuracy and also a range of other compliance checks within Jobcentre Plus. On fraud, the departmental Risk Assurance Division does take a view about the level of fraud in the benefits system as a whole, using jobseekers' allowance as a proxy for the social fund, including Community Care Grants. The last estimate I saw was that there was a fraud and error total of about 2.8%, of which 2.5% was fraud, in their view. What we want to do through the pilot that we're running in East Midlands is dig deeper into what we could achieve through pre-award visits. What we've also done is alerted our staff again to the need, where they have or they suspect there is potentially a fraudulent claim, to refer that to our fraud and investigation service. We have also taken a look at the legal action we took last year. There were in fact 666 referrals, I think, in terms of potential fraud in the benefits system, and I think that five of those related to Community Care Grants, where we took action—either a prosecution or a caution. We've retrieved all the Community Care Grants in those cases.

**Q97 Chair:** It's not rocket science. There are two things. First of all, your accounts have been qualified for how many years?

**Mr Bacon:** Since 1988.

**Phil Gibby:** They were certainly qualified last year.

**Chair:** That's a bad place to be if you're having your accounts qualified, and it seems to me that a little bit of checking—correct me if I'm wrong, perhaps from the NAO—might get you in the position where you don't have your accounts qualified. I think that checking, particularly before you do the awards—because these are poor people, so you're not going to get the money out of them after you've given them the award—is just a bit of not-rocket-science common sense.

**Darra Singh:** In terms of the visiting and checking every single application—

**Chair:** Nobody would suggest checking every application. A bit of spot checking will of itself have the impact that people will then be much more wary of over-claiming. The 2003–04 exercise found that 44%, nearly half, had overstated their needs. I don't blame them—these are poor people. However, if you're trying to be fairer in the way that this money is used, it's not a good stat to be floating around.

**Darra Singh:** In most cases, the Decision Makers telephone or make contact with applicants. In my

personal experience, when I've actually dealt with a number of applications—

**Q98 Chair:** Is that right? We were told by NAO it's completely paper based.

**Phil Gibby:** It's a paper-based exercise. They can ring up the applicants to clarify things, where that telephone number is available.

**Chair:** Do you talk to 90%—nine out of 10?

**Darra Singh:** In the majority of applications, we will talk to individuals. We haven't got a percentage figure for you, but that is our experience.

**Chair:** If 44% overstated their needs in the latest data we have, that should've been pulled out during the conversation.

**Q99 Stella Creasy:** What are they saying on the phone?

**Darra Singh:** They say a variety of things. I've spoken to a number—albeit a small number—of people; it's nearly two full days of actually undertaking some work, because obviously in preparation for this hearing I wanted to get a feel for what it was like on the ground. From that experience, the questions are actually about clarifying the items that individuals are applying for, clarifying what else they have and what they've used in the past. For example, the pensioner I mentioned earlier had applied for a range of items, so the questions were really about how he had survived without those items, had he had any assistance from other members of his extended family and so on. It's that inquisitorial approach to try to get a feel for whether or not the application is genuine. In that case in particular, given it was a pensioner, we were trying to establish whether he met a qualifying condition—that is, could or should we make a Community Care Grant award to prevent that individual from running the risk of going into care?

**Q100 Stella Creasy:** I understand that, but it's quite worrying. If what you're telling us is that Decision Makers have pre-award contact with the vast majority of people who apply, why is the appeals process so successful?

**Darra Singh:** According to the data I have are, in terms of appeals or rather the percentage of decisions that are substituted by the Independent Review Service, for last year, 2009–10, 2% of applications were substituted.

**Q101 Chair:** Hang on, it's 25% or something isn't it? What percentage are successful at appeal?

**Phil Gibby:** In 2008–09, there were 582,000 applications, of which 252,000 were given an initial award. Around 107,000 didn't get an award appealed. Of those, around a quarter, I think 25–30%, went to the Revenue Review Service. As a result of all that, 41,000 extra awards were made. So the figure is 41,000 out of 107,000.

**Chair:** Out of 107,000, 41,000. So that's 40%, which were successful on appeal. Of those that get to appeal, 40% are successful, not 2%.

