

# Social Fund Account 2024-25



# Social Fund Account 2024-2025

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.

1. 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.
2. Payments of Budgeting Loans are paid in accordance with directions given or guidance issued by the Secretary of State, under the Social Security Act 1998.
3. 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.
4. Winter Fuel Payments were introduced in 1997-98 and in 2024-25 the Regulations were updated and paid under Social Fund Winter Fuel Payments Regulations 2024, to provide help to eligible pensioner households to assist with fuel bills.
5. The Social Security Act 1998 enables us to recover Social Fund overpayments with effect from April 1998.
6. Section 168 of the Social Security Administration Act 1992 was amended and came into force on the 23rd July 2019 to include Children's Funeral Fund for England.
7. 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 Expenses Payments is subject to the Departmental Expenditure Limit.

The temporary increase to Winter Fuel Payments was not continued for 2024-25. The regulations temporarily increased the Winter Fuel Payment lump sum by £300 per household for winter's 2022-23 and 2023-24. This was called the 'Pensioner Cost of Living Payment'.

In 2024-25 there was also a change to the Regulations. The Social Fund Winter Fuel Payment Regulations 2024, which were laid on 22 August 2024<sup>1</sup>, limited eligibility to pensioners in England and Wales on the following means tested benefits:

- Pension Credit
- Universal Credit

<sup>1</sup> The Social Fund Winter Fuel Payment Regulations 2024 ([legislation.gov.uk](https://www.legislation.gov.uk))

- income-related Employment and Support Allowance (ESA)
- income-based Jobseeker's Allowance (JSA)
- Income Support
- Child Tax Credit
- Working Tax Credit

From 1 April 2024 residents of Scotland are no longer covered under the UK Government Winter Fuel Regulations. Responsibility for Scottish citizens was devolved to the Scottish Government.

The Scottish Government had intended to introduce the Pension Age Winter Heating Payment (PAWHP) as a replacement benefit. However, following the UK Government's decision to restrict Winter Fuel Payment eligibility to individuals receiving means-tested benefits, the Scottish Government determined it would not be feasible to implement PAWHP independently for winter 2024–25.

To ensure continuity of support and avoid any disruption for eligible pensioners in Scotland, it was agreed that the Department for Work and Pensions (DWP) would administer payments on behalf of the Scottish Government. These payments aligned with the UK's Winter Fuel Payment scheme in terms of eligibility and amounts but were fully funded by the Scottish Government and therefore not included in this account.

This arrangement ensured that vulnerable pensioners in Scotland continued to receive vital financial assistance with winter heating costs during the 2024–25 season.

## **Future Developments**

For 2025-26 there will be a change to the Winter Fuel Payment Regulations. Winter Fuel Payments will be payable to people of State Pension age who meet the eligibility criteria<sup>2</sup>, regardless of whether they are receiving a Social Security benefit. In 2025-26 this will be customers born on or before 26 September 1959 and living in England or Wales. HMRC will recover, via the tax system, payments made to pensioners with an income over £35,000. There will be an option to opt out of the Winter Fuel Payment.

## **Secretary of State's report**

The Secretary of State is required by section 167(5) and (6) of the Social Security Administration Act 1992 to prepare an annual report on the Social Fund and to lay a copy of the report before each House of Parliament. The Social Fund annual report, which is unaudited gives a detailed account of the activities and expenditure on the Social Fund. Work on the 2021-22 and 2022-23 Social Fund annual reports is underway. The 2023-24 and 2024-25 Social Fund annual reports will follow in due course.

<sup>2</sup>Winter Fuel Payment: Eligibility - [www.gov.uk/winter-fuel-payment/eligibility](https://www.gov.uk/winter-fuel-payment/eligibility)

## Categories of payments

In accordance with Devolution, alternative arrangements for certain Social Fund categories exist for citizens resident in Scotland. Therefore, where expenditure relates to England and Wales only, payments to Scottish citizens are not included in this account.

### *Budgeting Loans*

Interest free loans are available to customers in receipt of a qualifying benefit<sup>3</sup> to help them cope with the expenditure associated with the purchase of major items or services including furniture and clothes.

### *Sure Start Maternity Grants*

The Sure Start Maternity Grant (SSMG) is available to families in England and Wales in receipt of a qualifying benefit and who meet the eligibility criteria<sup>4</sup>. The grant is worth £500 in respect of babies due, born, adopted or subject of a parental order on or after 16 June 2003.

