



The Scottish
Government

The Social Fund: A Review of Selected Literature

Poverty



social
research

**THE SOCIAL FUND:
A REVIEW OF SELECTED LITERATURE**

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Communities Analytical Services**

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EXECUTIVE SUMMARY

Following the Calman Commission recommendation in 2009 that the discretionary Social Fund be devolved to Scotland, a literature review was undertaken to provide an overview of research and examine what the Fund consists of, how it operates and who benefits from it. By highlighting gaps in the literature the review is intended to help inform possible research in this area. In addition to this, by proposing three alternative models, the review suggests ways in which the Fund could be administered if it were to be devolved to Scotland.

The objectives of the review were to:

- Examine what the Social Fund currently consists of and explore how it operates
- Consider whether the Fund could be made more responsive to Scottish Government priorities and look at the possible consequences of devolving responsibility for it.

The review was completed in May 2010 and presents evidence relating to the Social Fund and discusses the Scottish and UK Government policy context which was operational at the time of writing. There have been significant developments in UK Government policy since then which are not covered in this report.

Overview

The review considers a wide range of literature. Whilst there was a significant knowledge base relating to the majority of the administration of the Social Fund, there are significant evidence gaps relating to the benefits of the Social Fund.

Findings

The majority of the literature reviewed focused on administrative difficulties with the Social Fund. The inaccessibility of the application process, including forms that are too long and telephone lines that are not answered, caused particular concern. For those successful in claiming an award, the amount given could be below the amount requested. Little evidence was found on how often this occurs, however, or how large such deficits tend to be. An additional issue for those successful in claiming a Crisis Loan is the requirement to collect a cheque in person from a Jobcentre Plus office. This can create costs in both time and money for those in receipt of an award. Notwithstanding such criticism, it was also evident that, “for some people the experience of seeking help from the Social Fund is both straightforward and positive.” (Smith, 2003b).

The review also uncovered evidence relating to the award criteria. Data from the DWP (2009) show that if an application is unsuccessful, it is most likely to have been so as a result of applicants failing to meet the strict criteria to be eligible for an award. However, there are a group of people who have ‘insufficient priority’ for a Community Care Grant or would be unable to repay a Crisis Loan. Although their genuine need is acknowledged, they are not, entitled to an award. This can have a negative effect on Local Authorities who may have to deal with the consequences for such individuals. If an application is refused, there is a comprehensive appeals

process that revises almost half of all Community Care Grants and Crisis Loans, although the accessibility of the appeals process, particularly for Crisis Loans, has been questioned. Finally, the review suggests that the repayment of loans can further decrease the already low incomes of Social Fund users, and can result in them being left in significant financial hardship.

Whilst there was significant evidence detailing the administration of the Fund, there was a dearth of evidence regarding who uses it. It was apparent, however, that older people have particularly low rates of take up of all parts of the Fund. Other demographic groups access the Fund in different ways with unemployed people accounting for the largest share of Crisis Loan use whilst the other two awards were used most for lone parents and the disabled. However, of the groups who are eligible to use the Fund, it is the poorest who apply the most. Within this sub-group, awareness of the Fund and its application procedures was also key, with the most vulnerable of such individuals least likely to be aware of the scheme. Although there are issues around lack of use among eligible groups, for some users, applying to the Fund repeatedly has become a way of budgeting.

Very little is known regarding the benefits of using the Fund, although two pieces of research have shown that benefits for recipients include being able to pay bills and purchase essentials. Furthermore, use of the Social Fund can prevent Local Authorities from having to intervene in more costly ways.

Conclusions and Implications

Three alternative models were developed as a result of the issues identified by the literature. The review suggests that adopting one of these alternatives could improve delivery of the Social Fund and the outcomes resulting from it.

- 1) The first of the models involves retaining the structure of the current system but improving its administration. This includes recommendations such as providing all of those repaying loans with regular statements and increasing signposting to alternative sources of support.
- 2) The second model involves modifying the structure of the current system by retaining Budgeting Loans and Crisis Loans but replacing Community Care Grants with a more extended set of grants. This new set of grants could consist of child development grants, health and safety grants and, if financially viable, regular grants. This model has been advocated by the voluntary sector.
- 3) The third model takes an entirely different approach, in which the aims of the Social Fund are integrated into a holistic model of client support focussed on early intervention to prevent people reaching a crisis point in the first place.

1 INTRODUCTION

Introduction

- 1.1 In February 2010 a 3 month ESRC/Scottish Government internship was undertaken to examine the Calman Commission's recommendation that the discretionary Social Fund could be devolved to Scotland. In 2010 the Scottish Government published the results of the internship literature review in the form of a Social Research Findings Report.¹ This report summarised recent literature and research evidence on the discretionary Social Fund. Although the policy debate has subsequently moved on with a change in the UK Government, it is felt that many of the findings from the more lengthy literature review could be of benefit to ongoing discussions around welfare reform. For this reason the decision was made to publish the extended literature review, albeit in its historical form.
- 1.2 This review firstly looks at how the Social Fund fit in with policy priorities at the time. Secondly, the research evidence is examined and finally, consideration is given to the implications of this for Scotland.

Aims, Objectives and Scope

- 1.3 The 2009 Commission on Scottish Devolution (Calman, 2009) was set up to examine Scotland's experiences of devolution and to present ways in which Scotland could better serve its people in the future. It was suggested that as the Social Fund fits well within some Scottish Government responsibilities, if the Fund were to be devolved to Scotland, priorities could be decided by Scottish Ministers in order to further support Scottish policy priorities. The 2010 DWP Social Fund consultation (DWP, 2010), however, asked if the Community Care Grants budget, one of the three awards, should be devolved to Scotland.
- 1.4 The review had the following overarching aims:
- To examine what the Social Fund currently consists of, how it operates and who benefits from it
 - To consider whether the Fund could be made more responsive to Scottish Government priorities and look at the possible consequences of devolving responsibility for it.

Methodology

- 1.5 A desk and internet based review of published literature on the Social Fund and how it currently operates was carried out. Literature was drawn from a range of sources detailed in Annex One. In addition, references from within the selected literature were also followed up and correspondence with Scottish and UK Government policy officers and analysts occurred.

¹ <http://www.scotland.gov.uk/Publications/Recent>

1.6 This study is not a systematic review of all available literature but is intended to provide an overview of evidence on how the Social Fund operates. The literature search was conducted by the Scottish Government Information Unit (Library Services) and was completed in February 2010.

Context

Background to the Fund

- 1.7 The Social Fund was introduced in 1988 as part of the Social Security Act 1986 to replace the Supplementary Benefit “single payment scheme”. The single payment scheme removed discretion from decision makers as it was based upon the application of strict rules which entitled certain groups to certain items. Prior to the scheme’s introduction it was anticipated that the scheme would be cheaper than the previous scheme which was based upon discretion, however, higher levels of need were found and the scheme became increasingly costly because it was based upon entitlements (Craig, 2003). Consequently, a return to discretionary decision making occurred in order to cap the demand-led emergency need payments.
- 1.8 In the event the aim of the Social Fund remained similar to that of the previous single payments scheme and aimed to provide support for some people on low incomes to meet unexpected expenditure that could not be accommodated from their benefit payments.
- 1.9 The Social Fund comprises of two parts: the **regulated** Fund and the discretionary Fund. The regulated Fund includes Sure Start Maternity Grants, Cold Weather Payments and Funeral Grants. For each of the awards certain groups have an entitlement. However, the **discretionary** Social Fund does not entitle anyone to support as of right. There are three parts to the discretionary Social Fund; Community Care Grants (CCG), Budgeting Loans (BL) and Crisis Loans (CL).²
- 1.10 The regulated Social Fund is not considered in this review as the Calman Commission (2009) specifically suggested devolving only the discretionary Fund. As such, in this review the term ‘Social Fund’ should be viewed as meaning ‘discretionary Social Fund’.
- 1.11 The Social Fund is a UK wide scheme with priorities decided by the Secretary of State for Work and Pensions and administered by Jobcentre Plus. In 2008/09 a new Social Fund Management Committee was set up. Comprising senior managers, it aims to ensure efficiency in delivery processes and to implement recommendations of the National Audit Office. In addition to this, the Independent Review Service, headed by the Social Fund Commissioner, exists to review decisions from the discretionary Social Fund. At present, the Scottish Government has no role in administering the Fund. Receipt of an award from the Social Fund does not have any impact upon other benefits claimed by the recipient.

² Table 3.1, page 11, shows the intended use, eligibility criteria and award amounts for each of the three awards.

Legislation

- 1.12 Very little reform of the Social Fund has occurred since the 1980s. In 1998, some changes occurred to Budgeting Loans; claimants previously had to show their need for a particular item, however after 1998 the time an applicant had spent claiming benefits and the size of their family would be used to determine eligibility. At this time, application forms were also simplified and shortened.
- 1.13 Enabling legislation to introduce “external provider social loans” as part of the Social Fund was contained in the 2009 Welfare Reform Act. If introduced, this would allow private companies and/or the third sector, including credit unions, to provide low cost loans to those claiming certain benefits at minimal or no interest. If external provider social loans are available in an area, ‘(the) right to a Social Fund loan may be restricted.’ (s.17) Put simply, it would allow the Budgeting Loan and Crisis Loan function of the Social Fund to be privatised. However, the UK Government has made clear that it does not intend to use this power yet (DWP, 2010).
- 1.14 As part of the Commission on Scottish Devolution (Calman, 2009), it was recommended that Scotland should consider whether increased devolution of the Social Fund, which was seen as “closely aligned” to current responsibilities, would allow the “Scottish Parliament to serve its people better” (5.222). Calman suggested that this could be achievable by devolving a baseline amount of funding based on historic spending.
- 1.15 In addition to the Calman Commission’s recommendation, there has been significant criticism of the administration of the Social Fund (see for example Barton, 2002; Buck and Smith, 2004; JRF, 2006), with many of these difficulties being identified soon after the Fund’s introduction (see for example Cook, 1988). The consequences of such criticism have resulted in considerable research on the area, and regular small changes to the Social Fund.
- 1.16 More recently, the DWP (DWP, 2010) have released a consultation document on the Social Fund. The consultation suggests that administration of Community Care Grants and a per capita proportion of the Community Care Grant budget could be devolved to the Scottish Government. It should be noted, however, that this is less far reaching than Calman’s (2009) recommendation that all three parts of the Social Fund should be devolved to the Scottish Government.
- 1.17 Whilst reading this report, it is important to note that the wider social security system that the Social Fund is part of cannot be separated from the Fund. As such the complexity, and some would say underfunding, of the overall benefits system as a whole (JRF, 2006), will limit any positive impact reform of the Social Fund could achieve.
- 1.18 This literature review will outline how the Social Fund fits in with current Scottish Government priorities before examining the research evidence. Chapters three and four will outline how the fund operates and who benefits

from the Social Fund. Finally a section of conclusions and implications will be included.