**Darra Singh:** Yes, that's 40% of the number of applications for an award that went to initial—

**Chair:** Forty per cent. of those who go to appeal are successful. Going back to Stella's question—

**Stella Creasy:** If you have that contact with people—

**Darra Singh:** But we made 646,000 applications or decisions last year.

**Chair:** Not everybody appeals. One dreads to think of more entitled people appealing if, at present, your success rate at appeal is 40%, full stop. It's not a percentage of the application.

**Stella Creasy:** It's 25%.

**Chair:** No, it's 40%.

**Q102 Stella Creasy:** No, sorry, yes, it's 40% actually. What then are you advisers telling them on the phone? Either the quality of the advice isn't good enough or it's putting off people who are actually ultimately entitled. We have been given to understand that this is a mainly paper-based process, and that would account for why there was such a high percentage of cases that were rejected. Actually, you're saying that there is interaction. That's good to hear, because actually it would be good to know more about the referral process for people who aren't eligible. Equally, you've got so many people who are turning out to be eligible after appeal. Something's going wrong in that contact, isn't it?

**Darra Singh:** In terms of the decisions that are taken by individual Decision Makers, it is, at the end of the day, within the framework, a discretionary scheme and judgment is required. Often what will happen is that one individual Decision Maker's judgment will not be the same as the next Decision Maker's or the reviewing officer's.

**Q103 Nick Smith:** How have you got consistent decision making if 40% of your original decisions are overturned?

**Darra Singh:** The other point I was going to make is, often during a review process, the applicant will provide some new information, which we didn't have before.

**Q104 Stella Creasy:** Didn't the person ask the first time they were being interviewed?

**Darra Singh:** That doesn't mean, actually, that the individual, when they were first talked to or when their first application was looked at, was wrong. It's just actually that the individual deduces new information. Actually I do want to reduce the percentage or the numbers that go to internal review and, indeed, to the IRS. That's why we've introduced the Quality Assurance Framework. We brought it in in April 2009. It is to prevent the reviews and to improve the performance of our Decision Makers, who are dealing with lots of claims and applications in high-volume numbers. It's to have them looked at before they get to that stage to try to nip that issue in the bud.

**Q105 Stella Creasy:** Do you have any data about whether or not these appeals are done on a regional basis?

**Darra Singh:** We do have data on the regional basis. I don't unfortunately have them with me. I'm sure we can produce them.

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**Q106 Stella Creasy:** One of the concerns, referring back to my earlier question, is that if people are appealing and they're being successful, frankly is one of the reasons they're being successful that it's later in the year?

**Darra Singh:** Can I ask Mr Groombridge to comment?

**Jeremy Groombridge:** We can certainly get that material for you. Coming back to an earlier point that the Chair made, you referred to physically checking up on these kinds of cases. The whole point of embarking on a series of visits, starting with that pilot in the East Midlands that Mr Singh referred to, was to try to determine whether a future, more targeted visiting approach might actually be more cost effective. The other point that goes along with that is that there is a real issue about upskilling our Decision Makers. We've done a number of things in the Department to introduce, for example, an accreditation programme, externally verified, for our Decision Makers. As well as that, we have got specific training programmes for Decision Makers, which deal with these cases on Community Care Grants. For example, if they haven't been involved with social fund work before, they mandatorily have to go through a four-week programme, and then they have a mentor sitting with them for a period after that.

**Q107 Stella Creasy:** How long has that training programme been running?

**Jeremy Groombridge:** Do you mean the process itself?

**Stella Creasy:** No, the programme to train people to be able to make good decisions on the phone.

**Jeremy Groombridge:** The accreditation programme started earlier this year. It was a formally launched programme by the Permanent Secretary and, from memory, it was about April when we launched that.

**Q108 Stella Creasy:** Would you expect in future years to see a reduced level of appeals, because the decision-making process is better? Is that a fair assessment of what you're intending to do with it?

**Jeremy Groombridge:** I think that is a fair assessment, yes.

**Q109 Matthew Hancock:** I'm interested in the comment that you made that the majority of cases include a phone call now. Obviously a phone call is some way between doing it all on a paper-based system and a home visit. It's much cheaper. Do you have any figures on what proportion and, crucially, whether the success at appeal is reduced by the use of a phone call, which might garner this extra information you talked about, that is sometimes critical in the appeal? Does that help?

