

Social Fund Account 2017-18

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Social Fund Account 2017-18

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. Subsequent legislation governing the Social Fund is detailed below:

- 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 in accordance with directions given or guidance issued by the Secretary of State.
- Section 138(2) of 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 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 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 2002.

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 customers who meet the eligibility criteria.⁵ 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 December 2018 when the State Pension age for both men and women equalises. State Pension age will then increase to 66 years of age by 2020. Payments are made to all people eligible i.e. born on or before 5 August 1953 for winter 2017-18, 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 2017-18 (£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.

Financial Performance

During 2017-18 £448 million (2016-17:£411 million) of recoverable payments were issued. Recoveries of loans paid back into the fund during the year were £504 million (2016-17:£448 million) for Budgeting Loans and £46 million (2016-17:£51 million) for Crisis Loans.

During the same period £37 million (2016-17:£39 million) funded the issue of Funeral Expenses Payments, £0.1 million (2016-17:£0.1 million) was recovered this year and £37 million (2016-17:£41 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 £26 million (2016-17: £28 million) and Winter Fuel Payments costing £2,023 million (2016-17:£2,049 million).

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 2017-18 the sustained focus on recovery of outstanding loan debt has reduced the debt stock by £107 million and generated a surplus position in the fund. This has enabled the Social Fund to make a repayment to HM Treasury of £65 million (2016-17:£85 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.

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

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

The closing balance on the Fund is £108 million, increased by £26 million from £82 million in 2016-17, this is as a result of ensuring that, given the very cold winter experienced in Great Britain, 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.

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 July 2018 (subject to change) and will give a detailed account of the activities and expenditure on the Social Fund for 2017-18.

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 Government Financial Reporting Manual (FReM) have been followed, and disclose and explain any material departures in the accounts
- 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.

Peter Schofield
Accounting Officer

6 July 2018

The Social Fund Governance Statement 1 April 2017 - 31 March 2018

System of Control

The Corporate Governance Code⁶ and *Managing Public Money*⁷ 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 Social Fund governance process mirrors that of the Department and 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.

Social Fund expenditure is included within the core department element of the Department for Work and Pensions' overall expenditure.

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 2017-18. 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 Accounts⁸ 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.

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.

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.

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

7 www.gov.uk/government/uploads/system/uploads/attachment_data/file/454191/Managing_Public_Money_AA_v2_jan15.pdf

8 www.gov.uk/government/publications/dwp-annual-report-and-accounts-2017-to-2018

Audit and Other Reports to Management

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

In 2017-18 the DWP Internal Audit undertook reviews of Funeral Payments and Social Fund Recoveries.

The review of Funeral Expense Payments took place in August 2017 and considered assurance over the adequacy of operational processes and controls, including the effectiveness and application of associated quality checking regimes. The review provided a 'moderate' assurance with 4 recommendations. These recommendations focused on reviewing operational guidance, performance measures, reviewing learning and development and reviewing the Tier 1 checking framework. These were all accepted, two have now been completed and the remainder are anticipated to be concluded by mid 2018.

The audit of Social Fund recoveries was completed in March 2018 and considered the effectiveness of governance, controls, and Management Information (MI) used to manage on benefit recoveries. The review provided a 'moderate' assurance with 4 recommendations. These highlighted recommendations include key case control process maps/guidance, management of manual caseload, access controls and housekeeping. All activities are due to be implemented in 2018-19

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 of the Social Fund Account, the National Audit Office 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 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 an underpayment of £0.563 million (2016-17:£0.910 million overpayment), this is within the range -£0.018 million and £1.108 million. This is 0.02% of total spend (£2,648 million).

Peter Schofield
Accounting Officer

6 July 2018

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 2018 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 2018; 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 give a true and fair view.

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.

