

Unfair and underfunded

CAB evidence on what's wrong with the Social Fund

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1. Summary and recommendations

- 1.1 The Social Fund exists to enable people on very low incomes to meet needs that they cannot afford from their normal benefit income. These needs include such things as the cost of clothes and other equipment for a new baby, beds and cookers for people setting up home after homelessness or mental illness, or the costs of replacing essential items destroyed in a fire. In this Evidence Report we draw attention to the manifest failings of the Social Fund to meet the needs of people on low incomes. These failings have left some of the poorest and most vulnerable people in society socially excluded and deprived of the necessities for a decent standard of life. It is particularly shocking when the people who are left to suffer in this way include children and people with severe health problems.
- 1.2 This report is based on analysis of 2,042 evidence reports submitted by 494 Citizens Advice Bureaux (CABx) in England, Wales and Northern Ireland, during the period January 1999 to July 2002. To prepare this report, we have collaborated with member organisations of the Association of Charity Officers. Their experience is that people often have to turn to these charitable organisations for the money to buy essential items because the Social Fund has turned them away. This is an intolerable situation in an advanced country at the start of the 21st century. **It is clear that the Social Fund needs extensive reform in order to achieve the Government's objectives to provide help to people when they need it most, to provide more support to families with children, and to combat social exclusion.**
- 1.3 **The key changes we recommend are summarised below.** There is now a considerable consensus on the need to improve the Social Fund, which the Government should address as a matter of urgency. The way the Discretionary Social Fund operates at present means that it is not playing its part in combating poverty and social exclusion. It needs substantial change if it is to meet the basic needs of the poorest people in our society.
- 1.4 **There is a continuing and a wider role for grants and loans in the Social Fund.** Whilst benefit rates for children have increased considerably since 1997, and are due to rise again in October 2002, rates for adults have not kept pace. This has increased the need for a grants system. There is an extremely strong case for raising benefit levels for adults. There are also large numbers of people whose incomes are at, or only fractionally above, the levels of income-related benefits, who have no access at all to Social Fund loans. People on low incomes do not have the same access to mainstream credit as others, and people on benefits normally have no access. **We believe that Social Fund loans should continue to be available, and should be extended to a wider group of people on low incomes than at present.**

Improving advice and information

- 1.5 Our evidence shows that Department for Work and Pensions (DWP) staff need to be better informed and more sympathetic when they deal with potential applicants to the Social Fund. Applicants are usually extremely poor, and they often face other problems such as long-term ill health, poor housing or family break-up (including domestic violence). All applicants deserve to be fairly treated when they approach a social security office or Jobcentre Plus about a Social Fund payment. Our evidence shows that there are far too many cases in which people have, instead, received misleading or unhelpful advice. The introduction of Jobcentre Plus offers an opportunity to do things better, so that staff are better trained about the Social Fund, and potential applicants are given clear and informed advice.
- 1.6 Changes to the Social Fund made in April 1999 have simplified the system, but have placed the onus on individual applicants to know what type of payment they should apply for. We have seen evidence that benefit staff do not always consider whether a person may be eligible for a different payment. **We recommend that there should be a stronger requirement upon Social Fund staff to ensure that applicants are considered for the type of payment most helpful to them.**

Improving the Fund

- 1.7 **The Social Fund budget is too low, and we recommend substantial increases, particularly to Community Care Grant and Budgeting Loan budgets.** Far too much time and money is spent in administering a complex system with high rates of refusal. Additional resources, over and above amounts already committed, would greatly assist the Government in ensuring that the poorest people in society have the basic necessities, such as beds, cookers, fridges, furniture and warm clothing.

Improving decisions

- 1.8 Rates of refusal of Social Fund applications are very high – 60% in the case of Community Care Grants. The Independent Review Service also overturns a high proportion of the cases referred to it. A Quality Support Team is monitoring standards of decision-making, and a report is to be published showing for the first time information on decision-making standards. **We recommend that the DWP actively seeks information and evidence about decisions from users of the Social Fund and organisations that advise and represent them.**

Improving access

- 1.9 The current eligibility rules for Social Fund loans and grants leave many vulnerable people without recourse to the Social Fund. The Government is introducing new tax credits as part of its programme to tackle poverty, and we believe there is a clear case for extending eligibility to people who qualify for the new tax credits. **We recommend that, after April 2003,**

people who qualify for the maximum child credit and/or qualify for Working Tax Credit should be eligible to apply for help from the both the discretionary and the regulated Social Fund. People whose sole income is a contributory benefit such as Incapacity Benefit or Contribution Based Jobseeker's Allowance should also be eligible.

Community Care Grants

- 1.10 The current Community Care Grant system is a failure. People in obvious need fail to meet the criteria for help, and even where a grant is paid the amount is often quite inadequate. **There is a need to review the operation of Community Care Grants, and to consider instead a system of grants for particular life events and needs, available to anyone on a low income.** A new grant scheme would provide the cornerstone for a new Social Fund scheme.

Budgeting Loans

- 1.11 Budgeting Loans have provided simpler and quicker decisions and more loans, but there are significant disadvantages to the scheme introduced in April 1999. Budgeting Loans are restricted to people who have been in receipt of specified income-related benefits for at least 26 weeks. This is unreasonable and causes substantial hardship. **We propose that the qualification period for Budgeting Loans is abolished.**
- 1.12 The maximum Budgeting Loan is currently £1000, though most applicants are offered much less, typically because the budget is cash limited. Around a fifth of all applications are rejected, because the applicant is deemed to have too much outstanding debt to be able to repay the loan. Additional resources and wider eligibility would ease the problems and enable more people on low incomes and frequently in great need to obtain small interest free loans. **We recommend that the maximum possible Budgeting loan is increased and that the treatment of outstanding loans should be reviewed.**
- 1.13 The Government has taken some steps towards addressing the problem of high repayment rates for Budgeting Loans, by issuing improved guidance to DWP staff. However, the rules still require loans to be repaid at a high rate, and **we recommend that the repayment formulae be amended, to allow the option of more modest repayment rates.** In addition, **regular statements showing the outstanding balance on a loan should be provided.**

Crisis Loans

- 1.14 The Crisis Loan scheme should not be used to support delays in making decisions on applications for Income Support and other benefits. 36% of current spending goes on 'alignment payments' to people without money who have made a claim for benefit. This money is therefore not available for other people in need of an emergency loan. Benefit applications should of course not be subject to (sometimes lengthy) delays, but **we**

recommend that there should be a new fast-track scheme to provide interim advance payments to people who appear to have made a valid claim for benefit.

- 1.15 There are still considerable problems for people needing to apply for a Crisis Loan caused by poor advice from benefits office staff. The Social Fund Commissioner has described this sort of problem as longstanding, and **we support the Commissioner's call for the Department to put in place a system to manage the issuing of application forms and the quality of advice given to people.**
- 1.16 Crisis loan applicants have to show that they are threatened with serious damage or a risk to their health and safety. This test is applied in a very rigorous way, and leads to the rejection of applications from people in very severe poverty. **We recommend urgent review of this rule.**
- 1.17 We are concerned that the reorganisation of services under Jobcentre Plus could reduce access to the Crisis Loan scheme, particularly for people in rural areas. We are aware that the Government is looking at using telephones to provide access, but we have yet to be convinced that this will provide an acceptable level of service. **There is an urgent need for the DWP to make progress in reviewing the arrangements for access to Crisis Loans so that a decent universal service is available to all.**

Funeral Grants

- 1.18 Funeral grants are frequently much lower than the actual cost of the funeral, and the maximum amount of £600 for funeral costs has not been increased for some years. **We recommend that the amount available for funeral costs is increased.**
- 1.19 Our evidence suggests that decisions on funeral payments do not always follow the DWP guidance and that DWP staff unfairly refuse payments to recently bereaved families, particularly where there exist family members who are not in receipt of qualifying benefits. Our recommendation on extending eligibility to a slightly wider group of people on low incomes would help ease the problems caused by this rule, but **we would like to see improved guidance and training for social fund staff administering funeral payments, and we recommend a review of the operation of the rules that require the liability of family members not on a qualifying benefit to be considered.**
- 1.20 Funeral directors (and all those in contact with recently bereaved people) should be able to give people accurate information about Social Fund funeral payments. **We therefore recommend that the DWP should work with funeral directors and others to ensure that supplies of appropriate leaflets and claim forms are available, and to ensure that funeral directors and others are aware of the need to direct people to accurate information.**

2. Introduction

- 2.1 The CAB Service helped people with over 5.7 million problems in 2001/02. Some 55,000 of these related to the Social Fund. In addition, in the period between January 1999 and July 2002, Citizens Advice Bureaux (CABx) have submitted to NACAB 2,402 examples of their clients' experiences with the Discretionary Social Fund. Most of the evidence sent to us by CABx relates to the Discretionary Social Fund – Community Care Grants, Crisis Loans and Budgeting Loans – and this report concentrates on these parts of the Social Fund. We also receive substantial amounts of evidence of problems with Social Fund Funeral Payments in the Regulated Social Fund, and this report also calls for improvements to funeral payments.
- 2.2 Evidence cited in this report straddles the point at which the Benefits Agency and the Employment Service were abolished and Jobcentre Plus and the Pensions Service were established. References to all four agencies will be found in the report.

The need for change

- 2.3 In the early part of 2001, the House of Commons Social Security Select Committee conducted an inquiry into the working of the Social Fund. A large number of organisations, including NACAB, presented evidence to the Committee showing that the Fund leaves many very poor people, who have genuine requirements for necessities, without the financial help that they need in order to have a minimally acceptable standard of life. The main problems identified in our evidence to the Select Committee were:
- The Social Fund budget is too small to meet its intended purpose
 - The eligibility rules and the criteria for accessing particular payments are too restrictive
 - Loan repayment rates are too high
 - There are too many cases of staff at social security offices illegitimately refusing people access to the Social Fund or making poor decisions on applications to the Fund.
- 2.4 The Committee's report, issued in March 2001, made a large number of recommendations to improve the Social Fund, and concluded:

“We urge the Government to use the opportunity offered by the re-organisation of DSS to take a radical look at the Social Fund, so that it may work to enhance the strategy to reduce child poverty, rather than work against it.

At the start of the inquiry, we asked ourselves whether the Social Fund was achieving the aim set for it by past and present Governments. In particular we asked whether it was helping the poorest and most vulnerable in our society. We have concluded that the scheme in its present format needs urgent overhaul and an

injection of funds. Without such action, there is a strong possibility that the wider social policy objectives of the Government will be endangered.”

2.5 At the end of July 2001, on the last day before Parliament’s summer recess, the Government issued a very low-key response to the Committee’s report. It was an extremely disappointing document, demonstrating a complete failure by the Government to recognise the overwhelming evidence that the Social Fund needs a major overhaul and a substantial increase in funding if it is to play its part in meeting the Government’s objectives of tackling poverty and social exclusion. As Archy Kirkwood MP, Chairman of the Select Committee observed in a House of Commons debate on the Government’s response:

“The Committee took the view that the Department [of Work and Pensions] had given only cursory consideration to the serious piece of work that their report constitutes. The response does not seriously engage with the issues at all.”

