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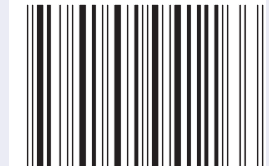
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# Social Fund | Annual Report 2005/2006



Department for  
**Social  
Development**

[www.dsdni.gov.uk](http://www.dsdni.gov.uk)



### Lone Parent

Includes:

- person in receipt of IS who has no partner and is responsible for a child under the age of 16

### Others

Includes:

- others with or without IS family premium
- involved in a trade dispute
- in paid employment
- not known or unallocated

### NOTE:

It is possible that an applicant who is unemployed may receive a disability, pensioner or lone parent premium. Such an applicant would be counted as Unemployed.



## Annual Report on the Social Fund 2005/2006

Laid before the Houses of Parliament by the Secretary of State for Northern Ireland in accordance with Paragraph 12(2) and (4) of the Schedule to the Northern Ireland Act 2000, and Paragraph 34 of the Schedule to the Northern Ireland Act 2000 (Prescribed Documents) Order 2004

29 November 2006

Laid before the Northern Ireland Assembly in accordance with section 146(5) and (6) of the Social Security Administration (Northern Ireland) Act 1992

29 November 2006

Ordered by The House of Commons to be printed

29 November 2006

## Annex 14

### Client Groups

Social fund payments are wide ranging; from payments to help with intermittent unexpected expenses, (mainly to those in receipt of qualifying benefits), to payments aimed at certain groups to help with particular events. Therefore, the fund does not fall exclusively into any one of the Departmental client groups of **Children, Working Age** and **Older People**, although Social Fund payments are either paid to, or benefit, all of these groups. Some statistics in this report are shown by applicant or applicant groups that fall into one or more of the wider client groups.

### Applicant or Applicant Group Definitions

#### Pensioners

Includes:

- applicant or partner aged 60 or over with State Pension Credit
- applicant or partner aged 60 or over in receipt of State Retirement Pension
- applicant is under 60 and partner is 60 or over with Income Support pensioner premium
- applicant is under 60 and partner is 80 or over with Income Support (IS) higher pensioner premium
- applicant is under 60 and partner is 60-79 and disabled with IS higher pensioner premium

#### Unemployed

Includes unemployed or with training allowance, either with or without JSA (IB) family premium

#### Disabled

Includes:

- applicant or partner aged under 60 with IS disability premium
- lone parent with IS disability premium
- family with IS disability premium
- others with IS disability premium
- in receipt of other benefit for incapacity or disablement

## Annex 13

## Appeals 2005/2006

Number of Appeals heard and decided by Appeal Tribunals				
Type of Payment	Number of Appeals	Number decided by hearing	Decided in appellant's favour	Percentage decided in appellant's favour
Funeral Payments	82	76	7	9.21%
Sure Start Maternity Grants	21	20	1	5.0%
Winter Fuel Payments	18	82	0	0.00%

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## Annex 12

### Summary of Social Fund Review Applications

	CCG	BL	CL	Total
Number of applications for first review	7,651	856	1,369	9,876
Number of decisions revised at first review	4,446	119	351	4,916
Percentage	58.11%	13.90%	25.64%	49.78%

Number of applications for SFI review	889	27	158	1074
OSFC Decisions	897	28	352	1277 <sup>2</sup>
Number of reviewing officer decisions reviewed	882	26	349	1257
Number of decisions confirmed	358	23	208	589
Percentage confirmed	39.91%	82.14%	59.1%	46%
Number of decisions substituted	511	3	139	653
Percentage substituted	57%	10.7%	39.5%	51.1%
Number of decisions referred back to the reviewing officer	13	0	2	15
Percentage referred back	1.5%	0%	0.6%	1.2%

<sup>2</sup> This figure includes 12 decisions made under Article 38(5) of the Social Security (Northern Ireland) Order 1998

## Annex 11 Continued

### Loan Recovery

#### Repayment Source 2005/2006

	Crisis Loans		Budgeting Loans	
	Amount £	%	Amount £	%
Income Support, & State Pension Credit	4,920,629	62.7	33,047,642	87.0
Jobseeker's Allowance	1,520,426	19.4	2,858,239	7.5
Other Benefits	998,491	12.7	1,149,613	3.0
Cash	406,496	5.2	918,223	2.5

#### Notes:

1. Figures and percentages may not sum due to rounding.
2. Social Fund loans are recoverable from most Social Security benefits

## Preface

I am pleased to present my report on the Social Fund for 2005/06.

The Social Fund continues to play an important role in helping people on low incomes to cope with expenses they cannot meet from regular income. In 2005/06, the Fund has again helped thousands of people with a huge variety of needs. For example, around 8,900 families were awarded a £500 grant to help with the costs of a new baby. And more than 211,000 pensioner households received a Winter Fuel Payment of at least £200, with those households containing someone aged 80 or over receiving at least £300. In respect of other parts of the Social Fund scheme, more than 216,000 awards were made.

In April 2006 we successfully introduced significant changes to the loans scheme which, in combination with additional investment of £18.9 million over the next three years, will enable the Social Fund to play a more effective role in helping those families most vulnerable to high cost lenders. Simplified rules, higher borrowing limits and lower repayment terms are amongst the changes that will make the scheme more accessible to our customers when they are faced with one-off expenditure. Details of the full package of changes are in section 3 of the report. I will comment on the impact of these changes next year.

In the longer term we need to find ways for the Social Fund to contribute more effectively to wider financial inclusion initiatives by doing more to encourage personal financial responsibility and to equip people to move out of welfare dependency. As an initial step, as announced in the Pre-Budget Report 2005, we are looking at ways of providing budgeting loan applicants with information about opportunities for financial education and advice.

We also continue to keep key aspects of Social Fund policy under review to ensure its compatibility with the modern environment in which the Fund is delivered. For example, we have introduced a change to legislation for applicants wanting to apply for a review by an Inspector at the Office of the Social Fund Commissioner. These applicants can now apply to the Commissioner's office directly without having to go through their Social Security or Jobs & Benefits Office.



DAVID HANSON  
Minister of State at the Northern Ireland Office

## Annex 11

### Loan Recovery

#### Average weekly repayment deductions from Income Support, Jobseeker's Allowance and State Pension Credit

		May 2005	August 2005	November 2005	February 2006
Average deduction	IS	£13.38	£13.41	£13.35	£13.68
	JSA	£8.07	£8.17	£8.14	£8.35
	SPC	£13.21	£13.05	£13.34	£13.42
Number of deductions	IS	48,160	49,000	47,820	49,840
	JSA	8,295	8,505	8,325	8,925
	SPC	4,040	4,120	4,220	4,340

#### Note:

1. Data from Income Support, Jobseeker's Allowance and State Pension Credit Quarterly Statistical Enquiries.



## Annex 10 Continued

### Crisis Loans

Percentages						
Reasons for Refusal	Pensioners	Unemployed	Disabled	Lone Parents	Others	Total
No serious risk to health and safety	89.4%	91.9%	89.2%	89.2%	89.1%	90.1%
Help available from another source	0.0%	0.1%	0.4%	0.3%	0.0%	0.2%
Excluded items	4.3%	2.0%	1.9%	2.3%	1.9%	2.0%
Inability to repay	2.1%	1.5%	1.5%	1.7%	2.2%	1.7%
Suitable alternative	0.0%	0.1%	0.3%	0.4%	0.1%	0.2%
Enough money to pay for crisis	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Previous application & SFO decision	3.5%	3.7%	6.5%	6.0%	5.9%	5.3%
Insufficient priority	0.7%	0.1%	0.0%	0.0%	0.3%	0.1%
JSA sanction/ disallowance	0.0%	0.4%	0.0%	0.0%	0.1%	0.1%
Other	0.0%	0.2%	0.2%	0.1%	0.4%	0.2%
Total	100%	100%	100%	100%	100%	100%

#### Notes:

1. Numbers are rounded to the nearest 100.
2. Figures and percentages may not sum due to rounding.
3. Applicant group definitions are in Annex 14.
4. This information is obtained from a scan of the Social Fund Computer System. The overall totals may therefore differ slightly from those at Annex 1.