**Mrs McGuire:** I, too, wonder whether you might just reflect on that statement. I was just doing a quick calculation when you were talking. If every one of your 540 members of staff or Decision Makers is at work every day, working seven hours a day, you're talking about approximately 20,000 telephone calls a week to applicants. I'm just wondering if that actually stacks up. Having had some experience inside the DWP, I think that sounds like quite an astonishing

figure. I appreciate that, in these sorts of circumstances, figures can sometimes get confused. Maybe you would like to reflect on whether or not that is an accurate figure, because I frankly can't see it. I may be wrong. Mr Hancock may be wrong as well.

**Darra Singh:** In cases where it's obvious to the Decision Maker that actually the individual either is not on a qualifying benefit or does not satisfy a qualifying condition—if somebody isn't on Pension Credit or on jobseekers' allowance and so on—of course, a phone call would not be necessary. Actually the Decision Makers I've sat with, where people get through those two hurdles, they will invariably try to make contact with them, if they need to get further information. In the majority of those cases, where more information is required, they will make contact. Where reconsideration is asked for—an internal review—we try to make contact with individuals.

**Q110 Chair:** Mr Singh, I think Anne invited you to write to us with accurate information on the number of applications where you have some personal connection.

**Darra Singh:** We will do that, yes.

**Matthew Hancock:** And the impact of that, whether internal appeals or the external.

**Q111 Chair:** It would be useful to have it soon, because we come to our conclusions pretty rapidly. The only other thing I was going to ask was on the pilot you're starting. When's that pilot finishing?

**Jeremy Groombridge:** It's going to finish mid December, and then there'll be a period where we really want to evaluate the results.

**Q112 Chair:** If the evaluation shows, as I imagine it will, that it's worth having a little spot check every now and then, when are you expecting to implement that nationally?

**Jeremy Groombridge:** As Mr Singh said in his letter, we need to look at whether it's cost effective to roll that out nationally.

**Q113 Chair:** When you would be in a position to let us know that?

**Jeremy Groombridge:** I would hope early in the new year.

**Q114 Chair:** It would be very helpful to know that, too, in a letter. The very final thing—I know everybody's anxious to go—is: we've talked about the actual items that you purchase, and there is a suggestion that you could, by centralising your system of purchase, reduce the costs, according to the OGC, by 10%. Have you given consideration to that?

**Darra Singh:** Yes, we have. There is an issue in terms of the goods and services power that we have, at the moment, and some wider work around a retail framework for government that we want to plug into. In terms of learning very much from the family fund, which is cited in the report, and their use of the payment card, I believe I mentioned earlier that I've asked Mr Groombridge to talk in detail to the family fund to see whether or not we can use that.

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3 November 2010 Jobcentre Plus

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**Chair:** You're at the very early stages of consideration of that issue?

**Darra Singh:** The very early stages, yes.

**Amyas Morse:** I just want to ask something, coming back to you, Mr Couling, if I could. Am I right in thinking that the actual total amount of the budget hasn't gone up since 2006–07 for this scheme?

**Neil Couling:** That's right.

**Amyas Morse:** Is it really being allowed quietly to wither? It hasn't been uprated for quite a long time. Is its not being in the CSR really just quietly letting it go down as a proportion of the spend?

**Neil Couling:** I think there's been a good discussion today, but the dog that isn't barking here, if I might say so, is the budgeting loan provision. You really have to see the social fund as an entity here, and the

budgeting loan provision has been flexed upwards. I think it was a question of the recession and so forth. When you're unsuccessful with a CCG for a grant, you'll very often be successful in getting a loan. The last Government took the view that, if they increased the loans budget, that money was recyclable because it would come back to be available for other loans down the line. We have a slightly inaccurate picture today, but I think that you need to think about the loan scheme as well, alongside this, to understand how it all works together.

**Chair:** Good. Thank you very much indeed for the evidence you've given us, and we look forward to getting the further information from you. We'll report as soon as we can. Thank you very much indeed.

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### Written evidence from Karamjit Singh CBE, Social Fund Commissioner

The Committee posed a number of questions about the fairness of the community care grant budget distribution and the errors in Jobcentre Plus' decision making. I was asked to provide any further information I have available.

