

# The Social Fund - A Basic Overview



**Self-Instruction Pack**  
Independent Review Service

**IRS Self Instruction Pack**  
**The Social Fund – A Basic Overview**

# **IRS Self Instruction Pack**

## **The Social Fund - A Basic Overview**

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# IRS Self Instruction Pack

## The Social Fund – A Basic Overview

### **Introduction**

This Self Instruction Pack has been designed and prepared by the Independent Review Service for the Social Fund (IRS).

#### **The Independent Review Service.**

The IRS is an independent statutory body. It is not part of Jobcentre Plus. It is based in Birmingham and serves England, Scotland and Wales. Further information about the IRS can be found on our website: [www.irs-review.org.uk](http://www.irs-review.org.uk).

Cases from Northern Ireland are dealt with by the Office of the Social Fund Commissioner in Belfast.

#### **The Social Fund Commissioner.**

The Social Fund Commissioner is the head of the Independent Review Service and our sister office in Belfast. He is appointed by the Secretary of State for Work and Pensions, but is independent of the Department. The Commissioner's duties are to appoint Social Fund Inspectors and other staff, monitor the quality of Inspectors' decisions, provide advice and assistance to improve the standard of those decisions, and arrange training. He may carry out other functions as required by the Secretary of State.

The Social Fund Commissioner reports annually to the Secretary of State on the standard of reviews by Social Fund Inspectors. This Report is published by the Secretary of State.

#### **Social Fund Inspectors.**

Social Fund Inspectors are appointed by the Social Fund Commissioner. They carry out independent reviews of decisions for people who are dissatisfied with the outcome of their applications to the discretionary part of the Social Fund. Inspectors are only empowered to review decisions that have already been reviewed by Jobcentre Plus.

#### **This Self Instruction Pack.**

This Self Instruction Pack is concerned with the operation of the discretionary scheme. It is intended to provide the user with a basic understanding of:

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- what the Social Fund is;
- what payments can be made; and
- in what sorts of circumstances an award might be made.

As the title implies, it is intended to be a general guide only and should not be treated as a full statement of the law. The key features of the scheme are included, but not the full text of directions or guidance. These are in the Social Fund Guide, which can be viewed on the DWP's website.

This pack has separate units on community care grants, crisis loans and budgeting loans. These can be done in any order. However, you should work through Unit 1 – “What is the Social Fund?” first, as it sets out the framework, key points and common features of the scheme. The final unit consists of case studies drawn from all previous units.

The content is accurate as at June 2010. Users should be aware that subsequent changes in the law, directions or guidance will affect the content of the pack. We will update the pack from time to time to take account of major changes. Updates will be posted on the IRS website.

### **Copyright.**

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### **Where to find out more**

The IRS publishes a Journal and Digest of Decisions. This is a free publication which provides information and illustrative case studies about the Social Fund and the review to help applicants, their support workers and decision makers. Please contact our Commissioner's External Business Team on 0121 606 2142 or email [info@irs-review.org.uk](mailto:info@irs-review.org.uk) if you would like future copies of the Journal. You can view copies of the Journal and Digest on our website.

More detailed and complete information on the Social Fund can be found in academic or specialist publications, such as:

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- Buck, T., The Social Fund Law and Practice, Sweet & Maxwell, 3<sup>rd</sup> edition, 2009.
- CPAG's Income Related Benefits: The Legislation, Commentary by John Mesher and Penny Wood, Sweet and Maxwell.
- Welfare Benefits Handbook, Child Poverty Action Group.

As these are not IRS publications, the views expressed in them will not necessarily be identical to IRS interpretation or practice.

### **Other IRS Self Instruction Packs**

Other Self Instruction Packs include:

- Community Care Grants
- Crisis Loans
- Decision Making and Reviews
- Evidence in the Social Fund Context
- The Social Fund and Older People

You can download copies from the IRS website:

**[www.irs-review.org.uk](http://www.irs-review.org.uk)** (double-sided printing is recommended).

If you would like further copies of any of the Self Instruction Packs, please contact the Commissioner's External Business Team; telephone 0121 606 2141, fax 0121 606 2201 or email **[info@irs-review.org.uk](mailto:info@irs-review.org.uk)**.

### **IRS information and training about the discretionary Social Fund and the review process**

It is important that people are aware of the Social Fund and the review process, so that they can use it appropriately. This includes how to access the Fund; what community care grants, crisis loans and budgeting loans are intended for; what the qualifying conditions are for each; and the importance of providing the right sort of information to help decision makers reach the right decision at the earliest point.

To support this we offer a range of different training options including free workshop conferences around England, Scotland and Wales; training days at our Birmingham office; and self instruction packs like this one. For larger groups we can also tailor our free Social Fund training packages to meet the needs of your team; this could involve us visiting your venue to deliver training

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focused on what will most help you.

For more information and advice please call us on 0121 606 2141 to discuss your needs.

**Let us know what you think.**

The IRS is interested in your views of the usefulness of this Self Instruction Pack. This will help us when we review the pack. Therefore, we have included an evaluation sheet, which we would be grateful if you would complete and return. Please feel free to copy the sheet if the pack is to be used by more than one person.

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# Unit 1

## What is the Social Fund?

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### 1. The Basis for the Scheme

The Social Fund is a scheme for making one-off payments to meet certain expenses in certain circumstances to people on a low income. It replaced the previous system of single payments under the Supplementary Benefit scheme. The scheme was enacted in the Social Security Act 1986, and came into force in April 1988.

Currently, the relevant Acts are:

- the Social Security Contributions and Benefits Act 1992;
- the Social Security Administration Act 1992;
- the Social Security Act 1998;
- the Welfare Reform Act 2007;
- the Welfare Reform Act 2009.

The legislation provides for two different types of payment: regulated payments and discretionary payments.

Section 138(1)(a) of the Contributions and Benefits Act provides for prescribed amounts to meet maternity expenses and funeral expenses. Together with winter fuel payments and cold weather payments under s.138(2) of the Act, this part of the scheme is commonly referred to as the **regulated** Social Fund.

Payments from the regulated fund are not taxable, and are disregarded for means tested benefits.

There is a right of appeal to a Social Security Appeal Tribunal for applicants dissatisfied with the Jobcentre Plus' decision on applications to the regulated Fund.

The **discretionary** part of the scheme provides, (under s.138(1)(b) of the Contributions and Benefits Act), for payments by way of **community care grants, crisis loans or budgeting loans** to meet "other needs" (that is, needs other than maternity or funeral expenses). Payments are awarded in accordance with directions issued by the Secretary of State.

Dissatisfied applicants have the right to a review by a different person at Jobcentre Plus and then, if they remain dissatisfied, to a

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review by an independent Social Fund Inspector at the IRS who is not part of Jobcentre Plus.

### **2. The Regulated Fund**

#### **Maternity expenses.**

Maternity expenses have been paid as the Sure Start Maternity Grant from April 2000. Since April 2002, the amount of the grant has been £500 for each baby.

Maternity expenses are paid to all applicants meeting the conditions of entitlement. The grant is a lump sum award, not linked to specific items or services. The claim form (SF100) has to be signed by a health professional (midwife, health visitor or doctor), to confirm receipt of health and welfare advice.

The conditions of entitlement include being in receipt of certain specified benefits – currently Income Support, income-related Employment and Support Allowance, income-based Jobseeker's Allowance, Working Families' Tax Credit or Disabled Person's Tax Credit. The general rule is that the claim must be made in the period beginning 11 weeks before the baby is due and ending three months after the actual birth.

Maternity expenses may also be paid in cases of still birth, adoption of a child under one year old, and where there is a parental order under section 30 of the Human Fertilisation and Embryology Act 1990 (this concerns surrogacy arrangements). Similar time limits apply.

#### **Funeral payments**

Certain people who are responsible for a funeral may be able to get some financial help. There are rules about who can get such a payment, and what expenses can be paid. Details of the scheme can be found in the Social Fund Maternity and Funeral Expenses (General) Regulations 1987, as amended. The relevant claim form is the SF200.

The applicant has to be the person responsible for the funeral: and must

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### **either**

- be themselves in receipt of certain specified benefits, such as Income Support, income-related Employment and Support Allowance, income-based Jobseeker's Allowance, Pension Credit, Child Tax Credit, Disabled Person's Tax Credit, Housing Benefit, Council Tax Benefit;

### **or**

- be the person to satisfy the conditions for alternative maximum Council Tax Benefit (second adult rebate).

The deceased must have been ordinarily resident in the United Kingdom at the date of death, and the funeral must take place in the United Kingdom or in certain circumstances in a European Economic Area country. The claim must be made within the period beginning with the date of death and ending three months after the date of the funeral.

The value of certain assets of the deceased, such as insurance, burial club or pre-paid funeral plan, may be deducted. Certain payments, for example from the Aids charities (the Macfarlane and Eileen Trusts), are expressly disregarded from any deduction.

### **Cold weather payments**

When the conditions are met, cold weather payments are sent out automatically to those eligible for a payment. Anyone who thinks they should have received a payment, but has not done so, should contact their local Jobcentre Plus office.

Eligible people are those in receipt of Income Support, income-related Employment and Support Allowance, Pension Credit or income-based Jobseeker's Allowance for at least one day in the period of cold weather; and one of the following applies:

- the household includes a child under the age of five;
- the household includes a person over age 60;
- the benefit includes an addition for disability, including the component paid with Employment and Support Allowance after the first 13 weeks.

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But, payment cannot be made to people in care homes.

Payments are made on a weekly basis when a period of cold weather has been recorded or forecast. A period of cold weather is defined as seven consecutive days where the average mean daily temperature is no higher than 0° Celsius. The country is divided into 72 areas, each with its own linked weather station. Therefore, people in some parts of the country may get a payment while others do not.

### **Winter fuel payments**

The winter fuel payment is a lump sum, paid once a year. The amount is normally announced in the Chancellor's budget speech in November. It was £200 for the winter of 2008/09. The rules are such that couples receive the one amount. Some people living in residential care also get 50% of the full payment.

The winter fuel payment is paid to people who are at least 60 years old at a qualifying date in September each year and are ordinarily resident in Great Britain. Some people – such as those in prison or long term hospital care – are excluded.

It is paid automatically to those in receipt of Retirement Pension or other social security benefit (except Child Benefit, Housing Benefit or Council Tax Benefit). Otherwise, it has to be claimed before 31st March each year. A form can be obtained from the winter fuel payment hotline (08459 151515) or by writing to Winter Fuel Payments, Freepost, Darlington, DL3 9ZQ.

