

Streamlining Social Fund Budgeting Loan processes

Consultation response

March 2015

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Introduction

1. The Department for Work and Pensions launched a public consultation on proposed changes to the process to communicate a decision following an application for a Social Fund Budgeting Loan and for acceptance of the terms and conditions. The consultation was launched on 28 January 2015 and ended on 11 March 2015.
2. The consultation document 'Streamlining Social Fund Budgeting Loans processes' may be viewed at:
<https://www.gov.uk/government/consultations/social-fund-budgeting-loans-improving-the-process>
3. The consultation particularly sought views on any impacts the changes could have on vulnerable individuals.

Responses to the consultation

4. We received 8 responses, of which 100% were positive about the proposed changes. See Annex A for a list of respondents, and Annex B for a summary of responses. We received responses from a wide variety of sources, 75% third sector, 12.5% Local Authorities and 12.5% anonymous
5. A number of issues were raised by the respondents:
 - **Issue** - There are a majority of clients who will not answer a call from a private or withheld number; this is also true of a number they do not recognise.
 - **Response** - We recognise the issue about calls not being answered and have reviewed our planned processes to build in a system to maximise the number of initial calls answered, such as using text messages (already widely used by the Department) to advise. We are also investigating the costs of our numbers being displayed when we make the call. However, if the call is not answered the notification will still be sent to the applicant offering them the opportunity to call the Department to accept the offer. Although this will slow the process it will still achieve some time savings for the applicant;
 - **Issue** - It is important that the "as is" provision is being kept for those who cannot, or will not use the proposed system.
 - **Response** - We fully accept the need to retain the "as is" process to ensure those who cannot, or will not, use the revised process continue to be able to make an application and so we will continue to make this available;
 - **Issue** - There should be a telephone call to the applicant, and a letter of confirmation.
 - **Response** - A formal decision letter will be sent to the applicant in relation to each decision, explaining what to do if they disagree with the decision and, if an offer has been made, the terms of the offer.
 - **Issue** - Thought should be given to the integrity of the claimant, and confirming identity.

- **Response** – We will ensure sufficient checks are conducted during the conversation to ensure the agent is speaking to the right person, as is already common place across the Department;
- **Issue** - Can foresee some possible problems with giving decisions via a telephone call for example those with hearing difficulties;
- **Response** – Our agents are used to handling these type of circumstances, however for any new staff full training will be delivered;
- **Issue** - People with support needs who normally require assistance with making and receiving phone calls may not have the required support available at the time of the call. This could mean customers accepting loans without fully understanding what they are committing to or feel that they can question.
- **Response** – The agent will have the facility to call the applicant at the most appropriate time for them so that they can ensure they have the required support available. We will also retain the “as is” process for customers who feel they need more time to consider the offer. As part of the training for the new process we will ensure that colleagues fully understand that applicants do not need to follow the revised process and should not be persuaded to participate if they have any doubts.

Conclusion

6. We would like to thank everyone who has taken the time to respond to this consultation.
7. There is strong evidence, albeit with some very helpful advice, that the proposed changes have been well received as they will improve the customer experience.
8. We have given careful consideration to all the comments received and have revised some of the practical processes based on the feedback. As the responses have been in support of the proposal we will continue to progress the amendments to existing legislation to allow the changes to be made.
9. We intend that the regulations to enable the changes to be made will come into effect from summer 2015.
10. We will notify applicants of the revised process via an amendment to the application form, through the various Departmental stakeholder groups, updated guidance on Gov.uk and by ensuring our operational staff are fully aware of the changes.