#### QUESTIONS RELATING TO COMMUNITY CARE GRANT BUDGET DISTRIBUTION

Mrs Adey told the Committee about the different levels of need the 23 budget areas have been meeting. The following information is taken from the factual budget information provided by Jobcentre Plus; this informs the Inspectors' decision making in relation to the levels of priority that are being met in each area. The details at the end of September 2010 were as follows:

<i>Area Budgets meeting all high priority needs with no restriction on reasonable prices</i>	<i>Area Budgets meeting all high priority needs at lower prices</i>
Balham (Central and East London) Balham (London South) Balham (West London) Basildon (Essex) Chesterfield Llanelli Sunderland	Balham (North and North East London) Belle Vale Chorlton Nottingham Perry Barr Springburn
<i>Area Budgets meeting all high priority needs at lowest prices</i>	<i>Area Budgets meeting only the most compelling of high priority needs at lowest prices</i>
Bradford Bristol Sheffield	Inverness Milton Keynes 1 Milton Keynes 2 Newcastle Newport Norwich Stockton

The NAO report refers to inequities that result in some high priority claims being refused because of the limited funds available locally. The Department told the Committee that the Secretary of State has recently issued new guidance that awards should be made at the lowest prices. In response to this guidance, issued on 18 October 2010, we understand that a number of areas are now paying lowest prices irrespective of the position of their budget.

The changes, whilst intended to meet more needs and achieve better value for money, may inadvertently widen the geographical inequities while the current budget distribution remains in place. At one end of the scale, the position will be unchanged in those areas already under the greatest pressure and meeting only the most compelling of high priority needs at lowest prices. This means that they are not able to meet all high priority needs and are already restricting any awards they can make to lowest prices. They will not be able to meet any additional needs as a result of the revised guidance, so the position for grant applicants in these areas will not improve. At the other end of the scale, those areas currently meeting all high priority needs without restriction on reasonable prices will be able to meet a wider range of high priority needs and may also be able

to meet some or all medium priority needs. The extent of this will depend on the state of the budget. We know, for example, that Chesterfield area is now able to meet all high and medium priority needs with all awards paid at lowest prices.

#### QUESTIONS RELATING TO ERRORS IN JOBCENTRE PLUS' DECISION MAKING

We do not see all grant applications and are commenting here on the cases that we have seen. In 2009–10, for example, Inspectors reviewed 29,590 Jobcentre Plus community care grant decisions (25.5% of community care grant internal reviews that could have come to us). The table below shows the proportion of fundamental errors Inspectors found in the course of their grant reviews.

	<i>Error Rates %</i>		
	<i>2008/2009</i>	<i>2009/2010</i>	<i>April—Sept 2010</i>
Balham (Central & East)	72.7	74.2	73
Balham (London South)	80	77.6	78.4
Balham (London North & North East)	76.2	73.6	74.2
Balham (West London)	74.4	77.8	84.6
Basildon (Essex)	38.7	29.4	37.2
Belle Vale	47.9	34.4	38.8
Bradford	42.6	42.2	53.5
Bristol	62.5	68.6	73.9
Chesterfield	44.1	45.7	66.2
Chorlton	66.4	51.5	56.4
Inverness	41.2	45.2	54.8
Llanelli	59.6	55.6	80.9
Milton Keynes 1	50.8	50.9	42
Milton Keynes 2	47.7	43.3	35.7
Newcastle	34.6	44.1	50.4
Newport	36.6	45.5	87.2
Norwich	61.9	53.9	60.9
Nottingham	33.4	39.6	33.9
Perry Barr	47.3	62.2	60.2
Sheffield	43.4	38.8	50.1
Springburn	46.9	43.6	58.2
Stockton	29	31.3	29.4
Sunderland	51.7	45.3	40.8
National	54.4	54.3	60.3

Some of the increased error rates in the current year are due to an increasing number of cases for which Jobcentre plus has been unable to locate and send all the relevant paperwork. This is the case, for example with Llanelli and Newport.

Pauline Adey explained that the two most common errors identified by Inspectors are the failure to ask the relevant questions to establish the facts of the case; and to send all the relevant papers. In 2009–10 the error rates for these were 43.1% and 21.6% respectively. The third most common error was the failure to interpret or apply Direction 4 (the qualifying direction) correctly; the error here was 12.4%. These results are continuing into 2010–11.

We understand that the calculation of 'legitimate demand' is based on the conclusions of decision makers about Direction 4. It relies, therefore, on these conclusions being correct. The cases we see indicate that the judgements made by decision makers about Direction 4 contain a degree of error.

