



Department
for Work &
Pensions

Streamlining Social Fund Budgeting Loan processes

Public consultation

January 2015

Contents

- Introduction..... 4
 - About this consultation 4
 - How to respond to this consultation 5
 - How we consult..... 5
- Background to Social Fund Budgeting Loans..... 7
 - Current process 7
 - Proposed new process..... 8
- Annex 1 9

Introduction

This consultation seeks views on a proposed change to the process to communicate a decision following an application for a Social Fund Budgeting Loan.

The proposed change is to introduce a telephone call to the applicant once the decision has been made. The applicant will have the opportunity to either accept the loan offer during the call (confirmed by letter) or receive a formal written offer by post. It is anticipated this will reduce the overall customer journey by up to 10 days.

The intention is also to retain the current process for anyone who prefers/requires to be notified in writing before agreeing to the offer.

About this consultation

Who this consultation is aimed at

Views are sought from individuals and representative groups with an interest in Social Fund Budgeting Loan applications.

Purpose of the consultation

We propose streamlining the process for notifying and applicants accepting the award of a Social Fund Budgeting Loan. This consultation is particularly seeking views on any impacts these changes could have on vulnerable individuals, although it is expected these will be minimal.

Scope of consultation

The consultation applies to England, Scotland and Wales as the administration of Social Fund Budgeting Loans has not been, and is not planned to be, devolved.

Duration of the consultation

The consultation will run until 11 March 2015.

How to respond to this consultation

Please send your consultation responses by 4:00pm on Wednesday 11 March 2015 to:

John Canavan
Department for Work and Pension
First Floor
Caxton House
Tothill Street
London
SW1H 9NA

Email: streamliningsocialfund.budgetingloansconsultation@dwp.gsi.gov.uk

Government response

We will publish a summary of the responses to the call for evidence on the consultations section on the [GOV.UK](http://gov.uk) website. The summary will also outline the next steps that we will take.

How we consult

This consultation is being conducted in line with the new [Cabinet Office consultation principles](#). The key principles are:

- departments will follow a range of timescales rather than defaulting to a 12-week period, particularly where extensive engagement has occurred before;
- departments will need to give more thought to how they engage with and use real
- discussion with affected parties and experts to make well informed decisions
- departments should explain what responses they have received and how these have
- been used in formulating policy
- consultation should be 'digital by default', but other forms should be used where these
- are needed to reach the groups affected by a policy

The principles of the [Compact: the agreement between government and the voluntary/community sector](#) will continue to be respected.

Feedback on the consultation process

We value your feedback on how well we consult. If you have any comments about the consultation process (as opposed to comments about the issues which are the subject of the consultation), including if you feel that the consultation does not adhere to the values expressed in the consultation principles or that the process could be improved, please address them to:

DWP Consultation Coordinator
2nd Floor
Caxton House
Tothill Street
London
SW1H 9NA

Email: caxtonhouse.legislation@dwp.gsi.gov.uk

Freedom of information

The information you send us may need to be passed to colleagues within the Department for Work and Pensions, published in a summary of responses received and referred to in the published consultation report.

All information contained in your response, including personal information, may be subject to publication or disclosure if requested under the Freedom of Information Act 2000. By providing personal information for the purposes of the public consultation exercise, it is understood that you consent to its disclosure and publication. If this is not the case, you should limit any personal information provided, or remove it completely. If you want the information in your response to the consultation to be kept confidential, you should explain why as part of your response, although we cannot guarantee to do this.

To find out more about the general principles of Freedom of Information (Fol) and how it is applied within DWP, please contact the Central Freedom of Information Team.

Email: freedom-of-information-request@dwp.gsi.gov.uk

The Central Fol team cannot advise on specific consultation exercises, only on Freedom of Information issues. Read more information about the [Freedom of Information Act](#).

Background to Social Fund Budgeting Loans

Social Fund Budgeting Loans were introduced as part of the wider Social Fund implementation in 1987. Apart from the abolition of some parts of the discretionary Social Fund and the introduction of new local support in April 2013, there has been no major review of the scheme or the administration of it since it was introduced.

