

Citizens Advice Scotland

Scottish Association of Citizens Advice Bureaux



Evidence on the Social Fund for the Work and Pensions Committee

Based on the experiences of Citizens Advice Bureau clients across Scotland

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Citizens Advice Scotland and its 76 CAB offices form Scotland's largest independent advice network. CAB advice services are delivered through 208 service points throughout Scotland, from the islands to city centres.

The CAB service aims:

to ensure that individuals do not suffer through lack of knowledge of their rights and responsibilities, or of the services available to them, or through an inability to express their need effectively

and equally

to exercise a responsible influence on the development of social policies and services, both locally and nationally.

The CAB service is independent and provides free, confidential and impartial advice to everybody regardless of race, sex, disability or sexuality.

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Introduction

1. Citizens Advice Scotland (CAS) is the umbrella organisation for Scotland's network of 76 CAB offices. These bureaux deliver frontline advice services throughout the country – at over 200 service points - from the city centres of Glasgow and Edinburgh to the Highlands, Islands and rural Borders communities.
2. Problems relating to the Social Fund are a major concern for the Scottish CAB service. CAS has long campaigned for reform of the fund to ensure that it provides access to affordable credit for those on low incomes which cannot stretch to sudden, unplanned expenses¹. We therefore welcome this opportunity to contribute to the Work and Pensions Committee's one-off evidence session examining the Social Fund.
3. In 2005/06, the 76 Citizens Advice Bureaux across Scotland dealt with a total of 442,550 enquiries. The largest area of enquiry related to social security benefits, accounting for 31% - or nearly one in three – of all enquiries. Of the benefits enquiries brought to bureaux, 6% specifically concerned the Social Fund and an additional 2% related to benefit debts (a category which includes Social Fund loans).
4. Additionally, because the Social Fund is not meeting need, bureau clients are sometimes having to borrow from alternative high-interest credit sources. In this context, it is important to note that consumer debt is the biggest single issue brought to bureaux. In 2005/06, Scottish bureaux dealt with a total of 61,597 enquiries relating to consumer debt, representing nearly one in seven of all enquiries. The amount of debt bureaux dealt with last year rose to nearly £212 million, an increase of 25% on the previous year.
5. Our submission is based on the actual experiences of CAB clients, anonymised and presented as client case evidence. This is made possible by the CAB service's social policy feedback mechanism by which bureaux throughout Scotland highlight the problems in their area by sending in specific case examples that are indicative of wider issues.
6. This submission focuses on those areas of the Social Fund about which we have the most client evidence, namely the three strands of the discretionary Social Fund: Community Care Grants, Budgeting Loans and Crisis Loans. It starts by looking at problems that bureau clients are facing in relation to *accessing* the Social Fund, namely the Crisis Loan telephone application system, refusal of awards, insufficient awards and repayment of awards. It then examines problems in relation to *administration* of the Social Fund, namely errors, delays in payment and the impact of the transition to Jobcentre Plus.

¹ *Missing the target*, CAS, 1988; *No faith, no hope, try charity: A report on the practical effects of the Social Fund on CAB clients*, CAS, 1992; *No help, No home*, CAS 1994; *Submission on the Social Fund to the Social Security Select Committee*, CAS, 2002

Problems with Accessing the Social Fund

The Crisis Loan telephone application system

7. The Crisis Loan telephone application system is failing to meet the needs of our most vulnerable clients, and issues relating to this system represent a significant and ongoing problem. The phone lines are frequently engaged for lengthy periods of time, meaning that clients and advisers are simply unable to get through and start the claiming process. Additionally, the 0800 claim numbers can be prohibitively expensive from mobile phones. Some clients – who have specifically chosen to have mobiles as a budgeting tool – cannot afford the call or are forced to wait for so long in the claim queue that they run out of credit. These problems can result in severe financial hardship, and bureaux have seen an increasing number of destitute clients for whom they have to arrange emergency social work payments and charitable food parcels.

A South of Scotland CAB reports of a female client who has a disability and wanted to apply for a Crisis Loan. She had repeatedly tried to phone the application line and been unable to get through. She went to the social work department who told her they did not have time to deal with her and she would have to keep trying the Crisis Loan line for as long as it took. The bureau was also unable to get through and reports that unfortunately they have no 'CAB only' number.

