The Discretionary Social Fund and money management

Nick Pettigrew, Caroline Webb and Gayatri Ganesh

A report of research carried out by MORI Social Research Institute on behalf of the Department for Work and Pensions
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The Authors

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<table>
<thead>
<tr>
<th>Glossary</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budgeting Loan</strong></td>
<td>Repayable interest free loan. Recipients were also in receipt of income-based Jobseeker’s Allowance (JSA(IB)), Income Support (IS), Minimum Income Guarantee (MIG), or Pension Credit for at least 26 weeks. The loan was likely to be used to buy household goods; make advanced rent payment; pay for clothing or travel expenses.</td>
</tr>
<tr>
<td><strong>Community Care Grant</strong></td>
<td>Sum of money to assist people to live independently in the community. Recipients were likely to be receiving JSA(IB), IS, MIG, or Pension Credit. Likely circumstances include: families under exceptional pressure and help to stay in the community.</td>
</tr>
<tr>
<td><strong>Crisis Loan</strong></td>
<td>Repayable interest free loan. Recipients include anyone in an emergency or disaster situation. For example, a health and safety risk to a family or individual or an inability to pay basic living costs.</td>
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<tr>
<td><strong>Customers</strong></td>
<td>Usually benefit claimants who use Jobcentre Plus services. In the past this group has been referred to as ‘clients’.</td>
</tr>
<tr>
<td><strong>Rurality</strong></td>
<td>Whether the area in which a respondent lived was urban or rural.</td>
</tr>
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</table>
### Abbreviations and acronyms

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>BL</td>
<td>Budgeting Loan</td>
</tr>
<tr>
<td>CAB</td>
<td>Citizen’s Advice Bureaux</td>
</tr>
<tr>
<td>CCG</td>
<td>Community Care Grant</td>
</tr>
<tr>
<td>CL</td>
<td>Crisis Loan</td>
</tr>
<tr>
<td>DWP</td>
<td>Department for Work and Pensions</td>
</tr>
<tr>
<td>HP</td>
<td>Hire Purchase</td>
</tr>
<tr>
<td>IS</td>
<td>Income Support</td>
</tr>
<tr>
<td>JSA(IB)</td>
<td>Jobseeker’s Allowance</td>
</tr>
<tr>
<td>MIG</td>
<td>Minimum Income Guarantee</td>
</tr>
<tr>
<td>MORI</td>
<td>Market and Opinion Research International Ltd</td>
</tr>
<tr>
<td>NDLP</td>
<td>New Deal for Lone Parents</td>
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Summary

Background, objectives and methodology

This summary contains findings from qualitative research among Discretionary Social Fund award recipients undertaken by MORI Social Research Institute on behalf of the Department for Work and Pensions.

The Social Fund was introduced by the Government in 1988 and provides help to people on low incomes with one-off items expenditure, for example replacing large and/or expensive items, such as a cooker. The Fund is divided into two parts: the Regulated Social Fund which covers maternity, cold weather, winter fuel and funeral payments and the Discretionary Social Fund, made up of Community Care Grants and repayable Budgeting and Crisis Loans.

This research focuses on recipients of the Discretionary Social Fund (hereafter known as the Social Fund) who were of working age and in receipt of Jobseeker’s Allowance or Income Support at the time of application. The four research objectives were to explore:

- how recipients budget and manage finances;
- awareness, understanding of, and attitudes towards the Social Fund;
- experience of the Social Fund in the last three years; and
- the impact of the Social Fund on attitudes and behaviour towards work and financial management.

After sending out opt-out letters to respondents in selected deprived urban and rural areas, sixty in-home depth interviews were conducted across Britain with award recipients between May and July 2004. Quotas were set on the most recent award type received, whether respondents were currently in work or not, and area of the country.
Budgeting

- Depending on their approach to budgeting, recipients tended to be situated at various points along a user continuum with one extreme being ‘budget igniners’ and the other ‘budgeters’. ‘Budget igniners’ had higher outgoings than incomings, spent their money reactively and did not plan for future expenses to the extent that they were surprised by regular bills and did not have the money to pay for them. ‘Budgeters’ on the other hand were well aware of their expenses, they knew when bills were due and had planned and saved for them.