2.6 As the evidence in this report demonstrates, there continues to be an urgent need for a thorough review of the Social Fund and for its budget to be increased substantially. All the MPs who spoke in the debate on the Government’s response called for the Government to address the failings of the Social Fund. In his Annual Report for 2001/02, the Social Fund Commissioner highlighted a number of key issues for the Government arising from the casework of the Independent Review Service, including:

- access to the fund and to the Review Service
- community care grant budget and priorities
- repayment rates for Social Fund loans
- the need to review the items and services excluded from the fund, and
- the need for research on the effectiveness of the fund.

2.7 In April 2002, the National Council for One Parent Families, the Family Welfare Association and the Child Poverty Action Group issued a call for the Social Fund to be restructured to provide a fairer and more comprehensive system of grants and loans, and put forward six options for change. Alongside the proposals in this report, there is now a substantial agenda of proposals for improving the Social Fund that the Government should address urgently.

What is the Social Fund for?

2.8 The Social Fund was established in 1988 to provide a cash-limited successor to the Single Payments system. Single Payments provided grants to Supplementary Benefit recipients when they required specified items, mainly household goods such as cookers and furniture, which their regular benefit payments were deemed inadequate to cover. Single Payments were an entitlement, and the main reason for establishing the discretionary part of the Social Fund was to introduce discretion and to

cap the total of payments in a cash limited budget. As well as restricting the amount of money available, the Social Fund also introduced an emphasis on loans, to be repaid from benefits, so that grants were restricted to applicants who met defined “community care” criteria.

- 2.9 Government policies on financial assistance to the poorest people in society have developed and changed considerably since 1988. Despite widespread criticism of the Fund, the structure of the Social Fund has remained largely unchanged. Since 1997, the present government has simplified the administration of Budgeting Loans, introduced Sure Start Maternity Grants (in place of Maternity Payments) and made a number of more detailed changes to the Fund. It has also introduced Winter Fuel Payments for pensioners. Although these are classified as part of the Social Fund, they are not discussed in this report since they are a universal entitlement for all people over 60, whereas all other Social Fund payments have very narrow eligibility criteria and most are also discretionary.
- 2.10 The Social Fund also has a role in the wider Government programme to tackle poverty and social exclusion. In the Preface to his July 2002 Annual Report on the Social Fund (Cm 5238), the Secretary of State for Work and Pensions said: “The Social Fund continues to play an important role in the Government’s agenda for tackling poverty and social exclusion. It provides support to millions of people on low incomes who need help to pay for a variety of intermittent expenses.” He also undertook to “continue to keep the Social Fund under review, to ensure that it provides help effectively and supports our wider welfare reforms.”
- 2.11 The CAB Service welcomes these objectives and the Government’s intention to combat poverty and social exclusion. Unfortunately, the way in which the Discretionary Social Fund operates at present falls a long way short of achieving these objectives and **we believe that the Government will have to make substantial changes to the Fund if it is to meet the basic needs of the poorest people in our society.**

What does the Social Fund provide?

- 2.12 The payments that the Discretionary Social Fund makes are:
- **Community Care Grants** provide help with household items, certain travel costs, or to deal with an emergency or disaster. They are restricted to certain groups, including people leaving, or needing help to stay out of, residential or institutional care; people needing to move home because of disability, disaster or for personal safety; and families who are under exceptional pressure. These Grants do not have to be repaid. People with capital above £500 (or £1000 for people over 60) are not eligible for a grant unless the amount sought exceeds £500, when the excess may be granted.
 - **Budgeting Loans** are interest free loans to help people spread the costs of “lumpy” expenditure items, such as furniture, household

equipment, clothing and footwear. Applicants must have been receiving Income Support (including Minimum Income Guarantee for people over 60) or Income Based Jobseeker's Allowance for at least 26 weeks. The same capital limits as Community Care Grants apply to Budgeting Loans, and the maximum loan is £1000.

2.13 These elements of the Discretionary Social Fund are only available to people who are very poor – they must be receiving Income Support or Income Based Jobseekers Allowance (JSA), and have very few savings. Many applicants to the Fund have no savings at all, and they are often in debt. This means that they have very little capacity to respond to situations where they need to buy items beyond their day-to-day needs.

2.14 In addition, the Social Fund structure recognises that anyone, whether receiving an income-related benefit or not, can be faced with an unforeseen emergency or disaster which leaves them without funds:

- **Crisis Loans** are only made if the applicant can show that s/he or her/his family faces a serious risk to health or safety if the Crisis Loan is not made. They are interest free and have to be repaid. There are no capital limits as such, but loans are dependent on the applicant having insufficient resources to meet their immediate short-term needs. Resources are not fully defined in the directions, but could include earnings and any other income, capital assets and funds in bank and building society accounts. Certain items, such as housing benefit or the value of a person's home, are listed in guidance as things to disregard.

2.15 The Regulated Social Fund provides payments or grants subject to entitlement conditions, without the element of discretion in decisions:

- **Sure Start Maternity Grants** provide a £500 grant to pregnant women dependent on Income Support, Income Based JSA, Working Families Tax Credit or Disabled Persons Tax Credit, providing that they can show that they are receiving health advice during pregnancy. These grants were introduced in April 2000 and have been sharply increased to £500, having been set initially at £200.
- **Funeral Payments** are one-off payments towards the cost of a funeral. Only people receiving Income Support, Income Based JSA, Housing Benefit, Council Tax Benefit, Working Families Tax Credit or Disabled Persons Tax Credit may apply for a funeral payment. Their payment can be affected by the existence of any other means of paying for the funeral. Payments that can be met by funeral payments include cremation or burial fees, a return journey to arrange the funeral (within the UK), and reasonable transport costs for to and from the funeral director's premises. Other funeral costs, such as the cost of a coffin or minister's fees, are limited to a maximum of £600.

3. General problems with the Social Fund

3.1 There are several general problems that affect the Discretionary Social Fund. In this section we consider these overall issues. These are whether the balance of grants and loans in the Social Fund structure is right, problems caused by the requirement that people should specify which type of payment they are applying for at the outset, and where they receive either no advice or wrong advice from a benefit office. This section also suggests that the Social Fund budget is inadequate, resulting in unmet need, and that a high proportion of officers' time is spent on deciding to refuse a payment. This section also suggests that eligibility for many Social Fund payments is far too restrictive, and that as part of an improved strategy to eliminate poverty and social exclusion, many more people on low incomes should be eligible to apply for help, in both grant and loan form, from the Fund.

Grants or loans?

- 3.2 The experience of clients of the CAB Service shows that they benefit greatly from the availability of both grants and loans from the Social Fund, and - as the examples in this report demonstrate - they suffer major hardship when they are denied access to these payments
- 3.3 Many commentators consider that it is unreasonable to expect the recipients of means tested benefits to repay loans from their benefit income. They argue that all Social Fund payments should be grants. There is much to be said for this argument. Individuals and families who are dependent on means tested benefits have to exist on extremely low incomes - in the case of a single person of working age only £53.95 a week excluding housing costs. Benefit rates for children have been raised substantially since 1997, and go up again in October 2002. This is a great help to families with children, but the rates for adults of working age have not received a similar boost. Consequently, household incomes for people dependent on income-related benefits remain extraordinarily low compared with the rest of society, especially for single people and childless couples. **There is an extremely strong case that benefit rates for working age adults, should be raised to a level that provides them and their families with a decent standard of living.**
- 3.4 Given the low incomes provided by means tested benefits, we believe that a system of grants should be much more widely available for people receiving benefits when they face exceptional expenses, and that the government's heavy reliance on budgeting loans is inequitable. However, unless and until the Government makes substantially more resources available for grants, people who are wholly dependent on benefits for their income will need to borrow money to pay for occasional one-off and relatively expensive items (such as replacing a broken washing machine). Few will have been able to save from their meagre benefits.

- 3.5 People on benefits will typically have no access to mainstream credit (unless they live in one of the few places with a credit union). The experience of CAB clients shows that, if they cannot get a social fund loan, they can either seek help from a charity or other source, or they will be forced to take out very high cost credit or to do without essential items altogether. It is common for people on very low incomes to use home collected credit. This form of credit is used because of the convenience of repayments collected from home, and because it gives flexibility on repayments, without default charges. However, interest rates are very high (CABx clients using this form of credit pay APRs of 60% to over 220%). In one example:

A Midlands CAB saw a client whose Budgeting Loan application, made in order to buy a fridge and a bed, had been refused, as the client already had a social fund loan. The client had borrowed money from a doorstep lender. The client received £350 in cash and was paying over £180 in charges for credit, at an APR of 106%. The client's income was Retirement Pension topped up by Income Support, plus a small amount of Disability Living Allowance.

- 3.6 A recent survey of CAB money advice clients (not all living on means tested benefits) showed that 11% had debts to home collected credit, compared with 3% who had outstanding social fund loans. **We believe that it is essential that the Social Fund should continue to provide loans as well as an improved system of grants, so that there is an alternative to high cost credit for the poorest.**

Inadequate advice from social security staff

- 3.7 Following changes in the Discretionary Social Fund in 1999, applicants must decide which social fund payment they wish to apply for, given their circumstances. This has led to a welcome simplification of the application forms, but the onus is on the client to know what to apply for. Social Fund staff are supposed to consider whether a different payment from that applied for would be in the applicant's interest, but in many examples reported to us, this does not happen. The result is that clients fail to apply for the most advantageous payment, or have to make several applications. A key problem is that clients apply for a Budgeting Loan or Crisis Loan when they could have got a Community Care Grant. A second typical problem arises when clients believe they can only apply for a Crisis Loan, or are not informed otherwise. The following cases illustrate these points.

A CAB in Hertfordshire was advising a couple who had received Crisis Loans for furniture when they were setting up a new home, following homelessness. A problem with an Income Support payment left the couple unable to buy food, and they were refused a further Crisis Loan on the grounds that they had reached the limit for loans, and had no way to repay any further loan. The couple had not been given the opportunity to apply for a Community Care Grant.

In North London, a CAB referred a disabled woman to the Benefits Agency to apply for a Community Care Grant for a carpet (ruined by flooding), cooker (leaking), fridge & clothes. The counter officer told the woman that these items were not eligible for a Grant, which is not correct. As a result, the woman applied for, and was awarded a Budgeting Loan, but this left her with a big debt that she might have been spared if she had been allowed to apply for a Grant.

In Buckinghamshire a client was discharged from a Mental Health Unit to an unfurnished flat and required furniture and household items. He was given a Crisis Loan but not told about a Community Care Grant. The CAB was helping him to apply for a Grant for clothes and items for the flat.

