The social fund

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Contributory benefits

Retirement pension
Widow's benefit
Unemployment benefit
Sickness benefit
Invalidity benefit
Maternity allowance

Non-contributory benefits

Child benefit
One parent benefit
Attendance allowance
Invalid care allowance
Mobility allowance
Severe disablement allowance
Industrial injury benefit
Statutory sick pay and maternity pay

Means tested benefits

Income support
Housing benefit
Community charge benefit
Family credit
Social fund

The Social Fund was the most controversial feature of the social security reforms of April 1988. It was intended to replace the system of one off single payments that were available under the supplementary benefit scheme for basic essentials such as furniture, cookers, beds and bedding, and removal costs. It was also intended to replace the emergency "urgent needs payments" for crises and short term needs under supplementary benefit. Both these types of payments were payable as of right if certain clearly defined criteria were met, with a right of appeal to an independent appeal tribunal if a claim was refused.

By contrast, the emphasis in the social fund is on discretion rather than entitlement. In most cases applicants are offered loans, rather than grants, which then have to be repaid out of weekly benefit. The fund is further restricted by the fact that it is subject to a tight cash limit. Each social security office has its own allocation, out of which it has to pay those claims which it considers have a high priority. The result, as illustrated by the 1989-90 annual report of the social fund, is that a large proportion of applicants are turned down for help, and those who are successful are paid less than they would have been in the past.¹ More than half of the people who applied for community care grants were turned down, as were two fifths of those who applied for budgeting loans. Perhaps the most telling indictment of the social fund is the figure of 19 000 applicants who were turned down—even for a loan—because they were too poor to repay the loan.

One part of the social fund, however, is not cash limited, is based on regulations not discretion, and provides grants not loans. This regulated part of the fund provides payments for maternity, funerals, and cold weather.

The regulated social fund

Maternity payments of £100 are available to patients receiving income support or family credit. If they are in low paid work, and it is their first child, they may have to wait until after the birth before qualifying for family credit. In that case they should claim the maternity payment at the same time as claiming the family credit, and it will be processed as soon as the family credit has been awarded. The payment can be claimed (on form SF100 from the social security office) within 11 weeks of the expected date of confinement or not later than three months after the actual date of birth. The patient needs to send her maternity certificate, a note from the doctor or midwife, or the antenatal clinic appointment card. The payment can also be made for an adopted child, providing the child is no more than 12 months old and the claim is made within three months of the adoption order. Young mothers under 16 will not qualify for income support or family credit in their own right, but the adults they live with can claim if they meet the conditions outlined above. The payment will be reduced if the claimant has savings over £500.

Funeral payments can be paid if the claimant or the partner is receiving family credit, income support, or housing or community charge benefit at the date of claim. It can be claimed by anyone who takes responsibility for the funeral, not necessarily a member of the

immediate family. The funeral must take place in the United Kingdom, the claim must be made within three months of the funeral, and savings over £500 will reduce the amount of the payment. Regulations lay down precisely what expenses the grant can cover—in effect the costs of a very basic funeral, including the coffin, undertakers' fees, flowers, cars, and a religious service. The Department of Social Security is entitled to deduct from the grant any insurance payments and money from the estate that is readily available. Indeed, the entire payment can later be recovered from the estate once all the formalities of probate have been completed.

Cold weather payments are intended for disabled people, pensioners, and those with children under 5 who are receiving income support and have less than £500 in savings (£1000 for pensioner couples). They have never yet been awarded, since the definition of a "period of cold weather" means seven consecutive days when the average temperature is no higher than 0°C, conditions which have not been met since the start of the scheme. If and when they are then £5 will be paid for each week of cold weather.

The discretionary social fund

The discretionary part of the fund allows social security staff to make community care grants, budgeting loans, and crisis loans out of the cash limited budget allocated to each local office. There is very little laid down in law on the circumstances when payments should be made, but the Department of Social Security provides considerable guidance to social fund officers on how they should use their discretion. The objective of giving such wide discretion was to allow more flexibility than under the old supplementary benefit scheme, but many officers appear to stick very tightly to the circumstances described in the guidance. In her 1989-90 annual report, the social fund commissioner recommended that "the Department of Social Security discourage the use of restrictive guidance and encourage the consideration of each application on its individual merits."²

When making decisions the social fund officer has to consider a number of issues:

- The "nature, extent, and urgency of the need." In many cases doctors and other health workers are in a good position to provide supporting evidence to substantiate a patient's need for a wide variety of essential furniture, bedding, and other items, and their evidence may be influential.
- Whether the need could be met from any other source.
- In the case of a loan whether the claimant can afford to repay it. Claimants are often turned down because they are too poor.
- The state of the local office budget. Although the High Court determined, in a recent case brought by the Child Poverty Action Group, that the budget was not binding on social fund officers, the law has now been changed to prevent any overspending.