### **3 The Discretionary Fund.**

There are three types of award which may be made from the discretionary fund: community care grants, crisis loans and budgeting loans.

The discretionary Social Fund is a cash limited scheme, providing assistance for some needs other than those included in s138(1)(a) of the Contributions and Benefits Act - i.e. a payment from the discretionary fund cannot be made for maternity or funeral expenses.

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Because the scheme is cash-limited, there is no absolute entitlement to a payment, even if the qualifying conditions for an award are satisfied.

### **Primary legislation.**

This sets out the framework of the scheme, including the types of payment that may be made, the powers and duties of the Secretary of State, Social Fund Inspectors, Reviewing Officers and Decision Makers, and the method of budget allocation. It also provides for the appointment of the Social Fund Commissioner and independent reviews by Social Fund Inspectors.

### **The Secretary of State's directions.**

The detail of the scheme is contained in directions made by the Secretary of State. These directions are rules that have the status of secondary legislation, like regulations, and must be complied with. They set out qualification and eligibility conditions and also cover such matters as exclusions, maximum amounts, capital limits and so on. Some of the directions are procedural, such as those setting out budget management and review processes.

### **The Secretary of State's guidance.**

The primary legislation also gives the Secretary of State the power to issue guidance relating to Social Fund decision making. This guidance has to be taken into account, but is not mandatory in the way the directions are. It is advice to help decision makers to use their discretion reasonably, and achieve some consistency between different areas of the country. Therefore, decision makers need not follow this guidance and may depart from it when the facts of the case indicate it is appropriate to do so.

The Secretary of State's directions and guidance are contained in the Social Fund Guide produced by Jobcentre Plus and available on the DWP's website. The Guide is intended for use mainly by Jobcentre Plus decision makers and independent Social Fund Inspectors.

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**The Area Decision Maker’s responsibilities: grants.**

Each Social Fund area has a local grants budget and a designated Area Decision Maker. The directions require the Area Decision Maker to issue local guidance specifying the levels of priority that can be met from the grants budget.

This guidance has to be taken into account by decision makers but is not mandatory. The Area Decision Maker does not have the power to issue guidance on whether specified needs should or should not be awarded, nor on the amounts which may be awarded for particular needs.

The Area Decision Maker is also required to assist decision makers to manage their budget for grants, through planning and monitoring expenditure, revising the plan as necessary to ensure the planned level of expenditure is not exceeded and issuing information to decision makers about the budgetary position. This may include information about any general restrictions that have applied to the amounts that can be paid and whether there is any backlog of work.

**The Area Decision Maker’s responsibilities: loans.**

There are no local loans budgets; instead there is just one national loans budget for budgeting and crisis loans. The directions require the Area Decision Maker to notify decision makers of the most recent baseline figure issued by the Secretary of State for determining the maximum amount available to each budgeting loan applicant under the national budget.

Also, to notify Crisis Loan decision makers of any national guidance issued by the Secretary of State about constraints on the loans budget for crisis loans and to monitor their observance of it.

**Applications to the discretionary fund.**

There are separate application forms for the three different types of award. Only a budgeting loan decision can be made on an application for a budgeting loan. However, there is some crossover between community care grants and crisis loans. Direction 49 permits the decision maker to treat an application for a crisis loan as an application for a community care grant – and vice

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versa – when information supplied by the applicant in support of the application indicates that the other type of payment may be appropriate.

Applications for community care grants and budgeting loans must be made in writing. Regulations allow for applications for crisis loans to be made by telephone, as well as in writing. In practical terms most applications for emergency living expenses are now made by telephone and applications for things like items of furniture needed in an emergency are made in writing. An applicant whose application was made by telephone may be asked to sign the application if an award is made, and must agree to the terms of repayment before payment of the loan can be made.

### **4. The Decision Making Process.**

An application for any of the discretionary awards is determined by a Decision Maker in Jobcentre Plus. The Decision Maker must interpret and apply the law, including the Secretary of State's directions, correctly. He must evaluate the evidence correctly, take account of all the relevant circumstances, act fairly and use his discretion reasonably.

All community care grant, budgeting loan and crisis loan decisions are notified in writing. Where a telephone application has been taken for a crisis loan the applicant will initially be told the outcome by telephone; unless a payment is made in full this will be followed by a written notification.

#### **Reviews.**

If the applicant is dissatisfied with the outcome of any application, he has 28 days in which to ask for a review at Jobcentre Plus. This can be extended if the Reviewing Officer considers there are special reasons. Requests for reviews must be made in writing, even if the application was made by telephone.

The review will be conducted by a Reviewing Officer in Jobcentre Plus. In cases where the evidence is in dispute the applicant has the right to an interview, usually conducted by telephone, before the Reviewing Officer makes a decision. If the applicant finds

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using the telephone difficult, or would prefer to have a face-to-face interview and the Reviewing Officer considers that is appropriate, this can normally be arranged.

Whether the applicant has requested a review or not, Reviewing Officers have a duty to review any decision which appears to have been based on an error of fact or law. There is no time limit.

### **Social Fund Inspectors' reviews.**

If the applicant is dissatisfied with any Reviewing Officer's decision, he has the right to a further review by an independent Social Fund Inspector. Social Fund Inspectors are not empowered to review a decision that has not already been reviewed. The application for further review should be made in writing within 28 days of the Reviewing Officer's decision. Again, this will be extended if there are special reasons.

Since April 2006 applications for review by a Social Fund Inspector have to be sent directly to the IRS (previously, they went to Jobcentre Plus). The address is:

Independent Review Service,  
Freepost,

No stamp is required. If an application for an Inspector's review is sent to Jobcentre Plus, it will be forwarded to us.

The Inspector may, depending on the circumstances of the case:

- confirm the Jobcentre Plus decision;
- replace it with a different decision: or
- refer the case back to Jobcentre Plus for a fresh decision to be made, although in practice this very rarely happens.

The Inspector's review is in two stages. The first stage is to decide whether the Jobcentre Plus decision was made correctly, using similar tests to those of judicial review. This involves looking at issues such as whether the law, including the Secretary of State's directions, was interpreted and applied correctly to the facts, that

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the decision complies with the rules of natural justice and that the conclusion was reasonable in the circumstances of the case.

If the decision was not reached correctly, the Inspector will set it aside and will usually make a fresh decision. In very rare cases, he may refer the case to Jobcentre Plus for a new determination to be made, usually when there is a need to obtain evidence locally.

If the Jobcentre Plus decision was reached correctly, the Inspector must then decide whether it is the right decision, taking any new information or change of circumstances into account – this is sometimes known as a merits test. If the Inspector thinks it is a right decision, he will confirm it. If not the Inspector will usually replace it.

**Complaints about IRS service or the Inspector's decision.**

There is a complaints procedure at IRS for applicants to raise concerns both about the level of service and the outcome of their review.

Social Fund Inspectors' decisions are usually final, but in the event that the Inspector has made an error of fact or law, the decision can be reviewed and changed as appropriate. An Inspector's decision can be judicially reviewed in the High Court (Court of Session in Scotland), on a point of law only.

## **Self Assessment Questions**

1. What are the payments which may be made under the regulated part of the Social Fund?
  
2. What are the payments which may be made under the discretionary part of the Social Fund?
  
3. Can someone get a maternity grant if they have adopted a baby?
  
4. Is it possible to apply for a community care grant and be awarded a loan instead?
  
5. Ms L applied for a community care grant to help furnish her new home. She has been refused a payment. What can she do now?
  
6. Mr P has been refused a crisis loan. He strongly disagrees with the Decision Maker's decision and wants a Social Fund Inspector to review his case immediately. Can this happen?

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**Answers**

1. Maternity expenses (Sure Start maternity grant), funeral expenses, cold weather payments, winter fuel payments.
2. Community care grants, crisis loans, budgeting loans.
3. **Yes.** Subject to time limits, a payment can be made in respect of a live or still birth, adoption of a child under 12 months, or parental order in a surrogacy arrangement.
4. **Yes.** Although the three types of discretionary award are separate to meet needs in different circumstances, Direction 49 permits the decision maker to consider an application for a community care grant as if it were an application for a crisis loan (and vice versa) in certain circumstances. Therefore, someone applying for a community care grant may be offered a crisis loan.

However, the budgeting loan scheme is totally separate. No other type of award can be made on a budgeting loan application, nor can a budgeting loan be offered on an application for either a community care grant or crisis loan.

5. Ms L has 28 days in which to apply in writing for the decision to be reviewed by a Reviewing Officer in the Jobcentre Plus. If she is still dissatisfied with the outcome following the review, she may ask for a further review by an independent Social Fund Inspector.
6. **No, not yet.** Social Fund Inspectors are only empowered to review decisions that have already been reviewed in Jobcentre Plus. Mr P must apply for a review by a Reviewing Officer first. He can then seek an Inspector's review if he is dissatisfied with the Reviewing Officer's decision.

# Unit 2

# Community Care Grants

## **1. What is a Community Care Grant?**

A community care grant is a non-repayable award from the discretionary part of the Social Fund. It is defined in s 138(5) of the Social Security Contributions and Benefits Act as “a grant awarded in circumstances so specified for the purpose of meeting a need for community care.”

The Secretary of State’s guidance in the Social Fund Guide (as at April 2010) is that community care grants are primarily intended to help vulnerable people live as independent a life as possible in the community. It points out that local authorities have the major responsibility for community care. However, neither the Act nor the directions require involvement by local authorities or any other agency. There are many different ways in which community care grants can complement care provided by local authorities and by other Government and voluntary agencies. Someone may be able to get a community care grant without seeking or receiving any other help elsewhere.

## **2. The Application Form**

The application form for a community care grant is the SF300. It can be obtained from Jobcentre Plus offices and is available to download on the internet in the resource section of the Direct Gov website at [www.direct.gov.uk/en/MoneyTaxAndBenefit](http://www.direct.gov.uk/en/MoneyTaxAndBenefit). If you download a form, you are recommended to print it double-sided (duplex). The form must be completed in ink and signed by the person making the application. It cannot be completed or submitted electronically.

The form asks for details about what a grant is needed for, and how the need arose. As well as specific questions, there is space to allow the applicant to explain his difficulties and say how a grant would improve his circumstances.