In the South West, a man with cancer of the throat, who has to feed himself with warm food through a tube to his stomach, urgently needed a cooker to heat his food. He was receiving Income Support and applied for a Crisis Loan, but was advised by the staff at the social security office to apply for a Budgeting Loan, which would be processed speedily. The local CAB thought he should have been advised to apply for a Community Care Grant.

A woman in Leeds with one child became a single parent when she left her violent husband on police advice. She obtained a local authority tenancy and applied for a Budgeting Loan for household goods. She asked for £950 and was turned down. She went to her local CAB for help with seeking a review of this decision. The CAB advised her to apply for a Community Care Grant. She was awarded a grant of £1295.

In the West Midlands a woman with children, aged two and six, left her partner and was given a council flat. She had no money to buy furniture and was – wrongly - told by social security staff that she would not be eligible for a Community Care Grant until she had been receiving Income Support for 26 weeks. As a result, the client was sleeping on an airbed and her children were sleeping on blankets on the floor. They had no cooking facilities. The local CAB advised the client to insist on applying for a Grant on grounds of exceptional family stress.

In South Wales a woman in her thirties, with two young children, left her partner and was accepted as homeless. She moved to B & B temporary accommodation and then obtained unfurnished housing association accommodation. On the telephone social security staff advised her to apply for a Community Care Grant, but when she went to their office for help in completing the application form, the receptionist told her that she was not entitled to a grant, and gave her a Budgeting Loan application form. She was not eligible for the Loan since she had not been receiving Income Support for long enough. In any case, she appeared to be eligible

for a Community Care Grant, which would be more favourable for her.

3.8 The Social Fund Commissioner's Annual Report for 2001/02 notes that "we see a number of cases where the applicant has applied for one type of payment where it is clear that a different payment would be more appropriate". In these cases (and it is worth remembering that only a very small percentage of cases are referred for to the Commissioner's office, because of a lack of awareness of the independent review procedure) the Department either sends out the right form or does nothing. We are pleased to note that the Commissioner is already collecting information on the extent of this problem, and that it is encouraging improved training and procedures in Jobcentre Plus. The Commissioner's report says that this is a "longstanding issue" and that the Department has issued guidance to staff several times, without resolving the problem. He considers it important that the Department puts in place a system to:

- manage the delivery of appropriate and accurate advice,
- ensure that staff are mindful of people's rights to apply for a Social Fund payment, and that
- application forms are readily available, both at Jobcentre Plus outlets and at other public locations.

3.9 We very much support the Social Fund Commissioner's recommendations on improving access and advice. **We recommend that there should be a stronger requirement upon Social Fund staff to ensure that applicants are considered for the type of Social Fund payment most helpful to them.**

Is the budget adequate to meet need?

3.10 Gross expenditure on the Discretionary Social Fund has increased sharply since 1997 – from £462m in 1997/98 to £620m in 2001/02. The 2002/03 budget is £627m. But these figures do not mean that more money has actually been spent to help poor people because almost all of the increase has gone into the loans budget and Social Fund loans have to be repaid from recipients' meagre benefit income. In effect, the headline increase in the budget has been funded by the recipients of Social Fund loans rather than by the Government.

3.11 It is necessary to look at the net budget to see the Government's contribution. Improved loan recovery rates mean that the net expenditure on the Discretionary Social Fund actually fell from £129m in 1997/98 to £128m in 2000/01. These are cash figures – in real terms expenditure fell by almost 8% in this period. Net spending rose in 2001/02 to £144m, mainly because loan recoveries increased by much less than loan awards. DWP has given no explanation for this occurrence.

- 3.12 Over the period from 1997/98 to 2000/01, annual spending on Community Care Grants only went up from £97m to £100m – a fall of about 4% in real terms. There was a £3m increase in 2001/02, and for 2002/03 the Community Care Grant budget has been raised by £5m, to £108m, but this will not be enough to restore this budget to its 1997 spending power. Given that the resources available under the Discretionary Social Fund have declined, it is not surprising that CABx clients report so much unmet need.
- 3.13 The 2001/2002 Social Fund Annual Report shows that 71,100 (21%) Community Care Grant applications were refused because they were not considered to be of sufficient priority although they met the stringent qualification rules. Other applicants were awarded a Grant that fell short of their needs – unfortunately official statistics do not reveal the extent of this deficit. Evidence from CABx suggests that payments are often very much less than applicants need, leading to hardship.

In Bedfordshire a lone mother, with a child aged six, was relocating from an institution to private unfurnished accommodation. She applied for a Grant for furnishings and equipment but received only £300, which did not meet even her basic needs. This arrived as a Giro cheque with no covering letter, so the client was not aware that she could seek a review of the amount awarded. Under the rules she was prevented from claiming a further Grant for 26 weeks.

A single man in the North West, with a depressive illness and receiving Disability Living Allowance and Income Support, applied for a Grant of £1,140 to furnish and equip a new flat. He was awarded only £315, as the rest of the application was not considered to be of sufficient priority. He was allowed £100 for a cooker, but refused the £38 he had been quoted to install it. As he cannot afford this, he has no use of the cooker.

In West Yorkshire, an 18-year-old pregnant client was offered a Budgeting Loan of £207 to furnish and equip a council house. The local CAB comments that this was inadequate and that, under the pre-1999 system, the client might have received more because the amount paid would have been based on the client's need, rather than on the application of a formula, as is now the case.

- 3.14 These examples provide clear indications that a substantial increase in social fund budgets would significantly assist the Government in ensuring that the poorest people in society have the basic necessities (such as beds, cookers, fridges, furniture and warm clothing), and to combat child poverty and the social exclusion which poverty is still causing. **We therefore recommend that the Government makes substantial increases in social fund budgets, as part of its strategy to reduce poverty and social exclusion.**

Is the Social Fund efficient and effective?

- 3.15 The last time that the Secretary of State's Annual Report on the Social Fund mentioned administration costs, in 1998/99, the total was £215 million – a huge sum in comparison with a gross budget for grants and loans of £501m for that year and net spending of only £140m. There is strong reason to doubt if this significant sum is well spent. Refusal rates are high – 60% for Community Care Grants, 29% for Budgeting Loans and 25% for Crisis Loans, indicating that much of the time of Social Fund Officers is spent on cases in which applicants receive no payment. Applicants can have decisions reviewed, firstly internally, and then by the Independent Review Service.
- 3.16 The rate of overturn of Social Fund decisions is very high. For Crisis Loans, 40% of decisions were revised at the first, internal, DWP review. 34% of decisions referred to the Independent Review Service were revised in 2001/02. For Community Care Grants, the figures for revisions were even higher - 50% and 60% respectively. These revision rates indicate a poor standard of initial decisions.
- 3.17 No doubt part of the problem lies in the discretionary nature of the decisions that have to be made, but the major difficulty must either be that the rules are too complex or that the staff who make the initial decisions are inadequately trained or under too much pressure. The system of mandatory, life event grants recommended below would be much simpler and allow many tens of £ millions to be transferred from the administration budget to the grants budget.
- 3.18 The Annual Report for the Social Fund 2001/02 notes that a report on standards of decision-making, including social fund decisions, will be published annually starting from Summer 2002, and that social fund decisions will continue to be monitored by a Quality Support checking team. **We recommend that the DWP actively seeks information and evidence about Social Fund decisions from intermediary organisations and users of the Social Fund.** Also, we have sought to establish systematic local liaison arrangements between Citizens Advice Bureaux and offices in the Jobcentre Plus network. Once these arrangements are finalised, CABx will be able to provide regular information on Social Fund decisions at local level.

Eligibility – the people who miss out

- 3.19 The eligibility rules for Discretionary Social Fund payments are extremely restrictive. The restriction of Community Care Grants and Budgeting Loans to people getting Income Support or Income Based JSA (or for Grants, about to get one of these benefits) excludes people whose incomes are as low or almost as low – in particular people getting Contribution Based JSA or Incapacity Benefit. If such people have dependants they will also currently get Income Support and so be able to apply to the Fund, but if they are single they cannot get a Grant or a Budgeting Loan. Under the present scheme, people receiving the

maximum Working Families' Tax Credit, or within £72.20 of the maximum, are restricted to applying for payments towards maternity and funeral expenses, and crisis loans.

- 3.20 From April 2003, a new system of tax credits will replace existing tax credits and will integrate all the payments for children currently made through income-related benefits and tax credits. Child Tax Credit will provide a single system of support for families with children, paid on top of child benefit to the child's 'main carer'. Working Tax Credit will be paid to lower income people in work, whether or not they have children.
- 3.21 The new system of child tax credits from April 2003 will remove 70,000 recipients from income support, where people gain entitlement to the Child Tax Credit, but lose entitlement to Income Support. These people will also lose the right to apply for certain Social Fund help, in particular Community Care Grants and Budgeting Loans.
- 3.22 At the time of writing the arrangements for 'passporting' from Tax Credits to other forms of help were not finalised. It was the Government's intention that people currently passported to other help, including the Social Fund, through receipt of Working Families' Tax Credit would continue to get the same level of help under new tax credits.
- 3.23 Whilst it is welcome that the existing level of provision is to be broadly continued for tax credit recipients, it is apparent that there is a fairly large number of people who will lose entitlement when they lose entitlement to Income Support and instead gain entitlement to Child Tax Credit. Government Departments, and local authorities are responsible for determining eligibility to passported benefits. The general approach to setting passporting levels under the new tax credit scheme has been to set eligibility at particular income levels. That is, the Inland Revenue has provided other Government Departments and local authorities with information on household income levels and eligibility for Child and Working Tax Credits, to enable decisions to be made.
- 3.24 The use of income levels for determining access to passported benefits or schemes could usefully be carried across to the eligibility for Social Fund help. There is an opportunity now to examine across the piece support for low-income families, when there is about to be considerable upheaval, through the introduction of new tax credits, in systems for financial support. **As the Government itself said in its paper outlining the structure of Child and Working Tax Credits in April 2002, there is an opportunity to devise a modern income test:**

"The advent of the new tax credits offers the opportunity to introduce a new approach based on the principle of progressive universalism. This means supporting all families with children, but offering the greatest help to those who need it most through a light touch income test."

- 3.25 We consider that the simplest way to achieve this desirable outcome in relation to the Social Fund would be to base eligibility for payments from the Discretionary Social Fund on income level, as well as using income-related benefits as a passport to the Social Fund.
- 3.26 We therefore believe that the Government should, at the very least, extend eligibility to apply for Community Care Grants and Budgeting Loans to all those receiving maximum Child Tax Credit, and to people whose sole income is a contributory benefit such as Incapacity Benefit or Contribution Based Jobseeker's Allowance. The Government should also extend the eligibility to apply to all people receiving Working Tax Credit. This would mean extending Social Fund help firstly to families who were previously receiving Income Support in respect of children in the family, and to households with pre-tax incomes of £14,000 per year or less.**
- 3.27 This approach would have the advantages of clarity and simplicity, and would we believe reinforce the message that work pays. It would also help with creating a system of 'passport help' in which people know readily what sort of help is available to them in different situations.
- 3.28 The current eligibility rules for both grants and loans leave many people in vulnerable situations without recourse to the Social Fund:

A bureau in Merseyside reports the case of a man who was released from prison after a 12-month sentence. He has moved into a new flat and needs to furnish and equip it, but he is not eligible for a Budgeting Loan or Community Care Grant because he receives Contribution Based JSA. He applied for a Crisis Loan but was refused on the grounds that this is not available for furniture. Bureaux in West Yorkshire, Cheshire, Sussex and Staffordshire report similar problems for single people on Contribution Based JSA.