9 November 2010

#### Written evidence from Darra Singh, Job Centre Plus

##### PUBLIC ACCOUNTS COMMITTEE HEARING ON THE NATIONAL AUDIT OFFICE VALUE FOR MONEY REPORT ON THE COMMUNITY CARE GRANT

I was grateful for the opportunity to meet the Committee last week and I am now enclosing, as requested, a breakdown of decisions substituted by location (Benefit Delivery Centre). This is in response to Dr Creasy's question about the outcomes of reviews, and is obtained from the Social Fund Commissioner's Annual Report for 2009–10.

I would also like to take this opportunity to clarify a couple of points. Firstly, during the discussion on the number of reviews I referred to a figure of 2%. This figure is based on the total number of reviewing officer decisions substituted by an Independent Review Service (IRS) Inspector in 2009–10 in relation to the total number of applications initially processed by Jobcentre Plus in 2009–10 (i.e. 13,190 substitutions out of a total

of 646,000 applications initially processed). If this were expressed as a percentage of the total number of community care grant cases reviewed by Inspectors in 2009–10 (28,420), the figure would be 46 percent. I feel that it is important to clarify this point as I would not want the PAC to think that the level of error was running at these levels.

In a significant number of cases where reviews were conducted a different decision was reached by the Inspector on the basis of new evidence or a relevant change in circumstances presented by the customer following a detailed conversation with the Inspector. It is in the nature of the work undertaken by the Independent Review Service that they are able to conduct further and more-in depth investigations than would be feasible or proportionate in Jobcentre Plus, where the expectation is of a throughput of at least 9 community care grant cases per decision-maker every day.

Nevertheless, as I told the Committee Jobcentre Plus decision-makers do make use of the telephone in obtaining evidence to support the application. As I indicated, we would not telephone customers who clearly failed to satisfy the qualifying criteria (i.e. were not on a qualifying benefit, or clearly fell outside the criteria set out in Direction 4). In other cases, the Secretary of State's guidance to decision-makers instructs them to contact the customer if there is insufficient evidence to make a decision.

In such cases, decision-makers will generally make telephone contact although it is open to them to write to the customer to request such additional evidence as may be required. It is also normal practice for Jobcentre Plus decision-makers to make telephone contact with customers following a request to re-consider the initial decision on a case. We do not routinely gather information on the number of CCG applications where we have some form of personal contact with the applicant, but will look at how such information might be collected in the future.

Mrs McGuire rightly pointed out that it would be prohibitively expensive to telephone all customers and I am sorry if I gave the impression that this happened in every case. I hope the foregoing serves to clarify the situation.

I would also like to clarify my response to Q96. The information I gave about the latest estimate of fraud and error rates should say that Risk Assurance Division estimate that the fraud and error rate is 2.8%, of which 2.5% was fraud.

I have asked my analysts to provide figures on annual underspends at district level and I will write to you with this information.

*11 November 2010*

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### **Supplementary written evidence from Darra Singh**

#### **PUBLIC ACCOUNTS COMMITTEE HEARING ON THE NATIONAL AUDIT OFFICE VALUE FOR MONEY REPORT ON THE COMMUNITY CARE GRANT (CCG)**

Further to my letter of 11 November I enclose an annotated copy of the PAC hearing transcript with some minor factual amendments to the following questions:

#### *Question 70*

The wording of my response has been amended to more clearly reflect the process for handling repeat applications.

#### *Question 72*

The wording of my response has been amended to make it clear that it is Pension, Disability and Carers Service who issue the leaflets to Pension Credit applicants.

#### *Question 96*

The fraud and error rate percentages in my response to have been corrected in line with my letter of 11 November.

#### *Question 99*

Clarification of the number of days I spent with Community Care Grant Decision Makers.

I am also attaching, as agreed, a list of budget underspends at the end of the 2009–10 financial year. Please see Annex 1.

You will note that in 2009–10, of the 23 budget areas;

- 20 achieved a full spend, or under spent their CCG budget by 0.5% or less;
- 2 underspent their CCG budget by between 0.5% and 1.1%;

- 1 overspent their CCG budget by less than 0.1 %.

Systems have been reinforced for 2010–11 and future budget years to ensure that budget managers:

- achieve as close as possible to full spend at year end, to maximise the support provided by CCG funding in their area, and
- contain the total level of spend within the allocated level of funding.

