

**EXPLANATORY MEMORANDUM TO
THE SOCIAL FUND (APPLICATIONS AND MISCELLANEOUS
PROVISIONS) REGULATIONS 2008**

2008 No. 2265

1. This explanatory memorandum has been prepared by the Department for Work and Pensions and is laid before Parliament by Command of Her Majesty.
2. **Description**

These regulations simplify and speed up the payment process where a crisis loan is applied for by telephone and there is a suitable bank account into which an immediate payment can be made to the applicant.
3. **Matters of special interest to the Joint Committee on Statutory Instruments**

None
4. **Legislative Background**
 - 4.1 Under the Social Fund (Applications) Regulations 1988 and the Social Fund (Miscellaneous Provisions) Regulations 1990, where a crisis loan application is not made in writing (in practice, this is a telephone application), payment of an award is conditional upon the applicant confirming in writing:
 - that they agree to the terms and conditions of repayment; and
 - that there have been no changes to the particulars supporting the application and that those particulars are correct.
 - 4.2 Currently, Jobcentre Plus takes the majority of crisis loan applications where the applicant is applying for living expenses, by telephone. However, the effect of the current provisions is that those customers who have made a successful application and require an immediate payment have to attend a Jobcentre Plus office to:
 - prove their identity,
 - sign the application they submitted by phone,
 - sign to accept the loan and consequent repayment terms and
 - collect their payment.
 - 4.3 Customers with suitable bank accounts into which an immediate payment can be made will no longer have to attend a Jobcentre plus office because certain of the above requirements have been modified.

5. Territorial Extent and Application

5.1 This instrument applies to Great Britain.

6. European Convention on Human Rights

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

7.1 Crisis loans are awarded to help meet immediate short term needs in an emergency or as a consequence of a disaster. Applicants have to show that a crisis loan is the only way that serious damage or serious risk to health or safety of themselves or their family can be avoided. Applicants do not have to be in receipt of qualifying benefits.

7.2 Jobcentre Plus is now technically able to make Fast Electronic Payments to some crisis loan customers and intends to increase this provision over the next two years. Fast Electronic Payments are paid into the customer's bank account and are available to them within three hours of being initiated. This has presented an opportunity for Jobcentre Plus to streamline those processes which oblige the customer to attend the office.

7.3 Regulation 7 specifies conditions which must be satisfied before a payment of a crisis loan or budgeting loan is made. The change from the 1990 regulations is that, in the case of a crisis loan, the applicant need not inform the Secretary of State in writing that he or she agrees to the repayment terms and conditions if the application for the loan was not made in writing.

7.4 The Regulations enable the use of Fast Electronic Payments by removing the requirement (where a crisis loan application has been made other than in writing) for the applicant to:

- Confirm in writing before receiving a payment that there have been no changes to the particulars supporting the application – confirmation is unnecessary as there is no time lag;
- Confirm in writing that the particulars supporting the application are correct – confirmation will be given orally;
- Confirm in writing that they agree to the terms and conditions of repayment – confirmation will be given orally.

7.5 Where Jobcentre Plus is able to take the application by phone, give a decision on the information provided and make a Fast Electronic payment, the customer will be able to confirm both their identity and their agreement to the terms of the loan orally over the phone. There

will be no need for the customer to visit an office to do this. Customers will of course be asked to verify their identity at the start of the telephone conversation by answering satisfactorily two or possibly three questions relating to information held about them on the Departmental computer systems. They will also be asked to confirm at the end of the conversation that the particulars supporting the application are correct. Officials will be made aware of the need to make clear the terms on which the offer is made and that the loan is to be repaid.

- 7.6 Jobcentre Plus believes that this change will be viewed very positively by customers, particularly those from rural areas who may have to travel some distance to collect their crisis loan payment. Jobcentre Plus will not pay by Fast Electronic Payment where the customer does not want to be paid in that way because, for example, their bank account is overdrawn.
- 7.7 No formal consultation has taken place. The Social Security Advisory Committee have considered the proposed amendments and agreed that they need not be formally referred to it.
- 7.8 Internal guidance will be updated. Jobcentre plus staff will inform customers of their payment options during the crisis loan telephone application process.
- 7.9 Informal consolidation of the instrument will be included in due course in the Department's "The Law Relating to Social Security" (The Blue Volumes) which are available on the internet at http://www.dwp.gov.uk/advisers/docs/lawvols/bluevol/pdf/a6_8301.pdf at no cost to the public.

8. Impact

- 8.1 A full impact assessment has not been published for this instrument as it has no impact on the private or voluntary sectors.
- 8.2 The impact on the wider public sector is Nil. The effect on Jobcentre Plus offices is that, in cases where the crisis loan applicant has a suitable bank account, there is reduced footfall. The effect will be cumulative as more offices take on the Fast Electronic Payment facility during national rollout.

9. Contact

Chris Etty at the Transformation and Product Management Directorate of the Department for Work and Pensions (Tel: 0113 23 24811 or e-mail: chris.etty@jobcentreplus.gsi.gov.uk) can answer any queries regarding the instrument.