

Commissioner's Advice to Inspectors

Direction 53 - What to award

(Budgeting Loans)

Direction 53 – What to award

53. (1) Having identified the applicant's personal circumstances in accordance with direction 50, and the weighting values which apply to those personal circumstances as specified in direction 52, the decision maker shall determine the maximum amount available by way of a budgeting loan to the applicant by applying the appropriate weighting value to the baseline figure issued by the Secretary of State.

(2) Subject to paragraph (3) and directions 9 and 11, the highest award which may be made on any application shall be the lesser of:

(a) the amount applied for; or

(b) the maximum amount, less any budgeting loan debt owed by the applicant and his partner.

(3) No award may be made which causes the sum repayable to the social fund by the applicant and his partner (by way of crisis loan and budgeting loan) to exceed £1500.

(4) The minimum amount that may be awarded as a budgeting loan is £100.

This advice deals with how to decide what to award in accordance with Direction 53, once the priority of a budgeting loan application has been determined.

1. Determining the maximum amount

Once an Inspector has determined the priority of an application in accordance with Directions 50 and 52, he should go on to determine the applicant's maximum amount appropriate to his personal circumstances. This is the maximum monetary figure the applicant may access by way of budgeting loans, established by reference to the relevant weighting and the baseline figure issued by the Secretary of State. Other factors such as outstanding budgeting loan debt, total social fund debt, excess capital, and ability to repay, may limit the extent of an applicant's access to his maximum amount.

The Secretary of State issues a baseline figure for determining budgeting loan applications, which he may vary from time to time, and Area Decision Makers are required by Direction 40(f) to notify decision makers of this baseline figure. Direction 41 states that Decision Makers must have regard to the loans budget by applying the current budgeting loan baseline figure; and that the baseline figure reflects the position of the loans budget.

Direction 53 requires decision makers to determine the maximum amount by applying the appropriate weighting value to the baseline figure. In practice this means multiplying these figures to arrive at the maximum possible budgeting loan award. Decision makers have no power to alter the maximum amount on the basis that there is a variance between actual and profiled spend on the loans budget.

2. Deciding whether to award all, part, or none of the maximum amount.

Once the Inspector has determined the applicant's maximum amount in accordance with Direction 53(1), he must then decide whether to make an award, and if so how much to award, in accordance with Direction 53(2)-(4):

(i) The Inspector must deduct from the appropriate maximum amount any outstanding budgeting loan debt owed by the applicant and his partner.

(ii) He must decide what is the most that could be awarded – this will be the lesser of the amount requested and the product of (i) above. So if the applicant has applied for an amount that is smaller than the maximum amount less outstanding budgeting loan debt, the most that can be awarded is the amount requested.

(iii) Having decided the most that could be awarded, the Inspector must consider the £1500 Social Fund Debt limit, the £100 minimum award, and Directions 9 and 11, which may mean that a lesser amount or no award should be paid:

The £1500 Social Fund debt limit and the £100 minimum award amount

Direction 53(3) provides that no budgeting loan may be awarded that would cause the combined Social Fund debt of the applicant and his partner (this includes outstanding crisis loans and budgeting loans) to exceed £1500. Outstanding social fund debt may therefore prevent or reduce a budgeting loan award.

Direction 53(4) also provides that the minimum amount that may be awarded by way of a budgeting loan is £100. If at any stage in the decision making process a potential budgeting loan award is reduced below £100, for example, because of the capital rules or ability to repay, a budgeting loan payment cannot be made.

Direction 9

Having considered Direction 53(3)-(4), an Inspector must consider the capital rules set out in Direction 9. If the applicant has any capital in excess of the relevant allowance the potential budgeting loan award will be reduced by the extent of the excess. (For further guidance see the Commissioner's Advice on Capital Resources (Budgeting Loans).)

Direction 11

Having considered Direction 53(3)-(4) and Direction 9 an Inspector must then consider the applicant's ability to repay the proposed budgeting loan. A lack of ability to repay a budgeting loan may prevent or reduce the award of a budgeting loan. (For further guidance see the Commissioner's Advice on Ability to Repay.)

Agreed by the Quality Forum 11 September 2002. Effective from 14 November 2002.

Revised by the Quality Forum 12 September 2007. Revisions effective from 12 September 2007.

Revised by the Quality Forum 1 November 2011. Revisions effective from 2 November 2011.