



Welfare Reform Act 2009

2009 CHAPTER 24

PART 1

SOCIAL SECURITY

External provider social loans and community care grants

16 External provider social loans

(1) After Part 8 of the [Social Security Contributions and Benefits Act 1992 \(c. 4\)](#) insert—

“PART 8ZA

EXTERNAL PROVIDER SOCIAL LOANS

Arrangements for external provider social loans

- (1) The Secretary of State may with the consent of the Treasury make such arrangements as the Secretary of State thinks fit with any person for the purpose of securing the making by that person (“the lender”) of loans to eligible persons.
- (2) In subsection (1) “eligible person” means an individual who—
 - (a) is in receipt of a prescribed benefit, or
 - (b) has needs of a prescribed description.
- (3) Arrangements under this section may relate to particular areas in Great Britain or to the whole of Great Britain.
- (4) Arrangements under this section may provide for the making of payments by the Secretary of State to the lender—
 - (a) in respect of sums required for making loans, and
 - (b) in respect of other expenses of the lender.

Status: This is the original version (as it was originally enacted).

- (5) Arrangements under this section may in particular—
- (a) specify categories of eligible person to whom a loan may not be made,
 - (b) make provision as to the criteria to be applied by the lender in determining whether to make a particular loan;
 - (c) specify circumstances in which a loan may or may not be made;
 - (d) make provision as to the manner in which the terms and conditions relating to repayment of the loan are to be determined by the lender;
 - (e) make provision as to the keeping of accounts by the lender;
 - (f) require the provision of information by the lender to the Secretary of State;
 - (g) require the provision to prospective borrowers of information or guidance about budgeting.
- (6) Arrangements under this section may also—
- (a) make provision as to the duration of the arrangements and as to the circumstances in which they may be terminated;
 - (b) provide for the making of payments by the lender to the Secretary of State if the arrangements cease to be in force.
- (7) Any payments by virtue of subsection (4)(a) are to be made out of the social fund.
- (8) Any sums received by virtue of subsection (6)(b) are to be paid into the social fund.
- (9) In this Part a loan made by virtue of arrangements under this section is referred to as an “external provider social loan”.

Transfer of loans

- (1) Arrangements under section 140ZA may provide—
- (a) for the right to repayment of a loan made under section 138(1)(b) before the arrangements come into force to be transferred to the person with whom the arrangements are made, and
 - (b) for the right to repayment of an external provider social loan to be transferred to the Secretary of State on the arrangements ceasing to be in force.
- (2) Regulations may make provision modifying any provision of this Act, the Administration Act or the Social Security Act 1998 in its application to loans in relation to which provision made by virtue of subsection (1)(a) or (b) has effect.

Annual report on operation of arrangements

- (1) The Secretary of State shall prepare an annual report on the operation of arrangements under section 140ZA.
- (2) A copy of every such report shall be laid before each House of Parliament.”
- (2) After section 78 of the [Social Security Administration Act 1992 \(c. 5\)](#) insert—

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“Repayments of external provider social loans

78A Repayments of external provider social loans

- (1) Regulations may provide for the collection by the Secretary of State of repayments of a qualifying loan—
 - (a) by deduction in accordance with the regulations from prescribed benefits payable to—
 - (i) the borrower, or
 - (ii) where the borrower is a member of a couple, the other member of the couple, or
 - (b) in any other way.
- (2) In subsection (1) “qualifying loan” means—
 - (a) an external provider social loan, as defined by subsection (9) of section 140ZA of the Contributions and Benefits Act, or
 - (b) a loan made by virtue of arrangements made under any provision having effect in Northern Ireland and corresponding to that section.
- (3) The Secretary of State must pay any amounts collected to the person to whom the loan is repayable, except to the extent that the regulations otherwise provide.
- (4) In this section “couple” has the meaning given by section 137(1) of the Contributions and Benefits Act.”

17 Power to restrict availability of social fund loans

In section 138 of the Social Security Contributions and Benefits Act 1992 (payments out of the social fund) after subsection (2) insert—

“(2A) Regulations may restrict the making of payments by way of crisis loan or budgeting loan to persons living in areas in which external provider social loans (as defined by section 140ZA(9)) are to any extent available.”

18 Supply of information to or by lenders making external provider social loans

After section 122F of the [Social Security Administration Act 1992 \(c. 5\)](#) insert—

“Lenders making external provider social loans

122G Supply of information in connection with external provider social loans

- (1) Regulations may make provision—
 - (a) authorising the Secretary of State, or a person providing services to the Secretary of State, to supply to relevant persons information relating to social security, and
 - (b) authorising or requiring relevant persons to supply to the Secretary of State, or a person providing services to the Secretary of State, information relating to the operation of arrangements under

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section 140ZA of the Contributions and Benefits Act (external provider social loans).