### *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, in England and Wales who are in receipt of a qualifying benefit and meet the eligibility criteria<sup>5</sup>. Funeral Expenses Payments are 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 in England and Wales who are in receipt of a qualifying benefit and meet the eligibility criteria<sup>6</sup>. Customers receive payments of £25 for each period of seven consecutive days during which the average temperature was or was forecast to be zero degrees Celsius or below in the area where the customer lives.

### *Winter Fuel Payments*

Winter Fuel Payments were payable to people of State Pension age who meet the eligibility criteria<sup>7</sup>. In 2024-25 this was customers born on or before 23 September 1958 and in receipt of one of the following:

- Pension Credit
- Universal Credit
- income-related Employment and Support Allowance (ESA)
- income-based Jobseeker's Allowance (JSA)

<sup>3</sup> <https://www.gov.uk/budgeting-help-benefits/eligibility>

<sup>4</sup> <https://www.gov.uk/sure-start-maternity-grant/eligibility>

<sup>5</sup> <https://www.gov.uk/funeral-payments/eligibility>

<sup>6</sup> <https://www.gov.uk/cold-weather-payment/eligibility>

<sup>7</sup> <https://web.archive.org/web/20250417024654/https://www.gov.uk/winter-fuel-payment/eligibility>



- Income Support
- Child Tax Credit
- Working Tax Credit

The total amount payable to a person eligible and under 80 years living alone in their own home was £200 for 2024-25. For people aged 80 or over and living alone, the amount payable was £300. Where a benefit is jointly claimed one partner will receive £200 if one or both are under 80 or £300 if one or both is over 80.

### *Crisis Loans*

Repealed in 2013, the Crisis Loan was an interest-free repayable loan for eligible customers to help with essential costs after an emergency or disaster, e.g. a flood or fire in the home<sup>8</sup>. There was no set amount for the loan as it depended on: personal circumstances, savings and/or whether a loan had already been taken out through the Social Fund.

### *Children's Funeral Fund*

These payments are wholly administered by Ministry of Justice and, in accordance with HM Treasury Direction, are therefore not included in the receipts and payments account, the statement of balances or the associated notes to the account.<sup>9</sup>

## **Basis for the preparation of the Account**

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 was amended in February 2020 to update the name of the Act. Before this administrative update, it had not changed since 2014-15 and the requirement for the continued production of the Account will be kept under review with HM Treasury.

## **Financial Performance**

During 2024-25 £194 million (2023-24: £261 million) of recoverable Budgeting Loan payments were issued. Recoveries of loans paid back into the Fund during the year were £233 million (2023-24: £297 million) for Budgeting Loans.

For 2024-25 there is an adjustment to Crisis Loan payments of £6,000 due to customers moving to Northern Ireland from Great Britain<sup>10</sup> and £9 million (2023-24: £13 million) was recovered for historic Crisis Loans.

<sup>8</sup> <https://webarchive.nationalarchives.gov.uk/ukgwa/20121102165322/https://www.gov.uk/crisis-loans/overview>

<sup>9</sup> <https://www.gov.uk/child-funeral-costs/eligibility>

<sup>10</sup> Please refer to Note 2 in 'Notes to the Account'

During the same period £50 million (2023-24: £52 million) Funeral Expenses Payments were issued, £0.7 million (2023-24: £0.5 million) was recovered and £47 million (2023-24: £51 million) was written off the total Funeral Expenses Payments debt, as there was no estate to recover from.

Regulated payments included Sure Start Maternity Grants costing £25 million (2023-24: £24 million) and Winter Fuel Payments costing £302 million (2023-24: £4,655 million). The large reduction in Winter Fuel Payments is due to 2023-24 including the Pensioner Cost of Living increase of £300 per household which ceased for 2024-25. There was also the change in Regulations for 2024-25 which saw eligibility limited to those on means tested benefits.

The total expenditure on Cold Weather Payments in 2024-25 was £36 million compared to £30 million in 2023-24. This was due to having a colder winter and therefore more cold weather periods which triggered a payment.

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<sup>11</sup>. Adjustments are made to the balances due to and from the paying agents during the normal course of business. Regulated Drawdown from Secretary of State in 2024-25 was £114 million (2023-24: £94 million) this increase was mainly due to more Cold Weather Payment triggers. There was also an increase in Sure Start Maternity Grant expenditure.