## Annex 1

### Community Care Grants for 2009–10 for Great Britain

<i>Jobcentre Plus Social Fund budget area by region</i>	<i>Underspend (£)</i>	<i>Underspend as % of budget</i>
<b>East of England</b>		
Essex	228	0.0%
Norwich BDC	30,050	0.5%
<b>East Midlands</b>		
East Midlands North	40,439	1.1%
South East Midlands	0	0.0%
<b>London</b>		
Central and East London	1	0.0%
London South	0	0.0%
North and North East London	1	0.0%
West London	0	0.0%
<b>North East</b>		
Northumbria	200	0.0%
South Tyne and Wear Valley	21,847	0.8%
Tees Valley	5,299	0.2%
<b>North West</b>		
Chorlton BDC	4,361	0.0%
Greater Liverpool and Cheshire	19	0.0%
<b>Scotland</b>		
Inverness BDC	4,413	0.1%
Springburn BDC	40,682	0.3%
<b>South East</b>		
SE BOBS	9,371	0.4%
SE HIKYS	11,564	0.2%
<b>South West</b>		
South West Central	12,669	0.2%
<b>Wales</b>		
Llanelli BDC	1	0.0%
South East Wales	-98	0.0%
<b>West Midlands</b>		
West Midlands SF	1	0.0%
<b>Yorkshire and Humber</b>		
Y & H Bradford	5,554	0.2%
Y & H Sheffield	6,261	0.1%
<b>Great Britain</b>	<b>192,862</b>	<b>0.1%</b>

Key:

BDC	Benefit Delivery Centre
BOBS	Berkshire, Oxfordshire, Buckinghamshire and Surrey
HIKYS	Hampshire, Isle of Wight, Kent and Sussex
SE	South East
SF	Social Fund
Y & H	Yorkshire and Humber

Source: Department for Work and Pensions records.

Notes:

1. Underspends have been calculated on the basis of a comparison between the total of expenditure recorded on the Social Fund Computer System together with clerical spend and the budget allocated.

2. Underspends have been rounded to the nearest £1 and percentages to the nearest 0.1 %. Underspends do not sum due to rounding.

## Explanations:

1. South East Wales overspent their budget by £98.

2. The total underspend for Great Britain recorded above is £192,862, which differs slightly from the total underspend according to the Social Fund White Paper Account (to be published shortly). There are technical reasons for this. These reflect differences in the way that Community Care Grant expenditure is recorded on the Social Fund Computer System and the Social Fund Accounting System (used for recording clerical spend) and the way the Social Fund White Paper Account is prepared.

23 November 2010

**Written evidence from the Comptroller and Auditor General**

**COMMUNITY CARE GRANT:  
BUDGET AND LEGITIMATE DEMAND MET BY BUDGET AREA, 2009–10**

	<i>Budget (£)</i>	<i>Legitimate Demand (£)</i>	<i>Proportion of Legitimate Demand met</i>
<b>Budget area by region</b>			
<b>East of England</b>			
Essex	2,347,144	8,936,576	26.3%
Norwich Benefit Delivery Centre	6,083,490	17,119,494	35.5%
<b>East Midlands</b>			
East Midlands North	3,690,502	12,065,283	30.6%
South East Midlands	5,027,738	16,563,118	30.4%
<b>London</b>			
Central and East London	7,177,466	23,266,356	30.8%
London South	8,985,071	29,126,024	30.8%
North and North East London	4,314,406	16,364,725	26.4%
West London	3,660,504	12,298,334	29.8%
<b>North East</b>			
Northumbria	2,627,314	8,489,254	30.9%
South Tyne and Wear Valley	2,622,220	7,494,953	35.0%
Tees Valley	2,456,473	7,587,357	32.4%
<b>North West</b>			
Chorlton Benefit Delivery Centre	12,402,721	34,745,064	35.7%
Greater Liverpool and Cheshire	8,141,316	25,707,165	31.7%
<b>Scotland</b>			
Inverness Benefit Delivery Centre	5,743,635	15,939,987	36.0%
Springburn Benefit Delivery Centre	15,605,303	42,066,415	37.1%
<b>South East</b>			
South East Berkshire, Oxfordshire, Buckinghamshire and Surrey	2,630,592	9,225,427	28.5%
South East Hampshire, Isle of Wight, Kent and Sussex	5,865,720	21,574,187	27.2%
<b>South West</b>			
South West Central	8,060,436	24,728,103	32.6%
<b>Wales</b>			
Llanelli Benefit Delivery Centre	2,555,656	8,215,474	31.1%
South East Wales	5,616,541	17,179,377	32.7%
<b>West Midlands</b>			
West Midlands Social Fund	13,207,411	42,369,253	31.2%
<b>Yorkshire and the Humber (Y &amp; H)</b>			
Y & H Bradford	3,200,914	10,609,636	30.2%
Y & H Sheffield	8,977,427	31,367,488	28.6%

