



Reforming the Social Fund

March 2011

- Social Fund introduced in 1988 as part of the Fowler reforms of welfare
- Its policy aims were to support the Care in the Community programme, people on long-term benefits and a small number of unforeseen emergencies
- Care in the Community was delivered nearly 20 years ago; now the expectation is for most people on working age benefits to find work, and the use of Crisis Loans has ballooned out of control

Reform will be in three main strands:

- The most discretionary elements – Community Care Grants and Crisis Loans for general living expenses will be replaced with local provision
- Budgeting Loans and Crisis Loan alignment payments will be replaced by payments on account integrated into the benefit system
- Funeral Payments, Sure Start Maternity Grants and Cold Weather Payments will be retained with improved delivery

- Delivery of new support will be determined by the Welsh Assembly Government
- The changes will take effect from April 2013
- Funding will transfer with the provision to the new delivery organisation via Welsh Assembly Government
- Welsh Assembly Government will be seeking views on potential models for delivery of the new provision

- Budgeting Loans are an effective alternative to high-cost and illegal lending for some benefit recipients, but administration is burdensome and expensive
- We currently have parallel processes of alignment payments and interim payments that staff and customers struggle to understand
- From 2013 we will replace all of these with a more efficient and easier to understand system of payments on account integrated into benefits
- The new system will offer greater clarity about the amount of money that can be borrowed

- Cold Weather Payments, Sure Start Maternity Grants and Funeral Payments will remain and will be extended to people on Universal Credit
- We are looking at how we could automate Sure Start Maternity Payments

- Social Fund is out of date and needs reform
- The regulated Social Fund will remain while discretionary payments will be replaced by a combination of new local provision and a national system of payments on account
- The reforms will begin from April 2013 with the abolition of Community Care Grants and Crisis Loans. Budgeting Loans will be phased out in line with the roll out of Universal Credit
- The new structures will deliver more efficient and better targeted support to our customers