

Social Fund Account 2018-19

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Presented to Parliament pursuant to Section 167(4) of the Social Security Administration Act 1992

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Foreword

Background information

The Social Fund was established in 1987 and continues under section 167 of the Social Security Administration Act 1992.

- Section 138(1) of the Social Security Contributions and Benefits Act (SSCBA) 1992 enables payments of prescribed amounts to be made out of the Social Fund to meet, in defined circumstances, maternity and funeral expenses
- Payments of Budgeting Loans are paid in accordance with directions given or guidance issued by the Secretary of State
- Section 138(2) of the SSCBA provides for payments to enable people who satisfy prescribed qualifying conditions to meet expenses for heating incurred or likely to be incurred during periods of cold weather. Regulations provide for payments from the Social Fund to be made to certain customers following a period of cold weather or when cold weather is forecast
- Winter Fuel Payments were introduced in 1997-98 to provide automatic help to pensioner households to assist with fuel bills
- Legislation was introduced with effect from April 1998 that allowed the recovery of Social Fund overpayments

HM Treasury introduced firmer spending controls in April 2014, Winter Fuel Payments and Cold Weather Payments contribute to expenditure within the constraints of the Welfare Cap and the funding provision for Sure Start Maternity Grants and Funeral Expense Payments is subject to the Departmental Expenditure Limit.

Categories of Payments

Budgeting Loans

Interest free loans are available to customers in receipt of a qualifying benefit¹ to help them cope with the expenditure associated with the purchase of major items or services including, since 2012, funeral and maternity expenses.

Sure Start Maternity Grants

The Sure Start Maternity Grant (SSMG) is available to families in receipt of a qualifying benefit and who meet the eligibility criteria.² The grant is worth £500 in respect of babies due, born, adopted or subject of a parental order on or after 16 June 2003. In December 2018 SSMG was replaced by Best Start Grant Pregnancy and Baby Payment for residents in Scotland.

Funeral Expenses Payments

Funeral Expenses Payments are available to help with the cost of a funeral. They may be made for customers or their partners, who are in receipt of a qualifying benefit and meet the eligibility criteria.³ Funeral Expenses Payments are normally recoverable from the estate of the deceased, even if the estate is not sufficient to permit full recovery.

1 <https://www.gov.uk/budgeting-help-benefits/eligibility>

2 <https://www.gov.uk/sure-start-maternity-grant/eligibility>

3 <https://www.gov.uk/funeral-payments/eligibility>

Cold Weather Payments

Cold Weather Payments are payable to customers who are in receipt of a qualifying benefit and meet the eligibility criteria.⁴

Customers receive payments of £25 for each period of 7 consecutive days during which the average temperature was or was forecast to be zero degrees Celsius or below in areas where the customer lives.

Winter Fuel Payments

Winter Fuel Payments are payable to people of state pension age who meet the eligibility criteria⁵, regardless of whether they are receiving a Social Security Benefit. In 2018-19 this was customers born on or before 5 November 1953.

The total amount payable to a person eligible and under 80 years living alone in their own home was £200 for 2018-19 (£100 each if they shared a home with another eligible person aged under 80). For people aged 80 or over and living alone the amount payable was £300 this year (£150 each if they shared a home with another eligible person aged 80 or over). Where one of the couple is over 80 and the other under 80 then the person over 80 receives £200 and the person under 80 receives £100.

Financial Performance

During 2018-19 £462 million (2017-18: £448 million) of recoverable budgeting loan payments were issued. Recoveries of loans paid back into the fund during the year were £511 million (2017-18: £504 million) for Budgeting Loans and £31 million (2017-18: £46 million) for Crisis Loans.

During the same period £44 million (2017-18: £37 million) funded the issue of Funeral Expenses Payments, £0.1 million (2017-18: £0.1 million) was recovered and £41 million (2017-18: £37 million) was written off the total Funeral Expenses Payments debt as there was no estate to recover from.

Regulated payments included Sure Start Maternity Grants costing £25 million (2017-18: £26 million) and Winter Fuel Payments costing £1,996 million (2017-18: £2,023 million).