2 HOW DOES THE SOCIAL FUND FIT IN WITH CURRENT POLITICAL PRIORITIES?

Introduction

2.1 The Social Fund can be seen as fitting in with a number of UK and Scottish Government priorities. For example, Community Care Grants correspond well with the Care in the Community agenda and Budgeting Loans support the financial inclusion agenda whilst Crisis Loans can be seen as generally reflecting the aims of the welfare state. Furthermore, it is evident that the Fund fits well within Scottish Government responsibilities for wellbeing, social work, homelessness and families. Some key aims of both Governments that may influence the future direction of the Social Fund are discussed.

UK Government Priorities

Original aims

- 2.2 The original intention behind the Social Fund and the policies preceding it was to provide support to those on low incomes who had needs that could not be otherwise accommodated (Craig, 2003a). Within its current form as the Social Fund, short-term support for 'lumpy' costs that could not otherwise be afforded from within benefit levels are covered in addition to crisis provision.
- 2.3 It can be seen that the three available awards fit within different UK political priorities today:

Care in the Community

2.4 The Social Fund was introduced when the National Health Service and Community Care Act 1990 was being debated. It is apparent that Community Care Grants can be used to firmly support this agenda, by either preventing vulnerable people from entering the care system or supporting vulnerable people leaving care.

General Welfare State Agenda and Poverty

2.5 Crisis Loans, with an emphasis on protecting the immediate health and safety of applicants, can be seen as fitting in with the general welfare state agenda to provide a safety net below which citizens should not fall. This aim has continued since the Fund's inception. In addition to this, the Fund can be seen more generally as an attempt to prevent poverty among some of the most vulnerable individuals in society.

Financial Inclusion Policy

2.6 Whilst the UK Government's Financial Inclusion policy originated a decade after the introduction of Social Fund, Budgeting Loans fit well within this agenda. In 1999 the UK Government suggested that 'financial exclusion is

essential to achieving our wider aims in eliminating social exclusion' (HM Treasury: 1999:4). In addition to this, the 1999 HM Treasury Report suggested that expansion of the Social Fund could act as an alternative low-cost form of credit for those unable to access mainstream financial services, although this has not yet occurred.

- 2.7 Within the most recent Social Fund consultation (DWP, 2010), the UK Government are proposing to further strengthen the link between the Social Fund and financial inclusion by suggesting allowing the use of Budgeting Loans as soon as an applicant begins claiming benefits and a 'full financial health check' for those who make repeat applications and a compulsory 'action plan' to be agreed with advisors (similar to that of benefit claimants who are required to make action plans with Jobcentre Plus personal advisors).

Scottish Government Priorities

- 2.8 The Calman Commission (Calman, 2009: 5.251) noted that payments from the Social Fund fit 'reasonably neatly' with the Scottish Government's devolved responsibilities for wellbeing, social work and tackling homelessness as well as the responsibility that Local Authorities have for families. Whilst at present these areas are not well connected to the Social Fund, as they are administered by Local Authorities, the Scottish Government priorities in these areas could fit well with a devolved Social Fund if it was to occur in the future.

Wellbeing

- 2.9 The Local Government in Scotland Act 2003 introduced a package of measures designed to deliver better, more responsive public services. As part of this, 'The Power to Advance Wellbeing' was included (s.20). The Act was worded in such a way that the power should be interpreted in an extremely wide way and can include direct expenditure or giving financial assistance to people in order to benefit some or all of the community.

Social Work

- 2.10 Within public services there has been an increasing focus on joined up working over the past decade. This shared service agenda allows for services to be user-focused; better quality; with increased efficiency accountability and joined up thinking (Scottish Executive, 2006b).
- 2.11 Regarding social work, the Joint Improvement Team works between Local Authorities and the NHS Health Boards to improve outcomes through improving service delivery. This approach enables those needing support to remain as independent and happy as possible. Currently two partnership areas provide support: the intensive support programmes and key action areas. (Scottish Government, 2010b).

Tackling Homelessness

- 2.12 A further key strategic aim of the Scottish Government is that of preventing homelessness (Scottish Executive, 2005), with the aim to significantly reduce

levels of homelessness and its impacts by 2012 (Scottish Executive, 2002). The 2005 homelessness strategy (Scottish Executive, 2005: 2.25) acknowledges that homelessness may occur in a number of situations including leaving:

- hospital
- prison
- local authority care
- and the armed forces.

2.13 Community Care Grants are available to all of the groups above except those leaving the armed forces. However it is important to note that much of the guidance contained in the 2005 homelessness strategy discusses supporting these groups to access accommodation, rather than furnishing accommodation that they may be allocated. The strategy also suggests joined up working between Local Authorities and other agencies in relation to preventing homelessness.

2.14 In addition to supporting groups at risk of homelessness, Community Care Grants are available to those who are part of a planned resettlement programme and as such can support those who have become homeless to re-enter mainstream housing.

Local Authorities' responsibility for Children

2.15 The 1995 Children (Scotland) Act (s.22) provides guidance to Local Authorities about their duties to children. It states a local authority shall:

(a) safeguard and promote the welfare of children in their area who are in need; and

(b) so far as is consistent with that duty, promote the upbringing of such children by their families, by providing a range and level of services appropriate to the children's needs.

2.16 As such the Act can be seen as giving Local Authorities the duty to ensure children's welfare is protected in a very wide way, within the confines of their family whenever possible. By providing assistance to parents, the Social Fund can indirectly benefit children and as such progress this duty of care.

Other Key Priorities

2.17 In addition to the priorities already discussed, the Social Fund could compliment other key political priorities as follows.

Service Transformation: UK

2.18 Within the UK, it has long been acknowledged that the benefits system is complicated and confusing for claimants (see for example, NAO, 2005b). This is because the benefits system has been developed over many years and is not joined up.

- 2.19 The 2006 Varney review (HM Treasury, 2006) was set up to provide advice regarding transforming how public services are delivered in order to enable them to be more responsive. The review has an underpinning concept that government should work to eliminate citizen contact that is redundant, or duplicates other contact. Consequently, information should be shared both within and between departments. Furthermore, by taking advantage of new technologies, the public sector could become more efficient. The major issue Varney identified within the benefits system as a whole was applicants having to duplicate information in order to claim multiple benefits. This results in lower rates of benefit take-up than an automated entitlement would create. Consequently closer co-ordination between the Department for Work and Pensions (DWP), HM Revenue and Customs (HMRC) and Local Authorities was recommended alongside the introduction of one-stop-shops.
- 2.20 The UK Government accepted these recommendations resulting in considerable change to HMRC. Likewise, the Scottish Government supports the service transformation agenda, although in practice this is achieved through facilitating change through local delivery partners rather than reforming Government activity.
- 2.21 Building on these proposals, the UK Government is piloting more joined up use of information. One example of good practice comes from the 'In and Out of Work Pilots' which began in 2007. The pilot established a single point of contact, Jobcentre Plus, to inform when customers enter or leave work. Previously they would have had to have contacted Jobcentre Plus (out of work benefits), their Local Authority (Housing Benefit, Council Tax Benefit) and HMRC (Tax Credits), often giving the same information to each agency. As such, the benefit system became a disincentive to take up short term work. The pilot is showing faster processing times and increased customer confidence to take up short-term work. It has been suggested that a nation-wide roll out will begin with phased implementation in 2010. (Department for Business Information and Skills, 2008: Case Study 70).

Early Intervention: Scottish Government

- 2.22 Where the Scottish Government's policy aim does differ from that of the UK is through a focus on early intervention. The Scottish Government (2008c:4.2) aims to tackle the root causes of problems by focusing attention on early intervention for those at risk, as opposed to crisis provision. In addition to this, it is stated that when risks have been actualised, 'sustained and effective interventions' should be staged. At present, the Social Fund can be seen as reacting to a crisis, rather than attempting to prevent it. Consequently if the Social Fund were to be devolved to Scotland, it is possible that money management advice may accompany a first application to the Fund to ensure applicants are accessing all of the benefits they are entitled to, in order to prevent further unnecessary applications to the Fund.

Fair, transparent benefit system: Scottish Government

- 2.23 A second Scottish Government aim is to make the benefit system more fair: 'Individuals must have a strong degree of confidence around the security of

their income. This means that the benefits system must be fair, transparent and sympathetic to the challenges faced by people living in poverty.’ (Scottish Government, 2008:5 iv).

Making Work Pay

2.24 Within the UK there has been a considerable emphasis on work as the most appropriate way out of poverty for over a decade (see for example: DSS, 1998). This approach, however, is contentious as considerable in-work poverty exists and is not declining at the same rate as out of work poverty (Tripney et al., 2009). As such, the Scottish Government views well paid and sustainable work as the best way out of poverty for those who are capable of work (Scottish Executive, 2005b).

Critique

2.25 Thus it can be seen that the Social Fund fits in well with several UK Government priorities including the attempt to prevent poverty, increase financial inclusion and to promote the Community Care agenda. These are all supported by the Scottish Government. In addition to this, the Calman Commission (Calman, 2009) identified several areas devolved to Scotland which would fit well with a devolved Social Fund. These are the responsibilities for wellbeing, social work, homelessness and families.

2.26 Whilst the original aim of supporting those in poverty to meet unexpected costs and the financial inclusion agenda has wide support from those researching the Social Fund (see for example JRF, 2006), some commentators have suggested that the Fund is failing to meet its aims as a result of budgetary constraints (Craig, 2001; Smith, 2003b; Davidson, 2003). For example, research by Davidson (2003) states that some Social Fund Officers feel that they have no option but to refuse a request for a loan to purchase a fridge or washing machine if the applicant is healthy as a result of the volume of need to be met from a finite budget.

2.27 Thus in the UK, the Social Fund Officer’s primary concern is often staying within the budget. This will obviously have an effect on the ability of the Fund to meet its aims. It should be noted that the equivalent scheme in the Netherlands does not have such financial constraints upon it (Davidson, 2003).

Conclusion

2.28 It has been shown that the Social Fund fits well with many UK Government and Scottish Government policy aims. Whilst the overarching aim is to enable unanticipated expenditure that could not otherwise be met, the Fund also more generally supports the Care in the Community agenda, financial inclusion and the more general aims found within the general welfare state agenda. In addition to these aims, the Calman Commission (Calman, 2009) stated that the Fund also fit well with Scottish Government responsibilities for wellbeing, social work, homelessness and families. Whilst these current aims are supported by the Social Fund, in recent years there has been an emphasis within UK policy on making work pay and on making the delivery systems more efficient.