## 1. Introduction

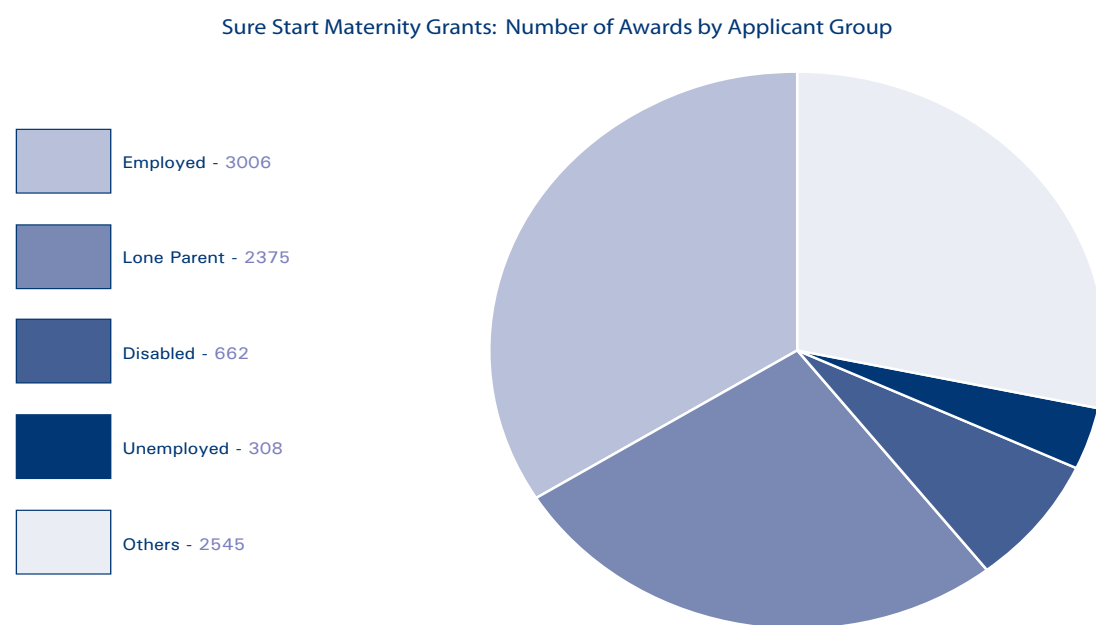
- 1.1 This is the eighteenth annual report on the operation of the Social Fund as required by section 146(5) and (6) of the Social Security Administration (Northern Ireland) Act 1992.
- 1.2 The Social Fund scheme complements mainstream social security provision in two forms: a regulated scheme made up of Maternity, Funeral, Cold Weather and Winter Fuel Payments; and a discretionary scheme comprising Community Care Grants, and repayable Budgeting and Crisis Loans.
- 1.3 The figures in this report are taken from the Department's Policy, Budget and Management Information System and from scans of the Social Fund Computer System. Receipts and payments are shown in detail in the annual account of the Social Fund. The annual account is produced using the latest available data on encashed payments and after reconciliation of loan balances between accounting records, such information only becoming available after this annual report has been published. Once prepared, the annual account is subject to scrutiny by the Comptroller and Auditor General who lays the account, and his report on it, before Parliament.

## 2. The Regulated Social Fund

### 2.1 Sure Start Maternity Grants

2.1.1 The Sure Start Maternity Grant is a payment of £500 to provide help for families with the costs associated with the expenses of each baby expected, born, adopted, or who is the subject of a parental order in respect of a surrogate birth.

2.1.2 The Grant is available to recipients, and partners of recipients, of Income Support, income-based Jobseeker's Allowance, State Pension Credit, Child Tax Credit (at a rate higher than the family element), or Working Tax Credit (which includes a disability or a severe disability element). This ensures that the grant is as widely available as possible amongst people with lower incomes. The chart below shows the



number of awards by client group.

2.1.3 The Maternity and Funeral Payment Regulations have been modified and amended on many occasions since their introduction in 1987. Therefore the Joint Committee on Statutory Instruments in Great Britain asked that the Regulations should be consolidated.

2.1.4 The Regulations were consolidated in both Great Britain and Northern Ireland, and came into operation on 5 December 2005. Their structure and wording were simplified in the interests of clarity, and provision was made for the new regime in relation to civil partnership which came into operation on the same day.

## Annex 10

### Crisis Loans

Reasons for Refusal by Applicant Group						
Counts						
Reasons for Refusal	Pensioners	Unemployed	Disabled	Lone Parents	Others	Total
No serious risk to health and safety	126	6,024	4,407	3,714	2,791	17,062
Help available from another source	0	7	20	11	1	39
Excluded items	6	132	93	95	59	385
Inability to repay	3	97	74	71	69	314
Suitable alternative	0	5	14	15	2	36
Enough money to pay for crisis	0	0	0	0	0	0
Previous application & SFO decision	5	245	323	249	184	1006
Insufficient priority	1	9	1	2	9	22
JSA sanction/disallowance	0	24	0	0	3	27
Other	0	12	9	5	14	40
<b>Total</b>	<b>141</b>	<b>6,555</b>	<b>4,941</b>	<b>4,162</b>	<b>3,132</b>	<b>18,931</b>

## Annex 9

### Crisis Loans

Expenditure by application for purpose		
Purpose	Amount (£)	% of Gross Expenditure
Items or services	4,171,339	50.9
Rent in advance	455,483	5.5
Living Expenses (General)	1,686,297	20.6
Living Expenses (alignment)	1,880,737	23.0

#### Notes:

1. Figures and percentages may not sum due to rounding.
2. An alignment payment is to cover living expenses up to the first payment of benefit or wages.

2.1.5 In a Court of Appeal case in Great Britain, the "Francis" case, the appellant had claimed and been refused a Sure Start Maternity Grant in respect of a relative aged under one year, who lived with her under a residence order. She was in receipt of one of the qualifying benefits. The Court decided that in the case in question the claimant was in an analogous position to an adoptive parent and was entitled to a grant. The Court further decided that it was for the Secretary of State in Great Britain to decide how the legislation should be changed as a result of the judgment. The policy in this area is being revisited and consideration is being given to possible changes to the legislation to allow payments to certain people who have been awarded residence orders. As an interim measure, guidance has been issued to decision makers to the effect that for any claims made prior to the legislative change, they should consider whether the circumstances around any claim are the same as in the Court of Appeal case. If a change is made to the legislation in Great Britain it will be made in Northern Ireland also, in accordance with the principle of parity between Great Britain and Northern Ireland in social security matters.

2.1.6 Sure Start Maternity Grant statistics are in Annexes 1 and 2.

### 2.2 Funeral Payments

2.2.1 The Funeral Payment scheme has continued to provide for a simple, respectful, low-cost funeral to recipients, and partners of recipients, of income-related benefits and tax credits as listed at paragraph 2.2.2 below. This ensures that the payment is as widely available as possible amongst people with lower incomes.

2.2.2 The full list of qualifying benefits and tax credits is: Income Support, income-based Jobseeker's Allowance, State Pension Credit, Child Tax Credit (at a rate higher than the family element), Working Tax Credit (which includes a disability or severe disability element) and Housing Benefit.

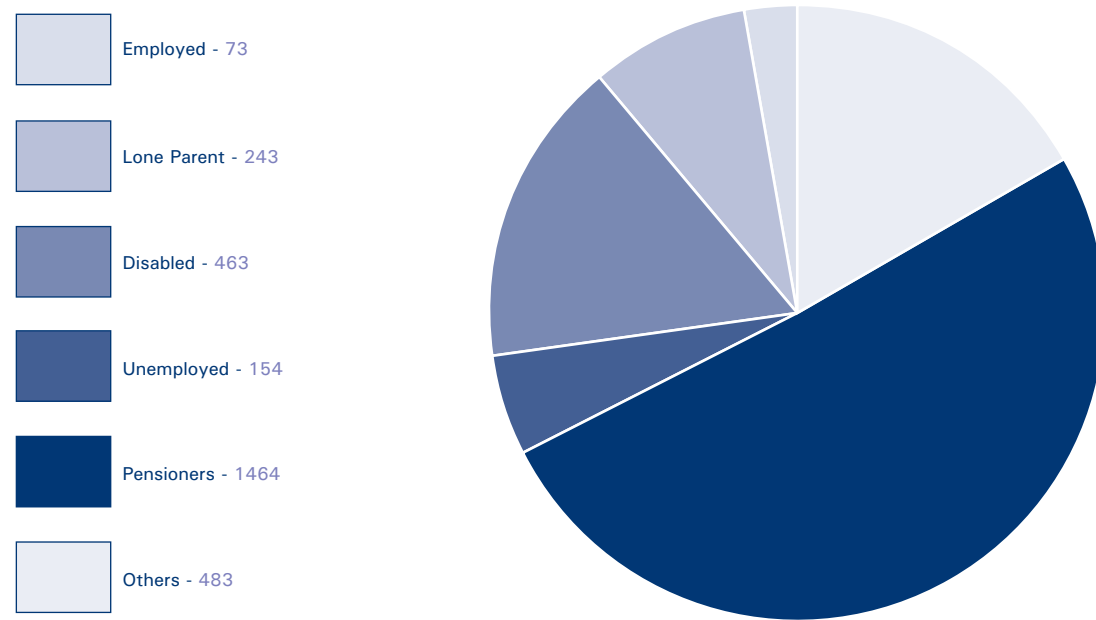
2.2.3 The Maternity and Funeral Payment Regulations have been modified and amended on many occasions since their introduction in 1987. There was a major modification to the scheme in 1997. Therefore the Joint Committee on Statutory Instruments in Great Britain asked that the Regulations should be consolidated.