The total expenditure on Cold Weather Payments in 2018-19 was £27 million compared to £114 million in 2017-18. This was due to a relatively mild winter.

The Social Fund is maintained by loan recoveries and monies voted by Parliament. Expenditure is estimated at the start of the year and, taking into account forecast recoveries, sufficient funds are transferred to the Fund to meet the Department's expected liabilities to the paying agents. Adjustments are made to the balances due to and from the paying agents during the normal course of business.

In 2018-19 the sustained focus on recovery of outstanding loan debt has reduced the debt stock by £82 million and generated a surplus position in the fund.

The Social Fund closing bank balance will vary from year to year. The policy intention is to maintain a minimum balance which will provide working capital to contribute to, for example, an unexpected surge in Cold Weather Payments late in the financial year beyond the date for the Supplementary Estimate.

The closing balance on the Fund is £180 million, increased by £72 million from £108 million in 2017-18, this is as a result of ensuring that there were sufficient funds available to cover potential Cold Weather Payments to the end of the financial year.

The treatment of any surplus funds is to be kept under review with HM Treasury. The Department will ensure, however, that a sufficient working balance is retained to both cover future demands and to protect the overall solvency of the Fund.

4 <https://www.gov.uk/cold-weather-payment/eligibility>

5 <https://www.gov.uk/winter-fuel-payment/eligibility>

Recoverability of Debt

All debt balances in this White Paper Account are disclosed before impairment is applied. The gross debt position is £492 million of which £41 million is impaired in line with the Department's impairment policy. The Social Fund debt is fully consolidated within the 2018-19 DWP Annual Report and Accounts (see note 13), where the debt is impaired in accordance with departmental policy.

The impairment calculation takes prior year recoveries and write-offs arising in the current year, to project amounts that will be recovered in the following fifteen year period. Recoveries and write-offs are analysed by the age of the debt to which they relate and this analysis is used to estimate the value of recoveries in future periods, before being discounted to their present value. In line with the Department's recovery policy debt is only written off in very limited circumstances. Our write off policy has been agreed with HM Treasury. The impairment for 2018-19 of £41 million has reduced from £54 million (2017-18) due to maintaining the level of recoveries this year against a falling debt stock.

The impact of impairment on Social Fund debt excluding overpayment debt is illustrated in the following table:

	Budgeting Loans £'000	Crisis Loans £'000	Funeral Expenses Payments £'000	Total £'000
Gross debt position	367,512	120,706	3,698	491,916
Provision for Impairment	(15,035)	(22,717)	(3,395)	(41,147)
Net debt position	<u>352,477</u>	<u>97,989</u>	<u>303</u>	<u>450,769</u>

A customer may have multiple loans up to a maximum of £1,500 and, in order to ensure repayments are affordable an individual payment plan is agreed with each customer meaning that it can take many years for loans to be recovered. Whilst we seek to recover all outstanding debt, we acknowledge that, due to the age of some of our debt stock, the quality of information to support the debt and changes to customer's circumstances, not all debts will be recovered. We believe that the impairment reasonably indicates collectability of the debt stock.

Secretary of State's report

The Secretary of State is required by section 167(5) and (6) of the Social Security Administration Act 1992 to prepare an annual report on the Social Fund and to lay a copy of the report before each House of Parliament. The Social Fund annual report, which is unaudited, will be presented to Parliament in January 2020. The report will give a detailed account of the activities and expenditure on the Social Fund for 2018-19.

Basis of preparation of Accounts

Under section 167(4) of the Social Security Administration Act 1992, Accounts of the Social Fund are to be prepared in such form and in such manner and at such times as the HM Treasury may direct.

The HM Treasury Direction has not changed since 2014-15 and the requirement for the continued production of the Account will be kept under review with HM Treasury.

Audit arrangements

The Comptroller and Auditor General is required under section 167(4) of the Social Security Administration Act 1992 to examine and certify the Social Fund Account and to lay copies of it, together with his report on it, before Parliament.

Statement of Accounting Officer's responsibilities

Under the Social Security (Administration) Act 1992, HM Treasury has appointed me, the Permanent Secretary of the Department for Work and Pensions, as the Accounting Officer for the Social Fund and has directed me to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction (Annex page 16). The accounts are prepared on a receipts and payments basis (including a Statement of Balances), and are properly presented, with notes to support the receipts and payments statement and the debt position.