Sir Amyas C E Morse
Comptroller and Auditor General

9 July 2018

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

Receipts and Payments Account for the year ended 31 March 2018

	2017-18	2016-17
£000	£000	£000
Receipts		
Receipts from the Secretary of State		
Regulated	162,063	59,378
Winter Fuel Payments (Regulated)	2,024,844	2,052,925
	2,186,907	2,112,303
Repayments of Budgeting Loans	504,275	448,154
Repayments of Crisis Loans	46,092	50,688
Repayments of Funeral Expenses Payments	68	96
Refund of Social Fund Overpayments Discretionary	1,154	2,172
Refund of Social Fund Overpayments Regulated	669	618
	2,739,165	2,614,031
<i>Less</i>		
Payments		
Discretionary		
Budgeting Loans	448,318	411,453
Crisis Loans	112	191
<i>Regulated</i>		
Winter Fuel Payments	2,023,001	2,049,241
Funeral Expenses Payments	37,062	38,595
Sure Start Maternity Grants	25,614	27,888
Cold Weather Payments	114,296	3,092
	2,648,403	2,530,460
Excess of receipts over payments prior to repayment	90,762	83,571
<i>Less</i>		
Repayment of surplus funds by SoS to HM Treasury	65,000	85,000
Total excess receipts over payments (payments over receipts)	25,762	(1,429)

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

Statement of Balances as at 31 March 2018

	2017-18	2016-17
	£000	£000
Opening Balance	82,089	83,518
Excess of receipts over payments (payments over receipts)	25,761	(1,429)
Closing Balance	<u>107,850</u>	<u>82,089</u>

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

Peter Schofield
Accounting Officer

6 July 2018

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 2016-17 are given for comparison and are taken from the Account for that year (House of Commons Paper No.47 of 2016-17).

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

2017-18 saw a harsh winter; consequently the total expenditure on Cold Weather Payments was £114 million compared to £3 million in 2016-17.

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 2017	479,803	201,312	217	681,332
Amount loaned	448,318	112	37,062	485,492
Transferred to overpayments	(947)	(159)	(24)	(1,130)
Amount recovered	(504,275)	(46,092)	(68)	(550,435)
Adjustments and amounts written off	(2,584)	(1,862)	(36,524)	(40,970)
Amount outstanding at 31 March 2018	<u>420,315</u>	<u>153,311</u>	<u>663</u>	<u>574,289</u>

The amount for loans outstanding at 31 March 2018 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 £0.4 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.

5 Age of Loans and Funeral Expenses Payments Analysis

Between April 1988, when the Social Fund loans scheme was introduced, and March 2018, loans of some £13,195 million have been paid. Over this period, £12,519 million of these loans have been recovered and £121 million written off. This, and other adjustments, leaves a balance of £574 million outstanding at 31 March 2018. Loans are normally recovered by deduction from Social Security benefits 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:

Age of loan/FEP	Budgeting Loans	Crisis Loans	Funeral Expenses Payment	Total
	£000	£000	£000	£000
Five years and over	105,198	152,292	24	257,514
Between one year and five years	104,137	1,015	62	105,214
Less than one year	210,980	4	577	211,561
	<u>420,315</u>	<u>153,311</u>	<u>663</u>	<u>574,289</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 2017-18 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 2017-18 of £54 million has reduced from £75 million (for 2016-17) 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	Crisis Loans	Funeral Expenses Payments	Total
	£000	£000	£000	£000
Gross debt position	420,315	153,311	663	574,289
Provision for Impairment	<u>(28,710)</u>	<u>(25,050)</u>	<u>(538)</u>	<u>(54,298)</u>
Net debt position	<u>391,605</u>	<u>128,261</u>	<u>125</u>	<u>519,991</u>

7 Statement of Losses

Social Fund losses have been fully disclosed in the Department's Annual Reports and Accounts.⁹

8 Statement of Assets and Liabilities

	Liabilities	Assets
	£000	£000
Government banking service		107,144
Net balance with the Parliamentary Vote		109
Administration and Miscellaneous Services Vote		6
National Insurance Fund		607
Other Government Payables /Receivables (Net)	16	
Balance of Social Fund at 31 March 2018	107,850	
	<u>107,866</u>	<u>107,866</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 £65 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.

Peter Schofield
Accounting Officer

6 July 2018

⁹ <https://www.gov.uk/government/publications/dwp-annual-report-and-accounts-2017-to-2018>

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

	£000	20XX-XX £000	20XX-XX £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			
Opening Balance		20XX-XX £000	20XX-XX £000
<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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