Furthermore, within Scotland the aims of early intervention and fairness have been adopted.

3 RESEARCH EVIDENCE: HOW DOES THE SOCIAL FUND CURRENTLY OPERATE?

Introduction

3.1 Having shown the ways in which the Social Fund interacts with Government priorities, the next section examines how the Social Fund operates in practice. The process of applying for an award is outlined alongside reasons why applications for the different awards are refused. Finally the appeals process and repayment of awards are described.

Awards Available and budget

3.2 As stated previously, the three parts of the Social Fund consist of Community Care Grants, Crisis Loans and Budgeting Loans. Table 3.1 shows the different awards' intended use and eligibility criteria alongside award amounts.

Table 3.1: Awards available as part of the discretionary Social Fund

Award	Intended Use	Eligibility Criteria	Amount Payable	Average Award (DWP, 2009)
CCG	Payments to vulnerable individuals (leaving care or prison; at risk of entering care) and to ease exceptional pressures on families, some travel expenses	Applicants must be in receipt of Income Support, Job Seekers Allowance (income based), Employment and Support Allowance (income based) or pension credit or be about to leave care and expect to be eligible for such a benefit. ³	Minimum £30, no maximum amount.	£442
BL	Expenditure for major items including furniture, clothing, travel costs, or removing existing debts relating to these items.	Currently only available to those who have claimed one of the eligibility benefits for a CCG for over 26 weeks. The 26 week requirement may change as a result of the current DWP consultation (DWP, 2010).	Minimum of £100, Maximum £1,500 (including debt from previous BLs)	£410
CL	Expenditure only to prevent damage to health and safety.	Everyone aged over 16. Savings will be taken in to account when determining need.	Maximum £1,500	£81

³ Standard rates of Income Support, Jobseekers Allowance (income based) and Employment and Support Allowance (income based) are £51.85 per week for under 25s, and £65.45 a week for those over 25. The single person rate of Pension Credit is £132.60 per week.

- 3.3 It is important to note that the Budgeting Loan system does not attempt to be a source of low-cost credit for those who do not have access to mainstream credit options (Collard, 2003) and as such, despite accounting for the largest part of the budget, it is only available to selected groups of benefit claimants. This leaves a group of benefit claimants, for example those claiming Jobseekers Allowance that is not income related, and low-waged workers, unable to claim from the Fund, except for Crisis Loans.
- 3.4 For the year 2009/10, the gross discretionary Social Fund budget is £792m, which comprises of £300.1m of net funding, with the remaining funding to be provided by loan repayments. This allows for a gross loans budget of £650m and £141m in grants (DWP, 2009: 6.6-10).
- 3.5 Table 3.2 (below) shows the number of applications, awards and expenditure for the 2008/09 financial year based upon DWP data. Gross expenditure on the fund was in excess of £700m, with around five million applications⁴. Of this expenditure, £537m was funded through repayments of Crisis Loans and Budgeting Loans (£73m above target) accounting for 86% of the funds required to meet gross loan costs (DWP, 2009:6.4).
- 3.6 Whilst loan recovery rates from those repaying Budgeting Loans were high enough to fund almost all of the annual Budgeting Loan expenditure in 2008/09, repayment of Crisis Loans in the same period only covered half of the cost of gross expenditure. It is not known why this is the case, although it is possible that loan repayment levels are higher for Budgeting Loans as repayments are taken directly from benefits for those who claim benefits, with those who do not claim benefits being less likely to repay loans (NAO, 2005). As eligibility criteria for Crisis Loans are related to being in poverty rather than being in receipt of benefits (which is necessary for Budgeting Loans), it is possible that the repayment method influences this.

⁴ In this instance, applications should not be confused with the number of applicants as considerable amounts of repeat applications occur. For example, whilst there are almost three million applications for Crisis Loans, just over half of those applicants make up 'over half a million individuals' (DWP, 2010:2.22), as such it can be estimated that less than 1.5 million individuals apply for nearly 3 million Crisis Loans.

Table 3.2: Social Fund Use in 2008/09

Award Type	Community Care Grant	Budgeting Loan	Crisis Loan
Applications received	588,000	1,548,000	2,895,000
Initial decisions	582,000	1,538,000	2,870,000
Awards	252,000	1,098,000	1,965,000
Awards as % of initial decisions	43.2	71.4	68.5
Initial refusals	330,000	401,000	820,000
Gross expenditure £m	139.2	454.9	167.0

Source DWP, 2009: Annex 1

- 3.7 At present, there is no indication of what the political parties would do with the Social Fund, or its budget, if they were to win the General Election. It is also important to note, that it is possible that the two loan parts of the Fund could essentially be privatised by the introduction of external provider social loans as enabled by the Welfare Reform Act 2009.

Application Process

Paper based

- 3.8 Applications for Budgeting Loans and Community Care Grants are generally on paper based application forms, with a form available for Crisis Loans too. The form is different for each of the three awards. Application forms are available from Jobcentre Plus offices or to download from the internet. Completed forms can then be handed in or posted to a Jobcentre Plus office. The forms vary in length with Budgeting Loan and Crisis Loan forms being relatively straightforward comprising 10 and 12 pages respectively with minimal questioning on sensitive areas. Research by Whyley et al. (2000:3) found that the Budgeting Loan application process was considered “straightforward” by claimants and as such, the Crisis Loan form is also likely to be relatively accessible to applicants who do not have literacy issues. However, the form to apply for a Community Care Grant is both long (35 pages) and detailed. This will impact upon the accessibility of a Community Care Grant to those who have literacy or language difficulties.

- 3.9 Research by Hall (2007) and Rowe (2002) found that some potential applicants have been discouraged from making an application or refused an application form by Jobcentre Plus staff. In addition, some applicants for Crisis Loans have had difficulty attempting to hand in paper based applications at Jobcentre Plus offices, with the National Audit Office (NAO, 2005) finding that 17% of offices “never or rarely” accept application forms as the current preference is for telephone applications. It is evident therefore, that in some instances staff are failing to accept applications which may be legitimate and are disadvantaging paper based applications in favour of telephone applications for Crisis Loans.
- 3.10 Those who attempt to apply using the paper form but are denied the opportunity to submit it are not recorded in the Social Fund statistics and have no right of appeal for their refused application. As the majority of Social Fund users are vulnerable and less able to assert their rights, this can result in unmet need or heavy use of social worker and advice agency time (Local Government Association, 2006), accompanied by considerable costs to applicants in terms of both time and stress (Bennett, 2009).
- 3.11 Furthermore, some applicants and advice workers, are confused about what award is appropriate to apply for. If the wrong award is applied for, an applicant is not automatically considered for an alternative award (NAO, 2005). Thus in some instances it is the level of knowledge of the Fund, rather than need that results in a Social Fund award. This is clearly disadvantaging some applicants.

Phone lines

- 3.12 In addition to being able to apply for a Crisis Loan using an application form, in 1998/99, an 0800 phone number was set up where applications could be made. It is not possible to apply for the other two awards in this way. In June 2009, the phone line had 1,800 Crisis Loan decision makers (DWP, 2009) working in call centres at the Benefit Delivery Centres. As a response to criticisms (see for example, JRF, 2006) of the cost of the telephone number from mobile telephones, in December 2009, all the major mobile telephone networks entered into a deal with the DWP to make the calls free. As a result, 90% of calls from mobile telephones are now free (DWP, 2010).
- 3.13 Access problems remain, however. On average throughout 2008/09 only 45% of calls were answered within 10 rings or within 7 minutes of being placed in a queue (Social Fund Commissioner, 2009). Significant amounts of applicant’s time can be wasted in this manner. For example, Citizens Advice Scotland (2007) reported the case of a man who was unable to get through to the Crisis Loan team for five days and was subsequently awarded less than £20. Further issues occur when claimants are not phoned back at the agreed time (Hall, 2007). Such limitations of the phone system are likely to be frustrating for users, however when the phone system is accessible, it does enable immediate consideration of an application.

Home visit

3.14 A third application option when applying to the Social Fund is a home visit. Details of this method of application are not available in any Jobcentre Plus or DWP guidance. Consequently, this option is discretionary and only available for the most vulnerable of applicants who know to ask for such a visit. Rowe (2003) found that when such visits occurred and Officers saw the extent of clients deprivation, they sometimes told applicants to apply for other items, showing that it is a good method for identifying broader needs. However, home visits are rarely granted, even when advice bureaux staff request them (CAB, undated, post 2006). The reason for the lack of advertising of such a method is likely to be the increased costs involved in providing home visits and the finite Social Fund budget.

Common Problems with Applications

3.15 It is apparent that the guidance relating to the Social Fund is so complicated that some Jobcentre Staff are unable to correctly interpret the guidance (Barton, 2002; NAO, 2005). This can include being unable to define who should be a high priority and consequently advisors define categories for themselves creating further inconsistency (SSAC, 2001). Most worryingly, however, Barton (2002) found that some Jobcentre Plus staff were unsympathetic towards applicants and could give unhelpful or misleading advice.

Administration

3.16 Application forms are processed by one of the UK's 20 Benefit Delivery Centres. Two of these are in Scotland (Glasgow and Inverness). Application decisions should be made within two days for Crisis Loans, six days for Budgeting Loans and nine days for Community Care Grants. It has been suggested that this standard is too long by JRF (2006) who argue that as Crisis Loans are only available when there is a risk to health and safety, they should be processed on the same day. During 2008/09, the standard for processing times was achieved in relation to Crisis Loans and Budgeting Loans. However, Community Care Grants were 2.7 days over target on average (DWP, 2009).

3.17 The loans budget, for Crisis Loans and Budgeting Loans, is a single national allocation, although the budget for Community Care Grants is distributed to individual Jobcentre Plus budget areas⁵. As stated earlier, applicants do not have a right to any of the three Social Fund awards; they are all discretionary. Thus, if there is an inadequate amount of money to meet all eligible applications, grounds of 'insufficient priority' are used to refuse an award. This can result in different items or amounts of money being available depending on the month or the area where the application was made (SSAC, 2001; Buck and Smith, 2004; Social Fund Commissioner, 2009).

⁵ It is not clear if these are the same as the 20 Benefit Delivery Districts.