In preparing the accounts, the Accounting Officer shall observe relevant accounting and disclosure requirements in the Government Financial Reporting Manual (FReM), in so far as it applies to a receipts and payments account, and any other guidance issued by HM Treasury, and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the accounts
- prepare the Account on a going concern basis.

As far as I am aware, there is no relevant audit information of which the auditors are unaware and I have taken all steps to make myself aware of any relevant audit information and to establish that the auditors are aware of that information.

I confirm that the Social Fund account 2018-19 is, as a whole, fair, balanced and easy to understand. I take a personal responsibility for the Social Fund account and the judgements required for determining that it is fair, balanced and understandable.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable for keeping proper records and for safeguarding the Social Fund's assets, are set out in *Managing Public Money*, published by HM Treasury.

Peter Schofield
Accounting Officer

13 January 2020

The Social Fund Governance Statement 1 April 2018 - 31 March 2019

The Department for Work and Pensions (DWP) Accounting Officer System Statement (AOSS), published in 2018 sets out how the Permanent Secretary fulfils his responsibilities and describes the accountability system in place for the Department's expenditure which includes Social Fund. The Department's Governance Statement in the DWP Annual Report and Accounts provides assurance on how the system of control has operated during 2018-19. This includes the departmental board's performance and its assessment of effectiveness, information regarding quality of information presented to the board and any committee reports.

Detail of Departmental Board membership attendance and activity is also available within the DWP Annual Report and Accounts 2018-19.⁶

System of Control

We are governed by

- the Secretary of State's overall responsibility for the Department
- the Permanent Secretary's responsibility, both to the Secretary of State and directly to Parliament, as the Accounting Officer for the Department's expenditure and management
- the Departmental Board's collective responsibility for advice on strategic and operational issues, and for scrutinising and challenging policies and performance

The System of Control also includes the Departmental Board sub-committees, details of which can be found in the DWP Annual Report and Accounts. In addition, Social Fund has its own management group which meets regularly to oversee strategic governance of the Social Fund. The group ensures Social Fund operational activity meets with policy intent and any risks are managed.

Risk, Controls & Compliance

The Social Fund is subject to the same governance and risk management as set out in the Governance Statement within the DWP Annual Report and Accounts. There are no specific Social Fund risks or control issues to report.

Regularity

Where payments are not made in accordance with the legislation they are irregular. The Department continues to keep the regularity of payments under review to ensure continual improvements are identified and developed. The Quality Assurance Framework (QAF), introduced into Social Fund to raise the standard of Social Fund decision making, involves the stakeholders and includes a thorough and reasoned check of the standard of decision making.

As part of the annual audit of the Social Fund account, the National Audit Office (NAO) carries out testing of payments to check for compliance with the Secretary of State directions and regulations of payments in order to provide an error estimate of the regularity of benefits paid. In 2018-19 NAO estimated gross level of irregularity within Social Fund benefit payments has increased to £10.8 million (2017-18 £0.6 million). This best estimate has an upper error limit of £15 million (2017-18 £1.108 million). NAO testing found a payment error in Winter Fuel Payments (WFP), DWP estimated the upper error overpayment to be £6.3 million. DWP also identified an error within Cold Weather Payments (CWP) with an upper estimate of £0.5 million. Due to errors identified by NAO in testing of Funeral Expense Payments, NAO estimate a £3.2 million overpayment (2017-18 £0.6 million underpayment). The departmental fraud and error activities included the DWP Annual Report and Accounts include actions taken to resolve issues with the Social Fund. We will continue to review our systems and procedural controls. Regular updates on progress against audit recommendations will be made to Departmental Audit Risk and Assurance Committee and NAO during 2019-20.

Audit and other reports to management

The Government Internal Audit Agency (GIAA) provides overall assurance over key areas of Departmental performance.

In 2018-19 the GIAA reviewed Sure Start Maternity Grants (SSMG) and the effectiveness of recovery of Social Fund loans from disability benefits.

