EXPLANATORY MEMORANDUM TO

THE SOCIAL FUND (APPLICATIONS AND MISCELLANEOUS PROVISIONS) AMENDMENT REGULATIONS 2009

2009 No. 3033

1. This Explanatory Memorandum has been prepared by the Department for Work and Pensions and is laid before Parliament by Command of Her Majesty.

2. Purpose of the Instrument

2.1 The purpose of this instrument is to provide for the Secretary of State to be able to require that an application for a social fund crisis loan for living expenses be made during an interview at a DWP office.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1. None

4. Legislative Context

4.1 Regulations 2 to 4 of the Social Fund (Applications and Miscellaneous Provisions) Regulations 2008 set out the form and manner in which applications are to be made for payments by way of community care grants, crisis loans, or budgeting loans out of the social fund.

4.2 Currently an application for any of these three payments may be made by completing a written application, and then sending or delivering it to an office of the Department for Work and Pensions. In the case of crisis loan payments only, an application need not be made in writing and this allows officers of Jobcentre Plus to take applications for crisis loans to cover living expenses by telephone instead.

4.3 The instrument makes changes so that a person who wishes to apply for a crisis loan in respect of living expenses, may be required to attend a pre-arranged face to face interview at an office of the Department for Work and Pensions (DWP) to make the application. It is intended that the DWP office will be an appropriate Jobcentre Plus office.

5. Territorial Extent and Application

5.1. This instrument applies to Great Britain. Equivalent provision will be made for Northern Ireland by statutory rules.

6. European Convention on Human Rights

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy Background

- ***What is being done and <u>why</u>***

7.1 In October 2002 the regulations governing the making of discretionary Social Fund applications were amended so that applications for crisis loans need not be made in writing. This has enabled Jobcentre Plus to offer a telephone service for crisis loans for living expenses where applications are made, and decisions given, by telephone. Living expenses in the context of crisis loans are day to day expenses, for example to buy food and groceries.

7.2 The majority of applicants requiring living expenses now make crisis loan applications by telephone. Successful applicants travel to the nearest Jobcentre Plus office with payment facilities to receive payment of the loan award.

7.3 However, the number of such crisis loan applications has risen year on year – since the full national rollout of the telephone process, applications for crisis loans have doubled from 1.4 million in 2006-2007 to 2.8 million in 2008-2009 - and there is a need to restore a balance with regard to customer rights and responsibilities. Whilst most crisis loan applications for living expenses will continue to be taken over the telephone, those applicants who have made multiple crisis loan applications for living expenses will be required in certain circumstances to make their next living expenses crisis loan application in person at a Jobcentre Plus office.

7.4 It is intended that the requirement will apply to the third (or subsequent application) which the applicant seeks to make in a period of twelve months. However, it will not include applications for crisis loans for living expenses where an income replacement benefit has been claimed but is not yet in payment ("alignment" loans). These may continue to be made by telephone, however many applications are made.

7.5 As repeated applications for a crisis loan for living expenses indicate possible misuse of the system or difficulties in money management, for the third and any subsequent application of this nature, the applicant will be required to attend a pre arranged interview in order to provide a fuller understanding of their circumstances and ensure that they are signposted to relevant agencies for advice on money management. The interview will take place at the nearest Jobcentre Plus office which can accommodate a personal interview. Once an application is made, it will be decided in the same way as applications made in writing or by telephone.

7.6 There will be discretion to waive the requirement to attend a Jobcentre Plus office and take the application by other means instead (generally by telephone). This discretion might, for example, be exercised where the Jobcentre

Plus office which can accommodate the personal interview is not the nearest office for the applicant to travel to. Valid claims for re-imbursement of travel expenses - based on the most economical and practicable method of transport - will be met. Where the applicant is required to attend a Jobcentre Plus office to make the application, but fails to attend the interview, then no application is made.

7.7 Overall the policy change aims to focus the cash limited Social Fund on customers in genuine need by discouraging spurious applications for crisis loan living expenses. The additional administrative costs of delivering applications at interview instead of by telephone will be absorbed by Jobcentre Plus which is able to deliver this system using its existing network of Jobcentre Plus offices. The expected benefits are:

- discouragement of spurious applications
- better targeting of the overall loans budget – with more money for budgeting loans and genuine crisis loan needs
- higher level of support for those making multiple crisis loan applications

- ***Consolidation***

7.8 Informal consolidation of the instrument will be included in due course in the Department's 'The Law Relating to Social Security' (The Blue Volumes) which is available on the intranet at www.dwp.gov.uk/docs/a6-8013.pdf at no cost to the public.

8. Consultation

8.1 No formal public consultation was deemed necessary as there is no significant policy change; people in need of crisis loans will still be able to make applications and these will be considered under existing rules.

8.2 The changes have been presented to customer representative groups at the DWP Policy & Strategy Forum and the Jobcentre Plus Customer Representative Group (CRG) Forum. The broad issues raised were about customers' travel to Jobcentre Plus offices and future policy evaluation. In developing policy and operational processes, these comments have now been addressed.

8.3 The proposed regulations were scrutinised by the SSAC under the provisions of s.173 of the Social Security Administration Act 1992. The Committee decided that it did not require the regulations to be formally referred to it for the preparation of a report to the Secretary of State for Work and Pensions and, accordingly, it did not conduct a public consultation exercise upon the proposals.

9. Guidance

9.1 Guidance on the changes made by these regulations is already with Jobcentre Plus staff. The guidance supports staff in identifying customers to whom the requirement applies, explaining the reasons why and arranging the appointment for interview. In addition, it gives guidelines on the identification of debt issues and the signposting of customers to agencies for money advice.

10. Impact

10.1 The impact on business, charities or voluntary bodies is nil.

10.2 The impact on the public sector is negligible.

10.3 A full impact assessment has not been produced for this instrument.

11. Regulating small business

11.1 The legislation does not apply to small business.

12. Monitoring and review

12.1 The effect of these changes will be monitored through analysis of administrative data, surveys and other sources. In particular, this will focus on the initial telephone contact, the subsequent application interview, and the final decision on the application, in order to determine what effect the changes have had.

13. Contact

Any queries regarding this instrument should be directed to the following:

Jacky Riley
Products & Transformation Division (SF)
Jobcentre Plus
Quarry House, LS2 7UA
0113 232 7828