Administration Costs

- 3.18 The last time administration costs for the Social Fund were published was for the year 1998/99. At this time the costs were greater than net expenditure, with administration costing £215m, compared to £184m of net expenditure (Craig, 2001), this amounts to a cost of £1.17 per pound delivered (Craig, 2003b).
- 3.19 A more recent estimate reported, but not referenced, by Bateman in *Community Care* (2005:38) suggests that administrative costs 'run at 31p for each pound paid out.' This is much higher than other benefits; the entire Social Fund amounts for 1.5% of the benefits budget but 4% of the staff, thus having a staff cost of nearly three times what would be expected.⁶

A 'Successful' Application

- 3.20 If an applicant is to be given an award from the Social Fund, the amount given may be made at a level below that requested. This has been criticised by the voluntary sector for obliging applicants to go without or source alternative, high-cost, credit (Barton, 2002; JRF, 2006; CAS, 2007; CPAG, 2007). It is not known how many partial awards are made, nor the deficit between the amount requested and the amount awarded. In addition to this, with the exception of the research cited above, it is not known how detrimental partial awards are for clients. With a finite budget, however, this may be the best use of funds; allowing help to be distributed to as many needy people as possible. Evidence to support such a view can be seen in the fact that whilst the voluntary sector have criticised such an approach, it is also adopted by some charities who have aims similar to the Social Fund in order to make best use of resources that are not adequate to meet all need (see for example Family Action, 2009; Bennett, 1996).
- 3.21 In addition to enforced partial awards, applications for Budgeting Loans can result in several options being presented to the applicant – often for three different amounts of loan that would be repayable at different rates over a similar timescale. This can be seen as positive, offering applicants choice regarding how much they can afford to repay, although ordinarily claimants accepted the higher offer as they needed the full amount of money applied for (Whyley et al., 2000).
- 3.22 For those who have been successful in claiming, awards are usually paid directly into a bank account for Budgeting Loans and Community Care Grants, although Crisis Loans are paid mainly by cheque collectable from the Jobcentre Plus office (JCP, 2008). It is not clear why this is the case, although it is possible that the original rationale was that many applicants would not have had access to a bank account and, as a result of the crisis, could not afford to wait to open a bank account to receive the money. For applicants in rural areas, the requirement to collect a payment in person can result in a journey on public

⁶ Whilst it may be seen that the difference between the figure cited by Bateman (2005) is a significant improvement on the 1998/99 cost of administration cited by Craig, it is not possible to clarify what these costs involve. It appears most logical that the £1.17 per pound relates to net spending whilst the 31p per pound relates to gross spending (ie: including loans which will later be repaid).

transport that they can not afford or a long walk, particularly in Scotland (Local Government Association, 2006). The Citizen's Advice Bureau cited one example of an applicant who would have to walk 24 miles or pay £4 to use public transport to collect his Crisis Loan of £12.31 (CAB, undated, post 2006). In addition to this difficulty, for those who do not have bank accounts, the additional cost of using a cheque cashing service can further diminish the amount of a Crisis Loan award, but not the amount that the recipient will have to repay.

- 3.23 Furthermore, Citizens Advice Scotland (2007) state that there are sometimes significant delays in payment of awards, describing a wait of three weeks for one applicant for a Crisis Loan. There was a lack of other evidence regarding such delays which may suggest that this case was the exception rather than the rule, as the voluntary sector have been very active in discussing issues of bad practice relating to the Fund.
- 3.24 Whilst the literature on the Social Fund describes many difficult issues regarding the application process in detail, it should be noted that "for some people the experience of seeking help from the Social Fund is both straightforward and positive" (Smith, 2003b:97). Their story is underrepresented in the research.

Refused applications

- 3.25 If an application is refused, a letter is sent to the applicant which details the review process (but does not say why or suggest alternative avenues of support). The letter is standardised throughout the three awards.
- 3.26 Table 3.2 shows the high rates of initial refusals of Social Fund applications: over half of Community Care Grants, almost a third of Crisis Loans and over a quarter of Budgeting Loans are refused initially. This section will describe reasons for refusal based upon DWP data for the UK as a whole in 2008/09.

Community Care Grant

- 3.27 Table 3.3 shows the reasons for refusal of a Community Care Grant by demographic group. It can be seen that refusal rates for Community Care Grants were most likely (66%) to be because guidance relating to what can be claimed for was not met (in this case 'Direction 4 not satisfied'⁷). However, this was much higher for the unemployed and lone parent groups at 78%. Secondly, 15% of people applying were not receiving a qualifying benefit. As such, over 80% of refusals were as a result of not fulfilling criteria. Whilst criteria around qualifying benefits are not open to discretion, the use of 'Direction 4' can be applied with more discretion by Jobcentre Plus staff. This is likely to result in inconsistency and unfairness within the Fund.

⁷ 'Direction 4' is the set of criteria that establish what a Community Care Grant can be paid for. This includes set criteria for six areas: moving out of care; helping people to stay in the community; families under exceptional pressure; prisoners on temporary release; people setting up home as a planned programme of resettlement and travelling expenses. Guidance on each area is available from the Social Fund Commissioner [<http://www.irs-review.org.uk/infocent/commad/commad.htm#ccg>]

3.28 The third reason for refusal was that of 'insufficient priority'. This means that the applicant meets all the necessary criterion to be awarded a Grant, but there is not enough money in the budget to cover all eligible cases and there are other more deserving cases. Insufficient priority accounted for 14% of refusals in 2008/09, although this rose to 24% for pensioners and 22% for disabled people. It is likely that this increase is as a result of greater need being identified by staff in the other groups; unemployed, lone parents and others, although it is not known if this is a genuine difference. The group identified as having insufficient priority accounts for nearly 45,000 people, showing significant unmet demand.

Table 3.3 : Reasons for refusal of a Community Care Grant 2008/09 (percent)

	Pensioners	Unemployed	Disabled	Lone Parents	Others	Total
Savings sufficient to meet costs	1					
Not in receipt of a qualifying benefit & unlikely to be	6	13	12	2	40	15
Excluded items	4	2	3	3	2	3
Direction 4 not satisfied	58	78	58	78	47	66
Previous application and decision	2	2	3	2	2	2
Insufficient priority	24	5	22	13	9	14
Other	3		2	1	1	1
Total	100	100	100	100	100	100

Source: DWP, 2009: Annex 5.⁸ Blank boxes represent less than 0.5%.

Budgeting Loans

3.29 Regarding refused applications for Budgeting Loans, table 3.4 shows that the most common reason for being refused this type of Loan was outstanding debt⁹, most likely reflecting the rule that the maximum Budgeting Loan that a Social Fund user can have outstanding at any time is £1,500. Rates of refusal were particularly high for disabled people, pensioners and lone parents. Research by Collard (2003) may explain this trend: some Budgeting Loan applicants are unaware that because of their existing Budgeting Loan debt, they are not eligible for future awards. In addition to this, as users who are repaying Social Fund debt do not receive statements because payments are deducted at source, they may not be aware that they are still repaying their loan.

⁸ Within the DWP data, a category exists for those who attempt to claim less than the minimum amount (£30), although no group of users had more than 0.5% in this category.

⁹ It is not clear if 'outstanding debt' only relates to outstanding Social Fund debt or a general indebtedness that would make it impossible for the applicant to repay a Social Fund loan.

3.30 Furthermore, almost half (49%) of lone parents who were refused a Budgeting Loan were refused because they had not been claiming a qualifying benefit for long enough. In their 2010 consultation, the DWP (2010a) proposed removing the 26 week wait component of eligibility which would reduce the amount of refused applications, although this also raises questions about the adequacy of the budget to accommodate a potential increase in demand.

Table 3.4: Reasons for refusal of a Budgeting Loan 2008/09 (percent)

	Pensioners	Unemployed	Disabled	Lone Parents	Others	Total
Outstanding Debt	75	81	63	34	27	48
Not in receipt of a qualifying benefit	6	5	2	15	48	18
Not in receipt of a qualifying benefit for 26 weeks	15	12	32	49	24	31
Other	4	2	2	2	2	2
Total	100	100	100	100	100	100

Source: DWP 2009: Annex 7

Crisis Loans

3.31 Table 3.5 below shows the reasons for refusing Crisis Loan applications in 2008/09. It can be seen that for all groups of applicants, at least three quarters of refusals were resulted from there being no serious risk to health and safety. However, it should be noted that 3% of applicants, some 20,500 people, who are refused a Crisis Loan are rejected on the basis that they will be unable to repay the amount even though there is a serious risk to their health and safety. As such, it is necessary to question the appropriateness of having a loan-based system for those who are in poverty and where despite there being a risk to their health and safety it is valid to refuse support on the basis of an inability to repay the loan.

Table 3.5: Reasons for refusal of a Crisis Loan 2008/09 (percent)

	Pensioners	Unemployed	Disabled	Lone Parents	Others	Total
No serious risk to health and safety	75	79	81	83	79	80
Help available from another source	3			1		
Excluded items	13	4	5	7	8	5
Inability to repay		3	2	2	2	3
Previous application & SFO decision	6	9	8	5	7	8

	Pensioners	Unemployed	Disabled	Lone Parents	Others	Total
JSA sanction/disallowance		4			1	2
Other	2	2	3	2	3	2
Total	100	100	100	100	100	100

Source: DWP, 2009: Annex 9.¹⁰ Blank boxes represent less than 0.5%.

The Impact of refused Applications on Local Authorities

3.32 Whilst table 3.6 shows the high rate of refused applications, little is known about the impact of refused applications on individuals. If this evidence gap were filled, it would better show the difference between applicants who are successful and unsuccessful. However, there is a small amount of research on the negative effect that unmet need places upon Local Authorities.

3.33 It has been suggested by the Local Government Association (2006) that where a Social Fund award is not made, Local Authorities may have to spend time helping applicants to source alternative funds or award them discretionary funds from their grants, particularly where a child protection issue would be raised if they did not assist these failed applicants. In addition, being refused support from the Social Fund may have a negative effect on care plans and attempts to re-house applicants. For example, where a Community Care Grant is sought to provide furniture for an applicant to move into an unfurnished property and it is refused, the applicant may have no option but to give up the accommodation or accrue rent arrears as Housing Benefit will only pay one rent. The additional use of Social Worker time and the accumulation of rent arrears as a result of being refused support from the Social Fund has been estimated by Craig (2006:35) to be expensive: "Overall annual costs incurred by local government seem likely to run into tens of millions of pounds."