- ‘Budget igniners’ tended to rely heavily on their family to help them manage their money and often lived with their parents. Recipients in the middle of the continuum were working or actively seeking work and were more comfortable managing their money. Closer to ‘budgeters’, recipients tended to be older and were more likely to be carers of children or other relatives, or have personal health issues. Budgeters were able to live within their means, were the most likely to be aware of interest rates and to calculate repayments on loans.

- Recipients made trade-offs between spending their money on different bills, going without expenditure such as socialising and cutting back on food expenditure in order to pay off bills. Generally, respondents did not have any savings.

Other forms of credit

- Catalogues were seen as a convenient form of credit and were used because they had small repayments each week, there was no perceived interest, items were delivered to the home and repayments could be skipped. However, items in catalogues were sometimes seen as expensive and there were instances where respondents had been blacklisted by catalogues and were therefore unable to use them.

- Loan organisations were generally seen negatively as they were perceived to charge a high rate of interest. However, representatives did conveniently visit respondents’ houses to receive payments or provide further loans and respondents could make small affordable weekly payments. There were instances where people were deterred from using loan organisations because they did not like the idea of a representative visiting their home or because they perceived a physical threat may be made against them if they missed a payment.

- Generally banks were not considered as a form of credit because recipients did not want or did not think they would be eligible for an account, loan, overdraft or credit card as they did not receive a high enough income. Those that did use banks paid bills with standing orders and direct debits. It was generally felt that interest rates at banks were very high and that respondents would not be able to skip repayments as banks would force them to pay.
• Friends and family were seen as the most accessible and affordable means of credit for those who had friends and family to call upon. It was suggested that friends and family would be the most lenient about repayments. However, there were recipients who had been blacklisted by their family for borrowing too much and not making repayments, and there were instances where respondents had felt guilty about taking the money as their friends and family had little money themselves.

Awareness and understanding of the Discretionary Social Fund

• People tended to hear about the Social Fund by word of mouth through an informal network of family and friends, who often provided sketchy details on how the Social Fund worked. They also got information from social workers, other customers at the Jobcentre or through advisers at the Jobcentre.

• Overall, recipients had a very limited understanding about the different types of awards and their uses, the eligibility criteria for the Social Fund, and that repayment plans could be restructured to suit needs. Recipients also had low awareness of the appeals process, believing that the adviser’s decision was final and that appealing the loan amount may jeopardise the outcome of the application.

• The Social Fund was perceived to have a number of advantages over other forms of credit including no interest rate, smaller repayments over a long period of time and deductions straight from benefits.

Experience of the Discretionary Social Fund

• There were a number of reasons why people applied to the Social Fund including changes in housing situation, changes in personal situation, needing to clear an overdraft and to purchase essential white goods.

• There were three types of loan users – award strategists, award three-offs and award one-offs. Award strategists usually factored the Social Fund into their plans for credit, were more aware of the criteria for application and were more ‘savvy’ about the benefits system in general.

• Award three-offs used the Social Fund as another source of credit, but did not factor it into regular budgeting plans and sources of credit. They were usually good budgeters but used the Social Fund in a crisis situation. Award one-offs have only applied for a loan once and do not intend to in the future. They were usually in a desperate situation at the time and got assistance from an adviser at the Jobcentre.

• The application process was usually straightforward especially since the new forms have been made easier to fill out. However, recipients often saw the Jobcentre environment in a negative light and feared they were being judged by advisers.
Impact of the Discretionary Social Fund

- The Social Fund often had a large impact on people’s personal situation, leading to improvements in housing upkeep and decoration, ability to buy essential items and pay bills.

- The Social Fund was not generally thought to have a direct impact on money management as it was taken out at source and was a small amount of money to pay each week. There were exceptions to this as the Social Fund was sometimes used to pay off debts and overdrafts, and for the award strategists and award three-offs the Social Fund had become another source of credit.

- Recipients generally believed that the Social Fund had little impact on job search activities, since recipients were not always actively looking for work because of issues such as low skills, health issues and caring responsibilities. Furthermore, the Social Fund was not perceived as having any link to work – it was seen as being there to be used in emergency personal situations rather than to fund training or items for work.

Future usage

- Use of the Social Fund in the future depended on whether the recipient was a award strategist, award three-off, or award one-off. For the award strategists, the Social Fund was another form of credit to be used as and when needed. Award three-offs would only use it again if they had exhausted all other forms of credit. There was a commonly held belief that the Social Fund was something to turn to as a last resort when all other sources of financial help had been exhausted. When award strategists or award three-offs were planning to use the Social Fund in the future, they often were intending to apply for the same type of award.