- (2) In this section “relevant person” means—
 - (a) a person with whom arrangements have been made under section 140ZA of the Contributions and Benefits Act, or
 - (b) a person providing services to such a person.
- (3) Regulations under this section must specify the purposes for which information may be supplied by virtue of subsection (1)(a), which must be purposes connected with external provider social loans.
- (4) Regulations may make provision as to the use or disclosure of information supplied under the regulations (including provision creating criminal offences).
- (5) In this section “external provider social loan” has the meaning given by section 140ZA(9) of the Contributions and Benefits Act.”

19 Community care grants relating to specified goods or services

- (1) The [Social Security Contributions and Benefits Act 1992 \(c. 4\)](#) is amended as follows.
- (2) In section 138 (payments out of social fund), before subsection (3) insert—
 - “(2B) If or to the extent that directions issued under subsection (2) of section 140 by virtue of subsection (4)(ca) of that section require the award of a community care grant to be expressed as the award of a payment for goods or services specified in the award, the power to make a payment out of the social fund under subsection (1)(b) shall be exercised by making a payment to a third party specified in the award, with a view to the third party providing, or arranging for the provision of, the specified goods or services for the applicant.”
- (3) In subsection (3) of that section, for “The power” substitute “If or to the extent that subsection (2B) does not apply, the power”.
- (4) In section 139 (awards by social fund officers), in subsection (1), after “how much it is to be” insert “or, where section 138(2B) applies, what goods or services are to be specified”.
- (5) For subsection (5) of that section substitute—
 - “(5) Payment of an award shall be made to the applicant unless—
 - (a) section 138(2B) applies, or
 - (b) the appropriate officer determines otherwise.”
- (6) In section 140 (principles of determination), in subsection (4), after paragraph (c) insert—
 - “(ca) that, except in circumstances specified in the direction, an appropriate officer shall express an award of a community care grant as the award of a payment for goods or services that are—
 - (i) determined by the appropriate officer in accordance with the direction,
 - (ii) specified in the award, and

(iii) to be provided by, or under arrangements made by, a specified person with whom arrangements have been made by the Secretary of State.”

(7) After that subsection insert—

“(4A) The reference in subsection (1) to the amount or value to be awarded is, in a case where directions under subsection (4)(ca) apply, to be read as a reference to the goods or services to be specified in the award.”

20 Community care grants: reviews and information

(1) In section 38 of the [Social Security Act 1998 \(c. 14\)](#) (reviews of determinations) in subsection (1)—

- (a) in paragraph (a), after “social fund determination” insert “other than an excluded determination”, and
- (b) in paragraph (b), for “such a determination” substitute “a social fund determination”.

(2) After that subsection insert—

“(1A) For the purposes of subsection (1)(a) an “excluded determination” is any determination to award a community care grant where the award is expressed as the award of a payment for goods or services specified in the award, other than such a determination made in prescribed circumstances.”

(3) After section 122G of the [Social Security Administration Act 1992 \(c. 5\)](#) insert—

“Persons supplying goods and services to recipients of community care grants

122H Supply of information in connection with community care grants

(1) In this section “relevant supplier” means—

- (a) a person with whom the Secretary of State has made arrangements of the kind mentioned in section 140(4)(ca)(iii) of the Contributions and Benefits Act (arrangements for supply of goods or services in connection with community care grants), or
- (b) a person providing services to such a person.

(2) Regulations may make provision authorising the Secretary of State, or a person providing services to the Secretary of State, to supply to relevant suppliers information relating to community care grants.

(3) Regulations may make provision authorising or requiring relevant suppliers to supply to the Secretary of State or a person providing services to the Secretary of State, information relating to the operation of the arrangements.

(4) Regulations under this section must specify the purposes for which information may be supplied by virtue of subsection (2) or (3), which must be purposes connected with community care grants.

(5) Regulations may make provision as to the use or disclosure of information supplied under the regulations (including provision creating criminal offences).

Status: This is the original version (as it was originally enacted).

(6) In this section “community care grant” has the same meaning as in Part 8 of the Contributions and Benefits Act.”

21 Regulations relating to information: parliamentary control

In section 190 of the Social Security Administration Act 1992 (parliamentary control of orders and regulations), in subsection (1), before the “or” at the end of paragraph (ab) insert—

“(ac) regulations under section 122G(4) or 122H(5) which create an offence or increase the penalty for an offence;”.