Anonymous

Disability Can Do

Diverse Cymru

Nottingham City Council

Peabody Group

Riverside

St Joseph's Hospice

Two Castles Housing Association

Annex B

- I think the telephone call will be an advantage. Some vulnerable tenants, with poor literacy or learning issues will not comprehend an official letter. They also have an inbuilt fear of anything in an official looking “Brown” envelope. What people need to emphatically realise is that a loan needs to be repaid. And that once the lump sum is spent on whatever the requirement is the claimant’s income will drop for the number of weeks the repayment plan specifies.
- My concern in respect of introducing a telephone call is that other areas of work within the DWP are withdrawing telephone calls to clients as they simply do not work, the majority of clients will not answer a call from a private or withheld number, this is also true of a number they do not recognise. Anecdotal evidence leads me to think that the budgeting loan telephone call would be the same.
If it was made clear during initial application to the client that they would initially be informed by telephone of the decision this may improve take up, however whether this information was given in writing and / or verbally may also impact upon take up. It would be worth letting the clients know an approximate date and the number called from, again this may improve take up.
- Peabody recognises that the Social Fund Budgeting Loan Scheme provides a vital lifeline for longer term benefit claimants who may have exhausted any savings they had, and would find budgeting for a higher cost item exceptionally difficult. The scheme has prevented many of our residents from turning to doorstep lenders and/or defaulting on essential living expenses in an effort to repay. However, the time delay can present a barrier to using this provision. Therefore a streamlined process could potentially save money for the DWP and save money more widely as emergency cases are resolved more quickly. It is important that the “as is” provision is being kept for those who cannot, or will not use the proposed system. The proposed new process has the potential to improve the Social Fund Budgeting Loan Scheme for most people, preventing spiralling debt problems by keeping the interest free element and speeding up the process. By retaining provision for those who cannot engage in the new way, the continuation of existing provision will prevent claimants falling through the gaps. This is a well thought-out and welcome proposal.
- In speeding up the process for budgeting loans to ensure people in need will have a timely decision. I would hope there would be a telephone call to the applicant, **and** a letter of confirmation. Thought should also be given to the integrity of the claimant, and confirming identity.
- A reduction in overall end to end journey time a definite improvement and I believe will be welcomed by customers. For some customers, receiving decisions in the post can be problematic for various reasons: fear of opening post, poor literacy, language of letter can be difficult to understand, visual impairment means they cannot read the letter.
In such cases receiving a telephone call could be beneficial where the decision is clearly explained and if they are given an opportunity to ask questions.
However, I can foresee some possible problems with giving decisions via a telephone call: difficulties for those whose hearing is impaired: many people may not answer phone calls from ‘Withheld’ or ‘unrecognised’ numbers: people with support needs who normally require assistance with making and receiving phone calls may not have the required support available at the time of the call. This could mean customers accepting loans without fully understanding what they are committing to or feel that they can question. Receiving such a call without the required support available may cause anxiety and distress for some people. They may have concerns about fraud and security.
- Our organisation would be in favour of the proposed change.

- Nottingham City Council welcomes the proposal to change the Budgeting Loan process by introducing a telephone call to the applicant, advising them of the offer and allowing them to accept it during the conversation. A proposal that reduces the end-to-end journey for the claimant is a positive development as these Loans are often used by vulnerable citizens to establish or maintain independent living. We would recommend that the Department issues clear guidance and communications to citizens and other stakeholders, including Local Authorities, regarding the Budgeting Loan process change. Clear communications will mitigate confusion and uncertainty for citizens and organisations supporting these citizens. More clarity and detail are needed within the proposed process, particularly regarding the following:
 - In Annex 1 of the consultation document, it is stated that the customer will be advised of the offer (Days 9 – 12) and that 70% of applications are awarded. We would welcome clarity about whether citizens will also receive a telephone call from the Department if their application is rejected (as this would affect approximately 30% of applications).
 - There is no mention of any changes to the review procedure in the proposed process. Under the 'As is process', if a customer disagrees with a decision they can request a review of the decision within 28 days of receiving the decision. The proposals in Annex 1 suggest that the 28 days period would start from the date the customer receives the decision letter (Days 13 to 15) as opposed to the date of the verbal confirmation. We would welcome clarity on this stage of the proposed process. We would also recommend that on receipt of a telephone call customers are able to request a review.
- We welcome any changes as the process does need to be reviewed however we feel that before awarding a Budgeting Loan to an applicant their ability to repay the loan should be considered very carefully.