EXPLANATORY MEMORANDUM TO

THE SOCIAL FUND (BUDGETING LOANS) (APPLICATIONS AND MISCELLANEOUS PROVISIONS) REGULATIONS 2015

2015 No. 1411

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

1.1 The principal aim of these regulations is to remove the requirement for a Social Fund Budgeting Loan applicant to notify their agreement to the terms and conditions of the loan in writing before the monies can be released. The intention is that applicants will be able to give their agreement by telephone.

1.2 Additionally these regulations also seek to address the fact that crisis loans and community care grants no longer exist. In order to do this as simply and as clearly as possible these regulations replace the Social Fund (Applications and Miscellaneous Provisions) Regulations 2008 rather than amending them.

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

None

4. Legislative Context

4.1 These regulations replace, with amendment, the Social Fund (Applications and Miscellaneous Provisions) Regulations 2008 ("the 2008 Regulations").

4.2 Regulation 7(3) of the 2008 Regulations provides that before an award of a budgeting loan is paid, the applicant must inform the Secretary of State that he or she agrees to the terms and conditions of the loan in writing. In regulation 6(2) of these regulations an applicant must still inform the Secretary of State that he or she agrees to the terms and conditions on which the loan is repayable, but unlike regulation 7(3) of the 2008 Regulations, there is no requirement that such agreement is in writing.

4.3 Amendments have also been made to reflect that Crisis Loans and Community Care Grants, which were previously covered by the 2008 Regulations, no longer exist.

5. Territorial Extent and Application

This instrument applies to Great Britain.

6. European Convention on Human Rights

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

7. Policy background

- What is being done and why

7.1 The current end to end process from application to receipt of an offer and subsequent payment of a Social Fund Budgeting Loan is protracted and inefficient. The current application and decision making process is completely postal based, with the end to end journey from making an application to an award being paid, assuming all information is available, taking approximately 22 days.

7.2 The revised process retains the need for an application form to be obtained and completed, as per the current process. The change relates to the point where the applicant is notified of an offer of a loan and the applicant confirms that they want to accept it. The Department intends to introduce a telephone call to the applicant, once the decision has been made, advising them whether or not an offer is being made. If an offer is made the applicant may accept the offer and the terms and conditions of the loan during the conversation. Formal notification will be sent after the telephone call confirming what has been agreed and setting out the review process (which will be unchanged).

7.3 Applicants who cannot, or do not wish to, agree to an offer over the telephone will continue to be able to receive notification of the offer and conditions by post and accept in writing.

7.4 By introducing a telephone call at this stage the inherent delays of posting a letter to the applicant and them posting their acceptance back will be removed. This will result in the payment being released much sooner than under the current process. It is anticipated by introducing the revised process the end to end journey (from application to payment being released) will be reduced by up to 10 days. As Social Fund Budgeting Loans are often used when budgeting for a higher cost item is either not possible or at best exceptionally difficult, speeding up the process may prevent many from turning to expensive forms of lending and/or defaulting on essential living expenses.

- Consolidation

Informal consolidated text of instruments is available to the public free of charge via 'The Law Relating to Social Security' (Blue Volumes) on the Department for Work and Pensions website at http://www.dwp.gov.uk/publications/specialist-guides/law-volumes/the-law-relating-to-social-security/ or the National Archive website legislation.gov.uk. An explanation as to which instruments are maintained on each site is available here.

8. Consultation outcome

8.1 A 6 week formal public consultation on the new process took place between 28 January 2015 and 11 March 2015. A number of factors were taken into consideration to determine the period of the consultation. It was determined that 6 weeks was sufficient time as this is seen as a simple, non-controversial and largely process driven change with positive impacts on the customer journey. The consultation was launched through the GOV.UK website. Department for Work and Pensions also contacted directly the members of their Policy and Strategy Forum and the Operational Stakeholders Forum. Both forums consist of representatives from Local Authorities and the third sector.

8.2 100% of the responses received were positive about the proposal. Although all respondents were in favour of the changes a number gave some helpful suggestions of things to consider, such as retaining the current process of notification and acceptance of the terms and conditions in writing for those who cannot, or will not use the revised system, and taking into consideration that there are applicants who will not answer a call from a private or withheld number. The suggestion of retaining the option of notification and acceptance in writing had already been factored into the design of the revised process and processes have been adapted to reflect the comments regarding attitudes to telephone calls.

8.3 A full analysis of the consultation responses is available at: https://www.gov.uk/government/consultations/social-fund-budgeting-loans-improving-the-process

9. Guidance

9.1 Revised guidance for all DWP operational staff is being developed relevant to their role. This will be available by the end of July 2015.

9.2 All relevant entries on GOV.UK will be amended to reflect the changes.

10. Impact

10.1 The impact on business or civil society organisations is nil.

10.2 The impact on the public sector is likely to be a reduction in the staff time required in the region of 47 staff that could be redeployed to other work and £1m in postal costs although without a trial staff and postal savings are difficult to calculate exactly.

10.3 An Impact Assessment has not been prepared for this instrument.

11 Regulating small business

The legislation does not apply to small business.

12 Monitoring & review

Although there will be no formal monitoring of these changes by DWP, as part of the continuous improvement activities carried out by the Department, the effectiveness of the changes will be reviewed.

13 Contact

John Canavan at the Department for Work and Pensions Tel: 07775405532 or email: john.canavan2@dwp.gsi.gov.uk can answer any queries regarding the instrument.