A North of Scotland CAB reports of a male client in his 30s in receipt of Disability Living Allowance. He had been trying unsuccessfully to get through to the Crisis Loan application line for five days. He had been borrowing money for food but had run out of options and was getting desperate. He came to the bureau to ask if he could use the phone to continue trying the application line - the bureau made a phone available but he was still unable to get through. Eventually a Crisis Loan was made for £18.45 and the paperwork was faxed to the bureau for the client to sign and send back.

An East of Scotland CAB reports of a client who had his room broken into and his money stolen. He was unable to get through on the Crisis Loan application line and then ran out of credit on his mobile phone. He was not able to use the telephone at the local Jobcentre Plus as they had a risk assessment done which had stated that there is a risk to staff and the public in allowing Crisis Loan claimants to use their phones, as claimants who are refused Crisis Loans may become violent.

8. These problems are exacerbated by the fact that some local Jobcentre Plus offices are refusing to deal with paper forms, despite the fact that the Social Fund regulations retain people's rights to make clerical claims.

A South of Scotland CAB reports of a client who was in need of a Crisis Loan. His local Jobcentre Plus had refused to fax his claim. The bureau tried to contact the claim line, but it was permanently engaged.

9. The impact of failures in the phone application system are felt by bureaux, as well as clients, as they are seeing an increasing number of clients requiring help with their applications, putting additional pressure on limited resources.

A West of Scotland CAB reports of a client who had been advised by Jobcentre Plus to apply for a Crisis Loan and given the number. The client had no phone or mobile and came to the bureau to ask if they could apply for him. The adviser spent 45 minutes trying to get through but was unable to access the service.

Refusal of awards

10. Social Fund awards are being turned down in such a way that the system is not meeting the needs of people in the intended target groups. A key issue is the inconsistencies that can arise from the discretionary nature of the fund.

A West of Scotland CAB reports of an older client with diabetes, arthritis and depression. She applied for a Community Care Grant for a cooker, washing machine and fridge as she was unable to do her washing, store fresh food or cook hot food. She was turned down for all items as they were not considered priority needs.

A South of Scotland CAB reports of a client in severe financial hardship. She is diabetic and needs to eat regularly three times a day. Her Crisis Loan application was turned down on the grounds that 'food is not an emergency'.

11. All Social Fund payments – apart from Crisis Loans - require claimants to be in receipt of one of a limited number of benefits. Consequently, clients with demonstrable need who are not in receipt of these specific benefits can be ineligible for Social Fund payments, resulting in severe hardship.

A North of Scotland CAB reports of an older couple who had moved to a new council house and had no money for furniture. As they were not in receipt of Pension Credit, they were not eligible for a Budgeting Loan.

A North of Scotland CAB reports of a client with mental health problems who had been allocated a housing association flat after leaving a homeless unit. Without money to buy essential items, he felt he would have to turn the flat down. However, because he received Incapacity Benefit and Disability Living Allowance – not Income Support or Jobseeker's Allowance – he was not eligible for a Community Care Grant.

Insufficient awards

12. An additional problem for clients accessing the Social Fund occurs when they are awarded a loan or grant, but it is insufficient for their needs.

A West of Scotland CAB reports of a client who was very distressed because he had been trying for some days to make a Crisis Loan application by phone. With the adviser's help he was finally granted a loan – but as it was for just over £26, he would have to reapply in three days.

A West of Scotland CAB reports of a client who had been told her benefit claim was delayed and would take four weeks to process. She was awarded a Crisis Loan of £46.90 to cover a one week period, and will then have to reapply for an emergency payment.

Repayment of awards

13. Case evidence indicates that some clients are being granted Social Fund loans which they are then struggling to repay, thus aggravating rather than alleviating their financial hardship.

A West of Scotland CAB reports of a client with mental health issues on Income Support. He had five children and had applied for a Budgeting Loan. He was awarded a loan of £224, which the DWP planned to recover at the rate of over £44 per week from his income support.