Social Fund Budgeting Loans are an interest-free credit facility for low income households that do not have access to commercial low cost credit. They are available to individuals in receipt of the following qualifying benefits for at least 26 weeks:

- Income Support
- income-based Jobseeker's Allowance
- income-related Employment and Support Allowance
- Pension Credit

Social Fund Budgeting Loans can be used to pay for rent, furniture or household equipment, clothing or footwear, removal expenses when a person moves home, travelling expenses, things to help someone look for or start work, improving, maintaining or securing a home, maternity or funeral expenses and/or repaying hire purchase or other debts taken out to pay for any of the above.

Individuals can get a maximum of £348 if they are single, £464 if they are part of a couple and £812 if they have children. However, how much an individual will be awarded depends on if they can pay the loan back, have any savings over £1,000 (or £2,000 if they or their partner are over 62) and/or already owe money to the Social Fund. An individual can't owe the Social Fund more than £1,500 - this includes Budgeting Loans and Crisis Loans.

Current process

In order to apply for a Social Fund Budgeting Loan at present the applicant needs to complete an application form; they can download one from the internet, get one from a local Jobcentre or ask for one to be sent to them by telephoning the Social Fund Enquiry Line.

When the application form is completed it is then posted to the Department for Work and Pensions (DWP), Central Mail Opening Unit. The application is then forwarded to a decision maker to determine whether a loan can be offered and if so how much. A letter is then sent to the applicant notifying them of the decision. If they accept the offer they must return an acceptance letter back to the department to enable the payment to be released. Currently the end to end

journey from making an application to an award being paid, assuming all information is available, takes approximately 22 days.

As is common across government departments, the process uses pre-paid 2nd class post.

Annex1 outlines this process in more detail with timescales.

Proposed new process

The proposed new process retains the need for an application form to be obtained and completed, as per the current process. The proposed changes relate to the point where the applicant is notified of the decision to make an offer of a loan and confirmation by the applicant that they want to accept it. The change would introduce a telephone call to the applicant, once the decision has been made, advising them of the offer, or not, and enabling them to accept it during the conversation. By introducing a telephone call at this stage in the journey the inherent delays of posting a letter to the applicant and them posting their acceptance back will be removed. This will result in the payment being released much sooner than under the current process. Formal notification will be sent after the telephone call confirming what has been agreed and setting out the review process (which will be unchanged).

For those who cannot or do not wish to use this revised process the 'as is' process will be retained.

It is anticipated by introducing this revised process the end to end journey (from application to payment being released) will be reduced by up to 10 days.

Annex 1 outlines the process in more detail.

All comments must be made and received by 4:00pm on Wednesday 11 March 2015.

Annex 1

As is process

Day 1

Application form requested by telephone and issued by second class post.

Days 3 to 4

The application form arrives. Customer completes and returns this to us using second class post.

Days 7 to 8

The application form arrives at the Mail Opening Unit and is forwarded to the BL Processing Team.

Days 9 to 12

The application form is processed and a decision letter issued.

Days 14 to 15

Customer receives decision and where an award is made returns the offer letter to accept the loan (70% of applications are awards).

Days 17 to 18

The acceptance letter arrives at the Mail Opening Unit.

Day 19

Offer letter received and processed.

Day 22

Customer receives payment into account.

Proposed process

Day 1

Application form requested by telephone and issued by second class post.

Days 3 to 4

The application form arrives. Customer completes and returns this to us using second class post.

Days 7 to 8

The application form arrives at the Mail Opening Unit and is forwarded to the BL Processing Team.

Days 9 to 12

The application form is processed and a telephone call made to the customer advising of the offer. Payment released if offer accepted.

Days 13 to 15

Customer receives confirmation of offer and details of review process.

Days 17 to 18

The acceptance letter arrives at the Mail Opening Unit.