Despite the emphasis on discretion, the law does lay down some needs which cannot be met by either loans

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This is the 4th of 10 articles

BMJ 1991;302:95-6

If it stays like this for seven days certain groups qualify for an extra £5 a week

BARNABY'S

or grants. These include: the cost of home helps, domestic assistance, or respite care; medical needs; repairs to council or housing association houses; mains fuel charges.

Community care grants

To get a community care grant the patient, or someone he or she is claiming for, must be receiving income support. Someone who is currently in hospital or residential care must be likely to be relying on income support on discharge. Any grant will be reduced by savings over £500 (£1000 for pensioner couples). The law sets out four overall situations when a grant might be made, and claimants have to fit into one of these to stand any chance of a grant.

- (1) To help them to re-establish themselves in the community after a period in institutional or residential care.
- (2) To help them to remain in the community, rather than enter some form of residential care.
- (3) To ease exceptional pressures on them and their family.
- (4) To help with specified travel expenses, including attending relatives' funerals, visiting sick relatives, and moving to more suitable accommodation.

The four broad categories potentially include a multitude of individual situations, but the guidance provides considerable detail on when payments should be made and who will be considered a high priority. It is in the nature of a discretionary system that it can never be predicted who will receive grants, and when, and this is one of the major drawbacks of the social fund. From a practical point of view, the best advice is that if a patient is coming out of some form of care, or would be better able to manage in the community with specific help, then he or she should be helped to make an application, with supporting evidence from the general practitioner or other health worker where appropriate. Apart from grants for furniture to people coming out of residential care, grants have also been given for such things as microwave ovens and minor house repairs to help frail elderly people manage in their own homes, washers and driers, heaters and bedding, and a great variety of other needs.

Loans

While it is always better to apply for a grant, a loan may be the only option for some people. The law on both budgeting loans and crisis loans is very brief, leaving very wide discretion to the social fund officer. Budgeting loans are "to meet important intermittent expenses... for which it may be difficult to budget,"

whereas crisis loans are to meet expenses arising out of an emergency or a disaster. To apply for a budgeting loan the applicant must have been receiving income support for 26 weeks. For crisis loans the main criterion is that the person has insufficient money to meet the need and a loan is the only means of avoiding serious risk to health or safety.

Applications for budgeting loans are divided into high, medium, and low priority. High priority items are likely to include: essential furniture and bedding, some removal costs, connecting fuel meters, and anything needed to avoid hardship or risk to health and safety. Loans can be made for all sorts of things, providing a good case can be made for them. For all loan applications, social fund officers are supposed to consider whether a grant would be more appropriate instead.

There is no definition of "disasters" or "emergencies" for crisis loans, but the following are examples: fires and floods, loss or theft of money, payments to secure lodgings, rent in advance when leaving residential care, living expenses in emergencies.

Although the budget for loans is considerably larger than for grants, their major drawback is, of course, that they have to be repaid out of weekly benefit. Although no interest is charged, the rate of repayment is such that families often end up in greater difficulties through having to live on even less than the basic income support minimum for several months. The normal rate of repayment is 15% of the weekly benefit, which for a single parent with two young children will amount to £10.93 a week out of an income of £72.85. The Department of Social Security has considerable discretion to reduce the repayment rate, or to reschedule the loan if circumstances change, but the net result will always be that people have less each week to live on, possibly for prolonged periods. Not surprisingly, many people, especially the elderly, are reluctant to apply for loans or regret their decision not long after accepting one. Having said that, some needs are so urgent that a loan, for all the drawbacks, is still better than nothing.

Although there is no right of appeal to an independent tribunal, anyone whose application is turned down, or who is offered a loan instead of a grant, can ask for a review of the decision. This gives an opportunity to explain, in writing and at an office interview, the need as fully as possible and to ensure that the social fund officer is aware of all possible factors. Supporting evidence from a doctor or other health worker can be important at this stage. If this review is unsuccessful there is a further right of review by a social fund inspector, but this stage mainly focuses on whether the social fund officer has applied the law correctly and taken into account all the relevant factors.

The social fund has many drawbacks, but for many patients it is also the only means of getting help with basic essentials that cannot be met out of weekly benefit. Help from members of the primary health care team can often be instrumental in persuading a social fund officer to exercise discretion in favour of the patient.

1 Secretary of State for Social Security. *Annual report on the social fund 1989/90*. London: HMSO, 1990.

2 Social Fund Commissioner. *Annual report for 1989/90*. London: HMSO, 1990.

Correction

Doctors and benefits

An author's error occurred in this article by Mr Simon Ennals (8 December 1990, p 1322). For further information about Lisson Grove benefits programme please contact Tim Blackwell, Sally Billen, or Steve Bruster on 071 724 0480.