- Award one-offs stated they would not apply to the Social Fund again because they did not see themselves in an emergency situation again or felt that they had received ‘hostile’ and unfair treatment at the Jobcentre. Furthermore, they felt that applying for the Social Fund was ‘degrading’ and akin to begging for money.

- There were a number of barriers that might stop people from using the Social Fund in the future. These included not liking credit of any form, a feeling that they could not apply while in work, no guarantee of actually receiving the money, a potential fear of rejection, a perception that a Social Fund application can only be made once and that other forms of credit were more appealing and easier to apply for.

- Recipients suggested a number of ways in which the Social Fund could be improved in terms of its administration, marketing and eligibility criteria as well as suggestions of how help and guidance could be improved. These included: sending out information leaflets with forms; putting posters up in Jobcentre Plus offices; simplifying application forms; providing explanations as to how decisions
are made; clearer guidance on eligibility for individuals and making more items eligible for an award; providing further advice and guidance on the Fund; and provision of financial advice.

Conclusions and implications

• The Discretionary Social Fund is an extremely important and highly valued source of financial support for recipients. It had a positive impact on recipients’ life situation, and made a considerable difference to the housing condition in which people lived.

• There was limited knowledge and awareness of rules and eligibility criteria among recipients and there is scope for Jobcentre Plus staff to provide more information and help about the Social Fund, especially on the reasons why applications were rejected or reduced amounts of money were given.

• There may also be scope to provide more training to staff on some of the barriers that recipients face when applying. Recipients felt there should be clearer guidelines surrounding decisions, as there was believed to be some inconsistencies in how people’s applications were treated.

• There were recipients who were not especially good at managing their finances and there may be scope for staff to offer financial advice to recipients when providing information on the Social Fund.
1 Introduction

This report contains the findings from qualitative research among Discretionary Social Fund award recipients undertaken by MORI Social Research Institute on behalf of the Department for Work and Pensions (DWP). In this chapter, the background to the research is discussed along with detailed descriptions of the three types of Discretionary Social Fund. This chapter also sets out the detailed research objectives, the methodology used, and how the remainder of the report is structured.

1.1 Research background

The Social Fund was introduced by the Government in 1988 and provides help to people on low incomes with one-off items of expenditure, for example replacing large and/or expensive items, such as a cooker. The Social Fund is divided into two parts:

- The Regulated Social Fund, which is made up of maternity, cold weather, winter fuel and funeral payments.
- The Discretionary Social Fund, made up of Community Care Grants, and repayable Budgeting and Crisis Loans.

The research focuses on the Discretionary Social Fund and on people of working age only. Pensioners who are eligible for the Discretionary Social Fund have been excluded from the study (a separate research report focusing on older people’s use of the Social Fund was published in August 2002).1 Furthermore, the study only includes people in receipt of income-based Jobseeker’s Allowance (JSA(IB)) or Income Support (IS) at the time of application. People who, for example, received Crisis Loans but who were not receiving these benefits at the time of application have not been included in the study.

1 Kempson, E et al, 2002.
A summary of the three types of payments that make up the Discretionary Social Fund is provided below:

- **Community Care Grants (CCGs)** are intended to assist people to live independently in the community. To be eligible, people need to be in receipt of, or likely to be in receipt of, JSA(IB) or IS (recipients of the Minimum Income Guarantee (MIG)/Pension Credit are also eligible but are outside of the scope of this study). The extension of eligibility to people likely to be in receipt of these benefits means that people leaving residential or institutional care can make a Social Fund application before actually moving back into the community. The types of circumstances where someone might apply for a CCG include if they:
  - plan to leave residential or institutional accommodation;
  - need help because they are leaving prison;
  - need help to stay in their own home and not go into residential or institutional accommodation;
  - need help because they have had an unsettled way of life and are being resettled by an organisation like a local council or housing charity;
  - need help because they or their family face exceptional pressure, such as family breakdown or someone in the family has a long-term illness;
  - look after someone who is ill or disabled, or has been released from custody on temporary licence;
  - need help with expenses such as visiting someone who is ill, or to attend a relative’s funeral;
  - need help because they or their family are in a similar serious situation.

