

Social Fund Account 2016-17

Social Fund Account 2016-17

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

Ordered by the House of Commons to be printed on 4 July 2017

The National Audit Office scrutinises public spending for Parliament and is independent of government. The Comptroller and Auditor General (C&AG), Sir Amyas Morse KCB, is an Officer of the House of Commons and leads the NAO. The C&AG certifies the accounts of all government departments and many other public sector bodies. He has statutory authority to examine and report to Parliament on whether departments and the bodies they fund have used their resources efficiently, effectively, and with economy. Our studies evaluate the value for money of public spending, nationally and locally. Our recommendations and reports on good practice help government improve public services, and our work led to audited savings of £734 million in 2016.



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ISBN: 978-1-910305-76-8

Printed on paper containing 75% recycled fibre content minimum

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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 and currently payments of Budgeting Loans 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 with fuel bills to pay.

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 Department's 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 is available to families in receipt of a qualifying benefit and who meet the eligibility criteria². The grant is worth £500 in respect of babies due, born, adopted or subject of a parental order on or after 16 June 2002.

Since 2011 the grant has been limited to the first child for babies born on or after the 11 April 2011. A further associated policy change was introduced in 2012-2013 to allow payment of the Sure Start Maternity Grant for the children of subsequent multiple births where there is already a child under 16 in the family.

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 criteria³. Funeral Expenses Payments are normally recoverable from the estate of the deceased, even if the estate is not sufficient to permit full recovery.

Cold Weather Payments

Cold Weather Payments are payable to customers who are in receipt of a qualifying benefit and meet the eligibility criteria⁴.

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.

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>

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

Winter Fuel Payments

The Winter Fuel Payments scheme was introduced by the Secretary of State in January 1998 by Regulations made in exercise of powers conferred by section 138(2) of the Social Security Contributions and Benefits Act 1992 allowing payments to pensioner households, where at least one person qualified by age in the qualifying week. For winter 2016-17 the qualifying week commenced 19 September 2016.

The qualifying age for Winter Fuel Payments for both men and women is based on women's State Pension age. This is rising incrementally until 6-12-18 when the State Pension age for both men and women equalises and increases to 66 years of age. Payments are made to all people eligible i.e. born on or before 5 May 1953 for winter 2016-17, who are ordinarily resident in Great Britain or Northern Ireland, regardless of whether they are receiving a Social Security Benefit.

The total amount payable to a person eligible and under 80 years living alone in their own home was £200 for 2016-17 (£100 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 they both receive £100 with an additional £100 paid to the over 80 person.

As of September 2015 Winter Fuel Payments are no longer payable in EEA countries and associated territories, where the average winter temperature is higher than the warmest region of the UK (South West England). This temperature is 5.6 degrees Celsius.

The countries where this applies are Cyprus, France, Gibraltar, Greece, Malta, Portugal and Spain.

Financial Performance

During 2016-17 £411 million (2015-16: £405 million) of recoverable payments were issued. New Crisis Loan awards ceased for customers in Great Britain (GB) on 31 March 2013, however in Northern Ireland (NI) they did not cease until 28 November 2016. 2016-17 Crisis Loan Payments represent the net transfer of debt for customers moving between NI and GB. Recoveries of loans paid back into the fund during the year were £448 million (2015-16: £475 million) for Budgeting Loans and £51 million (2015-16: £78 million) for Crisis Loans.

During the same period £39 million (2015-16: £40 million) funded the issue of Funeral Expenses Payments, £0.1 million (2015-16: £0.2 million) was recovered this year and £41 million (2015-16: £40 million) was written off the total Funeral Expenses Payments debt as there was no estate to recover from.

Additionally, regulated payments included Sure Start Maternity Grants costing £28 million (2015-16: £30 million) and Winter Fuel Payments costing £2,049 million (2015-16: £2,074 million) which were paid to eligible people.