A South of Scotland CAB reports of a lone parent client with a 12 week-old baby. Her tax credits had not been paid for four weeks and she had no other income. She had a previous Crisis Loan of £40, but was unable to meet the payments. Another Crisis Loan cannot be considered until the first one has been paid off.

Problems with Administration of the Social Fund

Administrative errors

14. Case evidence indicates that administrative errors in the operation of the Social Fund - such as the provision of incorrect forms or poor advice by DWP staff - can cause vulnerable clients distress and financial hardship.

A West of Scotland CAB reports of an alcoholic client who had just been discharged after a 12 week hospital stay. The social work department had cleaned his flat and thrown away his carpets. He went to the local Jobcentre Plus to request funds for replacement carpets, where he was given a Crisis Loan form and told to go to a CAB for help completing it. The adviser told the client that it would actually be a Community Care Grant that would be most suitable for him to claim, and called the DWP to request the relevant forms.

15. The following case demonstrates how administrative errors originating in relation to a client's other benefit claims can also have a negative impact on their ability to access the Social Fund.

A West of Scotland CAB reports of a client who had been on Jobseeker's Allowance (JSA) for nine months. He had applied for a Community Care Grant and a Budgeting Loan to buy furniture for his children who stay on weekends, but had been turned down on the grounds that he was not in receipt of a qualifying benefit. However, he should have been moved from contribution based JSA to income based JSA after six months, which would have made him eligible for the Social Fund. The Jobcentre reported that this was a clerical error resulting from a failure to update their systems.

Delays in Payment

16. Delays in the processing of Social Fund claims are also an area of concern, as they mean that essential funds are not reaching vulnerable clients at the point of need. This is particularly problematic in the context of

vulnerable clients who turn to Social Fund payments – particularly Crisis Loans – during times of acute stress and hardship.

A North of Scotland CAB reports of a client who was recovering from an operation. She had moved into a flat with no furniture or cooking facilities. She had applied for a Community Care Grant, but this was going to take a further 10 days to process due to staff shortages.

A West of Scotland CAB reports of a client who had been awarded a Crisis Loan of £150. The award had been made three weeks previously, but she had still not received the money and was desperate.

A West of Scotland CAB reports of a client who was pregnant and whose bed had been damaged when her house was burgled. She had applied for a Crisis Loan and was turned down. After appealing she was awarded £400, but the DWP mislaid a signed declaration thus delaying payment. When she came to the bureau, the loan had been in process for eight weeks and the client was about to lose the deposit she had paid on a new bed.

The transition to Jobcentre Plus

17. Administrative problems relating to the Social Fund have been exacerbated in recent months during the transition to Jobcentre Plus. Clients have been reporting severe delays in the time taken to process their benefit claims and get them into payment – this has resulted in severe financial hardship and increasing numbers of clients requiring ‘stop-gap’ Crisis Loan payments.

A South of Scotland CAB reports of a client who had been recently discharged from prison. He had submitted an application for Income Support and Incapacity Benefit, but nearly three weeks later these had not been processed. He had applied for and been granted a Crisis Loan, but had also not yet received that.

18. The move to Jobcentre Plus has also involved the centralisation of services and the closure of local offices. This has proved problematic for some clients, particularly those in rural areas, who have to travel

significant distances to pick up Crisis Loan payments. This can prove both time-consuming and expensive, and poses specific barriers for clients with reduced mobility.

A North of Scotland CAB reports of a client who had had problems accessing her Post Office card account, who had to wait almost a week for a new PIN to be issued. She applied for a Crisis Loan to cover food and heating, and was told she had to travel to Inverness for an interview and to receive payment. She came to the bureau in a very agitated state as the journey costs nearly £5 – she had no money and knew nobody who could lend it to her.

Conclusion

19. Client case evidence indicates that - due to both the regulatory regime surrounding the discretionary Social Fund and problems with its administration - there are vulnerable CAB clients in demonstrable need who are not able to access the fund. In fact, the current system frequently acts to exacerbate rather than alleviate poverty.
20. The Social Fund is an essential lifeline to people on low incomes who are unable to afford unplanned, one-off expenses and who cannot access affordable mainstream credit. Consequently, it is vital that the Social Fund is accessible, efficient and well-resourced, if it is to help contribute to the Government's goals of combating poverty and social exclusion.