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## **HELP THE AGED AND AGE CONCERN RESPONSE TO “THE SOCIAL FUND – A NEW APPROACH”**

- Age Concern and Help the Aged welcome the opportunity to respond to the DWP consultation “The Social Fund – A New Approach”. We believe that the Social Fund suffers from low take-up among the older population and we are concerned that this consultation does not look to use this opportunity to address this issue. We are disappointed that the consultation period is short but would welcome the opportunity to participate in future discussions concerning the lack of awareness and low budget for the Fund.
- 2.7 million older people receive Pension Credit and around one in four older people live in poverty and as such, they should be significant users of the Social Fund. Yet take-up of the discretionary social fund by older people remains low. The proposed reforms do not incorporate plans to promote or extend the use of the social fund.
- In our view, low take-up is not due to a lack of need. For example, whilst pensioners are low users of Community Care Grants, a recent research project in the North east highlighted how the promotion of the grants to older people did increase take up. The project found that awareness was low among both older people and advisers but this increased after promotion. Anecdotal evidence suggests that some professional advisers are reluctant to suggest people apply for these grants because of the low likelihood of success of an application.
- There is a need for much more widespread promotion of the Social Fund and other forms of credit/loans/grants for older people. Help the Aged’s research (Financial Inclusion Among Older People) highlighted very low awareness of the Social Fund among by older people.

### **Proposed changes to community care grants**

- The paper mainly focuses on loans but there is a reference to the need for a better focussed scheme providing greater certainty and for some of the grants to be

replaced with loans. We were particularly concerned that the emphasis on the proposals seemed to be towards tighter controls on grants and an extension of loans, which we would not support. Help the Aged research on debt and older people confirmed that today's older population remain reluctant to access loans.

- However we do agree that it would be useful to consider how the scheme could be clearer about the circumstances that are likely to lead to an award. At present older people may need to justify why an award would help them stay in the community in order to receive help with an essential item. Many will not want to admit that they may not be able to manage at home without help or to raise the prospect of needing to move – for example to a care home.

### **Proposed changes to Budgeting Loans**

- We believe that Credit Unions and other third sector providers can have a valuable role in promoting financial inclusion, providing financial information and advice and offering other services. However we are not convinced that people on low incomes would benefit from such organisations taking over the role of administering budgeting loans.
- We have two major concerns – costs and coverage. It is proposed that under the new system interest of up to 27% a year could apply. It is not appropriate for those on the lowest incomes to have to pay such high interest rates – the small numbers of pensioners accessing loans would be likely to reduce even further. We would also expect the overall cost of administering the scheme to increase as DWP would need to introduce checks, guidance and monitoring.
- In terms of coverage, there is no national network of providers and in any case it is likely that any contracted out scheme would start in a few areas first.. We would therefore have concerns about the variation in service that people would receive in different parts of the country. Some Credit Unions are also workplace-related, which would create yet another barrier to access for retired people.
- As stated at the start of this response a major concern for us with the current system is awareness and willingness to apply for help. We are not convinced that this would change if the scheme was administered by the third sector.
- A further concern is the risk that people on low incomes may start to see Credit Unions as another state agency, rather than an independent body.

- The paper does not give information about decision making and review processes. We would be concerned if there was a move away from a system that takes need into account and has a set procedure for challenging decisions.
- Partners must provide accessible services. As part of the DWP's Now Let's Talk Money Campaign, Help the Aged launched a toolkit to help Credit Unions and advice agencies target older people. The toolkit set out some barriers older people face in accessing services. If voluntary sector providers are used for delivering the Social Fund, it is vital that they break down the access barriers faced by older people.
- Although we have expressed concerns about third sector organisations taking over the administration of Budgeting Loans even if this role stayed with the DWP there would still be scope for work to improve financial inclusion. For example Jobcentre Plus staff could build up stronger links with organisations such as Credit Unions and look at ways of ensuring those receiving and applying for loans to get support. Having said that any support must be tailored to need and recognise that many older people and others on very limited incomes are extremely good at budgeting and day to day money management.

### **Advance payments of benefits**

- Older people are very low users of Crisis Loans and it is likely that the proposal to provide advance payments instead of Crisis Loans will mainly apply to people claiming benefits aimed at those under state pension age. However for those who are affected we see this as a positive proposal.

### **Crisis Loans**

- The paper asks for views on joining Budgeting and Crisis Loans into a single credit systems. While we can see this could be simpler we believe that the Crisis Loans should be kept as a separate system administered by Jobcentre Plus. These loans are for urgent emergency needs so must be dealt with in a consistent and speedy way and should be based on need without subject to any limit based on loans previously taken out.

### **Role of the Social Fund**

- The paper does not address a fundamental problem of a lack of money in the system. The lack of funding perpetuates a problem that older people are not targeted as potential users or beneficiaries. With awareness low, these reforms will probably do little to change this picture. Increasing eligibility for the Social Fund

whilst not increasing the resources within the system could actually make access more, rather than less, of a problem.

- We believe there is a need for a continuing debate on the need for more radical reform of the Social Fund in terms of purpose and funding, if it is to meet the needs of an ageing society.
- We believe there is a need for evaluation of the growth fund in terms of take-up by older people. We also believe there is a need for more research into the use of the Social Fund by older people and of the needs of those who use, or could use the Social Fund in terms of financial information and other financial services. This research should influence the development of further reforms to the Social Fund.

### **About Age Concern**

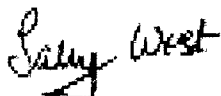
Age Concern works with and for older people. Four national Age Concerns in England, Northern Ireland, Scotland and Wales and a federation of over 400 local organisations work together to promote the well-being of all older people. Our work ranges from providing vital services to influencing public opinion and government. Every day we are in touch with thousands of older people from all kinds of backgrounds – enabling them to make more of life.

### **About Help the Aged**

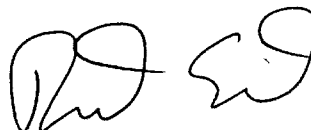
Help the Aged is an international charity fighting to free older people from poverty, isolation and neglect. Amongst other activities, we provide a variety of information and advice services relevant to older people seeking support from the Social Fund

Both Help the Aged and Age Concern provide extensive information and advice services. We both run projects to ensure older people access the benefits they are entitled to.

**Yours sincerely**



**Sally West**  
**Age Concern**



**David Sinclair**  
**Help the Aged**