- **Budgeting Loans (BL)** provide interest free loans. Recipients must have been receiving JSA(IB) or IS (or MIG/Pension Credit) for at least 26 weeks. The minimum loan available is £30 and the maximum loan available is £1,000. However, the actual loan is calculated using a formula that takes into account family composition, length of time on benefit and recipients’ existing Social Fund debt. For example, a couple with one child will have a BL debt limit twice that of a single person; and someone on benefit for three years or more will have a BL debt limit one and a half times that of someone who has been in receipt of benefit for six months. In fact, over 60% of all BL applicants have been on benefit for at least three years and families account for 70% of expenditure and receive the highest awards.

  A key aim of the Social Fund is that an applicant with broadly similar personal circumstances will be offered the same level of BL assistance regardless of where

\[\text{2} \text{ A Guide to the Social Fund. DWP. SB16 from October 2002.}\]

they live, or the time of year they make their application. Thus, although local budgets are allocated to Districts, the budget is also managed centrally and re-allocated or changed accordingly throughout the year to ensure this aim is met. To further enhance a consistent approach, directions and guidance were sent to local managers in August 2002 to formally advise local decision makers to apply the same baseline BL award.\(^3\)

The type of circumstances where someone might apply for a BL include help to:
- buy furniture or household equipment;
- buy clothing or footwear;
- pay rent in advance or removal expenses for a new home;
- pay travel expenses;
- pay for things to help them look for or start work;
- improve, maintain or secure their home;
- repay hire purchase (HP) or other debts taken out to pay for any of the above.

**Crisis Loans (CL)** also provide repayable interest free loans but are intended for people who have experienced an emergency or disaster (e.g. if there is no other way to prevent a serious risk to their, or their family’s, health and safety). Anyone can apply for a CL – they do not have to be in receipt of benefit – however, this study is limited to people receiving JSA(IB) or IS.

Repayments for BLs and CLs are deducted automatically from the recipients’ IS or JSA(IB). If recipients stop receiving these benefits to receive another benefit, for example Incapacity Benefit, then again deductions are made at source. If the recipient stops receiving any benefits, then repayments can be made by standing order, cash or postal order. The total debt is normally required to be repaid within 78 weeks, and there are three broad repayment rates that depend on recipients’ existing financial circumstances and other debts.

If an applicant is not happy with the initial decision about a Social Fund loan or grant they can ask for a review which is carried out by a different officer based at the same local office where they made their initial application. If the applicant is not happy with the review decision, they can ask for a further review conducted by a Social Fund Inspector based at the Independent Review Service in Birmingham. Approximately half of CCG applications for review are altered at each of the major review stages.

### 1.2 Study objectives

Much of the research into the Social Fund to date has focused on its administration, rather than the experiences and attitudes of recipients. This study explores the extent to which an award from the Discretionary Social Fund (hereafter known as
the Social Fund) affects working-age recipients’ attitudes and behaviour in terms of financial management and work. The four research objectives were to explore:

- **How recipients budget and manage finances** in terms of whether they plan or are reactive; find budgeting easy or difficult; have any savings; their attitudes towards credit and debt and rationale for selecting forms of credit and making repayments.

- **Awareness, understanding of and attitudes towards the Social Fund** including sources of information; what the different types of payments can be used for; eligibility criteria; value of awards including influences on the values of awards and review procedures.

- **Experience of the Social Fund in the last three years** including personal circumstance that lead to the application, the experience of the application process, whether respondents have applied more than once and their overall satisfaction with their experience.

- **Impact of the Social Fund on attitudes towards work and financial management** and whether the Social Fund will be used in the future.

### 1.3 Methodology

The research adopted a wholly qualitative methodology. Sixty in-home depth interviews were conducted across Britain with award recipients between May and July 2004. Researchers from MORI Social Research Institute, trained in qualitative interviewing, carried out all of the fieldwork.

Each in-depth interview was guided by the researcher using a topic guide (see Appendix C), developed in close collaboration between MORI Social Research Institute and the Department. In addition to the topic guide, each researcher helped the recipient fill in an incomings and outgoings sheet which detailed their expenditure and income received (see Appendix D). This was created to help respondents contextualise managing their money and to help interviewers understand how aware respondents were of how they used their money.

Copies of the topic guide and the incomings and outgoings sheet designed for this project can be found in the appendices to this report.