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 customers. Adjustments are made to the balances due to and from the customers during the normal course of business.

In 2016-17 the sustained focus on recovery of outstanding loan debt has reduced the debt stock by £94 million and generated a surplus position in the fund. This has enabled the Social Fund to make a substantial repayment to HM Treasury of £85 million (2015-16: £150 million).

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 £82 million, decreased by £2 million from £84 million in 2015-16. Lower than expected Winter Fuel Payments and minimal triggers for Cold Weather Payments as a result of the exceptionally mild winter have reduced expenditure. This, combined with continued positive performance on debt recovery has contributed to the strong financial position at the year end.

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.

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 latest annual report will be presented to Parliament in June 2017 and will give a detailed account of the activities and expenditure on the Social Fund for 2016-17.

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 17). 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 Government Financial Reporting Manual (FReM) have been followed, and disclose and explain any material departures in the accounts; and
- prepare the Account on a going concern basis.

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.

I confirm that there is no relevant audit information that the National Audit Office have not been made aware of, and that I have taken all necessary steps to ensure access to relevant information has been given.

I confirm that this report as a whole and the judgement required in preparing it, is fair, balanced and understandable, and that I take personal responsibility for this being so.

Sir Robert Devereux KCB
Accounting Officer

26 June 2017

The Social Fund Governance Statement

1 April 2016 - 31 March 2017

System of Control

The *Corporate Governance Code*⁵ and *Managing Public Money*⁶ describe the role of an Accounting Officer and the need for the Accounting Officer to be responsible for the management and control of the resources used in their organisation. The Governance Statement is a key feature of both the Department's Annual Report and Accounts and the Social Fund White Paper Account. It demonstrates how these duties have been carried out. Completion of the Statement is the responsibility of the Accounting Officer.

This Statement has been endorsed by the Social Fund Management Group and in turn by the Departmental Audit and Risk Assurance Committee (DARAC).

The Department's Executive Team, which I chair, has collective responsibility for the management of the Department and its business, in line with Ministers' aims and the business strategy and operational leadership set by the Departmental Board.

Detail of Board activity, membership and attendance is available within the Departmental Annual Report and Accounts.

The DARAC chaired by Lieutenant General (Retd) Andrew Graham, CB CBE, a Non-Executive Director who also sat on the Board, met five times in 2016-17. It provided an independent view of the appropriateness, adequacy and value for money of our governance, risk management, control and associated assurance processes. The Department's Annual Report and Accounts incorporates updates on significant control issues reviewed by DARAC and also provides the required declarations around Board Attendance and that there are no conflicts of interest between the members of the Board and its Committees and the Department.

Compliance with the Corporate Governance Code

The Departmental Board is required to ensure that the Department complies with the provisions in the Corporate Governance Code or, where it has not, explains the reasons for that – the comply or explain approach. The Board is satisfied that the Department has complied with the Code.

The DARAC provides the overall independent view as to the appropriateness, adequacy and overall value for money of the governance, risk, control and associated assurance processes to support the Social Fund White Paper Account.

The Department's Operational Executive Team has also considered quarterly Internal Audit updates and the Risk, Controls and Compliance Dashboard. Operational Executive Team also receives regular monthly management accounts including financial analysis and oversight of the Social Fund.

Risk, Controls & Compliance

The Department's Finance Director General has specific accountabilities for Social Fund management to ensure that systems are in place to effectively manage Social Fund risks and provides assurance to the Accounting Officer on the effectiveness of the internal control arrangements through a Letter of Assurance.

The system of internal control within the Social Fund is currently based on a framework of legislative duties, management information, financial regulations and the process of accountability and delegation as operated throughout the Department.

A dedicated team within Financial Control provides oversight and control over the financial management of the Social Fund and works with a range of stakeholders across the Department to drive improvement activities.