In 2024-25 there has been a £26 million decrease in the debt stock. This is partly due to recovery of debts from customers who are not taking out additional loans because of the diminishing size of the eligible customer base as they migrate over to Universal Credit and are no longer eligible for Budgeting Loans. This results in a greater value of recoveries than payments and a corresponding reduction in the debt balance. For the 2024-25 Social Fund Accounts we have also made an accounting adjustment to align the debt balances on the Customer Payment System (CPS) to the Social Fund Computer System (SFCS) which is detailed in the Governance Section. Please refer to note 3 for more information on the debt balance, recoveries and write offs.

The closing balance on the Fund is £187 million, which has increased by £52 million from £135 million in 2023-24.

The surplus cash accumulates due to recoveries exceeding payments. Following extensive analysis and discussions with HM Treasury, the Department and HM Treasury jointly agreed a repayment of £350 million in 2023-24. The treatment of any surplus funds is to be kept under review with HM Treasury. The Department's aim is to ensure, in conjunction with HM Treasury, that a sufficient working balance is retained to both cover future demands and to protect the overall solvency of the Fund and as such no repayment was made in 2024-25.

<sup>11</sup> The term 'Paying agents' cover both the customer and the funeral director which the Department can pay on behalf of the customer for Funeral Payments.

## Recoverability of Debt

All debt balances in this Social Fund Account are disclosed before impairment is applied. The gross debt position is £165 million (2023-24: £192 million) of which £51 million (2023-24: £48 million) is impaired in line with the Department's accounting policy. Social Fund debt is fully consolidated within the 2024-25 DWP Annual Report and Accounts<sup>12</sup> (see note 14).

In line with the Department's recovery policy, debt is only written off in very limited circumstances. The Department's write off policy has been agreed with HM Treasury.

All evidence and assumptions used to calculate the Department's financial assets impairment are the best available at the time of the assessment.

The impact of impairment on Social Fund debt excluding overpayment debt is illustrated in the following table<sup>13</sup>:

	Budgeting Loans	Crisis Loans	Funeral Expenses Payments	Total
	£'000	£'000	£'000	£'000
Gross debt position	97,561	37,394	30,446	165,401
Provision for Impairment	(11,982)	(10,720)	(28,459)	(51,161)
Net debt position	85,579	26,674	1,987	114,240

A customer may have multiple Budgeting Loans up to a maximum of £1,500 and to ensure repayments are affordable an individual payment plan is agreed with each customer. This means that it can take many years for loans to be recovered. Whilst the Department seeks to recover all outstanding debt, it is acknowledged that due to the age of some of the debt stock and the quality of information to support the debt and changes in customers' circumstances, not all debts may be recovered. In addition, for Funeral Expense Payments, recovery from the deceased's estate is not always possible in full and therefore the reason for impairment is due to the large number of loans written off where there is no estate to recover from. The Department believes that the impairment fairly reflects the collectability of the debt stock.

<sup>12</sup> DWP Annual Report and Accounts 2024-25 is available at [www.gov.uk](http://www.gov.uk).

<sup>13</sup> Please note the Social Fund debt reported in the DWP ARA Note 14 (£145m) differs from this table, partly because the ARA includes Social Fund overpayments (£1.3m) but mainly due to an accounting adjustment (£22m) to the debt balance to align CPS to SFCS.

## 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 27). The accounts are prepared on a receipts and payments basis (including a Statement of Balances), and are properly presented, with notes to explain the financial basis, a statement of loans including an analysis of age of loans outstanding, a statement of losses and the policy on maintaining a standing balance.

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

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

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information, and to establish that the Social Fund's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

I confirm that the Social Fund Account 2024-25 is as a whole, fair, balanced and easy to understand. I take personal responsibility for the Social Fund Account and the judgements required for determining that it is fair, balanced and understandable.

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

**Sir Peter Schofield KCB**

Accounting Officer

11 December 2025

# The Social Fund Governance Statement

## 1 April 2024 – 31 March 2025

The Department for Work and Pensions (DWP) Accounting Officer System Statement (AOSS), available on [www.gov.uk](http://www.gov.uk), sets out how the Permanent Secretary fulfils his responsibilities as Principal Accounting Officer, and describes the accountability system in place for the Department's expenditure which includes the Social Fund. The Department's governance statement in the DWP Annual Report and Accounts 2024-25<sup>14</sup> provides assurance on how the system of control has operated during 2024-25. The statement outlines the Departmental Board's performance and its assessment of effectiveness, information regarding quality of information presented to the board and any committee reports.

Detail of Departmental Board membership attendance and activity is also available within the DWP Annual Report and Accounts 2024-25.