2.2.4 The Regulations were consolidated in both Great Britain and Northern Ireland, and came into operation on 5 December 2005. As part of the consolidation exercise, certain anomalies in the regulations were addressed and, as a positive change, the list of those excluded from the funeral payment "nature and extent of contact" test was extended to replicate those excluded from the "immediate family member" test. The structure and wording of the regulations was simplified in the interests of clarity, and provision was made for the new regime in relation to civil partnership which came into operation on the same day.

2.2.5 A change was subsequently made to the regulations from 12 December 2005 to ensure that payments from the London Bombings Relief Charity Fund are not counted as assets of the deceased when calculating the amount of a funeral payment.

2.2.6 A further change was made to the regulations from 10 April 2006. As a consequence of the extension of Child Benefit to certain 19 year olds in non-advanced education or on approved training courses, the change added them to the list of those excluded from the "immediate family

Funeral Payments: Number of Awards by Applicant Group



member" test and the "nature and extent of contact" test. The chart below shows the number of Funeral Payment awards by applicant group.

2.2.7 All Funeral Payment statistics are in Annexes 1 and 2.

### 2.3 Cold Weather Payments

2.3.1 Cold Weather Payments are available to people on State Pension Credit, and vulnerable groups in receipt of Income Support or income-based Jobseeker's Allowance. Every residential postcode in Northern Ireland is linked to one of five weather stations used in the Cold Weather Payments scheme. A payment of £8.50 is available when the average temperature is recorded as, or is forecast to be, 0° Celsius or below over seven consecutive days at the weather station linked to the eligible customer's postcode.

2.3.2 There were no Cold Weather Payments made during the winter season 2005/06 as temperatures did not fall below the criteria set to trigger a payment.

## Annex 8

### Budgeting Loans

#### Reasons for Refusal by Applicant Group

Counts						
Reasons for Refusal	Pensioners	Unemployed	Disabled	Lone Parents	Others	Total
Outstanding debt	378	2,360	5,682	3,513	2,452	14,385
Not on IS/JSA(IB)/SPC	15	1,051	98	48	2,221	3,433
Not in receipt of qualifying benefit for 26 weeks	41	3,322	887	1,205	1,399	6,854
Other	7	140	196	132	129	604
<b>Total</b>	<b>441</b>	<b>6,873</b>	<b>6,863</b>	<b>4,898</b>	<b>6,201</b>	<b>25,276</b>

#### Percentages

Reasons for Refusal	Pensioners	Unemployed	Disabled	Lone Parents	Others	Total
Outstanding debt	85.7%	34.3%	82.8%	71.7%	39.5%	56.9%
Not on IS/JSA(IB)/SPC	3.4%	15.3%	1.4%	0.9%	35.8%	13.6%
Not in receipt of qualifying benefit for 26 weeks	9.3%	48.3%	12.9%	24.6%	22.6%	27.1%
Other	1.6%	2.1%	2.9%	2.7%	2.1%	2.4%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

#### Notes:

1. Numbers are rounded to the nearest 100.
2. Figures and percentages may not sum due to rounding.

## Annex 7

### Budgeting Loans Awards by Family Size and Length of Time on Benefit (Including Comparison with 2004/2005)

Family Size and length of time on benefit	Number of Awards	Expenditure (£)	Average Award (£)	% of Awards		% of Expenditure	
				2004/05	2005/06	2004/05	2005/06
Single person on benefit less than 36 months	30,501	6,076,445	199.22	25.0	25.8	14.0	15.4
Single person on benefit 36 months or over	25,331	7,983,743	315.18	20.9	21.4	19.5	20.2
Single person with children on benefit less than 36 months	13,546	4,615,896	340.76	12.3	11.4	12.9	11.7
Single person with children on benefit 36 months or over	35,191	14,512,226	412.38	29.8	29.7	37.2	36.8
Couple on benefit less than 36 months	2,169	865,809	399.17	1.5	1.8	1.7	2.2
Couple on benefit 36 months or over	3,314	1,482,238	447.27	3.0	2.8	3.9	3.8
Couple with children on benefit less than 36 months	2,585	974,841	377.11	2.7	2.2	3.3	2.5
Couple with children on benefit 36 months or over	5,740	2,929,384	510.35	4.8	4.8	7.5	7.4

**Notes:**

1. This table does not include awards and expenditure on review.
2. Figures and percentages may not sum due to rounding.
3. Obtained from extracts from the Social Fund Computer System.

2.3.3 An amendment to the Cold Weather Payments Regulations was made with effect from 1 November 2005. A definition of "state pension credit" was added, the definition of "postcode" was clarified, and some definitions no longer in use were omitted. Other minor amendments tidied up some discrepancies in references to the Schedule.

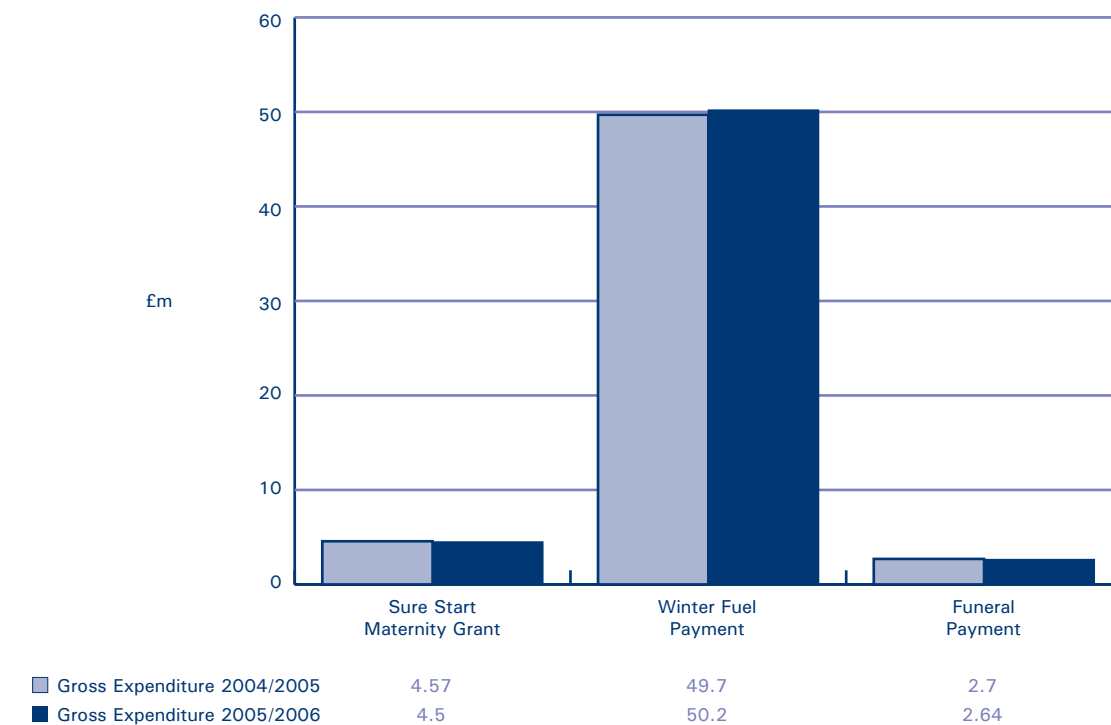
### 2.4 Winter Fuel Payments

2.4.1 Winter Fuel Payments are tax free and do not affect entitlement to other Social Security benefits. During the winter season 2005/06 211,186 households in Northern Ireland benefited from a Winter Fuel Payment amounting to £200 per household with someone aged 60 or over, and £300 to households with someone aged 80 or over. This amounted to a spend of £50.2 million.

2.4.2 Most people who are aged 60 or over and normally living in Northern Ireland are eligible for a Winter Fuel Payment, though there are some exceptions. Some people are eligible to receive a Winter Fuel Payment if they live in another EEA country and if they have previously qualified for a payment in the United Kingdom. The qualifying week for winter 2005/06 payments was the week beginning 19 September 2005. The majority of payments were made automatically. However, newly eligible people needed to make a claim if they were not receiving a social security benefit during the qualifying week.

2.4.3 All automatic payments where entitlement was established, and payments in respect of successful claims determined up to 11 November 2005, were issued before Christmas.

Regulated Fund Gross Expenditure 2004/2005 v 2005/2006





2.4.4 The chart below shows the total regulated fund expenditure for each of the payments discussed above during 2005/06 as compared with those during 2004/05.