Information provided in relation to other benefits, or even previous Social Fund applications, will not necessarily be available to the decision maker. The application form is therefore the primary

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source of evidence on which the decision will be based. It is therefore important that applicants give as much information as possible about their circumstances.

### **3. The Decision Making Process.**

The decision making process can be roughly divided into four stages. These are:

- whether the law and directions (which must be followed) allow payment to be made. This stage is not discretionary. The decision maker must decide whether the applicant is eligible for a community care grant and whether the expenses meet the qualification conditions;
- the priority of the need for the item or service;
- whether the need can be met from the budget: and
- the appropriate amount to award, including whether there are any restrictions on the amount which may be awarded.

These are covered in more detail in the following sections.

#### **3.1 Applying the rules.**

##### **Maternity and funeral expenses.**

These expenses cannot be paid from the discretionary scheme, because the discretionary scheme is for "other needs" (that is, needs other than maternity and funeral expenses).

##### **Repeat applications (Direction 7).**

The directions do not allow consideration of an application if the same person has made an application for a community care grant or a crisis loan within the previous 28 days for something for which a payment had been made or refused, unless there has been a relevant change of circumstances.

##### **What expenses can be met by a community care grant?**

There is no list of expenses for which a community care grant may be awarded. Some expenses are expressly excluded from payment (see below). Subject to this, a community care grant may

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be paid to meet, or help to meet, the cost of any item or service that will promote community care in one of the ways specified in Direction 4, which sets out the qualifying conditions (see page 22).

### **Excluded expenses (Directions 23 and 29).**

The expenses specifically excluded by the directions include such things as:

- an educational or training need including clothing and tools;
- any expenses which the local authority has a statutory duty to meet;
- domestic assistance and respite care;
- fuel consumption, such as gas, electricity and heating oil;
- installation and call charges for telephones;
- medical, surgical, optical and dental items or services;
- most housing costs apart from minor repairs or improvements;
- and daily living expenses such as food and groceries, unless a crisis loan cannot be awarded solely because the applicant has reached the maximum total debt of £1,500 (see page 47).

### **Who can get a community care grant? - Eligibility.**

The applicant has to be eligible for a community care grant. The eligibility criteria are contained in Directions 25 and 26.

#### **Direction 25.**

To be eligible for a community care grant, the applicant has to be in receipt of what is called a qualifying benefit (or payment on account of such benefit) on the day the application is made. The qualifying benefits are:

- Income Support;
- income-related Employment and Support Allowance;
- income-based Jobseeker's Allowance; and
- State Pension Credits (including the savings credit).

This means that people who receive only benefits such as Retirement Pension, or contribution-based Employment and Support Allowance or contribution-based Jobseeker's Allowance will not be able to get a community care grant, no matter how urgent or important the need. However, they might, be able to get a repayable crisis loan (see Unit 3).

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The direction includes special provisions that allow for people coming out of “care”, such as a hospital, care home or prison, to get a community care grant to buy things in preparation for when they leave because they need help to establish in the community. They are eligible if the application is made in the six weeks before they are due to be discharged, provided that it is likely they would receive a qualifying benefit when they do leave.

*For example, Miss S has been in a care home for a number of years, due to mental illness. She has now been assessed as ready to live independently in the community, and has been allocated a Housing Association tenancy. However, she would not be able to move in without basic furniture and other items such as bedding, crockery and cutlery.. Miss S would be able to make an application for a community care grant in the six weeks before she was due to leave the care home. She is likely to receive Income Support, so would be eligible for a community care grant.*

### **Direction 26.**

This is much less common than Direction 25. It restricts eligibility to payment for certain urgent travelling expenses where the applicant and/or partner are involved in a trade dispute.

### **Who can get a community care grant? - Qualification.**

As well as being eligible for a community care grant the applicant has to have expenses that satisfy the qualification criteria, which are contained in Direction 4. Direction 4 has two parts. Part (a) describes certain circumstances in which someone might be able to get a community care grant to help with their expenses. Part (b) sets out specified travelling expenses for which a grant may be paid. Travelling expenses may also be paid under part (a).

*The qualifying conditions can raise complex issues, and are not covered in detail in this pack. An IRS Self Instruction Pack on Community Care Grants looks at qualification criteria more fully.*

The circumstances in part (a) are, in basic terms:

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**Helping people leaving care to establish in the community (Direction 4(a)(i)).**

The person who is leaving care may be the applicant, a member of his family, or someone else for whom the applicant or his family is currently or will be providing care.

“Care” means institutional or residential accommodation in which the person concerned has received care. This could include residential care homes, some types of rehabilitation units, hospitals, local authority care or prison. They will generally be receiving a significant and substantial amount of care or supervision because they cannot adequately look after themselves or would be a danger to themselves or others.

For example, someone coming back into the community after a stay in a care home, hospital or prison might need help with moving expenses, connection charges, household equipment, clothing etc. to help him return to the community. A grant might be appropriate for some or all of these needs.

Direction 4 does not require a particular length of time in care. The key test is whether the person concerned needs help to establish himself in the community after being in care.

**Helping people stay in the community rather than enter care (Direction 4(a)(ii))**

This part of the direction helps with expenses that will help someone to continue to live independently in the community, rather than go into institutional or residential accommodation in which the person concerned will receive care, such as a residential care home, hospital or local authority care.

Again, the person who may enter care may be the applicant, a member of his family, or someone else for whom the applicant or his family is, or will be, providing care.

The risk of care does not need to be immediate for this part of Direction 4 to be met. It is enough that a grant would improve independent life in the community to the extent that it would lessen the risk of entering care. A grant might be awarded to help with

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the cost of things needed to help the relevant person remain in the community, such as household equipment, minor repairs or improvements, internal redecoration, removal costs so they can be closer to a care giver etc.

For this part of Direction 4 to apply, the person concerned must be living in the community. An award cannot be made if they are already in some form of care.

**Helping to ease exceptional pressures on families.**  
**(Direction 4(a)(iii))**

To qualify, the expenses must ease exceptional pressures on the applicant and at least one other member of his family. The conditions are not satisfied if payment would only help the applicant or would only help the family member.

The term "exceptional pressures" is not defined. Decision makers look for circumstances that place the particular family under greater pressure than might generally be associated with the difficulties of managing on a low income. It could be, for example, that a family is under exceptional pressures due to circumstances such as illness, disability, breakdowns in family relationships or very poor living conditions. It does not matter whether it is due to a single, major pressure or the cumulative effect of a number of less significant pressures, which may not be exceptional if taken individually. It is the overall impact on the family's circumstances that is important.

However, to qualify for a grant the item or service requested must help to ease the exceptional pressures, whatever they might be. At this stage, the mere fact that the exceptional pressures would be eased is enough. The extent to which the pressures would be eased is one of the priority considerations (see page 26).

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**Help in caring for a prisoner or young offender on home leave (Direction 4(a)(iv))**

Some prisoners and young offenders are allowed short periods of home leave before they are released from prison. A grant may be awarded to help with their living expenses or things they need at home such as a bed and bedding, if the person caring for them receives Income Support, income-based Jobseeker's Allowance, income related Employment and Support Allowance or Pension Credits. The person caring for the prisoner or young offender must make the application. This part of Direction 4 is relatively straightforward and is usually easy to determine.

**Helping people set up home as part of a resettlement programme following a period without a settled way of life. (Direction 4(a)(v))**

This part of Direction 4 is intended to help people who do not have a stable or settled lifestyle. The implication is that setting up home should enable an applicant who has led an unsettled way of life to establish a settled way of life. How long someone will need to have been unsettled for this to have become a way of life will depend on the individual circumstances of the case.

Setting up home primarily involves finding somewhere to live, related tasks such as applying for housing benefit and arranging for connection of utilities, as well as furnishing the property and making it habitable.

The resettlement programme should show that there is a plan: a series of things that are intended to happen or goals to be met. Setting up home must be part of the programme, which should also contain elements that will help the applicant with resettlement in other ways, such as with budgeting, literacy, careers guidance, learning to run a home and addressing health problems or behaviour that may have led to the unsettled way of life, such as substance abuse.

The programme planner could be, for example, a probation officer, social worker or a key worker at a hostel. It is possible for the applicant himself to develop and follow a planned resettlement programme.

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### **What if more than one of the parts of direction 4(a) apply?**

Only one of the sets of circumstances described above has to be satisfied in order for someone to qualify for a community care grant. Nevertheless, some applications will meet more than one. So, for example, someone needing help when leaving care will qualify under Direction 4(a)(i), but their expenses may also qualify under Direction 4(a)(iii) if an award would ease exceptional pressures on them and their family. The priority considerations (see page 26) may be different, so it is important that the application form gives as much information as possible.

### **Travelling expenses. (Direction 4(b))**

This part of the direction allows for travelling expenses and the cost of overnight accommodation within the United Kingdom to:

- visit someone who is ill; or
- attend a relative's funeral; or
- ease a domestic crisis; or
- visit a child who is with the other parent pending a court decision; or
- move to suitable accommodation.

Again, only one of the above need apply. And, remember, travelling expenses can qualify under any of the parts of Direction 4(a), so it does not follow that travelling expenses for journeys for purposes not detailed above will be refused.

At the qualification stage, the question is simply whether the application fits into one of the sets of circumstances set out in Direction 4. How much a grant would help is a question of priority, not qualification. This is explained further in the next section.

## **3.2. The Decision Making Process: A Series of Judgements**

The Social Fund is cash limited. Therefore, eligibility and qualification for a community care grant do not guarantee a payment. It is also necessary to consider priority and the budget position. This is the discretionary part of the process.

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When deciding whether to make a payment of a community care grant, or the amount of that payment, the law requires the decision maker to consider (subject to complying with the Secretary of State's directions, and taking account of the guidance), all the circumstances of the case, and in particular:

- the nature, extent and urgency of the need;
- the existence of resources from which the need may be met;
- the possibility that some other person or body may wholly or partly meet the need; and
- the relevant budget allocation.

The budgets for grants are administered by officers in Jobcentre Plus. Each Social Fund area has an annual allocation. The budgets are fixed and cannot be exceeded. They have to be taken into account when deciding whether a payment should be made. In practice, this means that some needs are likely to be refused on budgetary grounds, as it is unlikely there will be enough money to make payment for all the qualifying expenses.

### **Priority.**

Once the decision maker has decided which expenses meet the qualifying conditions, the next stage is to assess the priority of the needs using the ratings of high, medium or low, which are the broad bands suggested by the Secretary of State's guidance.