### The System of Control

The Department is governed by:

1. the Secretary of State's overall responsibility for the Department and its public bodies;
2. the Permanent Secretary's responsibility, both to the Secretary of State and directly to Parliament, as the Accounting Officer for the Department's expenditure and management; and
3. the Departmental Board's collective responsibility for advice on strategic and operational issues, and for scrutinising and challenging policies and performance

The System of Control also includes the Departmental Board sub-committees, details of which can be found in the DWP Annual Report and Accounts.

### Risk, Controls & Compliance

The Department keeps loan records and associated document retention policies under review to ensure compliance with General Data Protection Regulation (GDPR). Issues are discussed at the Data Protection Governance Board. There have been no referrals to the Information Commissioners Office in respect of the Social Fund.

### Information Security

The Department had previously recognised the retention policy for GDPR could be enhanced to ensure adequate supporting customer records are retained to evidence and explain decisions. Consequently, in March 2023 the Data Protection Governance Board approved an increase to the retention period for supporting records to 24 months from the last outstanding activity. The Department formally updated the Information Management Policy

<sup>14</sup> DWP Annual Report and Accounts 2024-25 is available at [www.gov.uk](http://www.gov.uk)

(IMP) for Customer Records to 24 months as standard on 11 March 2024 on all new records. The Department recognises the legal obligation to retain supporting customer records to support decisions and considers the new policy of 24 months to be an appropriate period to comply with GDPR and Companies Act 2006.

## **Debt**

The Department has historically identified discrepancies between the details held on the Social Fund Computer System (SFCS), which holds customer-level loans and repayment details, with the accounting information held on CPS. As a result of a detailed investigation, the Department has undertaken an accounting adjustment of £22 million to bring the accounts in line with the final reported debt figure of £165 million, which can be supported at individual National Insurance Number level records on SFCS. The Department will continue to monitor and investigate the debt reconciliation between the two systems.

## **Actions to address Regularity Error**

Following the identification of errors during the audit of 2021-22 Winter Fuel Payment exercise the Department scaled up the continuous improvement process for the Seasonal Payment Service. There was a significant reduction in volumes and causes of error found during testing of the 2022-23 and 2023-24 payments, which the Department attributes to the improvements made.

The Department continues to invest in improvements, including data latency, system functionality and case worker education. The Department writes to customers in advance to explain the payment decision and circumstances upon which it is based. This enables customers to query and update information to ensure the correct amount of Winter Fuel Payment is paid.

The Social Fund is subject to the same governance and risk management as set out in the Governance Statement within the DWP Annual Report and Accounts 2024-2025. There are no further specific Social Fund risks or control issues to report.

## **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.

## **Audit and other reports to management**

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

There were no GIAA reviews directly relating to Social Fund in 2024-25.

## **Assessing 2024-25 Regularity of expenditure** (subject to audit)

Where payments are not made in accordance with the legislation, they are irregular. The Department continues to keep the regularity of payments under review to ensure continual improvements are identified and developed. The Department's Quality Assurance Framework (QAF) aims to drive a consistent approach across the Department to improve service delivery and target improvements to the quality of service delivered to customers.

As part of the annual audit of the Social Fund White Paper Account, an assessment was carried out to check the Department's compliance with the Secretary of State directions and regulations. This is to provide an estimate of the level of irregularity in Social Fund payments. In 2024-25 the gross level of irregularity within Social Fund benefit payments is estimated to be £15.407 million (2023-24: £40.527 million) which is 2.5% of total Social Fund expenditure.

### **Winter Fuel Payments**

In 2024, the Winter Fuel Regulations were significantly changed. To receive a payment, customers had to be eligible for a relevant means-tested benefit during the qualifying week. In the Department's *Fraud and Error in the Benefit System* report, irregular Winter Fuel Payments were estimated at 5.1%, due to cases where customers were incorrectly assessed as eligible for Pension Credit. Although this figure is not separately listed in the report, it is considered a reliable estimate as it underlies the published statistics. The Pension Credit fraud and error rate disclosed in the published statistics is higher as it relates to all types of overpayment.

Due to the change in eligibility rules from previous years this error rate cannot be directly compared with the 0.9% reported in 2023-24. However, the estimated value of overpayments is lower, £15 million compared to £40 million, due to a reduction in overall Winter Fuel expenditure.

The regulations were changed again in 2025, removing the requirement to be eligible for a relevant benefit. As a result, it is expected that the Comptroller and Audit General's qualified audit opinion issued on this basis will apply only to the 2024-25 period.

### **Other Social Fund Payments**

No material irregularity has been identified in any other type of Social Fund payment.