### 3 The Discretionary Social Fund

#### 3.1 General

3.1.1 Over the three years from 2003/04 to 2005/06, an extra £8.2 million has been added to the overall net discretionary Social Fund budget. The increase was added in annual instalments of £1.88m, £2.82m and £3.5m. This report covers the third and final annual instalment. In 2005/06 Annually Managed Expenditure (AME) funding was £3.5m above that of 2003/04.

Year	AME instalment available to invest	Funding needed to maintain previous investment	Extra AME	Extra investment to grants budget	Extra investment to loans budget
2003/04	£1.88m	N/A	£1.88m	£0.94m	£0.94
2004/05	£2.82m	£1.88m	£0.94m	£0.94m	£nil
2005/06	£3.50m	£2.82m	£0.68m	£0.68m	£nil

3.1.2 As shown in the table above, the 2005/06 final AME instalment provided £0.68 million extra (ie, above that of 2004/05) for the net discretionary Social Fund budget. This was all invested in the Northern Ireland Community Care Grants budget, with all districts benefiting from an increase in grants funding. (See paragraphs 3.4.1 to 3.4.2 below).

3.1.3 Over the three years 2003/04 to 2005/06, £5.38 million of the additional £8.2 million available went into the Community Care Grants budget.

3.1.4 The Regional gross loans budget continued to grow, having benefited from the significant extra investment of £0.94 million in the first year of the extra funding (2003/04). Across the three years 2003/04 to 2005/06, the net loans budget received £0.94 million of the additional £3.5 million available.

3.1.5 There is a further increase in net funding for the discretionary social fund loans budget. In total £18.9 million extra over 2006/07 to 2008/09 was announced in 2004 for simplification and improvement to the discretionary loans scheme. (See paragraphs 3.2.1 to 3.2.4 below.) The chart below shows the discretionary social fund gross expenditure over the last year.

### Annex 6

#### Budgeting Loans Awards by Family Size (Including Comparison with 2004/2005)

Family Size	Number of Awards	Expenditure (£)	Average Award (£)	% of Awards		% of Expenditure	
				2004/05	2005/06	2004/05	2005/06
Single person	55,832	14,060,188	251.83	45.9	47.2	33.5	35.6
Single person with one child	19,519	7,135,848	365.58	16.7	16.5	18.2	18.1
Single person with two children	15,542	6,260,313	402.80	13.2	13.1	16.1	15.9
Single person with three or more children	13,676	5,731,960	419.13	12.2	11.6	15.8	14.5
Couple	5,483	2,348,047	428.24	4.5	4.6	5.6	6.0
Couple with one child	2,389	1,069,554	447.70	2.1	2.0	2.8	2.7
Couple with two children	2,399	1,149,742	479.26	2.2	2.0	3.3	2.9
Couple with three or more children	3,537	1,684,929	476.37	3.2	3.0	4.7	4.3

#### Notes:

1. This table does not include awards and expenditure on review.
2. Figures and percentages may not sum due to rounding.
3. Obtained from extracts from the Social Fund Computer System.

## Annex 5 Continued

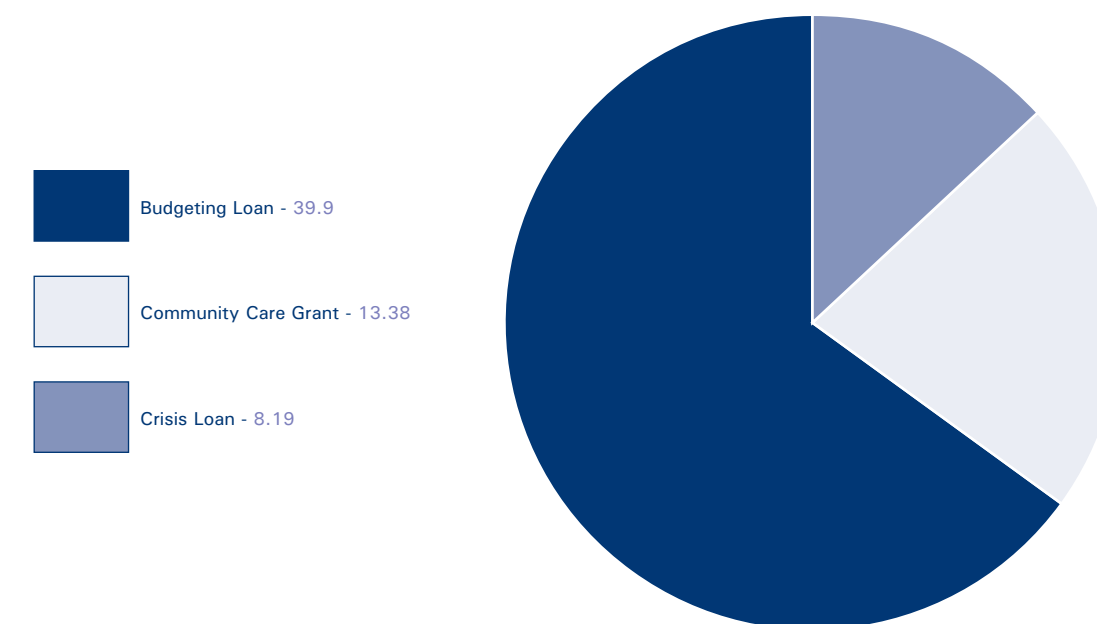
### Community Care Grants

Percentages						
Reasons for Refusal	Pensioners	Unemployed	Disabled	Lone Parents	Others	Total
Savings sufficient to meet cost	12.6%	0.2%	0.7%	0.1%	0.2%	1.4%
Not in receipt of IS/JSA(IB)/SPC & unlikely to be	8.0%	12.4%	7.1%	1.6%	31.7%	10.4%
Excluded items	3.2%	1.3%	1.7%	1.4%	1.2%	1.6%
Amount less than £30, not travelling expenses	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Direction 4 not satisfied	37.5%	77.6%	51.2%	80.2%	53.9%	61.0%
Previous application and decision	5.7%	2.2%	5.3%	2.9%	1.5%	3.7%
Insufficient priority	28.9%	5.5%	30.3%	12.2%	9.7%	19.3%
Other	4.1%	0.9%	3.7%	1.6%	1.9%	2.6%
Total	100%	100%	100%	100%	100%	100%

**Notes:**

1. Figures and percentages may not sum due to rounding; figures are rounded to the nearest 100.
2. Applicant group definitions are in Annex 14.
3. This information is obtained from a scan of the Social Fund Computer System. The overall totals may therefore differ slightly from those at Annex 1.

Discretionary Social Fund Gross Expenditure in £m 2005/2006



### 3.2 Policy changes implemented

3.2.1 During 2005/06, work continued in preparation for the April 2006 implementation of policy improvements to the loans scheme. The changes:-

- abolish the "double debt rule" (whereby someone's available Budgeting Loan award was their maximum amount minus twice their existing Budgeting Loan debt) and replace it with a single debt rule.
- introduce just three rates of Budgeting Loan maximum amount that can be offered to eligible applicants. There will be a rate for single people, one for couples without children and one for families (including lone parents) with children. The rates will vary according to demand on the loans budget.
- increase the minimum Budgeting Loan that can be awarded from £30 to £100.
- increase the amount of capital that a Budgeting Loan applicant can have. The capital allowed before it affects a loan award is doubled to £1,000 (under age 60) and £2,000 (age 60 or over).
- reduce the highest of the loan repayment rates of 15% and 25% to 12% and 20% respectively and increase the period of time in which a loan can be repaid (this applies equally to Budgeting Loans and Crisis Loans).
- increase the overall debt limit (for Budgeting Loans and Crisis Loans combined) from £1,000 to £1,500.

3.2.2 The changes were successfully introduced from 3 April 2006 and apply to all loan applications made on or after that date.

- 3.2.3 To support these changes, an additional £18.9 million AME is to be allocated to the net discretionary loans budget over the three years 2006/07 to 2008/09. The first instalment of £10.8 million is part of the 2006/07 allocation. (See paragraph 6.2).
- 3.2.4 The changes are an important step in the plans to reform the social fund and to address past recommendations made for improvements. In particular the changes will make the Budgeting Loan scheme easier for staff to explain, and give potential applicants a better understanding of how much Budgeting Loan they can access at any given time. Applicants will be able to return to the scheme for further loans more quickly than would have been possible in the past. And the easing of repayment terms will reduce the risk that people will be deterred from applying for loans by unaffordable repayment rates.
- 3.2.5 An amendment to the Department's directions and guidance was issued in November 2005. The General Direction was amended to define how the term "partner" should be interpreted in the light of the introduction of the Civil Partnership Act, and changes were made to other Directions following changes to procedures when conducting a review. The Guidance was amended to help decision makers to consider the availability of energy saving A-rated goods.
- 3.3 Loans scheme 2005/06**
- 3.3.1 Consistency for all Budgeting Loan applicants has been continued in 2005/06, and people with similar personal circumstances applying for Budgeting Loans were able to borrow the same amount, irrespective of where they lived. This was achieved by all Social Fund decision makers being formally advised to apply the same regional Budgeting Loan baseline amount when determining applications, and by careful budget planning and management. This year we have made minor adjustments to district budgets to support consistency of outcome regionally. (See paragraph 5.4 about loans budget re-allocations).
- 3.3.2 We continue to offer customers the option of having their Crisis Loan application dealt with over the telephone. This year we have begun to explore how the telephone service might deliver even more for our Crisis Loan customers than the current initial application service offers.
- 3.3.3 The chart (next page) shows the number of Budgeting Loan awards by applicant group.
- 3.3.4 The chart (next page) shows the number of Crisis Loan awards by applicant group.
- 3.3.5 Full Budgeting Loan statistics are at Annexes 1, 3, 6, 7, 8, 11 and 12. Full Crisis Loan statistics are provided at Annexes 1, 3, 9, 10, 11 and 12.