Sure Start Maternity Grants

The report was issued on 1 March 2019 and considered assurance over the financial accuracy and quality of SSMG awards, the adequacy of operational processes and controls. It also included the robustness, quality and adequacy of management information in supporting effective management and delivery of SSMG and Best Start Maternity Grant (Scotland) front end services.

The overall level of assurance was limited and provided five medium priority recommendations. These focused on the development of a quality assurance framework, continued work on resourcing levels, evaluation of the success of changes to customer claim forms and increasing Management Information to support effective performance management. Two of the recommendations were implemented as planned by 31 March 2019, the remainder are planned to be implemented by the end of November 2019.

Effectiveness of recovery of Social Fund loans from disability benefits

The report was issued on 6 February 2019 and considered the effectiveness of recovery action of social fund loans from debtors in receipt of Disability Living Allowance (DLA), Personal Independence Payments (PIP) or Attendance Allowance (AA). Legislation does not include the automatic recovery of Social Fund loans from these disability benefits. Recovery is managed through the Debt Management process. The overall level of assurance was moderate and provided one recommendation, which is to improve the availability of Management Information for customers in receipt of these three disability benefits.

Peter Schofield
Accounting Officer

13 January 2020

The Certificate of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Social Fund White Paper Account for the year ended 31 March 2019 under the Social Security Administration Act 1992. The financial statements comprise: the Receipts and Payment Account (including the Statement of Balances) and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

In my opinion:

- the financial statements properly present the receipts and payments the Social Fund for the year ended 31 March 2019; and
- the financial statements have been properly prepared in accordance with Social Security Administration Act 1992 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the receipts and payments recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Social Fund in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they properly present the transactions and balances of the Social Fund.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Social Security Administration Act 1992.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Social Fund's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Social Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am required to obtain evidence sufficient to give reasonable assurance that the receipts and payments recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the Foreword and the Governance Statement. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion, the information given in the Foreword and Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
14 January 2020

National Audit Office
157-197 Buckingham Palace Road
Victoria
London, SW1W 9SP

Receipts and Payments Account for the year ended 31 March 2019

	2018-19 £000	2017-18 £000
Receipts		
Receipts from the Secretary of State		
Regulated	92,542	162,063
Winter Fuel Payments (Regulated)	1,988,775	2,024,844
	2,081,317	2,186,907
Repayments of Budgeting Loans	511,423	504,275
Repayments of Crisis Loans	31,193	46,092
Repayments of Funeral Expenses Payments	146	68
Refund of Social Fund Overpayments Discretionary	1,280	1,154
Refund of Social Fund Overpayments Regulated	724	669
	2,626,083	2,739,165
<i>Less</i>		
Payments		
Discretionary		
Budgeting Loans	461,835	448,318
Crisis Loans	17	112
<i>Regulated</i>		
Winter Fuel Payments	1,996,031	2,023,001
Funeral Expenses Payments	44,468	37,062
Sure Start Maternity Grants	24,831	25,614
Cold Weather Payments	26,978	114,296
	2,554,160	2,648,403
Excess of receipts over payments prior to repayment	71,923	90,762
<i>Less</i>		
Repayment of surplus funds by SoS to HM Treasury	0	65,000
Total excess receipts over payments (payments over receipts)	71,923	25,762

The notes on pages 13 to 15 form part of this account.

Statement of Balances as at 31 March 2019

	2018-19 £000	2017-18 £000
Opening Balance	107,850	82,089
Excess of receipts over payments (payments over receipts)	71,923	25,761
Closing Balance	179,773	107,850

The notes on pages 13 to 15 form part of this account.

Peter Schofield
Accounting Officer

13 January 2020

Notes to the Account

1 Accounting Policies

In accordance with section 167(4) of the Social Security Administration Act 1992 this account has been prepared on a cash basis with no provision for accruals. The figures for 2017-18 are given for comparison and are taken from the Account for that year (House of Commons Paper No.1409 of 2017-18).

2 Financial Basis of the Social Fund

Payments from the Fund are split into two broad categories, discretionary and regulated. Historically, discretionary payments have comprised Budgeting Loans, Crisis Loans, and Community Care Grants and were cash limited. The Welfare Reform Act 2012 abolished the Discretionary Fund on 31 March 2013, payment of Budgeting Loans will continue until the full roll out of Universal Credit to help those still receiving the current income related benefits.