### **Losses and Special Payments** (subject to audit)

Following HM Treasury approval, £616,278 of estimated Cold Weather Payments relating to 2024-25 were written off. These payments were made to citizens who are in receipt of Universal Credit but are believed to be resident in residential care homes. The Universal Credit computer system does not currently have the facility to identify and prevent payments to these ineligible customers and therefore they are deemed overpayments which cannot be recovered. The Digital changes required to rectify this have not been able to be implemented

due to other Departmental priorities. Digital Group have confirmed the next review will be in 2026.

In November 2020 some Winter Fuel Payments were paid erroneously to customers who were not entitled to receive them. The overpayments were originally classified as recoverable under Common Law, however the Debt Management System was not configured to deal with these and so they were not pursued. After investigation, confirmation was received from Debt Policy that these payments should have been classed as official error and not pursued. Agreement was then reached to write off £860,103 of these debts as official error. This is disclosed in the Annual Report and Accounts<sup>15</sup>.

**Sir Peter Schofield KCB**

Accounting Officer

11 December 2025

<sup>15</sup> DWP Annual Report and Accounts 2024-25 is available at [www.gov.uk](http://www.gov.uk)



# **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 for the year ended 31 March 2025 under the Social Security Administration Act 1992.

The financial statements comprise

- the Statement of Balances as at 31 March 2025;
- the Receipts and Payments Account for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and the Social Security Administration Act 1992 as interpreted by the Accounts Direction issued by HM Treasury thereunder.

In my opinion, the financial statements:

- properly present the balance on the Social Fund as at 31<sup>st</sup> March 2025 and its receipts and payments for the year then ended; and
- have been properly prepared in accordance with the Social Security Administration Act 1992 and HM Treasury directions issued thereunder.

## **Qualified opinion on regularity**

In my opinion, except for the effects of the matters described in the Basis for qualified opinion on regularity section of my certificate, the income and expenditure 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.

Details of my qualified opinion are set out in my accompanying Report.

## **Basis for qualified opinion on regularity**

In the year to 31 March 2025, the Social Fund paid £302 million in Winter Fuel Payments. I estimate that £15.4 million of payments were not made in accordance with the Social Fund Winter Fuel Payment Regulations 2024. I consider the estimated error in Winter Fuel Payments to be material to my regularity opinion. These Winter Fuel Payments have been made outside of the relevant legislative terms.

## **Basis for opinions**

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)*. 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 2024*. I am independent of the Social Fund in accordance with the ethical requirements that are relevant to my audit of 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.

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Social Fund's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Social Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

## Other information

The other information comprises information included in the Foreword, Statement of Accounting Officer's Responsibilities and Social Fund Governance Statement, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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, based on the work undertaken in the course of the audit the information given in the Foreword, Statement of Accounting Officer's Responsibilities and the Social Fund Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

## Matters on which I report by exception

In the light of the knowledge and understanding of the Social Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Foreword, and the Social Fund Governance Statement.

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

## **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:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Social Fund from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements and Foreword, Statement of Accounting Officer's Responsibilities and the Social Fund Governance Statement which are in accordance with the applicable financial reporting framework; and
- assessing the Social Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

## **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.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

### **Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud**

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

### **Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud**

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Social Fund's accounting policies.

- inquired of management, the Social Fund's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Social Fund's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Social Fund's controls relating to the Social Fund's compliance with the Social Security Administration Act 1992, Managing Public Money and benefit legislation and regulations relevant to the Social Fund;
- inquired of management, Social Fund's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Social Fund for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions, bias in management estimates and irregular Social Fund payments and loans. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Social Fund's framework of authority and other legal and regulatory frameworks in which the Social Fund operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Social Fund. The key laws and regulations I considered in this context included the Social Security Administration Act 1992, Managing Public Money, and other benefit legislation and regulations relevant to the Social Fund.

### **Audit response to identified risk**

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in addressing the risk of fraud and error in Social Fund payments and loans, I examined the Department's processes for producing an estimate of fraud and error in Winter Fuel Payment expenditure, and tested a sample of Social Fund payments and loans to assess compliance with the relevant laws and regulations and to evaluate the level of error and non-compliance.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

### **Other auditor's responsibilities**

I am required to obtain sufficient appropriate evidence to give reasonable assurance that the expenditure and income 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.

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 I identify during my audit.

**Gareth Davies**  
**Comptroller and Auditor General**

**12 December 2025**

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

# Report of the Comptroller and Auditor General to the Houses of Parliament

## Introduction

**1** The Department for Work and Pensions (the Department) is responsible for managing the Social Fund under the Social Security Administration Act 1992. Under the Social Fund Winter Fuel Payment Regulations 2024, the Department is responsible for paying Winter Fuel Payments to eligible individuals.