## Annex 5

### Community Care Grants

Reasons for Refusal by Applicant Group						
Counts						
Reasons for Refusal	Pensioners	Unemployed	Disabled	Lone Parents	Others	Total
Savings sufficient to meet cost	247	5	61	3	6	322
Not in receipt of IS/JSA(IB)/SPC & unlikely to be	158	397	647	92	1,167	2,461
Excluded items	62	42	155	78	45	382
Amount less than £30, not travelling expenses	2	1	2	1	0	6
Direction 4 not satisfied	736	2,493	4,692	4,527	1,983	14,431
Previous application and decision	111	70	483	166	54	884
Insufficient priority	568	176	2,775	687	356	4,562
Other	80	29	343	92	71	615
<b>Total</b>	<b>1,964</b>	<b>3,213</b>	<b>9,158</b>	<b>5,646</b>	<b>3,682</b>	<b>23,663</b>



## Annex 4

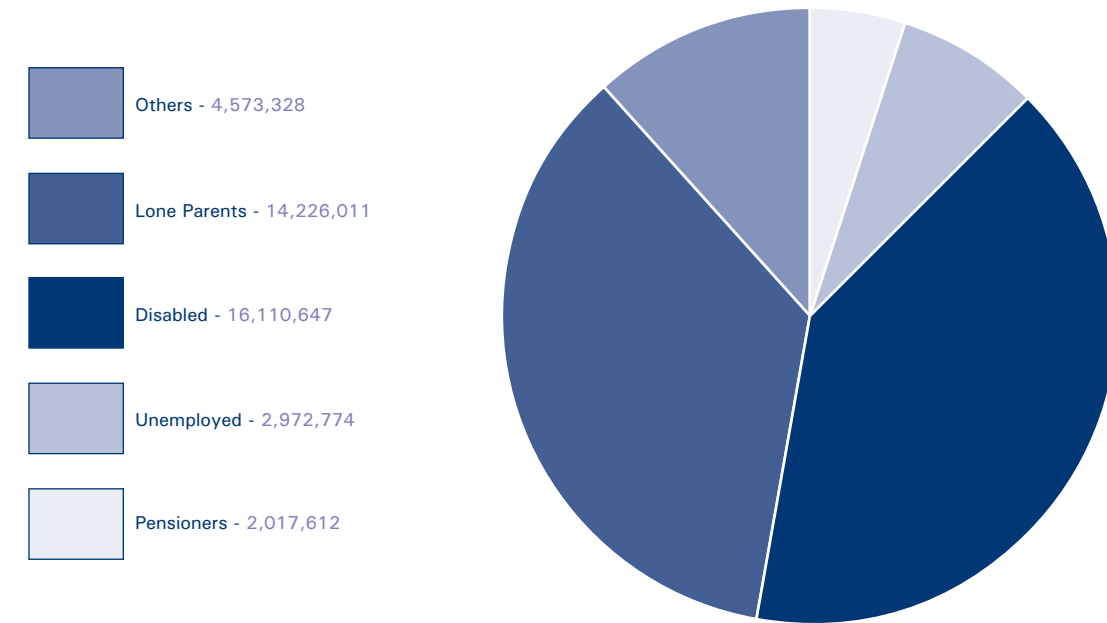
### Community Care Grants

Expenditure by Direction 4			
Direction 4 Condition Satisfied		Amount (£)	% of Gross
4(a)(i)	People moving out of institutional or residential care	192,228	1.4
4(a)(ii)	Helping people stay in the community	7,091,316	53
4(a)(iii)	Families under exceptional pressure	5,474,630	40.9
4(a)(iv)	Prisoner or young offender on release or temporary licence	8,823	0.1
4(a)(v)	People setting up home as a planned programme of resettlement	171,129	1.3
4(b)	Travelling Expenses	445,875	3.3

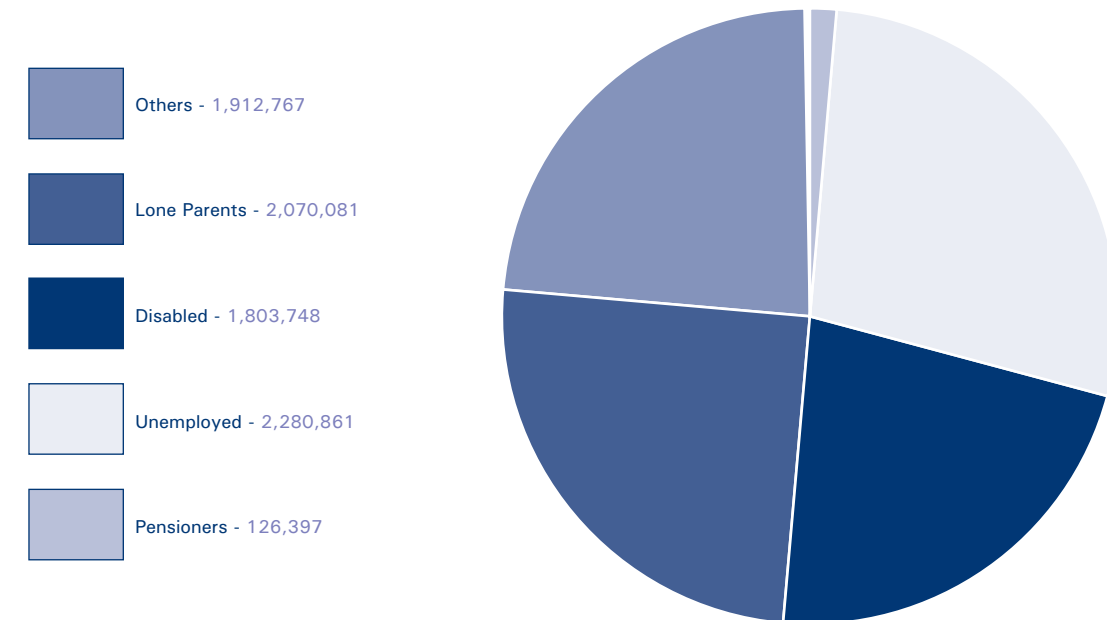
**Notes:**

1. If more than one condition is satisfied by an application it will be recorded under the first condition, in the order set out in the table.
2. Figures are estimated as the computer system does not split expenditure made after a review by the part of direction 4 satisfied.
3. Figures and percentages may not sum due to rounding.

Budgeting Loans: Expenditure in £ by Applicant Group



Crisis Loans: Expenditure in £ by Applicant Group



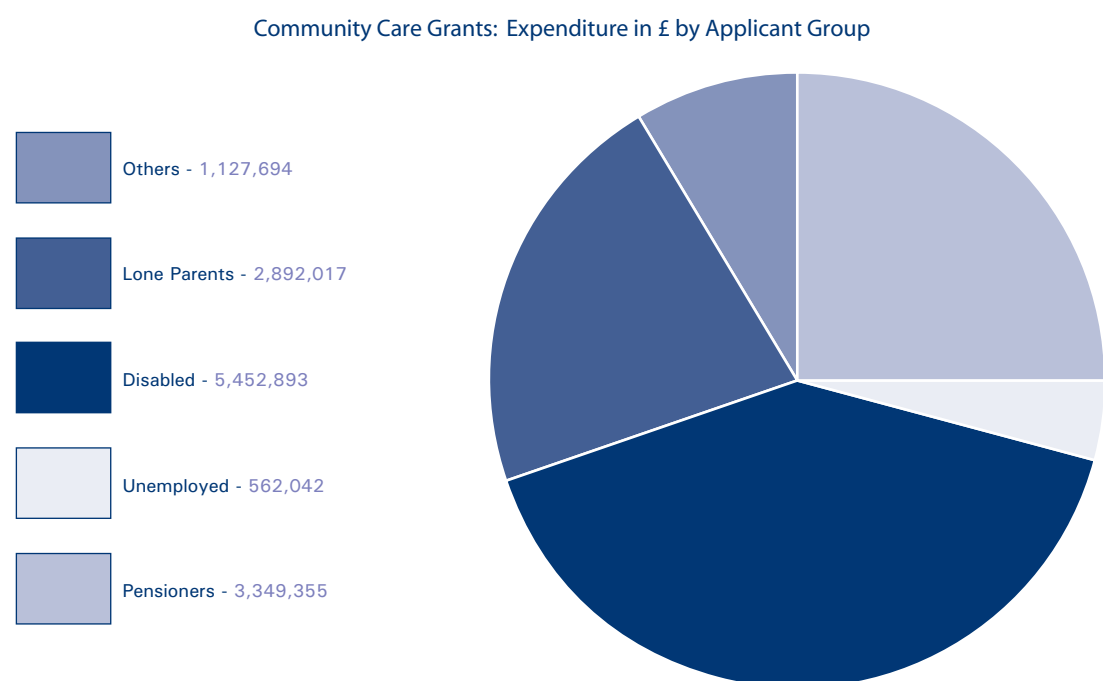
### 3.4 Community Care Grants

3.4.1 The regional grants budget was increased to £13.32 million in 2005/06. This made it:

- £0.68 million higher than in 2004/05
- £0.94 million higher than in 2003/04
- £0.94 million higher than in 2002/03.