Priority is decided by reference to the applicant's circumstances. Decision makers do not take account of the budget when deciding priority. Nor is priority related exclusively to the item needed. There is no such thing as a high priority item - in other words, something that is invariably high priority. An item may be high priority in one case, but be medium or even low priority in another. In the same way there are no medium or low priority items.

The guidance about deciding the level of priority to give to an item relates to:

- the extent to which a grant to meet the expenses would resolve or improve the individual difficulties;
- the extent to which meeting the expenses would fulfil the express aims of Direction 4; and

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- the urgency of the need.

The guidance suggests, for example, that high priority for a community care grant will usually be given where an award to meet expenses will have a substantial and immediate effect on the applicant's difficulties and in meeting the aims of Direction 4. Lower priority will be given where the item will have only a minor effect on resolving the applicant's difficulties, or in meeting the aims of Direction 4, or is not needed urgently.

The conclusion must be firmly supported by the evidence in the case, and requires a qualitative assessment of the impact the award would have. This includes looking at such matters as the extent and degree of the difficulties the award would help overcome, how much improvement there would be and what would happen if the applicant did not get an award.

***For example,** a family qualifying for a grant under Direction 4(a)(iii) who are moving into an unfurnished tenancy may apply for a range of furniture and household equipment. They had to move from their previous home due to harassment over a lengthy period of time that resulted in violence. They are currently living in overcrowded temporary accommodation and the parents are sharing a bedroom with their teenaged son and daughter. All the family members are in normally good health.*

*The family may have a high priority need for basic items of furniture such as a cooker, beds and seating. These items would have an immediate and substantial impact both on their circumstances and in helping ease the exceptional pressures on the family; they would enable the family to move out of their very difficult living conditions and into their new home, which would be extremely difficult without the items.*

*However, it might be that some of the furniture and household equipment requested would not have such a significant impact. It may be that items such as a washing machine, a fridge or carpets and curtains would be lower priority on the facts of the case. The impact of a grant for such items would be noticeable, in that it would make the family's new home more comfortable and*

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*convenient. But, their absence would not prevent the family from moving. These items would not have such an impact on meeting the aims of Direction 4(a)(iii).*

Each case must be considered on its particular circumstances. Items that might have a significant impact on fulfilling the aims of community care grants in one person's circumstances may have relatively little impact on these aims in another person's case.

***For example***, a washing machine might be low priority for a healthy person who has reasonable access to a launderette or who is able to wash by hand, if assessed against the extent to which it would help them set up home as part of a planned programme of resettlement (Direction 4(a)(v)).

*Compare this with the case of a disabled applicant who is incontinent and pays someone to come in to do the laundry and housework, but whose washing machine has broken down. A grant for a washing machine is likely to be high priority in such circumstances. It would have a substantial and immediate impact on his circumstances and in helping him remain in the community rather than enter care (Direction 4(a)(ii)).*

### **Budgetary considerations.**

One of the responsibilities of decision makers is to have regard to the relevant community care grants budget and the current level of priority that may be met from this budget. Once they have decided the priority of the specific expenses, decision makers compare that level of priority with the level of priority that the district budget is likely to be able to meet.

The Area Decision Maker issues guidance to decision makers in his area as to the level(s) of priority he considers can be met from the budget allocation. The level which can be met will depend on the state of the budget; in other words whether the budget is being spent as anticipated or is under or overspent. Typically, the guidance might suggest all high priority needs may be met, or all high priority and the highest medium priority needs, or it may indicate that it is unlikely the budget will be able to meet all high priority needs in full on a sustainable basis. The aim is to meet

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broadly the same level of need consistently throughout the year.

The Area Decision Maker also makes a plan of the expected level of expenditure month-by-month throughout the year. This gives decision makers a yardstick against which actual expenditure can be measured, so they can judge whether making payments at the suggested level of priority is managing the budget effectively.

The decision maker's duty to have regard to the budget is not discharged if he simply follows the Area Decision Maker's guidance. He must consider the state of the budget for himself.

***For example,** the Area Decision Maker's guidance may indicate that high priority needs may be met, but the evidence shows that the budget is overspent (or underspent). The decision maker must decide what impact the state of the budget has on his award in that individual applicant's case.*

*In the case of a significant overspend, he may decide that it is not appropriate to meet all the applicant's high priority needs in full. He may refuse expenses that are at the lower end of high. Where there is a significant underspend, he may decide that some medium priority needs may be paid in that particular case.*

### **Amount of Payment**

Every payment reduces the budget. It is therefore appropriate that decision makers pay proper attention to the amounts they award for each item. Given the numbers involved, even a small amount extra on each item for which an award is made can significantly affect overall levels of expenditure from the budget.

Normally, payment will be awarded for the amount the applicant has asked for, provided it is within a range of prices considered appropriate for that item or service. That is, an amount sufficient for an item of durable quality, but not extending to luxury features or finishes which have no bearing on the essential functioning of the item.

If the budget is under pressure, a lower amount may be awarded,

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even if the amount requested is within a range of appropriate prices.

***For example**, the applicant has asked for £300 for a new electric cooker. This is within a range of prices for cookers suitable for a family. However, the grants budget is overspent for the time of year. Electric cookers which would be equally suitable for the family can be obtained locally from around £255, including delivery and fitting and there are several in the £255 - £275 range. Given the pressure on the budget it might be appropriate, therefore, to award between £255 and £275.*

An appropriate amount for a specific item will usually be one for which a guaranteed item is available in a national retail store or high street chain, and should include the cost of delivery and any installation necessary. If the decision maker awards less than requested, it should always be enough to allow the applicant to buy an item that is suitable in his individual circumstances. It is therefore important that, when giving evidence of cost on his application, the applicant gives details of any special features he requires the item to have.

**Directions about amounts.**

There are two final directions that the decision maker must consider once he has used his discretion to decide the amount he would otherwise award.

***Capital resources (Direction 27).***

If the applicant has capital resources above the specified level, (£1,000 if he or his partner is over 60, £500 otherwise) the amount of any award must be reduced by the amount by which the capital exceeds that specified amount. Capital is calculated in accordance with regulations. It includes cash in hand, savings, stocks, bonds and the value of any property not occupied as the home.

***Minimum award (Direction 28).***

The minimum amount which may be paid as a community care grant (except for daily living expenses and travelling expenses) is £30. There is no upper limit.

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**Should a crisis loan be considered?**

Direction 49 allows a decision maker to determine an application for a community care grant as an application for a crisis loan providing that:

- information supplied by the applicant in support of the application indicates that a crisis loan may be appropriate; and
- no other application for a community care grant or crisis loan to meet the same need is being considered.

It may be appropriate to consider a crisis loan if the applicant has an urgent need which might constitute a risk to his or a member of his family's health or safety, but a community care grant cannot be awarded, for example because the applicant is not in receipt of a qualifying benefit or is not in one of the situations a grant can be paid for. If Direction 49 is used, the application is determined in the normal way for a crisis loan (see Unit 3).

## **Self Assessment Questions.**

**N.B. You will find the assessment more useful if you explain your answer.**

1. Mr D's father has just died. Would he be able to get a community care grant to help with the cost of the funeral?
2. Which of these is a qualifying benefit for a community care grant?
  - Child Benefit
  - Retirement Pension
  - Income-related Employment and Support Allowance
  - Contribution-based Jobseeker's Allowance
  - Child Tax Credit
  - State Pension Credit
3. Mr B has been in prison for two years. He is due to be released in four weeks. He will be claiming income-based Jobseeker's Allowance when he is released, and it is likely that this will be paid. He is unable to return to his family. The Probation Service has helped to find an unfurnished flat for him, but has not been able to obtain any furniture.
  - (a) Is Mr B eligible for a community care grant?
  - (b) Would the cost of furniture for his new tenancy qualify for a community care grant?
4. Mrs M is a pensioner aged 85 in receipt of State Pension Credit. She has been finding it increasingly difficult to manage in her own home, due to worsening arthritis and increasing frailty. She has no family nearby to help her. Her cooker has broken down and she cannot afford to replace it.
  - (a) Is Mrs M eligible for a community care grant?
  - (b) Would the expense of replacing her cooker qualify for a community care grant?
5. Assuming Mrs M does qualify for a community care grant, does she have an absolute right to get a payment for a cooker?

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6. Mr W is unemployed and claims income-based Jobseeker's Allowance for himself, his wife and their three children. Mr W is struggling to repay commercial loans taken out when he was working. The eldest child, aged nine, wets the bed most nights. The youngest, aged three, has eczema. The creams used for the eczema stain his bedding and clothing. Both children's bedding is changed daily. Mrs W has been feeling low for some time; she has struggled to remain motivated to look after herself, her family or her home; and her doctor has recently prescribed anti-depressants for her. Mr W has been doing more of this work in the home as well as continuing to look for employment. The family's washing machine, which was five years old, has broken down and the engineer has said it would cost more to repair than to buy a new one.

Would Mr W's need for a new washing machine qualify for a community care grant?

7. Mr E had applied for a community care grant for a number of household items. However, the decision maker has decided that only his need for a pair of sheets, at £15 for the pair, has sufficient priority for an award to be made.

How much would Mr E be likely to receive as a community care grant?

8. Mr G has been homeless for a year since leaving his parents' house. He lived rough or stayed with friends for six months. He then moved to a hostel run by a local housing charity. With their help, he is now receiving income-based Jobseeker's Allowance. He has been following a programme to give him housekeeping and budgeting skills as his inability to organise himself was instrumental in his homelessness. The elements of the programme and the goals Mr G planned to achieve were agreed with his key worker when he moved into the hostel.

The key worker now considers Mr G ready to move on, and he has been offered the tenancy of one of their single person flats. A

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cooker and fridge are provided in the flats, but no other furniture or equipment.

Is Mr G likely to qualify for a community care grant to help him equip his home?

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**Answers.**

1. **No.** Funeral payments are part of the regulated Social Fund. As such, help with the cost of a funeral is not among the "other needs" which may be met by a community care grant (see page 19).
2. **Income-related Employment and Support Allowance and State Pension Credit.** The only benefits that make someone eligible for a community care grant are Income Support, income-related Employment and Support Allowance, income-based Jobseeker's Allowance and State Pension Credit (see page 20). Someone in receipt of any of the other benefits would only be able to get a community care grant if they were also getting one of the above qualifying benefits.
3. **(a)Yes.** Although Mr B is not currently in receipt of a qualifying benefit, he is likely to be so when he is released from prison. He is due to leave institutional or residential accommodation in which he receives care within six weeks. Therefore, he fulfils the eligibility criteria of Direction 25(2)(c) (see page 21).  
  