Several bureaux report the ineligibility problems of people receiving Incapacity Benefit. In Central London a man with mental health problems needed to furnish a flat to move out of furnished accommodation for people with special needs. An HIV positive man in Sussex urgently needed furniture. A disabled man in South West London needed curtains and a fridge for his new council accommodation. Each was receiving Incapacity Benefit but not Income Support and could get no help from the Social Fund.

A CAB in Merseyside reports a case of a 30-year-old man with a history of hospital admissions for psychiatric disorders who was receiving Incapacity Benefit. He was living in a completely unfurnished flat. He was not eligible for a Grant or a Budgeting Loan, and was told by social security staff that he could not apply for a Crisis Loan. They said that he could wash his clothes in the bath and had no need for a bed in hot weather.

A CAB in West Midlands reports the case of a single mother, with children aged five and seven, who had been in a refuge for 12 weeks following domestic violence. She had been working part time and was allocated a local authority flat. She applied for a Community Care Grant but was turned down because she was not receiving Income Support. As a consequence, she stopped work and applied for Income Support, but the Social Fund still refused a Grant.

- 3.29 The eligibility criteria for Sure Start Maternity Grants and Funeral Payments are less restrictive than those for payments from the Discretionary Social Fund, since they both include people dependent on Working Families or Disabled Persons Tax Credit as well as Income Support and Income Based JSA. Funeral Payments also cover people receiving Housing Benefit or Council Benefit. But, like the Discretionary Social Fund, they are based upon the receipt of particular benefits or credits. This discriminates against people who are not receiving these benefits but are on incomes that may actually be lower than those of people who do qualify. For example, single pregnant women who are living on Statutory Maternity Pay, Statutory Sick Pay, or Incapacity Benefit, or who cannot claim benefits because they are too young, will be unable to claim Sure Start Maternity Grant until their baby has been born. A low income working family which is unaware that it is eligible for Working Families Tax Credit will not be able to obtain a Sure Start Maternity Grant. We consider that Sure Start Maternity Grants and Funeral Payments should be available on the basis of low income rather than receipt of particular benefits or credits. Accordingly, **we recommend that after April 2003 people who qualify for maximum child credit and/or who qualify for Working Tax Credit should be eligible to apply for grants from the regulated Social Fund, in particular Sure Start Maternity Grants and Funeral Grants.**

Alternative help – The Association of Charity Officers

- 3.30 Many CABx will refer clients who have been refused a Social Fund loan or grant to a charity. The Association of Charity Officers (ACO) represents over 200 charities aiming to relieve need, paying out an estimated £68 million in grants to people in extreme poverty.
- 3.31 The ACO's members give grants for a wide range of purposes, including buying household items such as beds and carpets, white goods such as cookers, fridges and vacuum cleaners, mobility aids and adaptations, as well as clothing and food. Grants are also made towards such items as holidays, paying off debts, funeral costs and insurances. Each member benevolent fund or charity has its own particular policy about what help can be provided and who is eligible.
- 3.32 Since the introduction of the Social Fund in 1988, the ACO has considered the implications of the Social Fund for its own members' grant-making activities. An ACO survey in 2000 found that most ACO members sought to provide help to people who had been refused help

from the Social Fund, though for many the fact that someone had been refused a grant or loan from the Social Fund was a poor guide to the degree of need a person or family was in. Many of the respondents commented that the cash-limits to Social Fund budgets were causing "heavier demands" on charities. The most recent survey carried out by the ACO confirms that its members are increasing their charitable giving, year on year.

- 3.33 Members of the ACO have kindly supplied us with details of some of the cases they have seen. These cases provide further illustration of how the Social Fund fails to meet the needs of people who are in exceptionally poor or vulnerable circumstances, or both. Many applicants were either ineligible to apply for Social Fund help because of restrictive criteria, or had been offered grants that fell way short of the amounts they needed. In some of these cases, the benevolent fund or charity sought further information about the circumstances of the families and people referred to them, or was able to offer to help.

A Charity was contacted by the friend of a student who had to move into unfurnished accommodation when a kidney transplant operation failed. A former partner had evicted the student. Because the client was still a student, as he had left his course temporarily, he could not claim income support and was not eligible to apply for a Community Care Grant. The student was at risk of infection following his operation, but had no shower, washing machine, cooker, fridge or furniture, and was moved to a flat in urgent need of redecoration. The client had been offered a crisis loan, but was in no position to repay the cost of even a few of the items he needed from Incapacity Benefit income of £50 per week.

A mother with five children, the eldest of whom was pregnant, was referred to a charity by the Probation Service. The departed husband had subjected the wife and children to domestic violence over 15 years, and he had also withheld money and destroyed furniture. The mother was paying rent arrears and a Social Fund loan taken out by her estranged husband. The family needed beds, bedding and furniture, but they had been refused a Community Care Grant on the grounds that they had endured the conditions for 15 years, and that now the husband had left things had improved!

A woman with mental health problems was in need of a high level of support to live independently. She was being rehoused after her marriage broke down, and had received a cooker, bed, wardrobe, table and chairs, cooking pans and an iron from the local authority. She still needed two beds and some bedding for her children, and had no fridge, washing machine, towels, cutlery or crockery. A Community Care Grant of £300 was insufficient to pay for all these necessary items, and the woman was in danger of losing the chance of moving into the accommodation unless it was fully furnished.

A mother receiving Income Support for herself and three children aged under 11 was rehoused on police advice when her violent ex-partner was due for release from prison. Two old beds were broken during the move, and the family needed bedding, carpets and curtains. The family received a Community Care Grant which paid for removal expenses plus £90, which was an inadequate amount. A review of the decision had been requested, but there was a four month backlog for reviews.

4. Specific problems with the Social Fund

- 4.1 The experience of CABx clients with the individual aspects of the Discretionary Social Fund and with Funeral Payments show the failings of the present arrangements and provide the basis for our recommendations to make these payments more effective. Issues relating to each individual type of payment are discussed in the following sections.

Community Care Grants

- 4.2 Because Community Care Grants are the one part of the Discretionary Social Fund that provides extra money that does not have to be repaid, they are of great benefit to the very poor people who receive them. Unfortunately the Grant scheme is not working well. Even after the April 1999 changes, 60% of applications are turned down. This represents a vast pool of disappointment amongst applicants, and a huge amount of wasted effort for both social fund staff and applicants.
- 4.3 Under the present rules, many people in manifest need are judged not to meet the criteria to qualify for a Grant. Almost 60% of Grant refusals come into this category. The criteria need to be changed so that they do not exclude people in real need of a grant, for example:

On Merseyside a single man received Income Based JSA and then put in a Grant claim for £800 to furnish his new flat. He was turned down on the grounds that he did not satisfy the qualifying conditions for a Grant. On his very low single persons' payment of JSA, he could not even afford to buy second hand furniture for the flat.

In Cheshire a partially blind young man of 18 was estranged from his parents and living on the streets for two years. He obtained local authority accommodation and was receiving Income Based JSA. He had no furniture, carpets or cooker and was sleeping on bare floorboards. He was refused Grant on the following grounds:

- Not at risk of going into care because he had no furniture,
- Not under extreme family pressure,
- He had not been re-housed by a re-settlement project,
- He had managed to live independently for two years.

This seems an extraordinary decision, especially as he had survived the previous two years by begging.

- 4.4 The second most common reason for refusing a Community Care Grant is "Insufficient priority", accounting for one in five refusals. Our evidence shows that people in great need are refused Grants on priority grounds, which indicates that the Grant budget is inadequate.

A CAB in Cheshire had two clients who were refused Grants because of budgetary constraints. In the first, a woman with an asthmatic son left her violent partner and moved into her parents' home. This was unhealthy for the child, as the client's mother was a heavy smoker. The woman obtained a council house and applied for a Grant of £1,250 to furnish it. This was refused on priority grounds. In the second case, a client receiving Income Support and Invalid Care Allowance, living with her daughter (who is schizophrenic and receiving Income Support and Disability Living Allowance) and granddaughter, applied for a Grant for new mattresses and carpets to ease exceptional pressure on the family. Again this was refused on priority grounds.

In the South West a single man, looking after teenage daughters applied for a Grant for new beds for his daughters. All three members of the family have significant health problems and the social fund officer accepted that the family was under exceptional pressure. Nevertheless a Grant was refused and the decision was upheld at review. The reviewing officer said that the case was only medium priority and the office was only able to award Grants to high priority cases, because of budget constraints.

- 4.5 In addition to outright refusals of grants on priority grounds, CABx have seen many cases in which applicants have received inadequate Community Care Grants because of budget constraints. It is most unfortunate that DWP, which is supposed to be committed to open government, does not publish any information on the amounts by which these Grant applications are cut back when grants are awarded. Such information would help to indicate the extent to which the budget is inadequate.

A CAB in North London reports the case of a woman in her sixties with significant health problems of her own, who is the sole carer of her adult son, who has severe learning disabilities and requires 24-hour supervision. She requested a Grant to replace items that had been damaged and worn out as a result of her son's incontinence and behavioural difficulties. Initially the Grant was refused but on review the client was awarded £980. Both the client and the local CAB feel that this is inadequate and are seeking a further review.

A single, African man in North London, with symptomatic HIV disease, applied for a Grant of £2,700 for furniture, washer, dryer, and food storage and preparation equipment. The application was backed by a strong letter of support from the hospital, which is treating him. He was awarded a Grant of £750, which the local CAB considers inadequate for his needs, and they are helping him with a review application. They commented that there had been a number of recent cases in which grants seemed very low compared with needs.

- 4.6 The third most common reason for turning down Community Care Grant applications is because the applicant was not receiving Income Support or Income Based JSA, and was unlikely to be in the near future. On the face of it this may simply mean that the application forms do not explain the eligibility requirements clearly enough. However, our evidence suggests that there is also a difficulty for some people, who are moving out of an institutional setting, to persuade a Social Fund officer that they will be receiving an appropriate benefit when they move into the community. This seems to be a particular problem for prisoners. Failure to get a Grant to help a person re-establish themselves in the community can result in somebody having to live in a totally unfurnished flat, without bed, cooker or other furnishings.