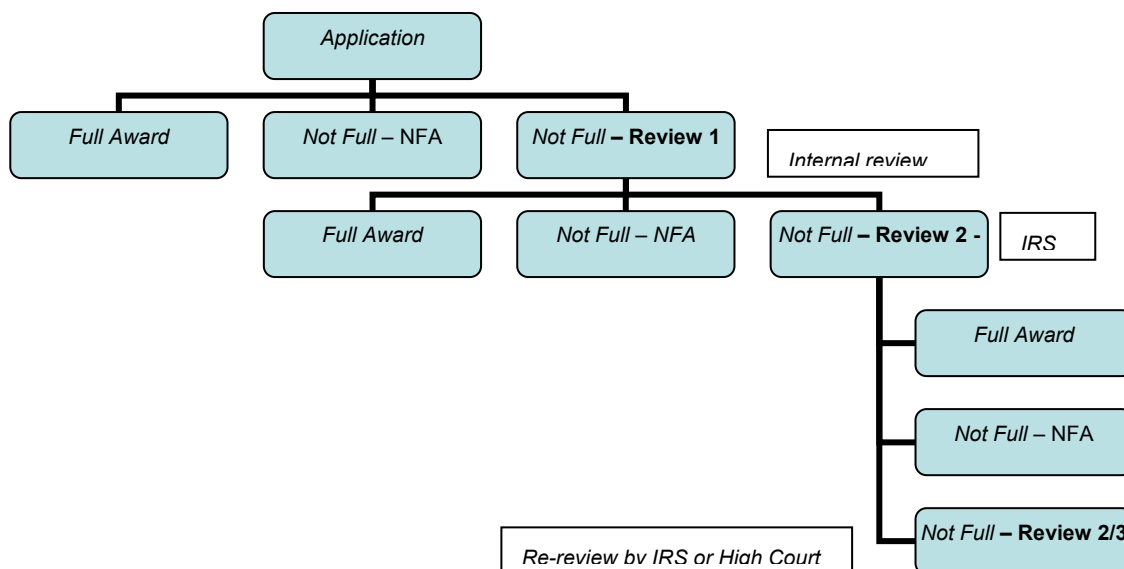
3.34 On the other hand, there are issues where Local Authorities fail to provide equipment for disabled people which consequently places a burden upon the Social Fund (SFC, 2009). Pitt (2010:26) states that the cases "now number in the thousands" and can be for costly equipment like specialist beds.

Appeals ('Reviews')

3.35 As can be seen in figure 3.1, appeals, or reviews as they are known, are a three-tier process within the Social Fund. The first tier involves review by a Social Fund Officer within Jobcentre Plus. The second tier involves the Independent Review Service (IRS), which is headed by the Social Fund Commissioner. The final tier is a Judicial Review in the High Court, although this is rarely used these days as decisions can be re-reviewed by the IRS (Buck, 2003). The same process is used to appeal for each of the three Social Fund awards.

¹⁰ DWP administrative data show three additional categories not shown in the table as no group had a rate of refusals that was higher than 0.5%: suitable alternative; enough money to pay for crisis and insufficient priority.

Figure 3.1: The Social Fund Appeals Process.



NFA – No Further Action taken by applicant.

- 3.36 Reviewers are able to change a decision and the amount awarded if the original decision was based upon an incorrect application of the law or it was not a fair use of the Officer’s discretion. However, they must consider local budgets.
- 3.37 Whilst figure 3.1 shows how applicants who have been unsuccessful or received a partial award can apply for a review, full data regarding partial awards are not available. As such, the DWP data discussed below relate to ‘refused applications’ and ‘revised’ decisions. Thus, it is highly likely that some of the ‘non-refused’ applications may still be included in appeals. Furthermore, ‘revised’ decisions at appeal may still be a partial award. This can be illustrated with reference to data contained within the Social Fund Commissioners Annual Report (SFC, 2009:20), shown in the second column of table 3.6 (below). In 2008/09, of the 18,720 applications for internal review in regard to Budgeting Loans, only 410 were changed wholly in the applicants favour, just over 2%, and considerably less than the 13% of cases that the third column of table 3.6 shows were ‘revised’.

Table 3.6: Percentage of cases taken to each stage of review.

Fund	Initial Refusals from all applications to the Social Fund	% of internal reviews changed wholly in applicants favour on review (SFC, 2009)	% 'revised' at internal review (stage 1)	% not 'revised' at internal review (stage 1)	% revised at IRS review (stage 2) (SFC, 2009)
CCG	56.8%	3.4%	49%	51%	50.8%
BL	28.6%	2.2%	13%	87%	10.3%
CL	31.5%	9.3%	43%	57%	54.5%

1. Data based upon calculations from DWP (2009) unless stated.. Some figures were rounded to the 10,000 (eg: initial refusal rates), creating imprecise results.
2. A percentage of applicants who were not 'initially refused' or who have received a 'revised' decision at review will have received partial awards. As it is not possible to identify how many people would be eligible to apply for a review (ie: all people who did not receive a full award), it is not possible to show the percentage of those able to apply for review who did.
3. Letters in red refer to the stages of the appeals process show in figure 3.1.

3.38 Table 3.6 (above) shows that of those refused a Community Care Grant (over half of initial applicants), nearly half of those who appeal have their decision revised. Of those who do not receive a full award, and choose to appeal, over half are successful at the second level of appeal. Smaller proportions of those who are refused a Crisis Loan or Budgeting Loan appeal. However, of those who did appeal, at both levels, almost half of reviews for Crisis Loans were successful compared to around 10% for Budgeting Loans.

3.39 Reasons for such differences are not known, but it is suggested that the need to apply for a review by post makes it inaccessible for those applying for Crisis Loans (SFC, 2009). In addition, relating to Crisis Loans, once the danger to health and safety has passed, applicants would not satisfy the criteria to claim from the Fund; thus if a review did not happen whilst the threat to health and safety was still current, an award could not be claimed retrospectively, even if an alternative source of credit had been used to meet the need at the time. Furthermore, it is possible that a higher level of support from Local Authorities exists among those who claim a Community Care Grant, which may result in unsuccessful applicants being encouraged to appeal.

3.40 During 2008/09 just less than half of all decisions made by the IRS were changed on review (SFC, 2009:16). Of these, Community Care Grants were the most common award to be reviewed at over 60% of the IRS's workload. Of those cases, there were "important errors" made by Social Fund decision makers in over half of cases (SFC, 2009:16) showing poor initial decision

making. Over 90% of reviews in 2008/09 were made within 12 days (SFC, 2009).

Repayment of loans

3.41 Levels of repayment of loans can vary, although all loans should be repaid in full within two years of receipt. There are currently three payment rates available: 12%, 10% and 5% of the recipient's weekly benefit, including child benefit but excluding housing costs. If Social Fund users are also benefit claimants, repayments are made directly from benefits, making the system very efficient; annual loan recovery rates are often higher than targets (see, for example, DWP, 2009).

3.42 Table 3.7 (below) contains administrative data from the DWP (2009: annex 10) showing average weekly deductions from the groups of benefit claimants who are eligible to apply for Budgeting Loans. It should be noted, however, that not all Loan recipients will be in receipt of one of these benefits. Differences in deduction amounts are likely to be linked to the lower amount paid to those claiming Job Seekers Allowance in comparison to the other two benefits once additions have been made, for example for having a child. Whilst the repayment amounts might not seem high, as standard rates of benefits (except Pension Credit) are £65.45 a week for those over 25 (see foot note 3, accompanying table 3.2 for further details), such a deduction would substantially reduce income.

Table 3.7: Average weekly benefit deductions by benefit type – 2008.

		Feb 2008	May 2008	Aug 2008	Nov 2008
Average weekly deduction	Income Support	£11.04	£11.05	£11.07	£11.22
	Job Seekers Allowance	£7.03	£7.00	£6.94	£7.05
	Pension Credit	£11.03	£11.27	£11.21	£11.22

3.43 Research has found that repayment of loans further reduces the incomes of Social Fund users, forcing some into debt and significant financial hardship which results in them not having an adequate amount of money to live on (see for example: Cohen et al., 1996; Finch and Kemp, 2004; JRF, 2006; CAS, 2007). For example, one Loan recipient was required to pay back a loan of £200 at £25 per week which was viewed by the interviewee as unmanageable on his income (JRF, 2006). Consequently it is possible to conclude that as a result of the need to repay the Social Fund's loan elements, the Fund does not necessarily reduce poverty and may in fact increase financial hardship in the weeks and months after receiving an award. As families tend to borrow larger amounts than other users, levels of repayment are likely to be highest for this

group to ensure their loan is repaid within the time frame allowed (JRF, 2006:46, DWP, 2009).

3.44 Research by JRF (2006) found that although applicants were often left in financial hardship they were not opposed to the principle of repaying a loan. Likewise, whilst there has been criticism of direct repayments as reducing benefit levels, for some users deductions made direct from their benefits enabled them to budget more effectively. Alternatively, research by Whyley et al. (2000) found that all claimants were managing to repay the set amount and felt that the use of direct debit straight from their benefits enabled them to keep up with repayments. Social Fund recipients can ask for their repayment schedule to be altered if they experience a change of circumstances, although this is not widely known about by users (SSAC, 2001: 79, Barton, 2002; Collard, 2003 JRF, 2006). If this facility were more widely known about, some of the financial hardship identified among those repaying Social Fund loans could be reduced.

Conclusion

3.45 This chapter has detailed the process of claiming the Social Fund from the initial stage of applying, through to receiving an award or being refused for an award. The appeals process was then described, before finally examining repayments. It is evident that the application process is complicated and difficult for would-be applicants to navigate. In addition to this, for those who are made an award from the Fund, they may not receive for the full amount requested. On the other hand, a large amount of applications are refused. DWP data show that this can largely be seen as a result of very narrow eligibility criteria, although there are still a group of applicants who are defined as in need by the Fund who are not supported as a result of a lack of resources or their inability to repay a loan. A substantial group of those refused a Social Fund award appeal this decision and almost half of those reviewed who applied for a Community Care Grant or Crisis Loan have their decision revised (although this may be a partial award). Finally, the chapter has described the process of repaying loans, which can result in increased financial hardship after the award is received.

4 RESEARCH EVIDENCE: WHO BENEFITS FROM THE SOCIAL FUND?

Introduction

4.1 In order to show who benefits from the Social Fund, this chapter will look at who currently accesses the Fund, highlighting issues of low take up and repeat use, and show that for some users the Social Fund is not meeting its original aims. However, it is important to note that data do not exist to show the full extent of repeat use. Finally, the benefits of Social Fund use, for both the individual and the state, will be explored.

Who are current users?

UK Demographics

4.2 Up to date client data from the DWP, see table 4.1 (below), break down claimants into five groups: pensioners, unemployed, disabled, lone parents and others. The data show that unemployed people receive the highest proportion of funding from Crisis Loans (44.5%) and lone parents account for the largest spending of both Budgeting Loans and Community Care Grants (49.8% and 33.9% respectively). Disabled people account for between a fifth and a third of all spending on the three different awards.