**(b)Yes.** As he has been in prison for two years, and is now returning to completely different circumstances than before he was sentenced, Mr B needs help establishing himself in the community. A grant to help him furnish his flat would help in this respect. Mr B's expenses qualify for a community care grant under Direction 4(a)(i) (see page 22.)
4. **(a) Yes.** Mrs M is eligible for a community care grant as she is in receipt of one of the qualifying benefits.  
  
**(b) Yes.** Mrs M is also likely to qualify for a community care grant under the part of Direction 4 which allows for an award to help people remain in the community (see page 22). Her age, deteriorating health and lack of family support mean that there is a foreseeable risk of her entering institutional or residential accommodation in which she would receive care. The award of cooking facilities for her will help reduce that risk and contribute to her staying in her home in the community.

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5. **No.** Even though Mrs M qualifies for a community care grant, whether she can get a payment will depend on the priority assessment given to the expenses she has applied for, and the level of priority which may be met from the budget (see pages 26-28). In view of the importance of a working cooker to someone in Mrs M's circumstances, the need is likely to be high priority. It would have a substantial and immediate effect in improving her circumstances and in meeting the aims of Direction 4(a)(ii). Supposing the budget is being managed effectively, it is likely that an award would be made.
  
6. **Yes.** There are a number of pressures on this family: ill-health, extra washing and a level of debt. The cumulative effect is that Mr W and his family are experiencing exceptional pressures. A grant for a washing machine would ease those pressures. Mr W would qualify for a community care grant under Direction 4(a)(iii).

Bear in mind, though, that priority and the budget would have to be considered, and payment would not necessarily be made.

7. **Nil.** The minimum amount that can be paid as a community care grant in these circumstances is £30 (Direction 28). £15 is a reasonable and realistic price for a pair of sheets, so there is no reason to increase the amount from that requested. As the total of Mr E's needs with sufficient priority for a payment amount to less than £30, no award can be made.
  
8. **Yes.** Mr G has had a year sleeping rough or living in temporary accommodation. He has been without a settled way of life. While at the hostel he has been following a planned programme of resettlement, which addresses a range of different needs and includes a range of activities. He is now setting up home as part of the programme. Therefore, Mr G's expenses qualify for a community care grant under Direction 4(a)(v).

# Unit 3

# Crisis Loans

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## **1. What is a crisis loan?**

A crisis loan is a repayable award from the discretionary part of the Social Fund. There is no interest charged on the loan.

As the name suggests, crisis loans are intended to meet urgent needs in an emergency when no other help is available. It has been described by a former Secretary of State as the benefit system's "safety net".

The structure of the decision making process for crisis loans is indistinguishable from that for community care grants. However, there is a big difference in practice: priority is rarely a crucial issue when crisis loans are decided. This is because they are by their nature for the most urgent needs and are paid from the same budget as budgeting loans. The issue of urgency does not arise when budgeting loans are decided, so crisis loans, always take precedence.

## **2. Making the application**

There are two ways of applying for a crisis loan. Applications may be made either in writing or by telephone. Regulations do not specify which method should be used. Jobcentre Plus has set up its business to deal with applications for living expenses mainly by telephone and for items (such as urgently-needed furniture) in writing.

However, it may be particularly important for someone who has difficulty reading and writing, or in using the telephone as a means of communication, to use the alternative method for his application and the law allows for this.

Following changes to the Application Regulations from December 2009 an applicant may be required to attend a face to face interview to make his application for living expenses. He will be told about this when he telephones Jobcentre Plus to make his initial application.

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#### **Telephone applications.**

Jobcentre Plus districts have dedicated telephone numbers for crisis loan applications. These are 0800 numbers, which are free to ring from a landline and from most mobile phone networks including Virgin, Vodaphone, O2, Orange, Tesco and BT mobile. Anyone calling from another network can ask to be called back so they can make their application without building up a phone bill.

If an application made by telephone is successful, the applicant must agree to the repayment terms before payment will be made. The applicant is also likely to be asked to attend a Jobcentre Plus office to confirm his identity, and sign the application to confirm the details are correct when he collects payment. This process can be done by post if he cannot attend and time permits.

If an application by telephone is not successful the applicant will be given the decision over the telephone and will also be sent a written decision. If he is dissatisfied with the decision he can put a review request in writing straightaway; he does not have to wait for the written decision.

#### **Written applications.**

The form SF401 is used for postal applications. It can be obtained from Jobcentre Plus offices and is available on the internet from the Department for Work and Pensions website: [www.dwp.gov.uk/publications/claim-forms/](http://www.dwp.gov.uk/publications/claim-forms/).

The form asks for details about how the need arose, what the risk to health or safety is, and what is needed to avert the crisis. It also asks about what other resources might be available.

If an award is going to be made the applicant must agree to the repayment terms before payment will be made. As part of his written decision the applicant will receive a form to sign to agree to the terms of the loan and then return to Jobcentre Plus. When that signed form is received by Jobcentre Plus they will pay the crisis loan to the applicant.

If the application is not successful a formal decision will be sent through the post. Again, if the applicant is dissatisfied with the decision he can put in a review request.

### **3. What can a crisis loan be paid for?**

There are no prescribed needs for which a crisis loan should be paid. Each application is decided on its own merits and any expense which is not expressly excluded (see below) and which meets the eligibility and qualification criteria may be met.

#### **Maternity and funeral payments**

These expenses cannot be paid as a crisis loan. Because the discretionary scheme is for "other needs" a crisis loan cannot be paid for maternity and funeral expenses.

#### **Excluded expenses (Direction 23)**

Some other expenses are specifically excluded by the directions. These include such things as:

- travelling expenses to or from school;
- medical, surgical, optical or dental items or services;
- holidays, televisions, radios, and telephones;
- most housing costs, including deposits to secure accommodation and rent (except rent in advance to secure private accommodation, minor repairs or improvements and intermittent costs, like having septic tanks emptied).

#### **Repeat applications (Direction 7)**

The directions do not allow consideration of an application within 28 days of a previous application by the same person for something for which a payment of a community care grant or crisis loan had been made or refused, unless there has been a relevant change in circumstances.

For crisis loans for living expenses, there is an additional restriction. If an application is made for the same period for which the applicant or partner has already received a crisis loan payment, the application can be considered only if he now needs living expenses:

- as a consequence of a disaster which has occurred since the previous award; or,
- in an emergency which
  - has occurred since the previous award;

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- is not a consequence of an act or omission for which the applicant or partner is responsible, and
- the applicant or partner could not have taken reasonable steps to avoid.

#### **4. Who can get a crisis loan?**

Anyone who satisfies both the eligibility and qualification criteria can receive a crisis loan. The applicant does not have to be in receipt of any qualifying benefit. Someone in work, for example, can have a crisis loan if they meet the other conditions.

There are special eligibility conditions that apply to particular groups of people (see next page), and every applicant has to meet the conditions of Direction 14.

#### **Eligibility (Direction 14).**

To be eligible for a crisis loan, the applicant must be:

- aged 16 or over; and
- without sufficient resources to meet his immediate short-term needs, and/or those of his family.

“Resources” in the context of a crisis loan generally means money. The money must be available in time to meet the applicant’s immediate needs. For example, savings in accounts that require notice of withdrawal before money can be accessed would not prevent the applicant being eligible for a crisis loan.

Whether it would be reasonable for an applicant to access other resources, such as credit, would depend on his circumstances. Any costs that might be incurred would have to be considered relative to the applicant’s general financial circumstances.

The applicant’s “short term needs” are those expenses that he has to meet now, as distinct from those only needed in the future. Something can be an immediate short-term need even if it also has a long term use.

***For example, a cooker would normally be expected to last several***

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*years. However, someone whose cooker has broken down has an immediate short term need for cooking facilities.*

### **Other eligibility conditions.**

**Direction 15** specifies categories of people to whom a crisis loan may not be awarded. These include prisoners, people who are living in care, maintained members of religious orders, and some people in non-advanced education.

**Direction 16** provides that students (in advanced education and not in receipt of Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance, State Pension Credit) and persons from abroad may only receive a crisis loan to meet expenses as a consequence of a disaster.

**Direction 17** refers to people involved in trade disputes and those whose benefit is affected by a disallowance or sanction. Where the application is made wholly or partly because the applicant is the subject of a trade dispute, disallowance or sanction the applicant can generally only receive a crisis loan to deal with a disaster or for items required for cooking and space heating and fireguards.

### **Qualification (Direction 3)**

The qualification criteria are contained in Direction 3. This covers expenses in two types of situation:

- where an applicant needs help to meet expenses in an emergency or as a consequence of a disaster (Direction 3(1)(a)); and/or
- where an applicant is being awarded a community care grant on coming out of care and needs to pay rent in advance to a landlord other than a local authority in order to secure accommodation (Direction 3(1)(b)).

Payment under Direction 3(1)(a) may be made for any expenses which are not excluded and which meet the qualifying conditions. They may be for:

- a specific item, like an electrical appliance or furniture;
- services like emptying cess pits or septic tanks (intermittent housing costs);
- immediate living expenses such as food and groceries (the

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Secretary of State's guidance suggests a short period not normally exceeding 14 days);

- other expenses, such as fuel, rent in advance if the landlord is not a local authority, or accommodation charges if someone is living in hostel or bed and breakfast accommodation.

There are several elements to Direction 3(1)(a), and all have to be met for a payment to be made. These are:

- the need for help must **be in an emergency, or as a consequence of a disaster**, and
- the crisis loan must be the **only means** of preventing **serious damage or serious risk** to the **health or safety** of the applicant or his family.

The term “emergency” is not defined. Social Fund Inspectors generally take it to mean an unforeseen circumstance, or a pressing need, either of which requires immediate remedy or action. Therefore, an emergency can be foreseen and can be self-induced (but see page 40 if payment for living expenses has already been made for the same period) .

***For example**, a young mother has spent all her benefit buying new shoes for her children, and has no money left for food. While it could be said that she has brought this situation on herself, she may, nevertheless, need help with expenses in an emergency.*

The test of whether a serious risk to health or safety is likely to arise requires more than mere discomfort or inconvenience. However, the risk does not necessarily have to be immediate, provided it is foreseeable if the applicant continues to be without the item or service applied for.