A CAB in West Yorkshire reports the case of a single man in his twenties released after serving 22 months in prison. He applied for a Grant while still in prison, but was refused. When he was released he applied again for clothing and bedding. This was also refused – for the clothing, on the ground that he had been refused previously and there was no change of circumstances, and for the bedding that this was of insufficient priority. The local CAB was helping the client with a review.

In another case involving a released prisoner, this time in Kent, a man completing a five-year sentence applied two weeks before his release for a Grant of £615. This was refused, apparently because it was not considered that he would be in a position to claim Income Support or JSA within six weeks, but he was invited to reapply on release. He did so, but was awarded only £114, which was based on the priority of the case and the funds available.

- 4.7 The current Community Care Grant system is a failure. Clients get a very poor deal, whilst huge amounts of administrative resource are spent on refusing applications or on making awards that fall far short of clients' needs. The standard of decision-making is poor. The 2001/02 Annual Report on the Social Fund shows that 50% of initial decisions that are referred for an initial, internal review are revised at this stage. When the Independent Review Service reviews reviewing officer decisions, 60% are modified in favour of the applicant. **A system that results in so many bad initial decisions cries out for reform.**
- 4.8 Organisations that have studied the operation of the current Community Care Grant scheme, including the Child Poverty Action Group and Debt On Our Doorstep, have called for a transparent system of grants based on an entitlement to grants at times when they have particular needs. We strongly endorse this approach. As far as possible, grants should be available for particular life events or needs. The Sure Start Maternity Grant provides an example of an approach that should be extended to other situations, for example:
- Furniture and Household Equipment Grant when setting up a new home.

- Pregnancy Grant for extra costs of diet and maternity wear.
- Household Safety Grant to replace unsafe or non-working electrical and gas appliances.
- Child Development Grant for the costs of milestones such as the start of school and moving up to secondary school.

4.9 There is a need to review the operation of Community Care Grants, and to consider instead a system of grants for particular life events and needs, which would be available to anyone on a low income.

Grants of this type, which would be an entitlement for all people on very low incomes (not just those receiving qualifying benefits), should provide a cornerstone of a new Social Fund. It is hard to envisage an area in which spending could be more directly channelled to meeting the Government's objectives of eliminating child poverty and reducing social exclusion. It follows that the Government should be willing to provide proper resources for these new grants – much of the cost would be met through savings in the huge amount currently spent on the administration of the complex, discretionary Community Care Grant Scheme.

Budgeting Loans

4.10 The new arrangements for Budgeting Loans, introduced in April 1999, have led to a number of improvements for applicants:

- A simpler application form
- Quicker decisions
- More awards made.

4.11 However there are also significant disadvantages in the new arrangements:

- Existing social fund loans are taken into account in a way that makes it difficult to get a further Budgeting Loan
- High repayment rates
- Inflexibility and lack of transparency
- Very low maximum loans available to people without children.

4.12 The experience of CABx clients shows the problems that people have suffered under the present rules.

4.13 The first problem is the qualifying period for Budgeting Loans. These are only available to people who have been receiving a qualifying benefit for 26 weeks or more. The statistics for 2001/02 show that 134,400 Budgeting Loan applications (7.7%) were turned down because of this rule. Since people often face exceptional expenses at the beginning of a spell receiving benefits, connected with the major change in their life that has led to qualification for benefit, it is unreasonable to apply a qualification period for Budgeting Loans. The results for people caught by this rule can involve substantial hardship. Some examples are given below.

- 4.14 Budgeting Loan applications are also weighted, according to the length of time on benefit, and the number of people in the household who are dependent on benefit. Receipt of 'secondary benefits such as Working Families' Tax Credit, pregnancy and other factors may also be given additional weight in determining an application. The effect of this structure is to increase the chances of getting a loan for people who have been on income-related benefits for longer periods, and households in which there are many people dependent on benefit income. It is, perhaps, not surprising that the main reason for refusal of Budgeting Loans is that the applicant cannot afford to repay the loan. **We propose that the qualification period for Budgeting Loan applications should be abolished, and the weighting rule revised to reflect this.**

A couple with learning difficulties in Staffordshire needed a replacement cooker and washing machine. They had been receiving IS for less than 26 weeks, but their social worker mistakenly advised them to apply for a Budgeting Loan, which was turned down, leaving them unable to cook a hot meal or wash clothes at home.

A bureau in Hertfordshire reports a single woman who is unable to work because of sickness. She was receiving Income Based JSA, then Incapacity Benefit for the first two months of her sickness and is now in receipt of Income Support. She has no cooker, fridge or furniture but is not eligible for a Budgeting Loan because she has not been receiving a qualifying benefit continuously for 26 weeks.

- 4.15 The maximum Budgeting Loan that is allowed is £1000, but most applicants will be offered much less. Local budgets are often constrained because the budget is cash limited. Also the points system on family size constrains the amounts available to small families and to single people. As a consequence, the maximum Loan that is offered to an applicant will generally be much less than £1000. If the applicant already has a social fund loan, the maximum offer is reduced by twice the amount outstanding.
- 4.16 The 2000/01 statistics showed that 313,400 applicants for Budgeting Loans (24% of all applications) were turned down because they were deemed to have too much outstanding debt to be able to afford a Loan under these rules. This figure fell to 259,200 in 2001/02 (almost 20% of applications) but still represents a huge pool of unmet need. This "outstanding loan" rule has resulted in widespread hardship, such as in the following examples.

In Essex a lone parent has two children, one of whom is ill and needs medication kept in a fridge. The client applied for a Loan for the fridge but was turned down as she is already paying off a £530 Loan at £13 per week.

A South East London lone mother with one child has an outstanding Loan of £565. Her cooker no longer works and she applied for a Loan for a replacement. This was refused while the other Loan is outstanding.

A Lancashire bureau reports a married client with one child who received Income Support. He has an outstanding Loan of £590. He applied for a further Loan of £395. This was refused because the sum of twice the existing and proposed loan would take him over the maximum allowable to him.

4.17 We recommend that the maximum possible Budgeting Loan should be increased and that the treatment of outstanding loans should be reviewed. In order for these changes to have practical benefit, we also recommend a substantial increase in the budget for BLs so that awards are not constantly constrained by local budget levels. We welcome the increase of gross Budgeting Loan expenditure from £396m in 1999/00 to £469m in 2001/02. However, the net cost of these Loans in 2001/02 was only £25 million, so a further major expansion of the Budgeting Loan scheme would be easily affordable within the context of the overall social security budget.

4.18 CABx clients report great difficulty in affording the high weekly repayments that are demanded for Budgeting Loans. The rules allow repayment rates as high as 25% of the applicant's income, and these can be over £40 a week and are often £10 to £20. These are very large amounts to lose from levels of benefit that provide people with only a low standard of living.

An Inner London bureau reports three cases of lone mothers facing repayment levels that cause hardship. First a Loan of £79 has to be repaid at £16 per week. The Social Fund Officer refuses to reschedule. The second lone mother has five children. She was offered a Loan of £1000 repayable at £29 per week (over 34 weeks). The Social Fund officer refused to discuss a longer period "as the client had no exceptional debts". In the third case a lone mother of six children is repaying a Loan at £30 per week, which is causing serious hardship. Similar cases are reported from the South West, in which lone parents with one child find it extremely difficult to cope with repayment rates of between £15 and £17 per week.

A Buckinghamshire lone mother with two children has been offered a Loan of £375 for beds and a fridge. She wanted to repay over 78 weeks, but has been asked for repayments of £11.90 per week over 31 weeks.

A single mother in Cheshire, with two children, needed to replace her washing machine. She was refused a Community Care Grant & offered a Budgeting Loan to be repaid at £40 per week. It was not possible to get this reduced before accepting the loan, so the

client accepted although she could not afford the repayments because of catalogue debts for clothes. When the client sought a reduction in the repayment rate, BA refused to agree.

- 4.19 We are pleased that, in response to the Select Committee report, the DWP now gives clearer information to clients about what they should do if they have difficulty with their loan repayments, and is improving guidance to staff about loan repayment terms. These are steps in the right direction, but they do not address the fundamental problem that the current Budgeting Loan rules require high repayment rates that cause hardship to many clients. **We recommend that DWP should amend its repayment formulae to allow applicants the option of more modest repayment rates.**
- 4.20 Several CABx have commented that decisions on Budgeting Loan applications lack transparency, so that it is difficult for clients to understand why a particular loan offer has been made, and we welcome the Government's acceptance, in its response to the Select Committee, that improvements are needed. **A further improvement in the transparency of the Budgeting Loan scheme, which we would like to see, is the provision of regular statements showing clients the outstanding balance on the loan.**
- 4.21 The scope to use the social fund to provide a source of borrowing for low-income families without access to credit from mainstream providers was recognised in the report of Policy Action Team (PAT) 14: "Access to Financial Services", published by HM Treasury in November 1999. This report was part of the work of the Social Exclusion Unit, which led up to the National Strategy for Neighbourhood Renewal. In the Financial Secretary's Foreword to this report, she welcomed the recommendation that DSS (now DWP) should explore the scope for further reform of the Social Fund, in order to extend access to the facilities that it offers. The Government has not taken this recommendation forward.
- 4.22 The new arrangements for Budgeting Loans mean that decisions are almost entirely dependent on objective facts about the applicant's circumstances and leave very little discretion to social fund staff. Following the PAT 14 report, the Budgeting Loan scheme could be converted into a more general borrowing scheme for people on very low incomes, who will all have difficulty in obtaining mainstream credit but may not be receiving benefits. **We therefore propose that these loans, like other Discretionary Social Fund payments, should be available to anyone on a very low income, i.e. from April 2003 people receiving Child Tax Credit at the maximum rate or receiving Working Tax Credit, and not just Income Support/Income Based JSA recipients.** People whose sole income is a contributory benefit such as Incapacity Benefit or Contribution Based Jobseeker's Allowance should also be eligible to apply for Budgeting Loans. If this was done, it would also be worthwhile examining the pros and cons of removing the administration of the Budgeting Loan scheme from Jobcentre Plus. Government sponsored research on Budgeting Loans showed that

Income Support recipients did not have a positive view of the way in which Benefits Agency staff viewed their credit needs, and it may be preferable for the running of the scheme to be placed with a different, external body, perhaps along the lines of the Student Loans Company.