**2** The Social Fund White Paper Account (the Account) is a White Paper Receipts and Payments Account administered by the Department in accordance with the directions issued by HM Treasury under the Social Security Administration Act 1992. This directs that Winter Fuel Payments should be included in the Account.

## The purpose of my report

**3** The purpose of this report is to:

- explain the circumstances which led me to qualify my audit opinion on regularity for the 2024-25 Social Fund White Paper Account; and
- provide a brief explanation of changes to the Winter Fuel Payment regulations and the impact on the 2025-26 audit.

## Opinion on regularity

**4** In 2024-25, the Department paid £302m in Winter Fuel Payments. These payments are made to eligible pensioners in accordance with the Social Fund Winter Fuel Payment Regulations 2024, which outline the criteria for eligibility and value of payments. Entitlement is largely determined by whether a pensioner is entitled to one of the underlying qualifying benefits that are set out in the legislation including Pension Credit and Universal Credit. Where a claimant is not entitled to an underlying qualifying benefit, any Winter Fuel Payment made as a result is classified as fraud and error. In these instances, I consider the Winter Fuel Payment that these pensioners receive to be irregular.

**5** To estimate the irregularity in the Winter Fuel Payments, the Department has used the National Statistics that it prepares and publishes annually to measure the level of fraud and error in benefit expenditure. I have assessed the Department's process for preparing the statistics as part of my audit of the financial statements within the 2024-25 Annual Report and Accounts and consider them to be reliable. As a significant proportion of pensioners receiving Winter Fuel Payments in 2024-25 did so as a result of receiving Pension Credit then the measurement of fraud and error in that benefit has been used as a basis for estimating the value of irregular Winter Fuel Payments.

**6** The published statistics on Pension Credit measure the total level of fraud and error within the benefit including where the wrong amount has been paid to entitled claimants. However, I only consider a Winter Fuel Payment to be irregular where the recipient was not entitled to any amount of Pension Credit at all. The Department has therefore used an underlying 'loss of entitlement' statistic which measures the proportion of Pension Credit cases where the whole award and payment of the benefit was incorrect as the claimant did not meet the eligibility criteria for any payment of that benefit. This was estimated at 5.1% for 2024-25, which amounts to £15.4m of irregular Winter Fuel Payments. I consider this level of irregularity to be material to my opinion on regularity.

## Changes to Winter Fuel Payment legislation

**8** The Social Fund Winter Fuel Payment Regulations 2025 will be effective for the 2025-26 financial year. Under this new legislation, Winter Fuel Payments will return to being a near-universal benefit paid to all pensioner households. Eligibility will no longer be reliant on an underlying benefit. For pensioners earning over £35,000 a year, the Winter Fuel Payment will be recovered by HM Revenue and Customs. As eligibility requirements for the Winter Fuel Payments are no longer linked to other

benefits then fraud and error rates relating to those underlying benefits will not impact on my assessment of Winter Fuel Payments in 2025-26. In light of these changes, going forward I will assess my approach for considering the risk of irregularity in Winter Fuel Payments during my 2025-26 audit of the Social Fund White Paper Account.

## Receipts and Payments Account for the year ended 31 March 2025

	2024-25 £000	2023-24 £000
<b>Receipts</b>		
Receipts from the Secretary of State		
Discretionary	0	0
Regulated	113,896	93,651
Winter Fuel Payments (Regulated)	301,130	4,567,486
	<b>415,026</b>	<b>4,661,137</b>
Repayments of Budgeting Loans	233,325	296,602
Repayments of Crisis Loans	8,625	12,707
Repayments of Funeral Expenses Payments	692	539
Refund of Social Fund Overpayments Discretionary	557	688
Refund of Social Fund Overpayments Regulated	637	632
	<b>658,862</b>	<b>4,972,305</b>
<i>Less</i>		
<b>Payments</b>		
<i>Discretionary</i>		
Budgeting Loans	194,219	260,601
Crisis Loans	(6)	(12)
Community Care Grants	0	0
<i>Regulated</i>		
Winter Fuel Payments	302,101	4,654,950
Funeral Expenses Payments	49,744	51,771
Sure Start Maternity Grants	25,024	23,674
Cold Weather Payments	36,060	29,996
	<b>607,142</b>	<b>5,020,980</b>
Excess receipts over payments / (payments over receipts)	<b>51,720</b>	<b>(48,675)</b>
<i>Less</i>		
Repayment of surplus funds by Secretary of State to HM Treasury	0	350,000
Total excess receipts over payments / (payments over receipts)	<b>51,720</b>	<b>(398,675)</b>

## Statement of Balances as at 31 March 2025

	2024-25 £000	2023-24 £000
Opening Balance	135,405	534,080
Excess receipts over payments after repayment to HMT	51,720	(398,675)
Excess of Payments over receipts after repayment to HMT	0	0
Closing Balance	<b>187,125</b>	<b>135,405</b>

The Notes on pages 23 to 26 form part of this Account.