The Index of Multiple Deprivation was used to select a spread of deprived urban and rural postcodes. Recruitment of recipients focused on these postcodes as it was felt that they would contain high concentrations of Social Fund recipients. Using a sampling frame from the Social Fund computer system, fifty respondents were recruited by telephone and ten were recruited face-to-face. The face-to-face recruitment was conducted with recipients who did not have a telephone number in the sample. This methodology was implemented to allow for any variation between those who had complete, correct contact details in the sample and those that did not.
The Department supplied a sample of recipients in the postcodes selected. An opt-out letter (see Appendix A) and a change of address/telephone number FREEPOST postcard (see Appendix B) were then sent to all recipients with a complete postal address (see appendices). Recipients were given a fortnight to respond. All those who did not want to take part were removed from the sample before telephone and face-to-face recruitment began.

Initially nine pilot interviews were conducted between the end of April and the start of May 2004, in both rural and urban areas among recipients of all three awards. The pilot tested the topic guide, the incomings and outgoings sheet and the overall methodological approach. As a result of the pilot, the job search activity section of the topic guide was adjusted slightly to include those who had been working part-time when they applied for an award. Additionally, extra frequency columns were added to the incomings and outgoings sheet to account for weekly, fortnightly or monthly payments or receipts.

After the pilot, interviews were conducted in two stages. The first stage took place between the end of May and the start of June, the second between mid-June and July. The two stages of fieldwork were due to receiving the sample in two waves and allowing time for recipients to opt-out of the research.

The areas in which interviews were conducted were:

- London;
- Birmingham;
- Cardiff;
- Edinburgh;
- Lincoln;
- Camborne;
- Ilfracombe;
- Bideford;
- Chester-le-Street, near Durham;
- North Norfolk;
- Liverpool;
- Whitehaven in Cumbria.

Quotas were set on most recent award type received and whether respondents were working (either part or full-time) or not. The profile of respondents is shown in Table 1.1. The number of interviews achieved reflects the number of awards provided. Fewer CCGs were awarded compared with BLs or CLs so fewer interviews were achieved as a result.
Table 1.1  Respondent profile

<table>
<thead>
<tr>
<th>Award type</th>
<th>Working, part or full-time</th>
<th>Not working</th>
<th>Total</th>
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<tr>
<td>Crisis Loan</td>
<td>11</td>
<td>11</td>
<td>22</td>
</tr>
<tr>
<td>Community Care Grant</td>
<td>5</td>
<td>7</td>
<td>12</td>
</tr>
<tr>
<td>Budgeting Loan</td>
<td>7</td>
<td>19</td>
<td>26</td>
</tr>
<tr>
<td>Total</td>
<td>23</td>
<td>37</td>
<td>60</td>
</tr>
</tbody>
</table>

*Base: All respondents (60)*

Source: MORI

Other respondent demographic information is detailed in Table 1.2. The higher proportions of female respondents and lower proportions of those living in rural areas reflect the number of leads provided in the original sample.

Table 1.2  Respondent demographics

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Gender</td>
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<td>Male</td>
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<td>Rural</td>
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</tr>
</tbody>
</table>

*Base: All respondents (60)*

Source: MORI

1.4  Report outline

The following pages contain a detailed commentary of the findings. It is organised into six main sections; how recipients budget in Chapter 2; attitudes towards other forms of credit in Chapter 3; recipients’ awareness and understanding of the Social Fund in Chapter 4; recipients experience of the Social Fund in Chapter 5; the impact of the Social Fund in Chapter 6 and recipients’ future usage of the Social Fund in Chapter 7. The conclusions and implications follow the main report.
The appendices contain a copy of the opt-out letter sent to respondents and the topic guide used in the depth interviews.

Where quotes have been used, the attributes, in order, are:

- gender;
- age bracket;
- life stage in terms of household composition;
- most recent award received (a number of respondents have received a number of awards in the past so here we specify the most recent award received);
- working status (employed full-time – 16+ hrs a week, employed part-time, unemployed);
- rurality – whether respondents lived in an urban or rural area.

An example attribute would be:

- (Female, 25 – 29, single parent living with her parents, BL, works part-time, rural).

1.4.1 Definitions, presentation and interpretation of data

Qualitative methods, such as in-depth interviews, are ideal for exploring complex issues and to elicit a full range of possible answers. The real value of qualitative research is that it allows insight into the attitudes and beliefs of recipients, which could not be examined in as much depth using a structured quantitative questionnaire. Qualitative research utilises smaller samples that are chosen purposively to ensure representation of a full range of views within the sample.