	<i>Budget (£)</i>	<i>Legitimate Demand (£)</i>	<i>Proportion of Legitimate Demand met</i>
<b>Great Britain</b>	141,000,000	443,039,048	31.8%

*Source:* Data provided by the Department for Work and Pensions

*Note:* Legitimate demand is defined by the Department for Work and Pensions as the amount applied for on all applications where an award is made or the application is refused on grounds of priority. According to the Annual Report on the Social Fund 2009/2010, the number of applications initially refused on grounds of priority in 2009–10 in Great Britain was 45,000 (7% of all applications processed).

2 December 2010

#### Written Evidence from Professor Elaine Kempson, University of Bristol

As a member of the Social Security Advisory Committee, I have just received, and read, the transcript of your oral evidence on Weds 3 November.

In this, there are several mentions of “potential fraud” and to people applying for more money than they need. In 2004, we were commissioned by the DWP to undertake some qualitative research on the experiences and consequences of being refused a community care grant (to which Karamjit Singh referred). This contains some insights into the inflated applications that might be of interest to the Committee.

At that time, only 8% of applicants received the full amount they had applied for, 58% were refused a community care grant altogether and 34% received a partial award. In other words, of the 42% who were successful, eight in ten did not get the full amount they had applied for.

One of the important things this research showed was that a significant proportion of people had applied for more money than they needed, either because in a previous application to the Social Fund they had not received all the money they had needed or because they had been advised to increase the amount by social workers or advice workers for the same reason. In practice, those who received a partial grant received, on average, two fifths of the money they had applied for. Only a small number were able to buy all the items they had applied for with this partial award.

I have attached a note reproducing the relevant sections of the report<sup>1</sup>.

One interpretation of these findings is that people were technically trying to defraud the Department. Another is that they were reacting rationally to a situation where they did not expect to get the amount they had applied for. Whatever interpretation one is inclined to adopt, there was no evidence (admittedly from a small sample) of people who had ended up ‘in pocket’. Indeed almost all of them still had insufficient money to buy items they had applied for.

25 November 2010

#### Written Evidence from the Family Fund

I am writing about the Public Accounts Committee’s examination of the National Audit Office’s (NAO’s) report on the Community Care Grant (CCG). From the uncorrected evidence of the hearing of 3 November, I see that the committee was interested in the Family Fund’s payment card, which the NAO report explored in some detail.

We trust that the Family Fund’s experience both with its payment card and with centralised purchasing will provide useful pointers for increasing the efficiency of the CCG, and I would be delighted to provide any further information that might be helpful.

In combination with central purchasing, the Family Fund’s payment card approach is a highly efficient way of offering families a very wide choice of goods and services at a competitive price. The card helps combat fraud, provides families with high quality items at a lower cost than they could achieve by themselves and makes it easier to track purchases, ensuring that the Fund receives the retailer commission negotiated, which extends its core funding. The Fund scores extremely highly in user satisfaction surveys.

It may be of interest that last year the Fund achieved £2.1 million worth of discounts across the UK from centralised purchasing. Together with its back office efficiencies, this enables the Fund to pass on to families 91p for every pound of government funding.

<sup>1</sup> Department for Work and Pensions, *Experiences and consequences of being refused a Community Care Grant*, Research report 210, 2004

I am delighted that JobCentre Plus (JCP) has expressed an interest in exploring how the Family Fund's approach might be applicable to the CCG, and we are looking forward to a visit to our offices by JCP's Jeremy Groombridge in January 2011.

In recent months, some members of the committee have met with local constituents helped by the Family Fund and I would be delighted if any other member wished to do so in order to gain a first-hand insight into the outcomes the Fund achieves for families.

In England last year, the Family Fund provided a lifeline to 43,500 low-income families with disabled children, giving £26 million in grants for a wide variety of goods and services, including washing machines, clothing, bedding, driving lessons, computers and a rare family break together. Across the UK, it supported 55,000 families with £33 million.

2 December 2010

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