While the damage or risk to health or safety has to be serious, that does not necessarily mean that medical intervention would be required. The question is whether the situation would impact significantly on the person's current state of health. The risk may be to mental or physical health. The risk to safety must be to the person's personal safety, rather than to their possessions or to their preferred lifestyle

***For example**, there is likely to be a foreseeable serious risk to the*

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*health or safety of an applicant with relatively low level arthritis if he had to sleep on the floor for a protracted period, even though no medical treatment might be required.*

*The health of anyone who has no access to any food for several days is likely to be at serious risk, but he may suffer no ill effects without hot food for a short period.*

*Both the health and safety of a vulnerable person may be at risk if he has no accommodation and has to sleep rough.*

The crisis loan must be the only means of preventing the serious damage or serious risk to health or safety. However, any possible alternatives must be reasonable for the applicant to use. He must not be expected to sell possessions or do anything illegal to avert the risk to his or his family's health or safety. It would be up to the decision maker to show on balance of probability that the alternative was available.

***For example***, an applicant who is without money for food may live near to family members who could possibly help him out. But, the decision maker should conclude alternative means exist only if the evidence showed that the family members are willing and able to provide the applicant with sufficient food to prevent any serious risk to his health.

Illustrating the intention that crisis loans are also intended to be a safety net, Direction 3(2) requires the decision maker to consider whether a refusal of an application for a budgeting loan may have contributed to the emergency or disaster.

### **Rent in advance**

Rent in advance may be paid in an emergency, (providing the landlord is not a local authority) in the same way as other expenses to which direction 3(1)(a) may apply (but, remember, no crisis loan may be paid to meet the cost of any associated deposit required to secure the accommodation).

In addition, Direction 3(1)(b) allows for a crisis loan to be paid for rent in advance if:

- the applicant is coming out of care; and

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- a community care grant is being paid to help him establish in the community (see page 22); and
- he needs to pay rent in advance, other than to a local authority, to secure accommodation.

In these circumstances, the strict criteria of Direction 3(1)(a) - i.e. concerning needing to meet expenses in an emergency and a crisis loan being the only means to prevent serious damage or serious risk to health or safety - do not have to be met for rent in advance.

### **How is payment decided?**

Where the eligibility and qualification conditions are satisfied, payment will generally result. Since the award of a crisis loan must be the only means of preventing serious damage or a serious risk to health or safety a payment will by its nature be urgent. Crisis loans will invariably have first claim on the national loans budget, above that of budgeting loan applications. The fact that the loans budget has run out does not necessarily mean a crisis loan cannot be made. This is different to community care grants. The budget is now only one of a number of relevant considerations the decision maker has to take into account when making a crisis loan decision.

Directions 18, 20, 21 and 22 limit the amount that can be awarded as a crisis loan, and may mean that no loan can be awarded.

### **Applications for living expenses**

The maximum amount which can be awarded on an application for living expenses is calculated based on the income support personal allowances, whether or not the applicant is in receipt of this. This maximum is less than the normal benefit levels (Direction 18). Where the applicant is subject to a sanction, the amount may be based on the appropriate hardship rate if this is lower (Direction 20).

The maximum that can be owed to the Social Fund by the applicant, and his partner if he has one, cannot exceed £1,500. This provision may restrict the amount that can be awarded.

### **Applications for items/services**

The maximum that may be awarded on an application for an item

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or service (Direction 21) is the lesser of:

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

The direction refers to the reasonable, not smallest, amount. Therefore, any award does not have to be the smallest amount for which a replacement can be purchased, as long as the amount the applicant has requested is considered reasonable in his circumstances.

As with living expenses, the amount awarded may also be limited by the general provision that someone's total Social Fund debt must not exceed £1,500.

### **Repaying a crisis loan.**

Crisis loans must be repaid. Direction 22 states, “No crisis loan may be awarded in excess of the amount which the applicant is likely to be able to repay.” An applicant’s ability to repay depends on his financial circumstances, including his income and outgoings, existing total Social Fund debt and any other commitments. Repayment of the loan under consideration may not take place immediately. Therefore, anticipated changes should be taken into account when the amount the applicant is likely to be able to repay is considered.

The repayment rate depends on what other commitments the applicant has. The total is usually set at 5%, 10% or 12% of the applicant's income, depending on his other regular commitments. Social Fund repayments are normally calculated to repay the Social Fund debt within 104 weeks, although exceptionally this can be extended to up to 130 weeks.

The applicant’s ability to repay a crisis loan will be based on these common repayment terms. However, these specific repayment terms are only guidance; they are not contained in the law. A loan should not generally be refused just because, for example, adding extra weeks at the current weekly rate would extend the loan beyond the usual term.

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There is no right to a review about the rate of repayment. However, applicants may ask Jobcentre Plus to reduce the weekly repayments. The Social Fund Recovery Guide suggests that if the customer has difficulty making payments as originally agreed and is under, or is likely to experience, financial hardship, consideration should be given to reducing the repayment rate.

### **Should a community care grant be considered?**

Direction 49 allows a decision maker to determine an application for a crisis loan as an application for a community care grant providing that:

- information supplied by the applicant in support of the application indicates that a grant may be appropriate; and
- no other application for a community care grant or crisis loan to meet the same need is being considered by a decision maker or Social Fund Inspector.

The decision maker does not need to have all the information necessary to decide to award a community care grant at the outset. If the information given in relation to a crisis loan suggests a grant may be more appropriate, he should make additional enquiries as necessary.

***For example,** Mr T applies for warm clothing saying his health is at risk without it and he has not been able to afford any warm clothes since leaving prison. This indicates a community care grant might be appropriate to help Mr T establish in the community after being in care, but the decision maker would need more information before deciding if a grant should be made.*

If Direction 49 is used, the application is determined in the normal way for a community care grant (see Unit 2). The eligibility and qualifying conditions for a grant must be met, and priority considered against the usual criteria.

**N.B.** A grant cannot be paid for daily living expenses unless the maximum £1,500 overall Social Fund debt has been reached. Otherwise, living expenses are excluded for payment of community care grants (direction 29 refers). In the event that a community care grant is awarded for living expenses, the maxima governed by directions 18 and 20 do not apply, since they refer

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only to crisis loans. However, these amounts are often used as a guide when deciding how much is appropriate.

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## **Self Assessment Questions**

**N.B. The assessment will be more useful if you explain your answer.**

1. Miss J has just started a new job. She won't get paid for a month, but has spent her last benefit payment on new clothes for her job and a bus pass to be able to get to work. She has no food and no savings. Is she eligible for a crisis loan?
2. Mr C has applied for a crisis loan because he has no food and no money left from his benefit. He has spent it all taking his children, who normally live with their mother, to the cinema and MacDonal'd's. Does he need to meet expenses in an emergency?
3. Mrs T is a pensioner whose income is just above the level for Pension Credit. Her cooker has broken down and she has no money to buy a new one. Is she eligible for a crisis loan?
4. If Mrs T (above) was awarded a crisis loan, what limitations would there be on the amount? (She has no other Social Fund debt).
5. Mr O is a single man, living alone. He has lost all his money and has no food until his next benefit payment in 10 days time. He lives on the same estate as his mother. She has said that Mr O can eat at her house if necessary. Would Mr O qualify for a crisis loan to buy food?
6. Mrs K is a lone parent with four children. She gets Income Support and Child Benefit. She spent most of her recent benefit payment on new shoes for the children and now has no money for food or electricity. Her current Social Fund debt is £1,480. She has asked for £75 to last until next week. This is less than the maximum using the calculation in Direction 18. How much would you award her as a crisis loan?

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**Answers.**

1. **Yes.** There are no qualifying benefits for eligibility for a crisis loan. It is the fact that Miss J does not have sufficient resources to meet her immediate short-term needs which satisfies the eligibility criteria in Direction 14.
  
2. **Yes.** Although Mr C knew that by spending his benefit in this way, it would leave him without any money for his other needs, the evidence is that he will not be able to buy food. This is a pressing need which requires immediate remedy or action, and so can be regarded as an emergency.
  
3. **Yes.** A crisis loan can be awarded for items as well as living expenses. As Mrs T is not in receipt of a qualifying benefit, a crisis loan is the only type of award open to her. She would, however, have to satisfy the eligibility and qualification criteria for a payment to be made.
  
4. **The cost of repair or the reasonable cost of a replacement cooker, whichever is the lower.** Direction 21 sets out the maximum amount that may be awarded as a crisis loan for items. If the cooker is to be replaced, Mrs T should be awarded a reasonable sum to do so, which would include delivery and installation.

The other possible limitations are the maximum total debt of £1,500 and the amount that Mrs T can repay as a loan. However, as her income is above the level of Pension Credit, and she has no other Social Fund debts, these should not affect the award in this particular case.

5. **No.** Mr O's mother has offered to provide him with food. As she lives on the same estate, it is likely that Mr O would be able to walk to his mother's. Therefore, a reasonable alternative is available to him, a crisis loan would not be the only means of preventing serious damage or serious risk to Mr O's health or safety.

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Although Mr O is eligible for a crisis loan as he does not have the resources to meet his immediate short-term needs, Direction 3 is not satisfied, so Mr O does not qualify for a crisis loan.

6. **£20.** Directions 18 and 21 limit the amount which may be awarded as a crisis loan to the difference between the total outstanding Social Fund debt (£1,480 in Mrs K's case) and £1,500. Therefore, only £20 could be awarded as a crisis loan.

However, if this is insufficient to meet the need, Direction 49 may be used to treat the application for a crisis loan as an application for a community care grant (see page 48). Although daily living expenses are usually excluded from payment of a community care grant, the exclusion does not apply when the £1,500 limit has been reached. Therefore, Mrs K might be awarded some additional money as a community care grant. She would still need to satisfy the requirements for a grant but the circumstances are such that the decision maker should consider a grant.

# Unit 4

# Budgeting Loans

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## **1. What is a budgeting loan?**

A budgeting loan is a repayable award from the discretionary part of the Social Fund. There is no interest charged on the loan. Budgeting loans are intended to help with intermittent expenses that people find it difficult to pay for out of their normal income.

Since April 1999, budgeting loans have been decided according to fact-based criteria set out in directions. Further changes from April 2006 have made the calculation of budgeting loans even simpler.

Budgeting loan applications are decided on the basis of:

- the applicant's personal circumstances as specified in the Secretary of State's directions;
- the existence of resources from which the need may be met;
- the likelihood of repayment and the time within which repayment is likely; and
- the relevant Social Fund loans budget.