4.3 Take up among older people is particularly low at less than 10% of Community Care Grants, 7% of Budgeting Loans and 1.5% of Crisis Loans. Research in 2002 for the DWP show that the decision about whether to apply for Social Fund support or not was not linked to the length of time older people had been claiming benefits or Pension Credit or their saving and borrowing habits (Kempson et al., 2002). As such, it can be concluded that it is not need alone that prompts older people to claim from the Social Fund.

Table 4.1: Gross expenditure on Social Fund awards by applicant group

Applicant Group	Community Care Grants		Budgeting Loans		Crisis Loans	
	Amount £m	% of Total Amount	Amount £m	% of Total Amount	Amount £m	% of Total Amount
Pensioners	13.4	9.7	31.3	6.9	2.5	1.5
Unemployed	15.8	11.3	39.6	8.7	74.3	44.5
Disabled	46.8	33.6	127.2	28.0	34.5	20.7
Lone Parents	47.2	33.9	226.7	49.8	33.2	19.9
Others	16.0	11.5	30.0	6.6	22.5	13.5

Source: DWP (2009: Annex 3)

Finances and life events

- 4.4 Of the group who are eligible to claim from the Fund, a link is evident between those who are most poor being more likely to claim. Of those who were eligible to borrow from the Social Fund, those who took up an award were twice as likely to be paying back some other form of debt (JRF, 2006: 48). This finding is supported by Kemp and Finch (2004) who found that among Income Support claimants with children, those who claimed from the Social Fund were more likely to run out of money before the end of the week, were less likely to have savings and were more likely to have other forms of debt. As such, it can be seen that, of the eligible groups, it is those in the most severe poverty who are most likely to apply.
- 4.5 Possibly as a consequence of their more marginal financial position, research by Whyley et al. (2000) found that Budgeting Loan claimants face a higher degree of disadvantage than Credit Union members, including a higher incidence of physical and mental health difficulties, family instability and breakdown, and insecure housing. Furthermore, very few Budgeting Loan users also use a Credit Union or have other forms of credit available to them (Whyley et al., 2000). Again, this shows the more marginal financial position of Social Fund users compared to other people who are facing financial exclusion.
- 4.6 On the other hand, Collard (2003:154) suggests that whilst it is the “most vulnerable” of benefit claimants who apply to the Social Fund, it is awareness of the Fund, rather than need that determines who applies. Thus within the most vulnerable group, only the most aware apply to the Fund.
- 4.7 In addition to Fund users being identified as most poor, Finch and Kemp (2004) found that three life events could be correlated alongside Social Fund applications; Children reaching three years of age, children starting school and moving house. The literature on debt also suggests that life events can play a crucial part in triggering debt too (Scottish Government, 2009e).

Take up of awards

- 4.8 Data relating to Community Care Grants in 2008/09 (DWP, 2009) show that over half of the Community Care Grant budget was used to support families under exceptional pressure (55.1%), whilst nearly a third of the budget was to help people to stay in the community (29.5%). However, only 7% of the budget was used to support people moving out of care, with a further 7.1% to support people to set up home as a planned programme of resettlement and 0.2% of the budget was used to support prisoners or young offenders on temporary license (DWP, 2009: Annex 4). Whilst this may reflect the relative sizes of the target groups, it could also represent current priorities being focused on supporting families rather than other groups eligible for the award. As such, the effectiveness of Community Care Grants to support a range of groups (as shown in table 3.1) will be compromised.

4.9 In addition to this, 33.2% of Crisis Loans in 2008-09 were used to cover alignment payments¹¹, with a further third for 'items or services'. Only 4% was spent on rent in advance with the remaining 29% for living expenses (DWP, 2009, Annex 8). This indicates that the budget is spent on essential items, and as such the Fund is being used to address its aims.

4.10 Separate data relating to Budgeting Loans only (DWP, 2009: annex 6) show that they were primarily awarded to families, accounting for over half of awards (57.7%) and two thirds of expenditure (69.4%), with couples without children accounting for less than 6% of awards and expenditure. Again, this can be used to show that the Government's priority is currently families with children as Budgeting Loan amounts for each demographic group are set by the DWP.

Repeat Users

4.11 It is evident that repeat usage of the Fund is common. For example, data relating to Crisis Loans indicate that half of all individuals applying made more than one claim last year, with 30% making three or more applications and around 4% making ten or more applications (DWP, 2010). A similar pattern was evident in 2003/04 regarding Crisis Loans and Budgeting Loans (NAO, 2005).

4.12 Based on research with Jobcentre Plus staff, Rowe (2002; 2003:106) states that some staff feel that claimants are successful because they are able to "play the game." One Officer in particular criticised the system saying that it would be better to just be able to make an award to genuine applicants without the confines of the narrow guidance (Rowe, 2002). Another officer stated that "at Christmas...Everybody's cooker explodes..." (Rowe, 2003:106) The Officer was aware that users were 'playing the system', but as there was money in the budget and applicants were seen as deserving, awards were made. The Officer also pitied those who did not know how to 'play the system', which was viewed as flawed, and as such were unable to access the Social Fund. Consequently, it can be suggested that the narrow eligibility criteria disadvantage some groups of potential Social Fund Users who are not aware of the complicated rules surrounding the system.

4.13 In addition to this, Collard (2003) suggests that, as a result of partial payments, some applicants ask for more money than they need in order to get the full amount that they require. In such instances the vagaries of the system oblige applicants to overstate need in order to secure what they actually require. On balance, those users who are most knowledgeable about the Fund, rather than most needy, are most likely to be successful in securing their desired outcome.

4.14 Research for the DWP (Pettigrew et al., 2005) suggests a three part typology of Social Fund loan users. These being 'awards strategists' who factor their use of the Fund into their budgeting decisions and are the heaviest of repeat users. Secondly, 'award three-offs', who are usually good budgeters and use the Social Fund only in a crisis situation. Finally, 'awards one-offs', who only

¹¹ When a Crisis Loan applicant is applying for funds to tide them over until they receive their first benefit payment, it is referred to as an 'alignment payment'.

applied for a loan once when in a desperate situation and do not intend to apply again in the future. Factors affecting the 'award one-offs' decision to not use the Social Fund again included believing they will not need such support again or they "felt that they had received 'hostile' and unfair treatment at the Jobcentre" and saw the Fund as "degrading" (Pettigrew et al., 2005:4) .

Social Fund use in Scotland

4.15 Very little is known about use of the Social Fund in Scotland. The Calman Commission stated that use of Community Care Grants and Crisis Loans in Scotland is higher than might be expected based upon the population in terms of both the national population and the claimant population, with £430m of awards from the discretionary SF in 2007-08¹² (Calman Commission, 2009: 5.248). Data from JRF (2006:30) show that from 2000-2003, Scotland accounted for 12% of Social Fund use with little variation between types of award (Community Care Grants – 12%; Budgeting Loans – 12%; Crisis Loans – 13%).

How do users benefit from the Social Fund?

4.16 It should be noted that there is very little evidence regarding the benefits resulting from use of the Fund. However, Pettigrew et al. (2005:4) suggest that use of the Fund "often had a large (positive) impact on people's personal situation" in that they were able to purchase essentials, pay bills and improve their homes.

4.17 Furthermore, Whyley et al. (2000) found that respondent's views of Budgeting Loans were largely positive and it was highly valued. In comparison to the pre-1999 scheme, respondents felt that the scheme had improved in terms of the application form being shorter and the quicker time taken to claim. The research by Whyley et al. (2000) also found that use of Budgeting Loans was for essential items, such as beds or to pay household bills which was different to the use of credit unions which were used for more luxurious spending including Christmas or holidays. This view was supported by Collard (2003). Such use of the Social Fund implies that it is used by those who are genuinely in need.

4.18 It can be concluded that as 100% of the budget is actually spent, take up is particularly good when compared to other benefits. However, there is considerable unmet need regarding Community Care Grants. For example, as highlighted above, some groups eligible to apply do not do so and high repeat usage shows that the Fund is not necessarily solving problems but is potentially creating dependency by deferring the problem.

How does the state benefit from Social Fund use?

4.19 As with the previous section, there is little evidence regarding the benefits for the state of Social Fund use. In the previous chapter, the effect of refused

¹² This seems particularly high, at over half of the UK budget. In light of the JRF data from 2006 it is possible that some confusion occurred regarding the regulated and discretionary parts of the Social Fund when this calculation was drawn up.

applications for Local Authorities was discussed. Thus as refused applications were viewed negatively for Local Authorities (Local Government Association, 2006), it can be surmised that where Social Fund awards are made, a positive impact can be made upon Local Authorities' duties towards children. In the view of Local Authority Staff, it was stated that if discretionary payments were not made by the Social Fund or by the Local Authority, more costly child protection issues could occur. In particular, one respondent suggested that as residential care for children costs up to £250,000 per annum, and separates families, discretionary payments are the only sensible answer (Local Government Association, 2006). In addition to this, it was recognised by some respondents that homelessness issues could be prevented by discretionary payments.

- 4.20 Smith (2003a) also suggests that the use of Community Care Grants to enable older people to purchase items that will allow them to remain in their own home will save the Government money by preventing these older people from entering expensive residential care. This is particularly evident as in order to be eligible for a Community Care Grant, applicants must be in receipt of qualifying benefit and having less than £500 in savings. Thus, if such a person were to enter residential care, the cost would fall to the state and as such the use of Community Care Grants in this way is likely to save the Government money, although it is not known how much.

Conclusion

- 4.21 Although this review identifies a lack of evidence relating to potential beneficiaries of the Fund, it is apparent that lone parents and disabled people account for the majority of spending on Community Care Grants and Budgeting Loans. Unemployed people account for almost half of the Crisis Loan budget. In addition to this administrative data, several researchers have described Social Fund users as being in a more marginal financial position than people who are eligible to claim from the Fund, as a result of their benefit status, who do not claim. Furthermore, knowledge of how the Fund operates is crucial in determining who applies. By consulting DWP data, it is apparent that awards are mostly used for the purposes outlined by the Fund's aims, although one third of the Crisis Loan budget is used as a result of the administrative failings of the wider benefit system. In addition to this, there are a group of repeat users, with evidence available for Crisis Loans only, who are stuck in a cycle of Social Fund use. Whilst there are many criticisms of the Fund, it is clear that the group of users do benefit from their use of the Fund and there are corresponding benefits for the state, although both areas are neglected in the research.