**Sir Peter Schofield KCB**  
Accounting Officer  
11 December 2025



## Notes to the Account

### 1. Accounting Policies

The Account is prepared per the Accounts Direction which is provided by HM Treasury 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 2023-24 are given for comparison and are taken from the Account for that year (House of Commons Paper No.451 of 2023-24).

### 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 of 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. The Department continues to pay Budgeting Loans to customers on legacy income related benefits and Pension Credit. The Department plans to replace legacy benefits with Universal Credit by the end of 2028. There will be a corresponding reduction in the volume of Budgeting Loans issued leaving only customers eligible through Pension Credit.

Where the customer has moved to or from Northern Ireland (NI), the transfer of customer debt is recorded as payments of Crisis Loans and Budgeting Loans in the receipts and payments schedule. 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. For 2024-25 these transfers have resulted in a small negative payment relating to Crisis Loans due to customers transferring to Northern Ireland from Great Britain.

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. Budgeting Loans are financed by these recoveries and, the Regulated Fund is financed by the Secretary of State. In addition, section 78(4) of the Act provides that payments to meet funeral expenses may be recovered from the estate of the deceased.

### 3. Statement of Loans and Funeral Expenses Payments

	2024-25				2023-24
	Budgeting Loans	Crisis Loans	Funeral Expenses Payments	Total	Total
	£000	£000	£000	£000	£000
Amount outstanding at 1 April 2024	123,624	39,684	28,421	191,729	243,350
Amount loaned	194,219	(6)	49,744	243,957	312,360
Transferred to overpayments	(519)	0	(208)	(727)	(853)
Amount recovered	(233,325)	(8,625)	(692)	(242,642)	(309,848)
Adjustments and amounts written off	13,562	6,341	(46,819)	(26,916)	(53,280)
Amount outstanding at 31 March 2025	97,561	37,394	30,446	165,401	191,729

The amount for loans outstanding at 31 March 2025 shown in this note is based on cumulative loans and repayments disclosed in the Receipts and Payments Account minus accounting adjustments and amounts written off. The statement of loans reflects the gross total debt balance before impairment, not all of which are considered recoverable. Please see the Recoverability of Debt section in the Foreword.

The Department has invested significant resource in reviewing the Social Fund debt position. As a result, an accounting adjustment has been included to write back £15.1 million Budgeting Loan debt and £6.9 million Crisis Loan debt to the Account. This adjustment aligns the value of customer debt on CPS to that held on SFCS.

Crisis Loans have not been payable in Great Britain since April 2013. The balance for amounts loaned for Crisis Loan debt is relating to customers transferring to Northern Ireland from Great Britain.

The amount outstanding also incorporates £319,000 of loans showing a credit balance. This credit represents over recovery, which the Department will seek to repay to the customer. Where it is unable to trace the customer to make a repayment to them, 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.

The decrease in 2024-25 adjustments and write offs was mainly due to the £22m accounting adjustment. There was also a lower volume of Funeral Expense Payment write offs which is in line with the decreased volume of Funeral Expense Payments.

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

#### 4. Age of Loans and Funeral Expenses Payments Analysis

Between April 1988, when the Social Fund loans scheme was introduced, and March 2025, £15,666 million loans have been paid. Over this period, £15,090 million of these loans have been recovered and £423 million written off. This, and other adjustments, leaves a balance of £165 million outstanding at 31 March 2025. Loans are normally recovered by deduction from Social Security benefits including State Pension and where this is not possible, by instalments through other means e.g. direct debit or deduction from earnings. Where a customer has more than one loan, the earliest loan is normally recovered first, with recovery of later loans following automatically. A number of loans may take several years to recover fully and recovery procedures and arrangements continue to be kept under review.