## **2. Applying for a budgeting loan**

Applications for budgeting loans must be made in writing. There is no provision in the directions for a budgeting loan to be considered on an application for a grant or a crisis loan.

The application form for a budgeting loan is SF500. The form asks how much is wanted, and applicants are asked to tick boxes relating to the permitted categories of expense. It asks for details about benefit receipt and the applicant's household. This is to establish the facts relating to personal circumstances. There is also a section on what other commitments the applicant has, other than normal living expenses and household bills. This is to help determine the appropriate repayment rate.

## **3. Who can get a budgeting loan? Eligibility (Direction 8).**

To be eligible for a budgeting loan, the applicant has to be in

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receipt of a qualifying benefit (or payment on account of such benefit). The qualifying benefits are:

- Income Support;
- income-related Employment and Support Allowance;
- income-based Jobseeker's Allowance; and
- State Pension Credit - including the savings credit.

Payments made on account of these benefits (interim payments) also count.

The applicant must either have been in receipt of a qualifying benefit for at least 26 weeks, or have been the partner of someone receiving a qualifying benefit during some of those weeks. The length of time receiving qualifying benefit(s) is calculated at the date the application is determined. The rules allow for breaks in receipt of benefit by the applicant or the partner as appropriate of not more than 28 days.

People involved in trade disputes (either the applicant or their partner) cannot have a budgeting loan.

Unlike community care grants and crisis loans, there is no bar on repeat applications.

### **4. What can a budgeting loan be paid for? (Direction 2).**

A budgeting loan can be awarded for certain categories of intermittent expenses. These are:

- (a) furniture and household equipment;
- (b) clothing and footwear;
- (c) rent in advance and/or removal expenses to secure fresh accommodation;
- (d) improvement, maintenance and security of the home;
- (e) travelling expenses;
- (f) expenses associated with seeking or re-entering work;
- (g) HP and other debts (for expenses associated with paragraphs (a) to (f) above).

Applicants are only asked to indicate which categories their needs fall into; they do not need to specify the exact item or service.

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Although there are no excluded needs, an award cannot be made for expenses outside these categories.

Because a budgeting loan is an award from the discretionary part of the fund, no payment can be made for maternity or funeral expenses (see Unit 1).

## **5. How budgeting loans are worked out**

Working out how much, if anything, can be awarded as a budgeting loan is largely a mathematical process.

- The facts (personal circumstances) are applied to the sum provided by the Secretary of State as the maximum amount applicable to those circumstances .
- Any existing budgeting loan debt is taken off the maximum amount calculated above.
- If the applicant and his partner have capital resources, these are taken into account.
- The smallest loan that can be awarded is £100.
- The applicant's total debt to the Social Fund cannot exceed £1,500.
- The decision maker will then consider whether the applicant is likely to be able to repay the amount he proposes to award.

### **The steps in more detail:**

#### **Step 1. Identifying the personal circumstances (Direction 50)**

The initial facts used to determine a budgeting loan application are the people who are members of the applicant's household at the date the decision is made. Broadly speaking household for this purpose means the people the applicant is receiving a qualifying benefit payment for.

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**Step 2. Deciding the applicant's maximum amount (Direction 52 and 53)**

The applicant's maximum amount is arrived at by identifying the people in his household, deciding the weighting that is appropriate for those people and then applying that weighting to the baseline figure issued by the Secretary of State.

Weightings are in three bands as follows:

- A single applicant has a weighting value of **one**.
- An applicant who has a partner has a weighting value of **one-and-a-third**.
- An applicant whose household includes one or more dependent children under age 18 has a weighting value of **two-and-a-third**.

There is only one loans budget which is controlled nationally. The Secretary of State issues a national baseline figure, which is a cash amount that aims to ensure payments can be met from within the budget. The baseline figure is used to assign a monetary amount for each band. The baseline may change over the course of a year, to manage the cash limited budget. The national budget and baseline figure means that applicants in the same circumstances will receive the same budgeting loan wherever they live in Great Britain.

***At June 2010 the baseline is £348, so the following weightings apply:***

- *the single applicant's "maximum amount" is £348 as that is the baseline figure;*
- *an applicant who has a partner will have a "maximum amount" of £464;*
- *an applicant who has one or more dependent children will have a "maximum amount" of £812.*

**Step 3. Taking account of existing budgeting loans (Direction 53)**

If the applicant or his partner has any existing budgeting loans, the amount remaining to be repaid is taken off the "maximum amount". The most the applicant could then receive is the remainder.

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Subject to any of the other considerations that follow, the budgeting loan paid would be the lesser of the amount the applicant applied for or the maximum amount less any existing budgeting loan debt.

***For example, if the applicant's "maximum amount" is £812 and he has an existing budgeting loan of £230, the most he could receive is £582. If this applicant applied for £400 the most he would be paid is £400. If he applied for £800 the most he would be paid is £582.***

**Step 4. Considering the effects of other directions**  
***Capital resources (Direction 9).***

Capital held by the applicant over specified limits will affect the amount that can be awarded. If either the applicant or his partner is aged 60 or over, the specified limit is £2,000; if they are both under age 60, it is £1,000. Any capital in excess of these limits is deducted from the budgeting loan that would otherwise be paid.

***Absolute maximum (Direction 10).***

The maximum that anyone may owe, either individually or together with a partner, in Social Fund loans (budgeting loans and crisis loans) is £1,500. Therefore, no loan may exceed the difference between the total existing Social Fund debt and the maximum amount.

***Minimum amount (Direction 10).***

The minimum budgeting loan which may be awarded is £100. Therefore, if any of the previous steps reduce the amount below £100, the application is refused.

**The amount the applicant is likely to be able to repay**  
***(Direction 11).***

No budgeting loan may be awarded in excess of the amount the applicant is likely to be able to repay. The amount will depend on the applicant's income and other commitments, and any amount he already owes in Social Fund loans.

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**Repaying a budgeting loan**

Repayment is normally by way of deduction from benefit. Like crisis loans, budgeting loans are normally repaid at a rate of 5%, 10% or 12% of the applicable amount.

An applicant may ask Jobcentre Plus to consider changing the repayment terms if he has difficulty making payments as originally agreed and is under, or is likely to experience, financial hardship.

It may be possible to reschedule repayments if they are difficult to afford, or to allow a further loan to be made. This could be done by spreading repayments evenly over the usual maximum repayment period of 104 weeks. Longer may be allowed if the applicant is having difficulty meeting the agreed repayments, but the usual maximum is 130 weeks. The repayment terms, including the number of weeks repayment can be made over, are only guidance.

If an applicant has had several crisis loans recently and he is near his limit of £1500, then it is important for the decision maker to consider whether a budgeting loan award would affect any future crisis loan applications.

Loans are repaid consecutively; i.e. an earlier loan is repaid in full before repayment begins on a subsequent loan. Someone may have a number of loans outstanding, which may have different repayment rates. It may be that nothing is paid off a budgeting loan for a considerable time if repayments are being dedicated to crisis loans, for example. This could affect access to another budgeting loan.

## Self Assessment Questions

**N.B. The assessment will be more useful if you explain your answer.**

1. Mr H was made redundant last week after working for a company for 15 years. He is now getting Jobseeker's Allowance. Would he be eligible for a budgeting loan?
  
2. Miss A lost her job five months ago, and has been receiving income-based Jobseeker's Allowance since then. Would she be eligible for a budgeting loan?
  
3. Ms V is a single parent with two children aged 10 and 8. She has been in receipt of Income Support for five years. She wants £600 to redecorate the living room, hall and children's bedrooms. She has never applied for a Social Fund award before. Is she likely to get a budgeting loan?
  
4. Mrs Y is a single person, living alone. She has been in receipt of Income Support for 10 years. She wants to replace her dining table. A new one would cost £150. She has had budgeting loans before. She still owes £100 on one, and £350 on another. She has also had a crisis loan of £30 recently, when she lost her purse. The maximum amount for a single person at the moment is £348. Would Mrs Y be able to have another budgeting loan of £150 for a table?

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## **Answers**

1. **No.** As Mr H was employed for 15 years, he is almost certainly in receipt of contribution-based, not income-based, Jobseeker's Allowance. Contribution-based Jobseeker's Allowance is not a qualifying benefit for a budgeting loan. Moreover, even if he were in receipt of income-based Jobseeker's Allowance, he would not meet the minimum 26 week requirement in Direction 8.
  
2. **No.** Miss A is in receipt of a qualifying benefit, but she has not yet reached the required 26 week period of receipt.
  
3. **Yes.** Ms V has been in receipt of a qualifying benefit for at least six months. Redecorating would be included in the permitted category of improvement, maintenance and security of the home. She has no existing debt to limit the award. Therefore, it is likely she will be offered a budgeting loan, subject to her ability to repay. The amount the applicant receives will depend on the maximum amount for their circumstances in place at the time the decision is made. In June 2010 the maximum amount payable for a family is £812. In this example Ms V wanted £600, so she would receive the full amount she asked for.
  
4. **No.** Mrs Y is in receipt of a qualifying benefit, and wants a budgeting loan for a permitted category of expense (furniture and household equipment). The maximum amount applicable to a single person is £348.

Mrs Y already owes budgeting loans of £450 to the Social Fund. This amount is taken off the possible maximum amount, leaving nothing.

# Unit 5

# Putting it all Together

## **Self Assessment Exercises**

The following case studies illustrate typical circumstances where an award from the discretionary Social Fund might be appropriate, and the relationship between the different types of award. The answers may be found in any of the preceding units.

**N.B. The exercises will be more useful to you if you explain your answer.**

### **Case study 1 – Mr Porter**

Mr Porter has been in receipt of income-based Jobseeker's Allowance for two and a half years since he lost his job. He is aged 44. He is married with three children, aged 16, 13 and 10. All are in good health. Mr & Mrs Porter furnished their home when they were newly married nearly 20 years ago. They have replaced various items over the years while Mr Porter was working. However, their wardrobes are now falling apart, and the three piece suite is showing signs of wear. Mr Porter would like to buy some new furniture, but cannot afford to do so. He and his wife only just manage to get by and have no savings. Neither Mr nor Mrs Porter has applied for any type of Social Fund payment before.

1. Is Mr Porter eligible for a Social Fund award? If so, which?
2. Would Mr Porter's expenses qualify for a Social Fund award? If so, which?
3. Is he likely to receive a payment?