Crisis Loans

- 4.23 The name “Crisis Loan” suggests that these loans are made only in crisis situations. This is misleading as 36% of the expenditure is for “alignment payments” to cover living expenses of new applicants for benefits up to the first payment of the benefit. It would be helpful to everyone if the system could be geared up to get benefits into payment quickly. The new Jobcentre Plus offices ought to provide an opportunity for much more expeditious handling of benefit applications. Unfortunately, the opposite may turn out to be the case, since a major problem reported by CABx clients is that they have to wait several weeks after they apply for JSA to get an interview with an adviser. Their benefit is not put into payment during the waiting period (although it is backdated when it is eventually paid). This causes great stress and hardship. This problem even arises when a lone parent moves from Income Support to Income Based JSA when their youngest child reaches 16 – an occurrence that should be known to Jobcentre Plus well in advance. It seems that the “joined-up working” that the Government rightly advocates is extremely difficult to achieve in practice. As a result, people who are poor and often have many other problems, suffer additional stress because they lack money for essentials.
- 4.24 Also, the cash limited Social Fund loans budget is used up to make alignment payments and the money is not available for other applicants for Social Fund loans. Further problems with delays in payments seem likely to occur when parents, who deal with Jobcentre Plus for their own benefits, also have to deal with the Inland Revenue over child tax credits from 2003. **Unless and until it proves possible to make rapid decisions on benefit applications, we believe that there should be a simple, fast track scheme to provide interim advance payments to people who appear, on the face of things, to have a valid claim to benefit.** This scheme should have its own budget, separate from the Social Fund.
- 4.25 Under the present arrangements, CABx see a worryingly large number of cases in which benefit applicants who are without money, are denied Crisis Loans to tide them over while their claims are considered. Too often the money available to the applicant from child benefit is used as the reason to refuse a crisis loan.

A man in the North West, with a partner and five children, was unable to work after an accident. He claimed Incapacity Benefit and Income Support, but the claim was delayed by documentary requirements. He was told, incorrectly, by a Benefits Agency receptionist that he was not entitled to a Crisis Loan. As a result, he was forced to sell his car in order to support his family.

A London CAB reports a woman with four children who applied for Income Support when her husband left her. A week after she made the claim, she was told that it would be a further 11 days before payment would be made. The woman requested a Crisis Loan but was told she could not have one while her Income Support claim was processed. Although her Income Support would be £106 a week, social security staff told her that her Child Benefit payments of £45 a week should see her through.

A disabled woman in Yorkshire applied for Incapacity Benefit after she had been on Statutory Sick Pay for 23 weeks. She was told that payment would take five weeks. She then claimed Income Support and was told that this would also take five weeks. Benefits Agency staff told her that there was no point in applying for a Crisis Loan, as she would not get one – she should live on her daughter's student loan. The CAB advised her to insist on applying for a Crisis Loan.

A CAB in Hertfordshire reports the case of a single mother whose Income Support was stopped after her daughter's sixteenth birthday. The client had received no warning of this, simply a letter demanding return of her Income Support book. The client went straight to the Job Centre to apply for JSA but was still without money the following week. She was refused a Crisis Loan because her Child Benefit provided her with some income.

- 4.26 The Social Fund Commissioner's Annual Report for 2001/02 once again expresses concerns about barriers to access put in the way of people who need a claim form, or advice about the type of Social Fund payment they could apply for. On access to application forms, the Commissioner notes that benefits offices do not issue an application form because they judge the application would not succeed. The Commissioner points out that this approach is unlikely to be based on all the relevant information, is often given by reception staff rather than a trained officer, and denies the person the right to challenge any decision. The Commissioner also comments about the quality of advice, and we have referred to these remarks above. **We support the Commissioner's call for the Department to put in place a system to manage the issuing of application forms and the quality of advice that is given to people.**

- 4.27 CABx report many instances of people who appear to be in need of a Crisis Loan being denied an application form or being told it is not worth applying. Such people are not recorded as being refused a Loan and have no opportunity to challenge a refusal. Some of the people concerned are in a desperate situation.

In Hertfordshire, a single, homeless man had his Income Support stopped while possible cohabitation was investigated. He came to the CAB after twice being told by Benefits Agency staff that he should not apply for a Crisis Loan, as he was not eligible. He had no money and said that he had not eaten for three days. The CAB

advised him to insist on applying for a Crisis Loan and he was then given a Loan of £39.

A Yorkshire CAB reports the case of a lone mother who left a violent relationship and moved 200 miles to live with her parents. A benefit cheque was sent to her old address, to which she could not return. She asked about a Crisis Loan at the Benefits Agency but was told that she could not have one as the whereabouts of her benefits cheque was known. She was not offered a claim form. When the local CAB intervened, a Crisis Loan was awarded.

- 4.28 CABx clients have also been told, incorrectly, that they cannot apply for a Crisis Loan because they are not receiving benefit or because they are awaiting a decision on a benefit application.

A CAB in the North West reports the case of a lone mother who gave up her job to look after her son who came to live with her following assaults by his father, with whom he had been living. She applied for Income Support and (with the help of the CAB) also completed a Crisis Loan application for clothes and other necessities for her son. The Benefits Agency refused to accept the application, on the grounds that the client was not in receipt of Income Support. The CAB advised the woman to return to the office and ask to speak to the Social Fund Officer. She was then awarded a Crisis Loan.

- 4.29 A further problem, in some cases has been a lack of awareness by Benefits Agency staff of the purposes for which Crisis Loans are available, and in a few cases, regrettably, a judgmental attitude towards applicants.

A Kent couple with two children and the man on long-term sickness benefits, inquired about a Crisis Loan for cooker, fridge and carpets. The response from Benefits Agency staff was: "Go to a secondhand shop – this isn't a charity."

In Sussex, a man from Portugal who had been working in the UK as an agency waiter for two years was injured in a road accident. He was advised by the Benefits Agency to apply for Incapacity Benefit, but turned out to be ineligible because his earnings were too low. He was then advised to apply for Income Support. In the meantime he was without money, although he had extra needs because he had prescriptions to pay for and had been medically advised that he needed to swim regularly. However, when he applied for a Crisis Loan, he was told: "Go and ask your friends to support you. We can't just hand out money every time anybody asks."

- 4.30 It can be very difficult for somebody to obtain a Crisis Loan if they have received one previously in similar circumstances, for example lost order books, or if a person is under investigation about possible benefit fraud

or under sanction because of failure to comply with the rules for receiving JSA. In some of these cases the client's history, rather than his/her needs seem to have determined the decision not to make a Crisis Loan.

A CAB in Kent saw a woman who had a partner and children, who had been refused a Crisis Loan when her partner's wallet had been stolen after he cashed a benefit Giro. The Benefits Agency said that this was because there had been a similar claim some months previously. The client was seeking a review of the decision because she considered the health and safety of her children to be seriously at risk. The previous incident had been more than six months previously.

A single mother in Kent left her bag on the bus after cashing Income Support. She was refused a Crisis Loan because she had previously lost her purse containing money from Child Benefit. The Benefits Agency suggested that the client should borrow money from her mother, who is also on benefit. The CAB phoned the area social fund office, which agreed to review the case the next morning. This necessitated a three-mile walk for the client and her two children.

- 4.31 People who have existing Social Fund loans may find that these loans are given as a reason for refusing a Crisis Loan. This is perverse, since the issue that should be addressed is whether a Loan is needed to cope with the applicant's difficulties following a crisis or emergency. People who have been flooded more than once could be caught by this rule.

A West Midlands couple with two small children applied for a Crisis Loan whilst awaiting a decision on a new claim for Income Support. They were refused because they already had outstanding social fund loans of more than £1000 between them. This left them without money for food or nappies.

A lone mother with three children (aged one, four and six) on Merseyside made an Income Support claim about a week after her partner left. After a further two days the claim had not been decided and the client had run out of money and applied for a Crisis Loan. She was refused because she already had £1000 of social fund loans. She was unable to send her children to school and had to ask the social services department for help to feed her family.

- 4.32 Given that Crisis Loans are loans that must be repaid by a recipient, the restriction of Loans to applicants who pass the "serious damage or risk to health or safety" test is too tough. As the following examples show, this test is applied in an extremely rigorous way and forces single people and families with children to live in conditions that are unacceptable in the 21st century. We**

recommend urgent review of this rule.

In South East London a single man in his twenties moved into a council flat after being homeless. The only furniture was one mattress. He applied for JSA and received the first payment three weeks after he moved to the flat. Six weeks after he moved in he applied for a Crisis Loan for essential equipment. This was refused and the local CAB was told that this was because there was no risk to the man's health from the lack of furnishings and equipment in the flat. A number of other CABs report similar Crisis Loan refusals for single people living in unfurnished flats without a cooker or a bed.

A married man in Surrey, with a child aged 19 months and receiving Income Based JSA, received a Budgeting Loan when they moved into a new flat. A year later he applied for a Crisis Loan to replace a broken cooker. This was turned down and Benefits Agency staff told the local CAB that the client did not require a cooker as he and his family could eat cold food.

A CAB in Devon reports the case of a married woman with four children, who was employed in a low paid job and receiving Housing Benefit and Council Tax Benefit. She lived in an isolated village. When her cooker broke down she rang the Benefits Agency to inquire about a Crisis Loan but was told that one would not be granted during the summer, as cold food would suffice. As the client could not afford school meals, her children took packed lunches to school, so this decision meant they would get no hot meals at all.

A young couple in Hampshire, with a two-week-old baby, applied for a Crisis Loan to purchase a used pram. They reported that Benefits Agency staff told them rudely that they could carry the baby or get a Moses basket.

- 4.33 It is standard practice to require that Crisis Loan applications must be made in person, so that a social fund officer can interview the applicant. Also crisis loans must normally be collected in person. These requirements can impose costs and hardship, especially in rural areas. Local caller offices in the smaller rural towns are not able to process Crisis Loans, and there are indications that Jobcentres are to be closed in many smaller towns. Applicants for a Crisis Loan may be without any money, even for a bus fare, so that the current rules can present a very major obstacle to applicants.

A mother of four children in Devon, living in an isolated village was told that she must apply for a Crisis Loan for a new cooker in person, although this meant a 35 mile round trip taking a minimum of four hours.

The Jobcentre in a seaside town in the South West refused a homeless man a Crisis Loan claim form and a travel warrant to allow him to travel to the town where social fund decisions are made. In the midlands, the Jobcentre told another homeless man that he could not get a Crisis Loan without an address. The man visited the CAB at 2.30pm on a Friday. The CAB ascertained that the earlier advice was wrong and that the man could apply for a loan at an office more than ten miles away, provided he arrived by 3.30pm. There was no bus to get him there in time, so he was left without money over the weekend.

Bureaux in East Anglia and the North East have clients, in one case with a dependent child, who are unable to obtain Crisis Loans because they live in places that are 25 miles away from an office that handles these loans. A Midlands CAB, in a town with a Jobcentre, has clients who have to spend over £5 on a return bus journey that takes over two hours in order to get to the nearest office that handles Crisis Loans. Similar problems are reported from Wales and the South coast.

In Surrey an African asylum seeker was eligible for Income Support because he applied for asylum on arrival. However he was told it would take four weeks before he could receive Income Support because he needed to be given a National Insurance number. He was granted weekly Loans, but was faced with the expense of a 16 mile round trip each week to collect his money.