However, it must be remembered that qualitative research is designed to be illustrative and does not look to produce statistics, but to identify the range of views, opinions and experiences of Social Fund recipients. In addition, it is important to bear in mind that we are dealing with perceptions rather than facts. Therefore, these issues need to be taken into account when interpreting the research findings.

Throughout the report we have made use of verbatim comments to exemplify a particular viewpoint. It is important to be aware that these views do not necessarily represent the views of all respondents.

1.4.2 Publication of data

As the DWP has engaged MORI to undertake an objective programme of research, it is important to protect the DWP’s interests by ensuring the research findings are accurately represented in any press release or publication. As part of MORI’s standard terms and conditions, the publication of the findings are therefore subject to advance approval by MORI. This would only be refused on the grounds of inaccuracy or misrepresentation.
2 Budgeting

This chapter looks at recipients’ attitudes towards financial management and credit, including their awareness of spending, interest rates and repayments. It then goes on to explore how recipients manage their money in terms of the trade-offs they make and their use of savings. It concludes with an examination of what recipients spend their available money on.

2.1 Attitudes towards financial management/credit

Depending on their approach to budgeting, recipients tended to be situated at various points along a user continuum (Figure 1.1) with one extreme being ‘budget ignorer’s and the other ‘budgeters’. ‘Budget ignorer’s had higher outgoings than incomings and tended to spend their money reactively. They were not planning for future expenses to the extent that they were surprised by regular bills and did not have the money to pay them. ‘Budgeters,’ on the other hand, were well aware of their expenses, they knew when bills were due and had both planned and saved for them.
Recipients nearer the ‘budget ignorer’ end of the continuum were not comfortable managing their money and typically relied heavily on family members or friends to loan them money to pay for bills and general living expenses on a regular basis. There were instances where recipients had moved back home with their parents as they could no longer afford to live alone after having children or breaking up with a partner. There were also recipients in this group who had yet to leave home. Parents generally dealt with the household bills and subsidised their children’s expenses particularly for those who had never moved out of the family home. In these cases a
minimal rental amount was paid by recipients to their parents as a contribution to household bills. However, it was often the case that this money was passed back to recipients as parents subsidised their living expenses, for example paying for bus fares to travel to work or paying for their cigarettes. Although this group of recipients were prominent in this category, budget ignorsers also included parents, single parents and middle aged people in both rural and urban areas:

‘Normally mum will help me out, if not I’ll go to Shopacheck and see if I can get a loan off them, or else I ring the Social Fund. My boyfriend often helps me out as well.’

(Female, 25 – 29, single parent living with her parents, BL, works part-time, rural)

Moving along the continuum, recipients were more likely to be working or actively seeking work. There were instances of respondents saving money for particular bills. Recipients were more aware of where their money was going and less likely to need subsidies regularly from family members. These recipients were more comfortable managing their money and less likely to apply for credit generally, unless they felt they could afford it.

Moving closer to ‘budgeters’, people tended not to be working due to being full-time carers or having personal health issues that made them unable to work. They paid bills first before spending money on other things:

‘I don’t like getting in debt. I would rather wait and save. The thought of having interest put on top of that put me off.’

(Female, 25 – 29, lone parent, CCG, unemployed, rural)

‘Budgeters’ knew when bills were due and saved money to pay them off. They paid bills first before they spent their money on other things and saved up to buy birthday or Christmas presents. Older recipients (those aged 55 and over) also appeared at this end of the continuum and tended to live within their means and calculate whether they could afford a form of credit before applying for it.

Budgeting did not seem to vary according to time of year or season, although in many instances, ‘budgeters’ saved for birthday and Christmas presents throughout the year.

Despite some of the differences, recipients’ position on the continuum did not seem to vary according to whether they were responsible for dependants, for example, lone parents featured throughout the continuum.

However, there were instances of recipients moving along the continuum. Generally, recipients felt that moving from benefits to working had or would have a negative impact on how they coped with money management. However, the research suggested that although starting work made money management more complicated, this could in turn force respondents to become more aware of their money and move towards the ‘budgeter’ end of the spectrum. It was unclear from
the research whether this was a short-term transitional problem or a long-term issue as respondents who were employed had not been working long enough to assess the long-term impact. One female respondent said she found it easier to manage her money when she was receiving JSA( IB), but felt more financially secure now she was working.