An analysis of the age of loans and Funeral Expenses Payments outstanding is summarised below<sup>16</sup>:

	2024-25				2023-24
	Budgeting Loans	Crisis Loans	Funeral Expenses Payments	Total	Total
	£000	£000	£000	£000	£000
Five years and over	36,371	37,393	5,040	78,804	86,014
Between one year and five years	13,242	1	18,206	31,449	35,632
Less than one year	47,948	0	7,200	55,148	70,083
	<b>97,561</b>	<b>37,394</b>	<b>30,446</b>	<b>165,401</b>	<b>191,729</b>

#### 5. Statement of losses

	Volume	£'000
Funeral Expense Payments	23,047	46,819
Budgeting Loans/Crisis Loans	19,149	2,067
Overpayments	8,122	1,936
Cold Weather Payment Estimate	24,651	616
<b>Total</b>	<b>74,969</b>	<b>51,438</b>

DWP write off funeral expense payments when there are not enough assets in the estate to recover the loan. Budgeting and crisis loans which can't be recovered are also written off subject to strict criteria.

<sup>16</sup> Please note the Social Fund debt reported in the DWP ARA Note 14 (£145m) differs from this table, partly because the ARA includes Social Fund overpayments (£1.3m) but mainly due to an accounting adjustment (£22m) to the debt balance to align CPS to SFCS. The ARA is also split differently into amounts due by under 1 year and over 1 year.

Overpayments which cannot be recovered are also subject to write off under stringent policies agreed with HM Treasury.<sup>17</sup>

This year the Department also wrote off non recoverable Cold Weather Payments which it estimates were made to Universal Credit customers in Care Homes. More detail on losses due to irregular payments can also be found in the Governance Statement on page 13 of this account.

## 6. Statement of assets and liabilities

	Liabilities £'000	Assets £'000
Government Banking Service		193,965
Net balance with the Parliamentary Vote	7,239	
Net balance with DWP Administration		3
Net balance with the National Insurance Fund		384
Other Government Creditors / Debtors (NET)		12
Balance of Social Fund	187,125	
	<u>194,364</u>	<u>194,364</u>

The Balance of Social Fund represents the cumulative excess of receipts over payments since the inception of the Fund. The equity balance is held as a liability, representing payable accounts which includes repayments back to HM Treasury.

The Government Banking Service is a shared government function which provides critical banking services across central government and for wider public sector customers. The net balance with the parliamentary vote is money owed to working-age benefits and the Pension Service.

A minimum balance is kept in the bank as a contingency; this is currently set at £25 million with the approval of HM Treasury. Following discussions with HM Treasury DWP returned £350m to the consolidated fund in 2023-24, leaving a balance of £135m. We continue to review the balance of the Fund and will agree repayments with HM Treasury where we are satisfied we will not be left with insufficient cash. The closing balance of the Fund for 2024-25 was £187m and as such no repayment was made to HM Treasury.

## Events after the Reporting Date

There were no events after the reporting period.

The Accounting Officer authorised these financial statements for issue on the same date that the Comptroller and Auditor General signed his Certificate.

<sup>17</sup> Please note the volumes reported here for Funeral Expense Payments, Budgeting Loans and Crisis Loans differ slightly from the DWP ARA Losses and Special Payments as these are a case count whereas the ARA is a customer count.

## Annex

### **Accounts Direction given by HM Treasury in accordance with section 167(4) of the Social Security Administration 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 under section 167(4) of the Act in respect of the transactions of the Social Fund, shall be prepared for the financial year ended 31 March 2023 and each subsequent financial year, and shall comprise:
  - i. a foreword
  - ii. an account of receipts and payments
  - iii. a statement of balances

and shall include any such notes as may be necessary for the purposes referred to in the attached schedule.
3. The Accounting Officer shall observe relevant accounting and disclosure requirements in the Government Financial Reporting Manual (FReM), in so far as it applies to a receipts and payments account, and any other guidance issued by HM Treasury, as amended or augmented from time to time.
4. The format of the statement of account and the disclosure requirements are in the attached schedule.
5. The Accounting Officer shall sign the foreword and account.
6. The Accounts Direction shall be produced as an annex to the accounts.

**Charlotte Goodrich**  
**Deputy Director,**  
**Government Financial Reporting,**  
**HM Treasury,**  
**26 January 2021**

### **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 Act. 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 preparation and laying before each House of Parliament of the Secretary of State's annual report on the Social Fund under paragraphs (5) and (6) of section 167 of the Act;
  - (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**

	<b>£'000</b>	<b>20XX-XX £'000</b>	<b>20XX-XX £'000</b>
<b>Receipts</b>			
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>			
<b>Payments</b>			
<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**

	<b>20XX-XX £'000</b>	<b>20XX-XX £'000</b>
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.

