

Commissioner's Advice to Inspectors

Amounts to award: CLs for items

Section 38(4) of the Social Security Act 1998, combined with Section 139(1) of the Social Security Contributions and Benefits Act 1992, gives the Inspector discretion to decide:

"Whether a payment ...is to be awarded and how much it shall be..."

Direction 21 says that "the maximum amount which may be awarded... [as a crisis loan for items or services] ...is the lesser of –

- (a) in the case of an existing item, the cost of repair; or
- (b) the reasonable costs of replacing an existing item, or purchasing a new item or service (including delivery and installation),"

provided that the amount does not cause the applicant and partner's combined Social Fund debt to exceed £1,500.

This Advice deals with the principles to adopt when considering the amount to award for items in crisis loan cases.

1. Order of Consideration

The Inspector should address the issue of how much to award only after he has decided the issue of qualification and considered whether the budget can meet the qualifying needs. Neither the amount the applicant has requested, nor the potential amount of award is relevant when deciding whether Direction 3 is met. It is unnecessary at this stage to make a judgement on the exact item/amount that should be paid. At this point, the Inspector is considering the applicant's general need (e.g. for something to sleep on, sit on or cook with), not his need for a specific item (e.g. a double bed, a three-piece suite or a mini-cooker).

2. Deciding the amount

Inspectors should generally award the amount requested by the applicant if it is within the Direction 21 maximum. If it is outside the Direction 21 maximum, they should award an amount that is within it. Where a new or replacement item is to be awarded (rather than the cost of repair) Inspectors should award an amount that is reasonable, including any appropriate costs of delivery and installation.

In deciding what is reasonable for an item or service Inspectors should consider the following:

A. The Particular Needs of the Applicant and any Family He May Have

What is a reasonable amount will depend on the particular expense in question, and upon the particular needs of the applicant and any family he may have. For example, health or behavioural problems, or family size, may mean that the cost of more expensive items is reasonable. In the absence of such factors more expensive items might not be reasonable.

Inspectors should ask themselves whether the amount requested for cooking/ sleeping facilities etc. is reasonable to meet the applicant's/ family's need in the circumstances?"

B. The Crisis Loan Context

The Social Fund is a budget limited scheme, and the size of award amounts for items has a bearing on the number of awards that can be made. The Social Fund is financed by public money and must therefore be spent in a responsible way.

In addition, the crisis loan scheme is intended to provide a safety net in respect of important needs that cannot be met elsewhere. One of the clear objectives of Direction 21 is to minimise award amounts (it requires that the lesser of Direction 21(a) or (b) should be awarded). Where repair is not possible or would be more expensive, Direction 21 does not require that the smallest possible sum should be awarded for a new item or service, it requires that a reasonable amount should be awarded. However, there is less scope for larger award amounts in the crisis loan context, than in the community care grant context.

Where the amount requested is unreasonable, and repair is impossible or would be more expensive, Inspectors should award a reasonable amount. Inspectors may, however, restrict the amount of an award, even if the amount requested is reasonable, where:

- The applicant has limited ability to repay a loan.
- The position of the budget makes it appropriate (for example, the budget is significantly overspent, or the budget can only be kept on target by restricting award amounts).