Transfer of customer debt is recorded as payments of Crisis Loans and Budgeting Loans in the receipts and payments schedule where the customer has moved to or from Northern Ireland (NI). Under current legislation a reciprocal arrangement between Great Britain and NI allows a customer debt to move to or from NI with the customer, this enables collection of the debt through the host country's benefit system.

Regulated payments are Sure Start Maternity Grants and Funeral Expenses Payments, which are demand led, and Cold Weather Payments and Winter Fuel Payments, which are paid to qualifying customers. Section 78(1) of the Social Security Administration Act 1992 provides that, an award from the Social Fund, which is repayable, shall be recovered by the Secretary of State. The on-going discretionary Social Fund is financed by these recoveries and, for the regulated fund, by payments made by the Secretary of State. In addition, section 78(4) of the Act provides that payments to meet funeral expenses may be recovered from the estate of the deceased.

3 Statement of Loans and Funeral Expenses Payments

	Budgeting Loans	Crisis Loans	Funeral Expenses Payments	2018-19 Total	2017-18 Total
	£000	£000	£000	£000	£000
Amount outstanding at 1 April 2018	420,315	153,311	663	574,289	681,332
Amount loaned	461,835	17	44,468	506,320	485,492
Transferred to overpayments	(1,202)	(71)	(6)	(1,279)	(1,130)
Amount recovered	(511,423)	(31,193)	(146)	(542,762)	(550,435)
Adjustments and amounts written off	(2,013)	(1,358)	(41,281)	(44,652)	(40,970)
Amount outstanding at 31 March 2019	<u>367,512</u>	<u>120,706</u>	<u>3,698</u>	<u>491,916</u>	<u>574,289</u>

The amount for loans outstanding at 31 March 2019 shown in this note is based on cumulative loans and repayments disclosed in the receipts and payments account less accounting adjustments and amounts written off. The statement of loans reflects the gross total debt balance before impairment, not all of which we consider recoverable, please see financial performance in the foreword.

Crisis Loans have not been payable in Great Britain since April 2013. The £0.02 million shown in payments is for Crisis Loan debt relating to customers transferring from Northern Ireland to Great Britain. Budgeting Loan payments also includes £0.4 million debt transfer from Northern Ireland.

The amount outstanding also incorporates £0.5 million of loans showing a credit balance. Where we have been unable to trace the customer to make a repayment, the Department will retain the liability for six years. If at that point no repayment has been able to be made, action would be taken to clear the credit balance.

Social Fund continues to pursue recovery of Funeral Expenses Payments where there is an estate, or a likelihood of one, but for applications where no estate or other asset is declared, abandonment action is taken immediately.

4 Age of Loans and Funeral Expenses Payments Analysis

Between April 1988, when the Social Fund loans scheme was introduced, and March 2019, loans of some £13,702 million have been paid. Over this period, £13,062 million of these loans have been recovered and £167 million written off. This, and other adjustments, leaves a balance of £492 million outstanding at 31 March 2019. Loans are normally recovered by deduction from Social Security benefits including State Pension and where this is not possible, by instalments through other means e.g. direct debit or deduction from earnings. Where a customer has more than one loan, the earliest loan is normally recovered first, with recovery of later loans following automatically. A number of loans may take several years to recover fully and recovery procedures and arrangements continue to be kept under review.

An analysis of age of loans and Funeral Expenses Payments outstanding is summarised below:

	Budgeting Loans	Crisis Loans	Funeral Expenses Payment	2018-19 Total	2017-18 Total
	£000	£000	£000	£000	£000
Five years and over	89,880	120,321	47	210,248	257,514
Between one year and five years	61,543	383	933	62,859	105,214
Less than one year	216,089	2	2,718	218,809	211,561
	<u>367,512</u>	<u>120,706</u>	<u>3,698</u>	<u>491,916</u>	<u>574,289</u>

5 Statement of Losses

Social Fund losses have been fully disclosed in the Accountability Report within the Department's Annual Reports and Accounts.⁷

6 Statement of Assets and Liabilities

	Liabilities £000	Assets £000
Government banking service		179,291
Net balance with the Parliamentary Vote		228
Administration and Miscellaneous Services Vote		12
National Insurance Fund		285
Other Government Payables /Receivables (Net)	43	
Balance of Social Fund at 31 March 2019	179,773	
	<u>179,816</u>	<u>179,816</u>

The Balance of Social Fund represents the cumulative excess of receipts over payments since the inception of the Fund. The balance is held as current assets or liabilities in the above bank, receivable and payable accounts.