### **Case study 2 - Mr Baker**

Mr Baker has been in prison for four years. During that time, his wife has divorced him and moved away from the former marital home, which has been re-let by the council. All his clothing and possessions have either been destroyed or taken by his ex-wife. Mr Baker has no other family he can go to when he is released. He will be unemployed when he comes out. The Probation Service has arranged for him to have the tenancy of an unfurnished housing association flat when he is released from prison in four weeks' time. He has no savings and is likely to receive income-based jobseekers allowance on his release.

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In what way(s) might the Social Fund be able to help Mr Baker?  
When should he apply?

**Case study 3 - Mrs Cooper**

Mrs Cooper is a widow aged 85. She lives on her own in a local authority bungalow. She has arthritis in her legs, arms, hips and spine, which affects her mobility. She walks with the aid of a stick or frame. Mrs Cooper has been in receipt of Pension Credit for a number of years. She has no outstanding Social Fund debt. She had carpet fitted throughout the bungalow twelve years ago as she was slipping and falling on the tiled floor. The carpet is now very worn and frayed. Holes have started to appear in the most worn areas. Mrs Cooper has already tripped on the carpet and is afraid that she will fall and suffer serious injury, such as a broken bone, as she has osteoporosis.

Would Mrs Cooper be able to get any help from the Social Fund to replace her carpet?

**Case study 4 - Mrs Wright**

Mrs Wright separated from her husband a year ago, following domestic violence. She then started claiming Income Support for herself and Child Tax Credits for her children aged 12, 9, 6 and 4. The family has been living in a women's refuge. The children have been affected by the violence and the need to leave their home and their friends; they are withdrawn and have found it difficult in the refuge with other families. The family has now been allocated an unfurnished local authority tenancy in a different area away from her husband and his family.

Mrs Wright's husband is still occupying the former marital home. She was advised by the police and her solicitor not to return there to try to recover any property from the home, in case this led to her husband locating her and the children. As a result, Mrs Wright has no furniture or household equipment for her new home, apart from a small amount of bedding she has bought since being in the refuge.

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Mrs Wright has had a couple of crisis loans over the past year, and her total debt to the Social Fund is now £350.

What help might Mrs Wright be able to have from the discretionary Social Fund?

**Case study 5 - Mr Smith**

Mr Smith is aged 58 and he is severely disabled. He lives on his own, but is totally dependent on his carers to do his shopping, cooking, cleaning and laundry. His daughter comes to his home once a week to prepare and cook meals to store in the freezer. She lives 10 miles away and has to catch two buses. She buys the food she needs for the meals and any other shopping Mr Smith needs en route. Mr Smith is able to heat these prepared meals in the microwave, but is unable to use the cooker himself. Mr Smith pays for someone to come in to clean and do his laundry.

Mr Smith's freezer has broken down and is beyond economical repair. He cannot afford to replace it himself. He has no savings and the amount he receives in benefit relating to his disability is only just above the relevant income-based Employment and Support Allowance applicable amount.

Would Mr Smith be able to get any help from the discretionary Social Fund?

## Answers.

### Case study 1 - Mr Porter

1. Mr Porter is in receipt of a qualifying benefit. Therefore, he is eligible for a community care grant.

Because he has been in receipt of this qualifying benefit for over 26 weeks, he is also eligible for a budgeting loan.

Eligibility for a crisis loan does not depend on being in receipt of any benefit. The question here is whether Mr Porter is without sufficient resources to meet his immediate short term needs. On the evidence in the question, Mr Porter does not have the resources to meet his need to replace furniture. It is not relevant that the items would also have long term use. It is likely, therefore, that he would also be eligible for a crisis loan.

2. On the facts given, Mr Porter's expenses will not satisfy any of the qualification criteria for a community care grant (Direction 4) or crisis loan (Direction 3). There is no suggestion he or any member of his family has left, or might need to enter institutional or residential care and he is not setting up home. Although they do not have the money available to replace their broken and worn items, the pressures on the family are not exceptional. The furniture is not needed in an emergency; and even if it was in an emergency there is no serious risk to Mr Porter's or his family's health or safety.

However, Mr Porter needs *furniture and household equipment*, which is one of the categories for which a budgeting loan can be awarded (Direction 2). Therefore, Mr Porter's expenses do qualify for a budgeting loan.

3. The calculation for a budgeting loan award will take account of the fact that Mr Porter's household contains a dependent child. This is the first time he or his wife has applied for a Social Fund award, so they have no outstanding debt. Therefore, he is likely to be offered a budgeting loan. The amount he would

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receive as a budgeting loan would depend on the maximum amount in place at the time of the decision and the amount he requested.

## **Answer : Case study 2 - Mr Baker**

Mr Baker is coming out of a stay in institutional or residential accommodation in which he has been receiving care.

A grant will help him establish himself in the community after a lengthy period in prison and the breakdown of his marriage.

Therefore, if Mr Baker needs furniture and clothing his expenses will qualify for a community care grant under Direction 4(a)(i).

As he is still in prison, his planned release date is within six weeks, and he is likely to get income-based Jobseeker's Allowance when he leaves, Mr Baker fulfils the eligibility conditions for a community care grant under Direction 25(2)(b). He would be able to apply for the community care grant now.

Depending on the priority levels which can be met from the district budget, Mr Baker is likely to be awarded a community care grant for things that will help him to establish in the community after being in prison. These are likely to include basic items of furniture for his flat to help him set up his home and he may also be awarded a grant for clothing. The decision maker would take into account any clothing he had held in storage at the prison and whether the prison's clothing board had been able to provide him with sufficient for a change of clothes.

A crisis loan can be considered on an application for a community care grant. But in Mr Baker's case it is likely that his most urgent needs for furniture and clothing would be met by a community care grant, so it is unlikely that a crisis loan for these things would be appropriate.

Most ex-prisoners receive a discharge grant, so Mr Baker is unlikely to have an urgent need for help with living expenses when he is released. If he were to need help with immediate living expenses, he could apply for a crisis loan immediately he is released. He would not have to wait until he had claimed Jobseeker's Allowance.

Even though Mr Baker is likely to be in receipt of a qualifying benefit when he is released, he would not be eligible for a budgeting loan for 26 weeks (Direction 8).

### **Case study 3 - Mrs Cooper**

Mrs Cooper is in receipt of a qualifying benefit, and has been for a number of years. Therefore, she is eligible for both a community care grant (Direction 25) and a budgeting loan (Direction 8).

Given her frailty and mobility problems, a grant would help Mrs Cooper remain in the community rather than enter institutional or residential accommodation in which she would receive care. Her general health puts her at risk of entering care; and replacing her dangerous carpet would help to reduce that risk and help her to stay in her home in the community. Mrs Cooper's application for carpet therefore qualifies for a community care grant under Direction 4(a)(ii).

The replacement carpet is likely to be high priority. The risk of Mrs Cooper falling on frayed carpet is such that replacing it would have a substantial and immediate effect on her circumstances and in helping her remain in the community. She is likely to be able to get a grant of a suitable amount to replace the carpet.

Mrs Cooper would also be eligible for a budgeting loan, as she has received qualifying benefit for more than 26 weeks. She would not need to apply specifically for carpet. Her need comes under the category of *furniture and household equipment* (Direction 2). However, the amount of the loan would be dependant on her personal circumstances and the maximum amount in place at time. It would not take the specific nature of her needs into account. Moreover, a loan would have to be repaid.

For people in Mrs Cooper's circumstances, it would be better to apply for a community care grant than for a budgeting loan. There is no cross-over between these two types of Social Fund award, so if she applied for a budgeting loan, the decision maker would not consider a community care grant.

In Mrs Cooper's circumstances her need is likely to be met by a community care grant and a crisis loan payment would not be appropriate.

## **Case study 4 - Mrs Wright**

Mrs Wright is currently in receipt of a qualifying benefit. Therefore, she is eligible for a community care grant (Direction 25). She has been in receipt of this benefit for over 26 weeks, so she is also eligible for a budgeting loan (Direction 8).

The evidence in this case – separation, domestic violence, the impact on the children, moving to a new home in a different area after a year in a refuge, lack of furniture and household equipment – indicates that a grant to help furnish her new home would ease exceptional pressures on Mrs Wright and her family. She would qualify for a community care grant under Direction 4(a)(iii). As she has nothing for her new home, it is likely that her basic needs to help her set up a safe and stable home for the family - such as cooking, eating and sleeping facilities, some seating and possibly some additional items - would be high priority. Depending on the state of the budget, payment is likely for the high priority needs.

However, it is unlikely that the community care grant would be enough to meet the cost of everything Mrs Wright wants for her new home. Therefore, she may also want to apply for a budgeting loan. Furniture and household equipment is one of the specified categories of need. A budgeting loan would be based on the Secretary of State's baseline amount at the time of the application; in June 2010 this is £812 for a family with children. However, whatever this amount is, the award would not exceed £1,150, as the total amount she can have as Social Fund loans is £1,500 (Direction 10), and may be limited by the amount she is likely to be able to repay.

The fact that Mrs Wright can have a budgeting loan should not affect the amount she is awarded by way of community care grant. They are different types of award to meet different circumstances.

In Mrs Wright's circumstances most of her needs would be met by a community care grant or budgeting loan and a crisis loan payment would not be appropriate.

## **Case study 5 - Mr Smith**

Mr Smith probably needs help to remain in the community, and given his daughter's involvement, Mr Smith and his family are under pressure. However, these are qualification criteria for a community care grant. Mr Smith is not eligible for a community care grant because he is not in receipt of any of the qualifying benefits (Direction 25).

The only Social Fund award which Mr Smith might be able to have is a crisis loan. He satisfies the eligibility criteria, as he does not have sufficient resources to meet his immediate short-term needs (Direction 14).

To qualify, a crisis loan must be the only means of preventing serious damage or serious risk to Mr Smith's health or safety, or that of his family. On the evidence above, a freezer is necessary to provide Mr Smith with his meals during the week. There is likely to be a serious risk to his health or safety if his freezer is not replaced, and he cannot afford to do this himself (Direction 3).

Therefore, Mr Smith should be able to have a crisis loan for a reasonable amount to buy a new freezer, subject to his ability to repay a loan and the maximum amount of £1,500.

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**The Social Fund – A Basic Overview  
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Your level of knowledge of the Social Fund before reading the Self Instruction Pack	
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