



BRIEFING: PLANNED CHANGES TO THE SOCIAL FUND

SOCIAL FUND: THE CURRENT SCHEME

The Social Fund currently consists of a discretionary and a regulated scheme. The Regulated Scheme covers Cold Weather Payments, Funeral Payments, Sure Start Maternity Grants and Winter Fuel Payments. There are no current planned changes to this part of the social fund.

All the proposed changes are to the discretionary Scheme, community care grants, budgeting loans and crisis loans

Community Care Grants

CCGs are currently available as non-repayable grants to help people live independently in the community, e.g., for essential items if resettling into a home from an institution or to help with essential travel costs.

Budgeting Loans

Budgeting can be applied for to help with big expenses that people on benefit find it hard to budget for e.g. furniture or rent in advance, expenses associated with getting a job.

Crisis Loans A crisis loan can be applied for by anyone aged 16 or over to cover costs arising in an emergency. It is an interest free loan

THERE ARE TWO PLANNED POLICY CHANGES TO THE SOCIAL FUND:

- 1. The first planned change is to the Crisis Loan system and comes in immediately. No consultation is being carried out prior to this change. From April 2011 the DWP will:**
 - No longer paying Crisis Loans for items such as cookers and beds. There will be some residual support for people following a disaster such as flooding.
 - The rate paid for living expenses will be reduced from 75 per cent down to 60 per cent of benefit rate.
 - There will be a cap of three Crisis Loan awards for general living expenses in a rolling twelve month period
- 2. There is currently a consultation paper out outlining the much more sweeping changes to the Social Fund that are part of the Welfare Reform Bill.**

The changes proposed will result in the abolition of the current system of discretionary payments. There will be a new combination of locally-based provision instead of Community Care Grants and Crisis Loans for general living expenses. The budget that the DWP currently spends on community care grants and crisis loans will be devolved to local authorities for the period of the spending review. They will be encouraged to set up discretionary schemes aligned with other local authority run services such as Supporting People and Social Services, to make emergency provision for people that are in the most urgent need. There will be no statutory duty requiring local authorities to deliver the service and the money for it will not be ring-fenced, so areas could have no service at all.

The support to be provided may take the form of grants, loans or assistance in kind such as the loan of furniture or provision, via a charity, of reconditioned furniture or a mixture of all of these and other initiatives such as food banks. It may be in cash, vouchers or in kind.

A new nationally administered advance of benefit facility will replace crisis loans and budgeting loans to claimants who have no available sources of income or finance to meet immediate short-term needs. The DWP calls these alignment payments. These payments on account will allow for an advance of benefit that will be repaid, in most circumstances, in instalments from future benefit entitlement.

Homeless Link is extremely concerned about the impact of these proposals on homeless people:

- Localisation of emergency provision at a time of substantial pressure on Local
- Authority resources could lead to severe reductions of access to any equivalent assistance at all if the money is not ring-fenced meaning vulnerable individuals face a postcode lottery of different entitlements in different locations or no entitlement at all.
- Many of the individuals claiming CCG's are moving from hostel provision into an unfurnished flat. Having funds to buy basic furniture to help them start up in a new home is crucial to the resettlement process; not having furniture can have a very detrimental effect on this process.
- The relatively low cost of a resettlement grant can have a huge longer term impact on someone resettling effectively, which can prevent tenancy breakdown and a return to homelessness. The cost of this scenario is far greater both to the individual and to society in the long term.
- The level of financial pressure and loan repayments some individuals face, balanced against clients' very limited incomes, can make managing money and debts very difficult. The short term support and security the income from crisis loans can provide vital sources of income for people at particular points in their transition to living more independent lives.

Homeless Link would like to alert the government to the fact that cuts to the Social Fund may mean that individuals will have nowhere else to turn. We are calling on the Government to rethink reform of the Social Fund whilst fundamental other reform of the welfare system, including the introduction of the Universal Credit, takes place so as to ensure that people are not left without a welfare safety net at this time.

The Consultation

Homeless Link will be responding to the government consultation on the Social Fund. The DWP's consultation document [can be found here](#).

We would appreciate your opinion on the impact of these changes on homeless people through our [online survey](#), so that we can feed it in to our consultation response.

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