3.4.2 The increase was distributed so that every district received a minimum 2% increase over their April 2004 grants budget. Then, districts that in the past had been able to meet a lower proportion of local demand than the regional average, received proportionately higher increases in their 2005/06 budget. But districts which had met higher proportions of demand than the regional average still received at least a minimum 2% increase. (See paragraph 6.2.4 for the 2006/07 grants allocation).

3.4.3 In 2005/06, the work to redesign the current Community Care Grant application form continued. The aim is to improve the quality of the initial decision by developing an application format that elicits the right information in the simplest way possible. The chart below shows Community Care Grant expenditure by client group.



3.4.4 Full Community Care Grant statistics are provided at Annexes 1, 3, 4, 5 and 12.

### 3.5 Reviews

3.5.1 Applicants to the discretionary fund who are dissatisfied with the decision on their case have the right to have the decision reviewed. The principles of the review are straightforward. Consideration is given to whether the law and directions have been followed, whether guidance has been taken into account, and whether the case has been handled fairly and reasonably.

3.5.2 A reviewing officer within the Social Security Agency carries out the initial review at a local level and the outcome is notified to the applicant. Procedural changes to the way reviews are conducted were introduced in November 2005 in an amendment to the Department's directions.

## Annex 3

### Discretionary Grants and Loans

Expenditure by Applicant Group						
Applicant Group	Community Care		Budgeting Loans		Crisis Loans	
	Amount (£)	%	Amount (£)	%	Amount (£)	%
Pensioners	3,349,355	25	2,017,612	5.1	126,397	1.5
Unemployed	562,042	4.2	2,972,774	7.5	2,280,861	27.8
Disabled	5,452,893	40.7	16,110,647	40.4	1,803,748	22
Lone Parents	2,892,017	21.6	14,226,011	35.7	2,070,081	25.3
Others	1,127,694	8.5	4,573,328	11.5	1,912,767	23.3

#### NOTES:

1. Applicant group definitions are in Annex 14.
2. This table includes awards on review.
3. Figures and percentages may not sum due to rounding.

## Annex 2

### Sure Start Maternity Grants and Funeral Payments

Awards by Applicant Group				
Applicant Group	Sure Start Maternity Grants		Funeral Payments	
	Awards	% of Awards	Awards	% of Awards
Pensioners	0	0.0	1,464	50.8
Unemployed	308	3.5	154	5.3
Disabled	662	7.4	463	16.2
Lone Parent	2,375	26.7	243	8.4
Employed	3,006	33.8	73	2.5
Others	2,545	28.6	483	16.8

Awards by Qualifying Benefit or Tax Credit				
Qualifying Benefit	Sure Start Maternity Grants		Funeral Payments	
	Awards	% of Awards	Awards	% of Awards
IS, JSA(IB) and SPC	4,528	50.9	2,467	88.8
CTC (at a rate higher than the family element) / WTC (which includes a disability or a severe disability element).	4,368	49.1	141	5.1
Housing Benefit	N/A	N/A	168	6.1
Total	8,896	100	2,776	100

#### NOTES:

1. Applicant group definitions are in Annex 14.
2. Figures and percentages may not sum due to rounding.

The key change was that the telephone became the primary way of interviewing an applicant seeking a first tier local review – with the option of a face to face interview still available when appropriate.

- 3.5.3 Applicants who remain dissatisfied with the result of the local review can ask for a further review by a Social Fund Inspector, who is fully independent of the Department for Social Development. Social Fund Inspectors are appointed by, and are accountable to, the Social Fund Commissioner. In 2005/06, Social Fund Inspectors reviewed 1,265 reviewing officer decisions.
- 3.5.4 An amendment to the Social Fund (Application for Review) Regulations (Northern Ireland) 1988 came into force from 24 April 2006. The amendment means that customers' applications for further review by a Social Fund Inspector can be made directly to the Office of the Social Fund Commissioner, instead of to an office of the Department. The change emphasises the independence of the Commissioner's Office and aims to promote increased customer confidence in the review process.
- 3.5.5 The time taken to clear the local review is now a formal clearance standard within the Social Security Agency. The standard is 10 working days, on average, to clear a local review. In 2005/06, the regional standard achieved was 11 working days on average. (See paragraphs 4.3.1 and 4.3.2).
- 3.5.6 The Social Fund Commissioner has reported separately on the standard of reviews carried out by Social Fund Inspectors. His report is published separately.
- 3.5.7 A summary of Social Fund review applications is set out in Annex 12.

## 4 General Administration

### 4.1 Review of Social Fund Administration

- 4.1.1 In last year's report on the Social Fund, the Social Security Agency announced plans to examine the feasibility of centralising delivery of Social Fund. The Agency continues to consider the organisational arrangements for delivery of Social Fund, and a review is expected to be completed in October 2006.

### 4.2 Pensioners and the Social Fund

- 4.2.1 To ensure that staff who deal with pensioners over the telephone have an understanding of the Social Fund and its administration, all Pension Service staff working in the Customer Contact Centre receive an awareness session on the Social Fund as part of their initial training.

4.2.2 The Social Security Agency’s team of Pension Advisers, who are the face to face contact with customers, attended Social Fund awareness training in November 2005, developed in conjunction with the Office of the Social Fund Commissioner (OSFC) and delivered by the Commissioner’s Office. They have also been distributing a “flyer”, produced by OSFC, about Community Care Grants and the role of OSFC to every customer they visit.

**4.3 Performance management and improvement**

4.3.1 District and regional performance is monitored against the comprehensive set of Social Fund clearance and accuracy standards below. The set includes the review standard (see paragraph 3.5.5 above) and comprises:

Social Fund accuracy	95%
Average Actual Clearance Times	
Local Review	10 days
Community Care Grants	12 days
Budgeting Loans	5 days
Crisis Loans	1 day
Funeral payments	16 days
Sure Start Maternity Grants	5 days

4.3.2 The achievement against the standard in 2005/06 was:

Average Actual Clearance Times (days)	Standard	Achieved
Local Review	10	11
Community Care Grants	12	9
Budgeting Loans	5	3
Crisis Loans	1	1
Funeral Payments	16	11
Sure Start Maternity Grants	5	5
Accuracy		
Social Fund Accuracy	95%	96%

**Annex 1**

**Northern Ireland Social Fund Summary Statistics 2005/2006**

	Regulated Social Fund			Discretionary Social Fund		
	SSMG	CWP	FP	CCG	BL	CL
Applications received	11,868	N/A	3,798	54,045	121,864	104,656
Decisions <sup>1</sup>	12,087	N/A	3,809	53,224	120,325	104,794
Awards	8,896	0	2,880	29,216	92,075	83,688
Awards as % of decisions	73.6	N/A	75.6	54.9	76.5	79.9
Refusals	3,458	N/A	968	23,827	25,275	19,322
Gross Expenditure £m	4.50	0	2.64	13.38	39.90	8.19
Recoveries £m	N/A	N/A	0.11	N/A	37.97	7.84
Net Expenditure £m	4.50	N/A	2.53	13.38	1.93	0.35
Average Award £	506.65	N/A	918.86	458.11	433.35	97.91