5 Corporate Governance in Central Government Departments; Code of Good Practice 2011

6 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/454191/Managing_Public_Money_AA_v2_-jan15.pdf

The Independent Case Examiner aims to provide an impartial complaints review and resolution service for decisions made by Social Fund caseworkers. Regulated payments are reviewed through the DWP reconsideration and appeal process.

Audit and Other Reports to Management

The Government Internal Audit Agency provides overall assurance over key areas of Departmental performance; they did not undertake any reviews of the Social Fund processes during 2016-17 but remain full members of the Social Fund Management Group providing audit oversight of activity.

Performance of the Social Fund is reported to Parliament in the Annual Report on the Social Fund by the Secretary of State for Work and Pensions.

Risk Assessment

Regularity

The Department continues to keep the regularity of payments under review to ensure the progress made is embedded into the business and further 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 the National Audit Office carry 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 accuracy of benefits paid. The result of this year's testing demonstrates that improvements have been maintained. The National Audit Office's calculation has estimated the value of most likely error to be £0.910 million (2015-16: £0.919 million), this is within the range -£0.331 million and £2.151 million.

Debt

a Debt Reconciliation

From 2013-14 the substantial work overseen by the Social Fund Management Group through the Debt Action Group provided assurance of the Social Fund debt balance. The Debt Action Group has continued with oversight of the completeness, existence and valuation of the debt under two broad areas;

i Operational Work

The main focus of the operational work is to ensure the Social Fund loan debt is actively managed within the Social Fund Computer System; this has ensured that customer records are updated to maintain accuracy and completeness.

ii Accounting and Systems-based Work

The Debt Action Group continues to oversee the comprehensive work plan drawn up to address the issues identified by the Management Group. This considers both preventative measures and also routines and processes for timely identification of causes of debt difference where they arise. The group also retains oversight of the effect of new system and process changes that may impact on the management of the Social Fund debt.

As the Department began phasing in the new Universal Credit payment, the development of processes to facilitate the transition of Social Fund debt recovery from legacy benefit payments to Universal Credit was managed within the Department's Fraud, Error and Debt programme to ensure timely and efficient recoveries of Social Fund debt continued. Universal Credit continues to roll-out and, since August 2016, this transition has included transferring customer debt to the Department's main Debt Management system, streamlining processes, reconciliations and providing improved management information.

In line with the Department's strategic digital direction, from December 2016 Social Fund introduced an online Budgeting Loan application facility to supplement the existing process, providing a digital choice for our customers.

b *Passported Debt*

Passported debt arises when the recipient of a Social Fund grant has become ineligible for it because they no longer qualify for the underlying entitlement benefit. Processes for referral of passported debt for recovery have been established and are managed by Social Fund Operations in the normal course of business.

The Solvency of the Fund

The continued strong performance on loan recovery rates ensured a surplus was generated on the Fund.

The overall solvency of the Fund will continue to be a risk in future years and focus will remain on both demand and recovery measures as the debt stock reduces.

Sir Robert Devereux KCB
Accounting Officer

26 June 2017

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

I certify that I have audited the financial statements of the Social Fund White Paper Account for the year ended 31 March 2017 under the Social Security Administration Act 1992. The financial statements comprise: the Receipts and Payments Account (including the Statement of Balances) and notes relating to receipts and payments and the debt position. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Accounting Officer and Auditor

As explained more fully in the Statement of Accounting Officer's responsibilities, the Accounting Officer is responsible for the preparation of the financial statements in accordance with the Social Security Administration Act 1992 and HM Treasury directions made thereunder. My responsibility is to audit, certify and report on the financial statements in accordance with the Social Security Administration Act 1992. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the Social Fund and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Social Fund; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Foreword and the Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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.

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.

Opinion on financial statements

In my opinion:

- the financial statements properly present the receipts and payments of the Social Fund for the year ended 31 March 2017; and
- the financial statements have been properly prepared in accordance with the Social Security Administration Act 1992 and HM Treasury directions issued thereunder.