5 CONCLUSIONS AND IMPLICATIONS

Introduction

- 5.1 The previous chapters provide an overview of evidence on the Social Fund, most of which related to the operation of the Fund. The literature reviewed reveals significant criticism of what is regarded as inaccessible application procedures (Hall, 2007; SFC, 2009); and high rates of poor decision making (SFC, 2009). Furthermore, as a result of the finite budget, it is evident that the Fund is not able to meet all need (DWP, 2009). As the majority of the Fund consists of loans rather than grants, it is also apparent that user income is further reduced following receipt of a loan. This may result in a further decline into poverty (see for example Finch and Kemp, 2004).
- 5.2 Less evidence exists regarding those who benefit from the Fund. Although the literature (Pettigrew et al., 2005; Whyley et al., 2000) suggests that users do benefit from the Social Fund in terms of alleviating their immediate need for money, this review did not uncover any detailed account of what these benefits consist of or what medium and longer term outcomes result from receiving an award.
- 5.3 Whilst the first chapter outlines the ways in which the Social Fund interacts with policy priorities within the UK and Scotland, subsequent chapters focus on research evidence. This final chapter summarises the main research findings before presenting evidence gaps and suggesting three alternative models for delivering the Fund based on the evidence reviewed. The three models outlined consist of; improving the Fund as it currently operates; devising a new system of grants and; developing a new holistic scheme based upon Scottish Government priorities.

Findings

- 5.4 As stated above, the majority of the literature reviewed focuses on administrative difficulties with the Social Fund. The inaccessibility of the application process, including forms that are too long and telephone lines that are not answered, caused particular concern. For those successful in claiming an award, the amount given could be below the amount requested. Little evidence was found on how often this occurs, however, or how large such deficits tend to be. An additional issue for those successful in claiming a Crisis Loan is the requirement to collect a cheque in person from a Jobcentre Plus office. This can create costs in both time and money for those in receipt of an award. Notwithstanding such criticism, it is also evident that, “for some people the experience of seeking help from the Social Fund is both straightforward and positive.” (Smith, 2003b).
- 5.5 The review also uncovers evidence relating to the award criteria. Data from the DWP (2009) show that if an application is unsuccessful, it is most likely to have been so as a result of applicants failing to meet the strict criteria to be eligible

for an award. However, there are a group of people who have 'insufficient priority' for a Community Care Grant or would be unable to repay a Crisis Loan. Although their genuine need is acknowledged, they are not, entitled to an award. This can have a negative effect on Local Authorities who may have to deal with the consequences for such individuals. If an application is refused, there is a comprehensive appeals process that revises almost half of all Community Care Grants and Crisis Loans, although the accessibility of the appeals process, particularly for Crisis Loans, has been questioned. Finally, the review suggests that the repayment of loans can further decrease the already low incomes of Social Fund users, and can result in them being left in significant financial hardship.

- 5.6 Whilst there is significant evidence detailing the administration of the Fund, there is a dearth of evidence regarding who uses it. It is apparent, however, that older people have particularly low rates of take up of all parts of the Fund. Other demographic groups access the Fund in different ways with unemployed people accounting for the largest share of Crisis Loan use whilst the other two awards were used most for lone parents and the disabled. However, of the groups who are eligible to use the Fund, it is the poorest who apply the most. Within this sub-group, awareness of the Fund and its application procedures was also key, with the most vulnerable of such individuals least likely to be aware of the scheme. Although there are issues around lack of use among eligible groups, for some users, applying to the Fund repeatedly has become a way of budgeting.
- 5.7 Very little is known regarding the benefits of using the Fund, although two pieces of research have shown that benefits for recipients include being able to pay bills and purchase essentials. Furthermore, use of the Social Fund can prevent Local Authorities from having to intervene in more costly ways.

5.8 To summarise, the research evidence suggests that:

Application process and Administration

- There is support for the aims of the Social Fund, however, the majority of the literature is critical about its administration
- Despite significant criticism of the application process, "for some people the experience of seeking help from the Social Fund is both straightforward and positive." (Smith, 2003b)
- The application process is inaccessible for some users with, for example, Community Care Grant application forms being too long at 35 pages, some Jobcentre Plus offices refusing to accept application forms, and the Crisis Loan phone line answering less than half of its calls
- The time taken to process applications is regarded as too lengthy by some
- There is inconsistency in decision making, in relation to geographical area and which month or time of year applications are made
- Administration costs are likely to be very high – see below
- Of those who receive a Social Fund award, many are partial awards - it is not known how detrimental this is for users

- Whilst Budgeting Loan and Community Care Grant awards are made directly into bank accounts, Crisis Loan payments need to be collected in person from a Jobcentre Plus office - this can make receiving the award inaccessible for some.

Refused applications

- Approximately one third of all applications are unsuccessful which implies there is high demand for the scheme and/or the fund is not being effectively administered
- 14% of Community Care Grant applications are rejected as there are insufficient funds available
- The majority of refusals for all awards were recorded as the applicant failing to meet the strict criteria for the Fund
- Unsuccessful applications can have an impact on Local Authorities who may need to provide alternative funding to prevent larger costs being accrued, for example for rent arrears or a child needing to be placed in care
- Rates of revised decisions at appeal are high suggesting that poor initial decision making can result from overly complex application procedures.

Repayment of Loans

- The need to repay Social Fund loans further reduces the income of Social Fund recipients, potentially placing some into (further) debt and financial hardship
- Weekly loan repayment may increase poverty (particularly for families) in the months following a Social Fund loan
- Those repaying loans do not receive statements to inform them how much they are paying and what their outstanding balance is.

Who are current users and what are the benefits of Social Fund use?

- Despite significant difficulties with administering the fund, there is broad support for its aims
- the majority of applicants are among the most impoverished and vulnerable in society, however, within this population subset there are also individuals who are not aware of the fund and whom are not sufficiently able to pursue it
- Some Social Fund users, although the precise number is not known, become dependent on the Fund obliging them to make repeat applications - this questions the medium and longer term success of the scheme in relation to relieving more entrenched difficulties
- A number of individuals are put off using the Fund again after a negative initial experience
- Social Fund support does enable users to purchase essentials and pay bills and is greatly appreciated by many users

- The use of one third of the Crisis Loan budget to deal with ‘alignment payments’ (designed to provide an income whilst benefit applications are being processed) does significantly reduce the budget available, and as such, Social Fund decision tend to adopt a narrower definition of risk to health and safety in order to ensure the highest need is met.

Current evidence gaps and future research requirements

5.9 This review encountered significant gaps in the evidence which has restricted a full assessment of the operation and outcomes of the Fund. There is, for example, a dearth of research focusing on:

- The everyday experiences of Social Fund applicants
- The experiences of Jobcentre Plus staff who administer the Fund
- The extent of repeat claims among applicants, the reasons for this and the consequences of such dependency for the individuals involved
- The extent of partial awards, in terms of numbers of applicants and the amount claimed, and the consequences of this
- The impact of being refused support from the Fund on applicants, Local Government and Central Government
- The (medium and long term) benefits of being supported by the Social Fund for both applicants, Local Government and Central Government alike
- The medium and long term consequences of having to repay a Social Fund loan
- Administration costs
- Overall economic impacts.

5.10 If the Fund were to be devolved to Scotland, it is recommended further research is conducted to compensate for the above knowledge deficit. Furthermore, in such an instance it would be desirable to consult users and those involved in delivering the Fund in order to inform the development of any alternative scheme.

Where could the Social Fund have more impact upon Scottish Government Priorities?

5.11 It is suggested that the Scottish Government priorities outlined in the second chapter could be better represented with an increased focus on:

- Early intervention
- Linking better with existing services to provide holistic support – this could include improving access to related resources, refining referral practices, and increasing flexibility and responsiveness to individual need
- Increased support for those entering the community
- Increased support for those entering employment
- Focusing on key life events that are not currently covered by the Social Fund

Alternative Models

5.12 Based on evidence from the literature, this section outlines three alternative models which it is suggested could improve delivery of the Social Fund in Scotland and the outcomes resulting from it.

- 1) The first of these models involves retaining the structure of the current system but improving its administration. This includes recommendations such as providing all of those repaying loans with regular statements and increasing signposting to alternative sources of support.
- 2) Model two involves modifying the structure of the current system by retaining Budgeting Loans and Crisis Loans but replacing Community Care Grants with a more extended set of grants - child development grants, health and safety grants and, if financially viable, regular grants. This model has been advocated by the voluntary sector.
- 3) The third model would take an entirely different approach, in which the aims of the Social Fund are integrated into a holistic model of client support focussed on early intervention to prevent people reaching a crisis point¹³.

5.13 It is intended that these models, and the broader findings from this review, will help to generate discussion within Scotland and the UK around how best to improve the delivery and focus of the Social Fund. The DWP Consultation on the Social Fund in June 2010 is a case in point. The review should primarily help to progress considerations around the Calman Commission recommendation to devolve the discretionary aspects of the Social Fund. Table 5.1 summarises the key features of the alternative models.

Table 5.1: Overview of proposed models

Model	Key features
1. Improving the current system	<ul style="list-style-type: none"> • Increased equity • Better decision making • Increased emphasis on financial inclusion.
2. New system of grants (JRF, 2006; Howard, 2003).	<ul style="list-style-type: none"> • Retain Crisis Loans and Budgeting Loans • New Child Development Grant • New Health and Safety Grant (similar to Community Care Grant) • [If affordable] Regular Grant for priority groups.
3. Holistic, individually tailored model	<ul style="list-style-type: none"> • Promotion of 'well being' • Early intervention • Easy individual access • Holistic, individual form of support • Emphasis on financial inclusion.

¹³ Until an exact decision regarding who would be eligible for support is decided, it is not possible to give an estimate of costs.

The following section outlines the proposed models in more detail.

Model 1: Improving the Current System

5.14 This model could include some or all of a variety of recommendations which are listed below in the order in which they would occur in the current Social Fund process. In essence, this model proposes small changes that would improve the current system, rather than replacing it, in order to increase equity, improve decision making and improve the financial capability of applicants.

Improve application processes:

- Simplify the forms
- Reduce use of forms and increase other access channels
- Improve telephone response levels/times
- Ensure all potential applicants are given the right to apply
- Use information DWP already holds.

Reduce refused applications and appeals:

- Simplify the scheme
- Provide more clarity on what each part of the fund covers
- Clarify who can apply for what, including allowing simultaneous application for more than one Fund element
- Improve staff training/guidance
- Reduce staff caseload
- Increase consistency in decision making
- Signposting to other sources of support.

Improve the repayment process:

- Pay Crisis Loans into bank (or other) accounts
- Increase options for/awareness of repayments rescheduling
- Regular statements for those repaying loans
- Increased money management support.