**Notes:**

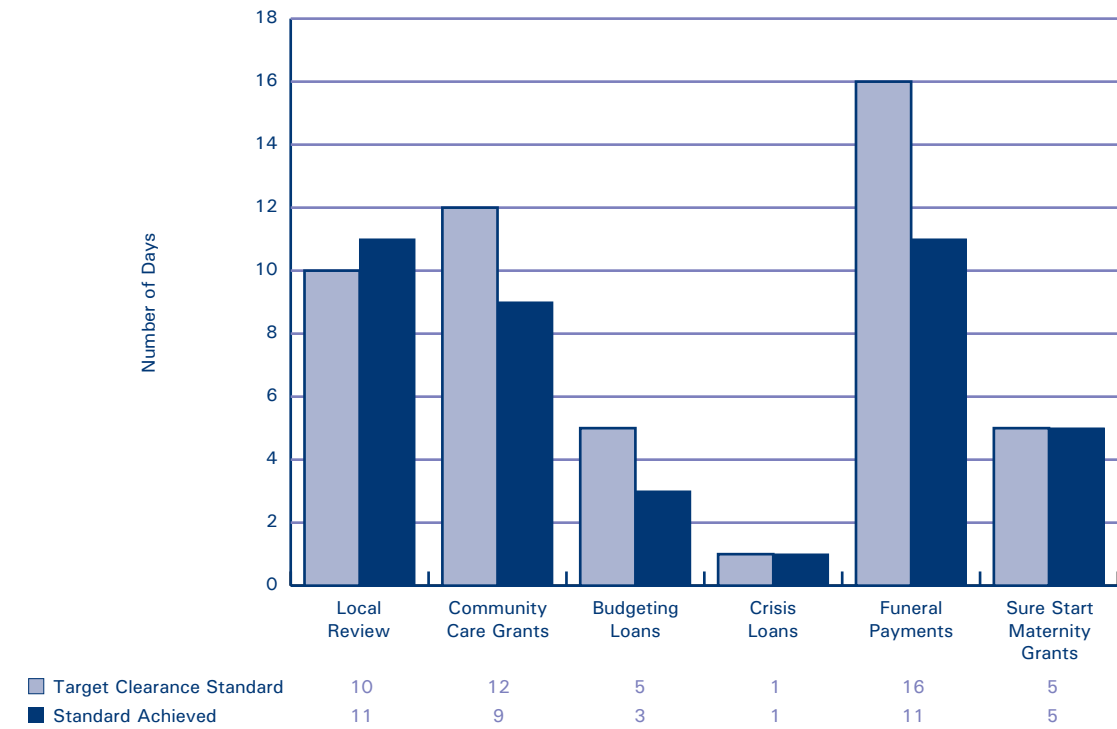
1. Average SSMG award reflects multiple births.
2. There is no requirement to claim Cold Weather Payments.
3. For the regulated Social Fund, the method of calculating average awards is to divide gross expenditure by the number of awards (including those made after reconsideration or appeal).
4. For the discretionary Social Fund, the method of calculating average awards is to divide initial expenditure (excluding the value of review awards) by the number of initial awards.
5. The difference between applications received, initial decisions, awards and initial refusals, is due to: applications being withdrawn; applicants not responding to loan offers; and, not decided at the time the count was made.
6. The number of discretionary awards made after review is not included in the table. However, gross expenditure does include awards made after review, reconsideration or appeal.
7. Figures and percentages may not sum due to rounding.

<sup>1</sup> Figures include decisions given in outstanding cases carried forward from 2004/2005

### Abbreviations

BL	Budgeting Loan
CCG	Community Care Grant
CL	Crisis Loan
CTC	Child Tax Credit
CWP	Cold Weather Payment
FP	Funeral Payment
IS	Income Support
JSA (IB)	Jobseeker's Allowance (Income based)
OSFC	Office of the Social Fund Commissioner
SFI	Social Fund Inspector
SFO	Social Fund Officer
SPC	State Pension Credit
SSMG	Sure Start Maternity Grant
WTC	Working Tax Credit

Clearance Standard Target in days v days actually achieved



4.3.3 In the course of their review the Social Fund Inspectors are able to identify issues of concern in the overall operation of the discretionary Social Fund. This is another valuable source of feedback to inform performance improvement plans, not only with regard to standards of decision making, but in more general operational performance. Departmental officials continue to work closely with the Office of the Social Fund Commissioner to resolve issues, and to improve Social Fund administration.

#### 4.4 Quality of Social Fund Decision Making

4.4.1 The standards of Social Fund decision making are published in the Social Security Agency's Annual Report on Decision Making and Case Accuracy.

4.4.2 The Social Security Agency has altered its cycle for reporting from a financial year to a calendar year and the Social Security Agency Annual Report on Decision Making and Case Accuracy for 2005 is due to be published in November 2006.

4.4.3 The standard of decision making on Social Fund is monitored by the Social Security Agency's Standards Assurance Unit. In 2005 the team visited six districts and monitored 1008 Social Fund decisions in total. At local level, the team provided feedback on decision making performance and on errors and trends emerging. Formal quarterly reports were also issued to Social Fund managers.

- 4.4.4 The results of Standard Assurance Unit's monitoring of social fund decisions in 2005 were presented to the Northern Ireland Standards Committee in May 2006.
- 4.5 Improvements to IT**
- 4.5.1 In 2005/06 an improvement to the Social Fund Computer System has been under development (for introduction in October 2006). The change will increase the capacity in respect of the number of applications and repayable loans held on the system for an individual customer. This is expected to deliver processing of almost all Social Fund applications via the system – thus reducing expensive off system clerical activity.
- 4.6 Instructions and Guidance project**
- 4.6.1 Work continues within the Social Security Agency to produce a universal, easy to access, computer based guidance site for staff, to support delivery of all its benefits. This entails re-structuring the current paper copies of all operational guidance into a new computer format.
- 4.7 Publicity for external customers**
- 4.7.1 Social Fund claim forms, application forms and leaflets can be found at the website of the Department for Social Development at [www.dsdni.gov.uk](http://www.dsdni.gov.uk), through the link to the Social Security Agency on the home page.

## 5 Financial Issues

### 5.1 Background

- 5.1.1 Payments from the regulated Social Fund are not limited by a budget. Regulations prescribe the circumstances and amounts payable. For the discretionary Social Fund, cash limited budgets are allocated to individual districts.

### 5.2 The 2005/06 discretionary Social Fund budgets

- 5.2.1 In April 2005 the net discretionary Social Fund budget was £16.49 million, £3.5 million more than in 2002/03. This £16.49 million, together with the forecast for 2005/06 loan recoveries of £43.10 million, allowed a total gross discretionary budget of £59.59 million to be set at the start of the 2005/06 allocations year.
- 5.2.2 For this third and final year of additional net funding, the regional Community Care Grants budget received a £0.68 million increase. The total Social Fund gross discretionary budgets for Northern Ireland at 1 April 2005 were:

## 7 Annexes

### Index

#### General

- Annex 1 Northern Ireland Social Fund summary statistics

#### The regulated Social Fund

- Annex 2 Sure Start Maternity Grants and Funeral Payments: awards by Applicant group and by qualifying benefit or tax credit.

#### The Discretionary Social Fund

- Annex 3 Expenditure by applicant group
- Annex 4 Community Care Grants: expenditure by Direction 4
- Annex 5 Community Care Grants: reasons for refusal
- Annex 6 Budgeting Loans: awards by family size and comparison with 2004/05
- Annex 7 Budgeting Loans: awards by family size and length of time on benefit and comparison with 2004/05
- Annex 8 Budgeting Loans: reasons for refusal
- Annex 9 Crisis Loans: expenditure by application for purpose
- Annex 10 Crisis Loans: reasons for refusal
- Annex 11 Loan recovery
- Annex 12 Summary of Social Fund Review applications
- Annex 13 Summary of Social Fund appeals
- Annex 14 Client groups and applicant group definitions



- 6.2.3 £0.1 million has been retained centrally to provide a contingency reserve to support any Social Security Agency district budget that comes under pressure from unforeseen expenditure.
- 6.2.4 As part of the allocation, the regional grants budget has been increased by £0.30 million to £13.62 million. It has been distributed so that all Social Security Agency districts receive a minimum 1% increase over their 2005/06 budget, with the remainder of the £0.30 million then allocated to achieve the largest step possible towards all districts meeting the same regional (average) proportion of legitimate demand.
- 6.2.5 The 2006/07 discretionary Social Fund budget was allocated on 1st April 2006 to six district budgets.

Community Care Grants	£13.32 million
Loans	£46.17 million
Contingency reserve	£0.1 million

The recovery forecast for the year was £43.10 million.

### 5.3 In-year allocation to the loans budget

- 5.3.1 An in-year allocation of £2 million was made in October 2005. As a consequence the gross discretionary budget for the year became £61.59 million, and the gross loans budget for the year increased to £48.17 million. The in-year allocation was funded by an increase in loan recoveries and an underspend carried forward from the Social Fund accounts of previous years.

### 5.4 Re-allocation of the loans budget

- 5.4.1 Also, during the year there was a minor re-allocation of loans budget funding between districts. This amounted to £0.2 million in March 2006. The funds were taken from some districts with budget under-spends, and given to other districts. This enabled all districts to continue to offer similar Budgeting Loan amounts to the end of the year, achieving maximum consistency for applicants wherever they live.