- 4.34 The Government response to the Select Committee sets out the arrangements that apply at the 50 Jobcentre Plus Pathfinder offices. Crisis Loan alignment payments are “handled as part of the normal claim taking process...- either by telephone or face-to-face – and immediate payment facilities will be available when a customer comes in for an Adviser interview. Other elements of the Social Fund will be handled in a manner similar to now. Pathfinder offices will offer advice and application forms to callers but any interviews will be carried out in a separate office.” This does not go far enough to provide arrangements for handling crisis loan applications that make them more convenient and user friendly, especially in rural areas where the costs and time required for bus journeys are unacceptable. The Annual Report for 2001/02 says (at paragraph 4.3) that:

“Jobcentre Plus will provide opportunities to improve delivery of the social fund. For example, there is a programme of work now taking place to develop improved process options for the delivery of crisis loans in Jobcentre Plus, with particular reference to increasing the use of the telephone in gathering information.”

- 4.35 There is an urgent need for DWP to make progress in reviewing these the arrangements so that there is a decent, accessible Crisis Loan service everywhere, including rural areas.**

Funeral Payments

- 4.36 The CAB Service has previously raised concerns about successive restrictions to Funeral Payments. In December 1996 we stated that tightening entitlement would lead to “cruel and absurd decisions, with people deprived of assistance by harsh rules”. We raised specific concerns about how a ‘responsible person’ would be defined, the amounts that would be awarded for funeral expenses, and about a restriction on funerals taking place outside the EEA. Following a European Court ruling the latter restriction was lifted.
- 4.37 DWP statistics for 2001/02 show that out of 66,000 applications, 24,000, (36%) were refused, and 42,000 awarded. According to the Office of Fair Trading report on the funerals industry in July 2001, Social Fund funeral payments are made in about 10% of all deaths. Total net spending was £38 million, and the average award was £912.
- 4.38 The most common complaints from CAB clients concern very substantial shortfalls between the grant and the actual cost of modest funerals, and refusals of grants.

Shortfalls

- 4.39 Bureaux typically report shortfalls for clients of several hundred pounds, sums that are difficult or impossible for clients on income support or equivalent benefit income to meet. Bureaux regularly comment that the grants are way out of line with the actual cost of a basic funeral, leaving shortfalls of £300 or substantially more. In some cases the bureau has conducted some form of research locally to establish what the cheapest funeral would cost, in other examples the CAB adviser comments from direct experience as a religious minister or a relative of one.

In one case reported by a bureau in the North of England, a lone parent’s 12-year-old son died in a drowning accident. As a result of her son’s death the client received £40 less in Income Support. The client received a funeral payment, but was left with a shortfall of £300 on the bill, and the CAB had to find a charity that would pay off the balance.

A Hertfordshire CAB reported a Muslim client whose 20-year-old son had died suddenly. The client was receiving Income Support and was in poor health. The funeral cost £1600, but the social fund payment was for £900. When the CAB queried the shortfall, the benefits office said that it thought that the funeral cost was in excess of a ‘normal’ funeral, and was insensitive to any religious considerations.

A London CAB reported a Vietnamese client receiving Income Support with a disability premium, following imprisonment and torture in Vietnam. The client’s wife had died, and the client received a funeral payment of less than £900. The funeral had cost

over £2000, with additional costs added for tests carried out to determine the cause of death and for a Vietnamese priest. The client was left to try to make up the shortfall.

- 4.40 The handling of queries about shortfalls made by clients to benefit offices can also be very insensitive:

A CAB in the North East advised a client who had received a funeral payment of about £670, against a funeral bill for her late father costing £1,600. The client was worried and upset and called the Benefits Agency for advice. She was told that she should have been more careful and chosen a cheaper funeral director, and that she should have asked for a cardboard coffin.

- 4.41 Where charitable help cannot be found, debt and debt collection can follow. CABs have reported bailiffs being sent round to clients who have not been able to pay a funeral bill in full. In one example, a funeral cost £1600 and the client received £800, leaving a debt of the same amount. In other cases the CAB is left to negotiate a way for the client to pay off the debt, or to appeal to debt collectors not to pursue the debt.

- 4.42 Bureaux frequently report that clients say they were not made aware of the limit on Social Fund payments, either by the funeral directors or by the DWP. In the case of funeral directors, clients often say that they did stress that their means were limited and that they were receiving benefits and were applying for a grant, but are still offered services and charged for funerals that cost in excess of the typical amount for a basic funeral.

- 4.43 The Office for Fair Trading issued a report on the funerals industry in July 2001. It noted that "Funeral directors generally supply a specific coffin for the purposes of 'Benefits Agency clients', which is generally a lower price than other coffins in their range", and noted that although funeral directors had suggested that the Social Fund limit of £600 for a funeral was no longer sufficient, no estimate had been given of an appropriate figure.

- 4.44 The OFT report outlined a number of problems with the basic funeral. Their report said that the basic funeral

"should provide a yardstick against which comparisons can be made, yet it does not appear to be fulfilling its intended role. This is partly due to a failure by funeral firms to present it as a valid option, but also because it does not appear to provide the sort of service which most people want."

- 4.45 The OFT's inquiry found that people were vulnerable to unfair trading practices, and that compliance with the industry codes of practice was often patchy. It noted that people often failed to receive a price list or a clear written estimate, and were not given details about basic funerals.

The OFT made a number of recommendations designed to address these problems.

- 4.46 In its report of March 2001, the then Social Security Select Committee argued that reform of the scheme of funeral payments was “long overdue”, and recommended that the Government increased the amount available for funeral payment awards to a “more realistic total”. The Committee also recommended that the increased payment should be subject to an annual review. The Government, in its reply to the Committee, observed that it kept the level of support “under review”, and that it would continue to look at the range of available evidence on “the current cost of a simple, respectful and low cost funeral” in the UK.
- 4.47 The amount available for funeral costs has been fixed at £600 for some years, and for that reason alone it should now be increased. There is rightly a concern that more should be done to ensure that a decent but basic funeral is available at a reasonable cost from funeral directors, and we support the OFT in its recommendations about improving the availability of price lists and clear written estimates. **We recommend that the Government should increase the amount available for funeral expenses in the funeral payment.** The Government should seek to reach an agreement about the nature, content and price of a basic funeral with organizations representing funeral directors, to inform the decision on the size of the increase.

Refusals

- 4.48 As noted above, 24,000 applications for Funeral Payments were refused in 2001/02, 36% of total applications. The refusals that result in clients going to a CAB often appear to be contrary to the rules for payments, and clients are frequently advised to appeal by CABx.
- 4.49 Refusals by the DWP often cause considerable distress, whilst being within the letter of the law. For example, in one case reported by a CAB a client had lived apart from her husband for three years when he was killed in a road accident. The client’s application was refused on the grounds that she was not her late husband’s ‘partner, relative or friend’. This took no account of the client’s continuing feelings for her late husband.
- 4.50 In other cases refusals contradict the DWP statement in publicity material that says, “if the deceased has one or more close relatives we will consider the nature and extent of the contact each had with the person who died.” In practice in many cases seen by CAB, the existence of another relative who is not receiving a qualifying benefit is used as justification for refusing a payment:

A CAB in the North of England was advising a lone mother on Income Support whose mother had died. The client was refused a social fund payment because the client had an older brother in work, who should be equally responsible for the funeral. In fact, the

client's brother had left the family home at age three, and there had been little contact since, the last 11 years previously. The family did not want the brother to have any part in the funeral arrangements or payment.

A London CAB assisted a client receiving Income Support who had been refused a funeral payment on the grounds that the client had a brother who should be liable to pay for the funeral of the client's adult son. In this case the client's brother was a half-brother and had also lost contact with the client. The result for the client was extreme anxiety about paying for the funeral.

A CAB in the South of England reported a widowed client on Income Support, who was refused a funeral grant following the death of her son, on the grounds that the client had two other grown up children who should pay for the funeral. The client had to pay for the funeral in instalments, out of weekly income of less than £80. The client was also repaying a social fund loan at £14 per week.

- 4.51 However, benefits offices may also refuse to grant a funeral payment if the applicant is separated, estranged, or divorced from the deceased, on the grounds that they should not be held responsible for the funeral. This is an example of double standards, as in the examples above and others reported by CABx, relations who have lost contact with the deceased are held to be capable of paying for a funeral.

A CAB in Cheshire reported a client who had separated from her husband earlier in the year, as he had alcohol-related problems. The client continued to help the client with his affairs, and when he died she took responsibility for his funeral. The benefits office also paid the client her former husband's state pension and cold weather payment as his next of kin. However, the social fund funeral payment decision stated that it was not reasonable for her to be held responsible for the funeral costs, and that other members of the family should have met the cost.

A London CAB reported a similar case in which a woman, receiving Income Support, had left her husband after 43 years, following violence. The client's husband died less than a year later, and the client arranged the funeral. She was refused a payment on the grounds that she was estranged from her husband.

- 4.52 There are also other examples of very poor advice from benefits office staff in the evidence sent to us by bureaux.

A CAB in Norfolk reported a young woman with a one-year-old child whose father had died. The client was told by the Benefits Agency that she was eligible for a funeral payment, and the client arranged and paid for a funeral costing £1400. The client's

application was rejected, and the client was under pressure to pay the funeral charge.

A client contacted the Benefits Agency twice about help with his father's funeral, and was told each time that no help was available as his mother (aged 80) was over 60. The client later found out the truth and made a late application, which was refused as being out of time. The CAB advised the client to pursue the matter to request compensation.

A London CAB reported a woman on Income Support who applied for a funeral payment following the death of her mother. The client was informed that funeral payments had been abolished, and was sent a budgeting loan application instead.

- 4.53 Refusals by the DWP can be made worse by the actions of certain individual funeral directors, who give out wrong or misleading information on the availability of Funeral Payments.

In one example, a CAB reported an unemployed man with five children whose father had died. A funeral director asked the client who in the family received benefits. The director then said he would put the bill in the client's name so that he could claim a social fund payment. The claim was refused because other relatives in work were adjudged to have responsibility for the funeral costs.

In a second example, a funeral director visited a client the day after her husband died. The client explained that she was not willing to pay for an expensive funeral, and the funeral director phoned the benefits office. The funeral director then told the client she would qualify for a payment, and the client agreed to a funeral. The social fund payment was refused because the client's husband had savings in his name of over £1000.

- 4.54 The forthcoming report on the standards of social fund decision-making will no doubt include information about the accuracy of funeral payment decisions. **However, we would also like to see improved guidance and training for social fund staff responsible for administering funeral payments. We also recommend that the Government look closely at the operation and administration of the rules that require family members not on qualifying benefits to pay for funerals.**

- 4.55 We hope that the Office of Fair Trading will continue to monitor the availability of price information and written estimates, following the recommendations in its report. We also believe that the Government could do more to provide funeral directors (and all those who are in contact with recently bereaved people) with clear information about Social Fund funeral payments to give to people, rather than offering information that may be less than well informed. **We therefore recommend that the DWP should work with funeral directors and others to ensure that supplies of appropriate leaflets are available,**

and to ensure that funeral directors and others are aware of the need to direct people to accurate information.