The bank account for the Social Fund is the Government Banking Service. The Social Security Benefits and other Payments Vote is money owed to other Benefits.

A minimum balance is kept in the bank as a contingency; this was set at £25 million with the approval of HM Treasury.

Peter Schofield
Accounting Officer

13 January 2020

Annex

Accounts Direction given by HM Treasury in accordance with section 167(4) of the Social Security Act 1992.

- 1 The Treasury in accordance with section 167(4) of the Social Security Administration Act 1992 hereby gives the following direction.
- 2 The statement of account, which it is the duty of the Department for Work and Pensions to prepare in respect of the transactions of the Social Fund for the financial year ended 31 March 2015 and subsequent financial periods, shall comprise:
 - i a foreword
 - i an account of receipts and payments
 - iii a statement of balancesand shall include any such notes as may be necessary for the purposes referred to in the attached schedule.
- 3 The Accounting Officer shall observe relevant accounting and disclosure requirements in the Government Financial Reporting Manual (FReM), in so far as it applies to a receipts and payments account, and any other guidance issued by HM Treasury, as amended or augmented from time to time.
- 4 The format of the statement of account and the disclosure requirements are in the attached schedule.
- 5 The Accounting Officer shall sign the foreword and account.
- 6 The Accounts Direction shall be produced as an annex to the accounts.

Ross Campbell
Deputy Director, Government Financial Reporting
HM Treasury

5 March 2015

Schedule – Format of Account and Disclosure Requirements

- 1 The foreword shall state that the account has been prepared in accordance with a direction issued by Treasury in pursuance of section 167(4) of the Social Security Administration Act 1992. The foreword will also include details of the following:
 - a a brief history of the Social Fund and its Statutory background;
 - b categories of payment;
 - c financial performance;
 - d the publication of the Secretary of State's report;
 - e audit arrangements; and
 - f responsibilities of the Accounting Officer
- 2 The receipts and payments account and statement of balances shall conform to the formats shown in the Annex, although minor variations may be made.
- 3 The notes shall include:
 - a an explanation of the financial basis of the Social Fund;
 - b a statement of loans including an age analysis of loans outstanding;
 - c a statement of losses; and
 - d the policy on maintaining a standing balance.

Receipts and Payments Account for the year ended 31 March XXXX

	20XX-XX	20XX-XX
	£000	£000
Receipts		
Receipts from the Secretary of State		
Discretionary		
Regulated		
Winter Fuel Payments (Regulated)	_____	
Repayments of Budgeting Loans		
Repayments of Crisis Loans		
Repayments of Funeral Expenses Payments		
Refund of Social Fund Overpayments Discretionary		
Refund of Social Fund Overpayments Regulated	_____	_____
<i>Less</i>		
Payments		
<i>Discretionary</i>		
Budgeting Loans		
Crisis Loans		
Community Care Grants		
<i>Regulated</i>		
Winter Fuel Payments		
Funeral Expenses Payments		
Sure Start Maternity Grants		
Cold Weather Payments	_____	_____
Excess of receipts over payments/ (Excess of payments over receipts) prior to repayment	_____	_____
<i>Less</i>		
Repayment of Surplus Funds by Secretary of State to HM Treasury	_____	_____
Total Excess of receipts over payments/ (Excess of payments over receipts) after repayment	_____	_____
Statement of Balances		
	20XX-XX	20XX-XX
	£000	£000
Opening Balance		
<i>Plus</i>		
Excess of receipts over payments after repayment		
<i>Less</i>		
(Excess of payments over receipts after repayment)	_____	_____
Closing Balance	_____	_____

The Notes on pages x to x form part of this Account.

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