### 5.5 Allocations to districts in 2005/06

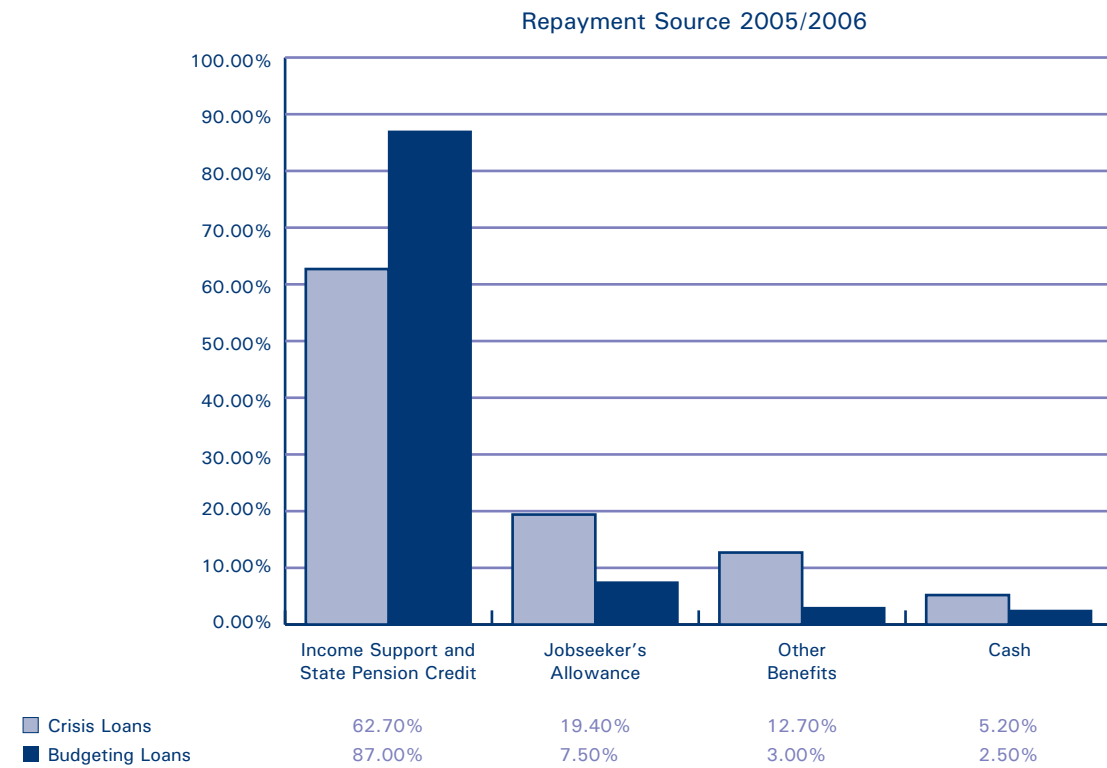
- 5.5.1 The basis for the initial 2005/06 loans budget allocation, and the subsequent re-distribution of budgets, was to provide applicants with broadly similar personal circumstances the same level of Budgeting Loan assistance wherever they live.

### 5.6 Payments from the contingency reserve

- 5.6.1 During the year additional allocations from the contingency reserve were made to the Community Care Grant budgets in two districts. Some of this money was used to provide help following the flooding in the Lower Ormeau Road area in December 2005.

### 5.7 Recoveries

- 5.7.1 £45.32 million was recovered through the repayment of loans during 2005/06, £2.22 million above the target set at the start of the year.
- 5.7.2 Funeral payments are recoverable from the estate of the deceased. In 2005/06, £0.11 million was recovered. The chart on the next page shows details of the Repayment Source during the year.
- 5.7.3 Details of recoveries are given in Annexes 1 and 11.



## 6 Summary of Financial Performance

### 6.1 General

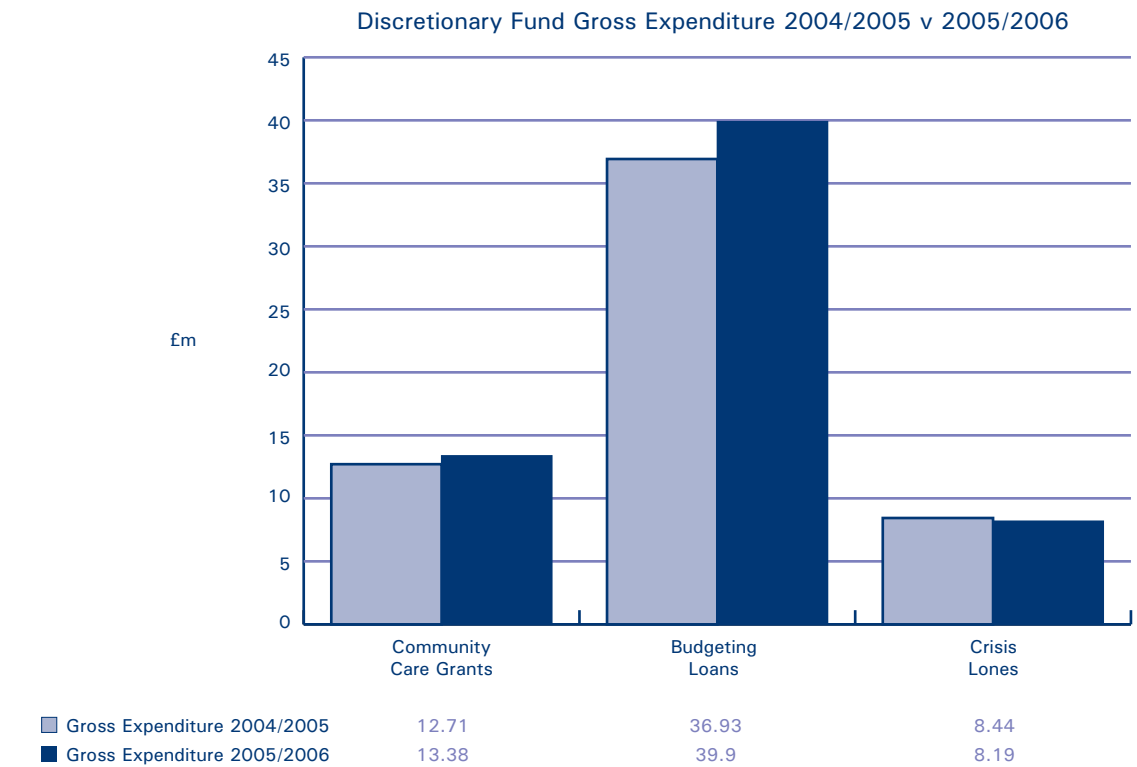
6.1.1 During the year the Social Fund has, in total, provided payments worth over £68.81 million. In addition, Winter Fuel Payments of £50.2 million (including the 80+ payment) have been made to 211,186 households that include someone aged 60 or over.

6.1.2 Compared to 2004/05, the figures for 2005/06 show:

- Overall there were 280,565 applications to the discretionary social fund – 8,000 more than in 2004/05.
- Applications for community care grants increased by more than 5% to 54,045.
- The proportion of grant decisions resulting in an initial award decreased from 57.7% to 54.9%.
- Applications for crisis loans decreased by more than 1% from 106,006 to 104,656.
- The proportion of crisis loan decisions resulting in an initial award decreased from 83% to 79.9%.
- Applications for budgeting loans increased by 5.8% from 115,180 to 121,864 and the average initial award increased from £423 to £433.

- The proportion of budgeting loan decisions resulting in an initial award increased from 75.1% to 76.5%.

6.1.3 Gross expenditure on Budgeting Loans was £39.9 million, and gross expenditure on Crisis Loans was £8.19 million. Expenditure on Community Care Grants was £13.38 million. The chart below compares Discretionary Fund gross expenditure over the last two years.



6.1.4 Loan recoveries during the year were £45.32 million against a recovery target of £43.10 million. Recoveries provided 94.2% of the funds needed to meet gross loans expenditure.

6.1.5 Overall, during 2005/06, the discretionary Social Fund provided help in the form of 204,979 awards.

### 6.2 The discretionary Social Fund budget for 2006/07 and its allocation

6.2.1 In 2006/07 the net discretionary Social Fund budget of £16.489 million is increased by the additional new investment of £10.8 million. The new investment is for the net loans budget only. The gross discretionary Social Fund budget for 2006/07 is £74.69 million.

6.2.2 An amount of £60.97 million has been allocated for loans of which £47.4 million will be provided through the repayment of loans. Budgeting Loan applicants will continue to benefit from the same treatment of their circumstances wherever they live. In-year allocations and re-allocations of district loans budgets will be made with the aim of consistency of outcome for all applicants.