4.56 We very much welcome the decision to remove the capital limits for applicants for a funeral payment. NACAB had pointed out, in our evidence to the Social Security Select Committee, that the capital rules were harsh. We therefore welcome the move to abolish the limits of £500/£1000 for people aged over 60 on capital, which would previously reduce or remove entirely any entitlement from people with very modest amounts of savings.

5. Conclusion

- 5.1 The Social Fund was introduced by the previous government to save money. Since then there has been a welcome recognition of the extent and depth of poverty in the United Kingdom, which requires a new approach to the Social Fund. The way in which it operates at present leaves far too many of the poorest people in our society without the means to play a full role in that society. The present government has introduced many welcome developments in the support that is available to people without work and their families, and has stated its resolve to stamp out child poverty and to reduce social exclusion. But, apart from the introduction of Sure Start Maternity Grants, it has failed to resource the Social Fund to enable the Fund to help to meet these objectives. It has also failed to bring the structure of the fund up to date.
- 5.2 The pre-election report on the Social Fund by the Social Security Select Committee called for a full review of the Fund. It is regrettable that the Government's response failed to address any of the serious failings of the Fund. We urge the Government to study the evidence presented in this report and to adopt the recommendations that we make.

Appendix: CABx that submitted evidence between January 1999 and July 2002

EAST REGION (55)

Basildon
 Beccles
 Bedford & District
 Bishop's Stortford District
 Braintree & District
 Broxbourne (Cheshunt)
 Bury St Edmunds
 Cambridge & District
 Castle Point
 Chelmsford
 Clacton-on-Sea (Tendring)
 Colchester
 Dereham (Norfolk Rural)
 Diss & District
 Dunstable & District
 Felixstowe & District
 Fenland
 Great Yarmouth
 Harlow
 Haverhill
 Hemel Hempstead
 Hertford
 Hertsmere
 Hitchin
 Huntingdon
 Ipswich & District
 Kings Lynn & District
 Leighton Linlade
 Leiston & Saxmundham
 Letchworth
 Loughton
 Lowestoft
 Luton
 Malden & District
 Marham
 Mid-Suffolk (Stowmarket)
 Norwich & District
 Oxhey & District
 Peterborough
 Rickmansworth
 Rochford

Royston
 Southend-on-Sea
 St Albans
 Stevenage
 Sudbury
 Thetford & District
 Uttlesford (Saffron Walden)
 Waltham Abbey
 Ware & District
 Watford
 Welwyn Hatfield
 Wickford
 Witham
 Wymondham & District

LONDON REGION (56)

Addington
 Barking & Dagenham
 Beckenham & Penge
 Beddington & Wallington
 Bermondsey
 Brent
 Brentford & Chiswick
 Bromley & Chislehurst
 Catford
 City of London
 Dagenham
 Dalston
 Edmonton
 Eltham
 Enfield Town
 Feltham
 Finchley
 Fulham
 Haringey
 Harrow
 Hillingdon (Hayes)
 Hillingdon (Ruislip)
 Hillingdon (Uxbridge)
 Hillingdon (Yiewsley)
 Holborn
 Hounslow
 Islington

Kensington
 Kentish Town
 Kilburn
 Kingston & Surbiton
 Leytonstone
 Mitcham
 Morden
 New Barnet
 Newham Docklands
 North Cheam
 Orpington
 Paddington
 Palmers Green
 Peckham
 Pimlico
 Putney
 Redbridge
 Richmond Money Advice
 Romford
 Sheen
 St Helier
 Streatham
 Sutton
 Sydenham
 Thornton Heath
 Tooting & Balham
 Tower Hamlets East
 Twickenham
 Woolwich

MIDLANDS REGION (77)

Ashfield
 Bassetlaw
 Bedworth & District
 Beeston
 Biddulph
 Birmingham District
 Bureaux
 Bridgnorth & District
 Brierly Hill
 Bromsgrove & District
 Burton-Upon-Trent
 Charnwood
 Cheadle
 Chelmsley Wood

Chesterfield	Stoke-On-Trent	Calderdale
Coalville & District	District	Chapelton
Corby	Stone	Chester-le-Street
Coventry	Stourbridge	Craven (Skipton)
Cradley Heath	Stratford-On-Avon	Darlington
Daventry & District	Sutton Coldfield	Derwentside
Derby	Tamworth	Doncaster
Halesowen	Telford Town Centre	East Yorkshire
Harborough District	Tipton	(Bridlington)
Hereford & District	Walsall	Eastern Borders
Kettering	Warwick District	Gateshead
Leicester	Wellingborough	Hambleton
Lichfield	Wellington	Harrogate
Lincoln & District	West Bromwich	Hartlepool
Low Hill	West Lindsay	Hull City Centre
Lutterworth	Wolverhampton	Keighley
Madeley	Worcester	Leeds
Malvern Hills District	Wychavon District	Mexborough
Mansfield & District	Wyre Forest	Middlesbrough
Matlock		Newcastle City
Melton Mowbray	N IRELAND (16)	North Tyneside
Newark & District	Antrim	Pitsmoor
Newcastle-Under-Lyme	Bangor & District	Redcar & Cleveland
North East	Central Belfast	Richmondshire
Derbyshire	(Callender Street)	Ripon
Northampton & District	Coleraine	Rotherham
North Shropshire (Market Drayton)	Cookstown	Ryedale
North Warwickshire	Dungannon	Scarborough & District
Northfield	Glengormley	Scunthorpe
Nottingham & District	Holywood	Sedgefield & District
Nuneaton	Larne	Selby District
Oldbury	Lisburn	Sharrow
Ollerton & District	Londonderry	South Kirklees
Redditch	Lurgan	South Tyneside
Ross-on-Wye	Portadown	Stainforth
Rugby	Rathcoole	Stockton & District
Rugeley	Strabane	Information & Advice Service
Rutland	Suffolk & Andersontown	Teesdale District
Shrewsbury	NORTH REGION (51)	Thorne & Moorends
Smethwick	Alnwick & District	Tynedale
Solihull	Barnsley	Wakefield District
South Derbyshire	Batley	Wansbeck
South Holland	Berwick	Washington
South Shropshire (Ludlow)	Blyth Valley	Wear Valley
South Staffordshire	Boothferry & District	York
Stafford	Bradford (West Yorkshire)	
Stamford & District	Castle Morpeth	

**NORTH WEST
REGION (82)**

Altrincham
Atherton
Bacup
Barrow-in-Furness
Bebington
Birchwood
Birkenhead (Charity)
Ltd
Blackburn
Blackley
Blackpool
Bolton & District
Bradford (Gtr
Manchester)
Burnley
Bury
Carlisle
Chester
Chorley & District
Congleton
Crewe & Nantwich
Crosby
Cumbria Rural
Ellesmere Port
Failsworth
Formby
Garston
Harpurhey
Hazel Grove
Heswall
High Peak
Hindley
Hope Hospital
Hulme
Hyndburn
Irlam & Cadishead
Kendal & District
Knowsley District
Lancaster
Leigh & District
Liverpool City Centre
Longsight
Lower Broughton
Lymm
Lytham St Annes
Macclesfield &
Wilmslow
Manchester Central
Marple & District

Middleton
Millom & District
Morecambe &
Heysham
North Liverpool
Northwich
Oldham District
Ordsall
Penrith & Eden
Prestwich
Rochdale
Rossendale
Royton
Runcorn
Sale
Skelmersdale (West
Lancs)
Southport
Speke
St Helen's
Stockport
Stretford
Tameside District
Toxteth
Ulverston & North
Lonsdale
Walkden
Wallesey
Warrington
Wavertree
Whitehaven
Widnes
Wigan
Winsford
Withington
Workington
Wyre District
Wythenshawe

**SOUTH REGION
(87)**

Abingdon
Aldershot
Amersham
Alton
Andover
Ash
Ashford
Aylesbury
Banbury & District
Basingstoke

Bexhill & Rother
Bicester
Bognor Regis
Bracknell
Brighton & Hove
Buckingham,
Winslow & District
Camberley
Canterbury
Caterham &
Warlingham
Chiltern
Chichester & District
Cranleigh & District
Crawley
Crowborough
Dartford
Deal
Didcot & District
Dorking
East Grinstead
Eastbourne
Eastleigh
Edenbridge &
Westerham
Epsom & Ewell
Esher & District
Fareham
Farnborough
Faversham & District
Godalming
Gosport
Gravesham
Guildford
Hailsham
Haslemere
Hastings & Rother
Haywards Heath
Henley & District
High Wycombe
Horsham
Kent Probation
Service
Lancing & Sompting
Leatherhead
Lewes (Peacehaven)
Littlehampton
Lymington
Maidenhead
Maidstone
Medway

Milton Keynes	Monmouth	Salisbury & District
New Milton & District	Montgomeryshire	Saltash (Caradon)
Oxford	Neath	Sedgemoor
Oxted	Newport	Sherborne
Petersfield	North Denbighshire	South Hams
Portsmouth	Pontypridd	South Somerset
Reading	Port Talbot	St Austell
Reading Welfare	South Denbighshire	(Restormel)
Rights Unit	Swansea	Stroud
Redhill, Reigate &	Torfaen (Cwmbran)	Swindon and District
Banstead	Vale of Glamorgan	Taunton & District
Ringwood &	Wrexham	Tavistock
Fordingbridge	Ynys Mon	Tiverton & Crediton
Romsey & District	(Holyhead)	(Mid Devon)
Runnymede		Torquay (Torbay)
Sevenoaks	WEST REGION (44)	Truro (Carrick)
Shoreham &	Barnstaple (North	Weymouth &
Southwick	Devon)	Portland
Sittingbourne	Bath & District	
Southampton	Bournemouth	
Spelthorne	Bridport & District	
Surrey Welfare	Bristol	
Rights Unit	Bude, Holsworthy &	
Swanley WRU	District	
Tonbridge	Camborne (Kerrier)	
Tunbridge Wells	Cirencester	
Walton, Weybridge &	Devonport	
Hersham	(Plymouth)	
Waterlooville	Dorchester & District	
West Berkshire	East Dorset	
Winchester	Exeter	
Witney	Exmouth	
Woking	Falmouth (Carrick)	
Wokingham	Forest of Dean	
Worthing & District	Frome & District	
Yateley & District	Gloucester & District	
	Ilfracombe (North	
WALES (26)	Devon)	
Caerphilly	Kennet	
Cardiff	Kingswood District	
Cardigan & District	Liskeard (Caradon)	
Carmarthen	Mid Somerset	
Chepstow	Newton Abbott	
Conwy	(Teignbridge)	
Cynon Valley	North East Somerset	
Flintshire	North Wiltshire	
Gwynedd	(Chippenham)	
Haverfordwest	Penzance (Penwith)	
Llanelli	Plymouth City Centre	
Machynlleth	Poole	
Merthyr Tydfil	Purbeck	