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
- the financial statements are not in agreement with the accounting records; 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.

Sir Amyas C E Morse
Comptroller and Auditor General

27 June 2017

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

Receipts and Payments Account for the year ended 31 March 2017

	2016-17	2015-16
£000	£000	£000
Receipts		
Receipts from the Secretary of State		
Regulated	59,378	81,221
Winter Fuel Payments (Regulated)	2,052,925	2,080,225
	2,112,303	2,161,446
Repayments of Budgeting Loans	448,154	475,275
Repayments of Crisis Loans	50,688	77,976
Repayments of Funeral Expenses Payments	96	183
Refund of Social Fund Overpayments Discretionary	2,172	1,346
Refund of Social Fund Overpayments Regulated	618	687
	2,614,031	2,716,913
<i>Less</i>		
Payments		
Discretionary		
Budgeting Loans	411,453	405,013
Crisis Loans	191	133
<i>Regulated</i>		
Winter Fuel Payments	2,049,241	2,073,822
Funeral Expenses Payments	38,595	40,025
Sure Start Maternity Grants	27,888	30,114
Cold Weather Payments	3,092	3,926
	2,530,460	2,553,033
Excess of receipts over payments prior to repayment	83,571	163,880
<i>Less</i>		
Repayment of surplus funds by SoS to HM Treasury	85,000	150,000
Total excess receipts over payments (payments over receipts)	(1,429)	13,880

Statement of Balances as at 31 March 2017

	2016-17	2015-16
	£000	£000
Opening Balance	83,518	69,638
Excess of receipts over payments (payments over receipts)	(1,429)	13,880
Closing Balance	<u>82,089</u>	<u>83,518</u>

The notes on pages 13 to 16 form part of this Account.

Sir Robert Devereux KCB
Accounting Officer

26 June 2017

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 2015-16 are given for comparison and are taken from the Account for that year (House of Commons Paper No.515 of 2015-16).

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 Cold Weather Payments

2016-17 saw another mild winter; consequently the total expenditure on Cold Weather Payments was £3.1million compared to £3.9 million in 2015-16.

4 Statement of Loans and Funeral Expenses Payments

	Budgeting Loans	Crisis Loans	Funeral Expenses Payments	Total
	£000	£000	£000	£000
Amount outstanding at 1 April 2016	520,976	253,748	2,284	777,008
Amount loaned	411,453	191	38,595	450,239
Transferred to overpayments	(2,444)	(276)	(59)	(2,779)
Amount recovered	(448,154)	(50,688)	(96)	(498,938)
Adjustments and amounts written off	(2,028)	(1,663)	(40,507)	(44,198)
Amount outstanding at 31 March 2017	<u>479,803</u>	<u>201,312</u>	<u>217</u>	<u>681,332</u>

The amount for loans outstanding at 31 March 2017 shown in this note is based on cumulative advances and repayments disclosed in the receipts and payments account less accounting adjustments and amounts written off.

Crisis Loan payments have not been payable in Great Britain since April 2013. The £0.2 million shown in payments is for Crisis Loan debt relating to customers transferring from Northern Ireland to Great Britain. Budgeting Loan payments also includes £0.3 million debt transfer from Northern Ireland.

The amount outstanding also incorporates £0.85 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.

5 Age of Loans and Funeral Expenses Payments Analysis

Between April 1988, when the Social Fund loans scheme was introduced, and March 2017, loans of some £12,711 million have been paid. Over this period, £11,969 million of these loans have been recovered and £80 million written off. This, and other adjustments, leaves a balance of £681 million outstanding at 31 March 2017. Loans are normally recovered by deduction from Social Security benefits and, where this is not possible, by cash instalments. 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:

Age of loan	Budgeting Loans £000	Crisis Loans £000	Funeral Expenses Payment £000	Total £000
Five years and over	121,703	168,769	17	290,489
Between one year and five years	154,689	32,512	89	187,290
Less than one year	203,411	31	111	203,553
	<u>479,803</u>	<u>201,312</u>	<u>217</u>	<u>681,332</u>

6 Impairment of Debt

All debt balances in this White Paper Account are disclosed prior to impairment being applied.