Improve targeting and take up:

- Raise awareness of the Fund with older people/intermediaries working with older people

Other:

- Reduce the need for alignment payments

5.15 If all of these changes were to be made, the Fund would be likely to work more efficiently and be more likely to achieve its aims. However, adopting this model would involve attempting to change a system that has many flaws. As such it is possible that further problems could occur with the Fund in the future.

Model 2: A New System of Grants

5.16 Over the past three decades since the introduction of the Social Fund, commentators (largely from the voluntary sector) have called for the Social Fund to be reformed by adding further grants available at identified transition points where low income families face additional costs they cannot readily meet, while retaining the existing Budgeting Loans and Crisis Loans (see for example JRF, 2006 Howard, 2003). The costs provided below are based upon JRF (2006) costings,

5.17 In addition to any proposed grants, it would be necessary to ensure a system of crisis provision (either grants or loans) exists as well as provision for low cost loans. These combined are estimated by JRF (2006) to cost £43.9m.

5.18 The three key additional grants suggested are child development grants, health and safety grants and regular grants. Details of the possible costs of these grants can be found in Appendix 2.

a) Child development grants

5.19 Such an award could be paid at the beginning of the school year, on an annual basis. In 2006 JRF estimated the cost of this to be £176.7m annually. Eligibility criteria could include being in receipt of the maximum amount of Child Tax Credit and could be administered through HMRC.

5.20 An alternative to awarding annual grants, could be to award grants only at certain milestones such as the beginning of primary and secondary schools where costs are likely to be higher (Barton, 2002). A further alternative would be to pay grants where use of the Social Fund is currently highest, for example, when a child in your care reaches 3 years and the start of primary school (Kemp and Finch, 2004).

5.21 There would need to be clarity about the additional costs which this grant is intended to meet, and also of its interaction with the School Clothing Grants provided by Local authorities

b) Health and safety grants

5.22 This would allow access as a right to certain items such as a cooker, refrigerator, beds and bedding, carpets, curtains and a washing machine. In 2006 JRF estimated the annual cost to be £29.5 million. The Child Poverty Action Group (2002) suggest that such a grant should be prioritised to families with children.

5.23 An alternative version (Howard, 2003, CPAG, 2002) would involve awarding a lump sum to people on qualifying benefits/incomes when they move into a new home as a result of a life event such as separation. Howard (2003) proposed that professionals should be involved in determining need in such circumstances, using email in order to ensure a speedy response.

5.24 In the 2010 DWP Social Fund Consultation it was suggested that a regulated resettlement grant could replace the Community Care Grant. It is likely that if

the proposal became a policy reality it would fit in to this category. The advantage of adopting such a grant would be that it would ensure a minimum standard of acceptable living accommodation in terms of the goods that a home should possess. This is both equitable and likely to have many other positive impacts upon those living within such a home.

c) Regular (winter?) grants

- 5.25 Craig (1992) proposes a regular grant to poor families (paid six monthly), that is approximately the amount of one weeks benefit. This was seen by interviewees as being more useful than a smaller increase in their regular benefit allowance or an annual grant. However, JRF (2006) suggest that a regular winter grant, which could be varied depending on the size of the household could enable easier budgeting of winter expenses. This was costed at £875.6m annually in 2006.
- 5.26 The total cost of retaining the Crisis and Budget Loan funds and the three grants as estimated by JRF (2006) would be £1,125.6m annually, although approximately £30m could be expected to be repaid from loan repayments, resulting in a net cost of £1,095.6m, 3.7 times the current net spending.
- 5.27 If the regular winter grants were removed and the Community Care Grant was changed to become part of the regulated fund, the addition of child development grants could target money to poorer families. This would more easily align with policies attempting to eradicate child poverty.

Model 3: A New Holistic, Individually Tailored, Model

- 5.28 The increased use of individually tailored, holistic packages of support (both financial and non-financial) within Scotland is best illustrated through the 'Working for Families' programme.¹⁴ Such approaches ably progress many Scottish Government aims (Scottish Executive, 2007c), and the WfF model retains considerable support on the ground from those responsible for administering the scheme locally. As such, if the Social Fund budget were to be devolved, the Scottish Government could consider the introduction of a totally new model which adopts a similarly holistic, client centred approach.
- 5.29 The new scheme could comprise a single budget to be used within the general guidance for promoting wellbeing. The scheme should aim to be more preventative, supporting people at the point of risk, rather than allowing them to enter a crisis. Key points could include support around having children aged 3 and/or 5; setting up a new home; and entering or exiting work.
- 5.30 The grants/loans component would be part of a package of financial support, which could include maximising income and minimising expenditure. Elements to improve clients longer term resilience such as improving skills and financial capability should be included.

¹⁴ 'Working for Families' was a scheme delivered by councils in Scotland from 2004-2008 to support those with children to be able to access the labour market, mainly by providing childcare solutions. A holistic approach is adopted where advisors support service users to access jobs and training, find child care and access benefits that they are entitled to.

Overview of models

5.31 Three very different models have been outlined above. What is clear is that each model has its distinct advantages and disadvantages. Furthermore, if model two or three were adopted, it would be necessary to define priority groups who would be eligible for support. The next section will discuss the possibilities inherent in administering either of the two new models, whilst model one supposes that delivery will remain with the DWP.

Administration and Delivery

5.32 Whatever the scheme, it will be necessary to determine the most appropriate delivery system. The agent that delivers the scheme will impact upon its implementation. Agents could include:

- Contracting out to the UK Government, retaining Jobcentre Plus
- Local Authorities (building on their existing interactions with clients through, for example, social work, welfare rights officers, and administration of housing and council tax benefit)
- The third sector (for example credit unions and charities such as the Family Fund)
- The private sector (such as Post Office Counters, a4e (Action for Employment)).

5.33 Whatever mode of delivery is adopted, it is essential that adequate amounts of well trained staff are available, to ensure the success of the scheme. The delivery channel will also have an impact upon how accessible, effective and expensive the scheme will be. Options could include:

- Face-to-face
- Telephone¹⁵
- Texting/other digital technologies
- Internet¹⁶
- One-stop shop (depending on resources, this could be an actual shop or could be delivered over the telephone, online, or a combination of the three).

Conclusion

5.34 This review has summarised recent literature and research evidence on the Social Fund. It has shown that the Social Fund fits with many UK Government priorities including care in the community, poverty and financial inclusion. Furthermore, the Fund has a good level of fit with Scottish Government

¹⁵ If the telephone is to be the primary method of application, it is essential that 'warm phones' that applicants can use free of charge are available widely and are kept in good working order so as not to be prohibitive to those in most severe poverty (CAB, undated, post 2006).

¹⁶ Again it is essential to consider the lower rates of internet access among the many users of the Social Fund before adopting this approach. As such, this will only be an appropriate mode of interaction if applicants can be supported to make their first application and can easily access free internet and help for further applications.

devolved responsibilities for wellbeing, social work, homelessness and children. However, the research evidence detailed significant issues in the implementation of the Fund. It also identified a significant evidence gap regarding everyday users' experience of the Social Fund. The final section detailed three ways in which the Fund could be reformed. Firstly, making minor changes to the Fund as it stands today, for example, ensuring all recipients who are repaying loans get regular statements. Secondly, a system of grants that has been proposed by the Third sector and academics since the 1990s. Finally, the review has suggested the Scottish Government could adopt a holistic, individually focused model for delivering the Social Fund in Scotland.

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ANNEX ONE: OVERVIEW OF LITERATURE SEARCH

Databases/sources searched	Keywords used
EBSCOhost. Includes: SocINDEX Sociological Index CSA Collections. Includes: ASSIA EconLit Social Services Abstracts Sociological Abstracts PAIS International IBSS: International Bibliography of Social Sciences IDOX IngentaConnect – no results OCLC. Includes: ECO WorldCat ArticleFirst WilsonSelectPlus Web of Science. – no results. Includes: Social Science Citation Index Internet Google Scholar	Social Fund Scottish Government National Performance Framework UK Britain England Wales Northern Ireland Scotland Scottish

Databases searched were:

- Applied Social Sciences Index and Abstracts (ASSIA)
A database featuring abstracts (NOT the full article) and references to articles from over 550 English language journals from 1987 to date.
- EconLit
Economic development, history, macroeconomics, microeconomics.
- Social Services Abstracts
Social work, human services, social welfare, social policy.
- Sociological Abstracts
This database covers abstracts on social structure, inequality, social change, social problems.
- PAIS International
Public affairs, public and social policies, international relations.

ANNEX TWO: ESTIMATED COST OF MODEL 2: A NEW SYSTEM OF GRANTS.

Grant	JRF (2006)	Will cover	Howard (2003)		How could it be changed?
Child Development	£176.7m	Aug Annually. All parents of children school age-16. £50 per child. All benefit recipients and all low income – working tax credit.	£140.3m or £136.5m	Ages 3,5,9,11,14 or Ages 5,9,11,14,15 [NB the ages of 3 and 5 are likely to coincide with application to the social fund, (Finch and Kemp, 2004)] £198 for each child	SG could issue guidance to LA to make provision of uniform grants more consistent. SG may want to provide some (additional) funding. Separate grant for families with children at some ages.
Regular	£875.6m	Dec Annually. £50-£300 per household (size dependent), not including pensioners. To all on low income – working tax credit or any benefit (incl. carers allowance)	Not recommended		Eligibility restricted – lowest incomes/long term unemployed/only families. Reduce size of grant – Craig (1992) suggests six-monthly grants at the approximate rate of a week's benefit. As the majority of those in the bottom three income deciles are out of work (including pensioners), it could be targeted to those on benefits.
Health and Safety	£29.5 m [but CCG currently costs £139.2m so not realistic to replace	Discretionary. Similar to CCG but 'broader in its remit' (p100). All houses should have bed, cooker, carpets etc. All benefit recipient and all low income.	£95.8m - child health and safety grants	Child health and safety grants to be targeted to those on benefits long term. To include cookers, beds, heating , fridge, washing machine. Costs based on analysis of families currently going without items.	Expansion of CCG scheme to include all high priority items, particularly for families who have been long term unemployed. Ensure SG priority groups who can fit within CCG criteria receive awards.

Grant	JRF (2006)	Will cover	Howard (2003)		How could it be changed?
	CCG with £30m]		<p>£66.5m to cover homelessness</p> <p>£16.6m to cover all new homes and replacement as a result of separation. Expected take up £5.3m</p> <p>TOTAL £167.9m - £178.9m</p>	<p>£1,000 to all eligible (although could vary depending on size of family). Need to be verified by professionals eg: social workers.</p>	

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