The Social Fund debt is fully consolidated within the 2016-17 Annual Report and Accounts for the Department for Work and Pensions, 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. The impairment for 2016-17 of £75 million has reduced from £84 million (for 2015-16) due to maintaining the level of recoveries this year against a falling stock of debt.

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	479,803	201,312	217	681,332
Provision for Impairment	(40,405)	(34,275)	(16)	(74,696)
Net debt position	<u>439,398</u>	<u>167,037</u>	<u>201</u>	<u>606,636</u>

7 Statement of Overpayments

	Regulated £000	Discretionary £000	Total £000
Amount outstanding at 1 April 2016	1,094	2,316	3,410
New overpayments made	1,881	97	1,978
New overpayments transferred from loans	58	2,720	2,778
Amount recovered	(618)	(2,171)	(2,789)
Adjustments and amounts written off	<u>(1,175)</u>	<u>(183)</u>	<u>(1,358)</u>
Amount outstanding at 31 March 2017	<u>1,240</u>	<u>2,779</u>	<u>4,019</u>

The amount for overpayments outstanding at 31 March 2017 shown in this note is based on the cumulative overpayments which have been identified less the repayments disclosed in the receipts and payments account less accounting adjustments and amounts written off. New overpayments include balances transferred from other debt (see note 4).

Budgeting Loans represent the largest of these overpayments at £1.6 million (41%) with Winter Fuel Payments being the next largest at £0.74 million (18%) the remaining £1.7 million is spread across the other award types with Crisis Loans being the next largest at £0.70 million (18%).

In line with Departmental policy and procedures for the referral of benefit overpayment, Social Fund overpayments are referred to the Department's Debt Management service for recovery. They are also incorporated within the debt disclosed in the Department for Work and Pensions Annual Report and Accounts.

8 Statement of Losses

	2016-17 £000	2015-16 £000
Recoverable loans impracticable to pursue (38,802 cases (2015-16: 54,853 cases))	3,691	6,867
Claims for recoverable Funeral Expenses Payments abandoned due to insufficient estate (28,735 cases (2015-16: 29,203 cases))	40,507	40,621
Losses due to irrecoverable overpayments recorded during the year (9,670 cases (2015-16: 10,286 cases))	<u>1,358</u>	<u>1,375</u>
	<u>45,556</u>	<u>48,863</u>

Loans impracticable to pursue are lower than last year (2015-16: £6.9 million) which contained the end of an exercise to clear backlog cases that had begun in 2014-15. Improved management information has enabled the Department to investigate debt where the customer is deceased.

Claims for recoverable Funeral Expenses Payments abandoned due to insufficient estate include payments that may be impossible or unreasonable to pursue.

9 Statement of Assets and Liabilities

	Liabilities £000	Assets £000
Government Banking Service		81,028
Social Security Benefits and other Payments Vote		651
Administration and Miscellaneous Services Vote		24
National Insurance Fund		489
Other Government Payables / Receivables (Net)	103	
Balance of Social Fund at 31 March 2017	<u>82,089</u>	
	<u>82,192</u>	<u>82,192</u>

The Balance of Social Fund represents the cumulative excess of receipts over payments since the inception of the Fund. This balance has been reduced this year by the repayment of £85 million back to HM Treasury as it was no longer required to support the activity 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.

Sir Robert Devereux KCB
Accounting Officer

26 June 2017

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
 - ii 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 (FRM), 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 £000	20XX-XX £000
Receipts		
Receipts from the Secretary of State		
Discretionary		
Regulated		
Winter Fuel (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 £000	20XX-XX £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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ISBN 978-1-910305-76-8



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