‘It’s definitely more of a struggle but at least I’ve got my own job and can support myself.’

(Female, 40 – 44, lives with partner and four children, BL, currently working, rural)

Another recipient had moved along the continuum as a result of moving back in with his father. He had arranged a debt management plan under the influence of his father and found repayments more comfortable.

Similarly, awareness of spending varied along the continuum from ‘budget igniners’ who found it the most difficult to complete the incomings and outgoings sheet to ‘budgeters’ who were clear how much was due and when they needed to pay each bill. For example, there were instances of budget igniners spending all their income as soon as they received it and not saving it to pay off bills.

### 2.1.1 Interest rates

Recipients nearer the ‘budgeter’ end of the continuum were most likely to be aware of interest rates. Generally, respondents who were aware of interest rates or emphasised that they had paid back more than they had borrowed were less keen to borrow from sources that charged interest in the future. However, there were instances of respondents finding loans with high interest rates an affordable means of borrowing because of the small weekly payments to pay back larger sums of money. This is discussed in further detail in Section 3.2.

### 2.1.2 Repayments

Recipients who appeared nearer the ‘budget igniners’ end of the continuum were less likely to be able to readily afford repayments as they were less aware of their spending. In relation to the Social Fund, these recipients accepted the repayment schedule detailed in the letter they received from the Jobcentre without calculating whether they could afford it or suggesting an alternative amount. Recipients nearer the ‘budgeters’ end of the continuum were more likely to suggest a different repayment amount on receipt of the letter, but as a result of being more aware of their spending they were less likely to need to make any changes, as they gave the Jobcentre accurate figures to calculate their repayments on their application form.
Unlike the findings of Finch and Kemp, this research found no evidence that repaying a Social Fund loan had a negative effect on families’ overall hardship. Generally, recipients did not notice the repayments as they were taken out at source and were such small amounts. In instances where families did notice their reduced income, they learnt to manage within this reduced amount and did not feel they had to cut back on particular items or go without in any way. Although exact data was not collected on the repayment as a proportion of respondents’ incomes, we would suggest that respondents tended not to be paying back the standard of around 20% of their income, most were paying less than 10% and this may be why respondents were not complaining about the amount they had to repay.

2.2 How recipients manage their money

Recipients made trade-offs when it came to spending their money. There were instances of respondents delaying paying some bills to pay for other bills and respondents talked repeatedly about buying less food one week to be able to pay off other bills or to save money.

One respondent bought less food on the day of her interview than she would have ordinarily done so she had enough money to take her daughter out on a day trip during half term:

‘I try to keep on top of me bits and pieces that I have to pay but obviously this isn’t always possible so some weeks you’ve got to pay somebody else and not something. I get by but it’s a bit of a struggle sometimes.’

(Female, 25 – 29, lone parent, CL, unemployed, rural)

There are recurrent instances of respondents ‘going without’ in order to pay bills, such as cutting back on social expenditure:

‘There generally seems to be enough, everything gets paid and everyone gets fed. There’s never anything left over, I don’t get to go down the pub for a half.’

(Female, 20 – 24, lone parent, BL, unemployed, rural)

‘I just be careful and stay in a lot. I go fishing a lot. It costs me a £5 a week to smoke, that’s all.’

(Male, 40 – 44, lone parent, CL, was about to go back to work, rural)

The recipient described in Figure 2.2 used a coin operated television and washing machine to help her manage her money. It was unclear whether she was aware that this was an expensive way of using these facilities but she preferred this means of payment as she could not incur debt, if she could not pay for either the television or the washing machine she did not use them.

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4 Finch and Kemp, 2004, [96].
2.2 Coin operated case study

Single mother with three children (aged five, nine and 14 years old). She had lived in her Council house for ten years and worked one hour, three days a week at a local school as a dinner lady.

She had a ‘buy as you view’ television which costs £1 for every three hours of viewing time. She had a similar set up for her washing machine where she paid £2 for two washes – the washing machine ‘beeps’ if it needed more money. Both items were rented from Telebank which used to be Radio Rentals.

Typically respondents had no savings. Those that did had short-term savings for a particular purpose such as to pay off larger bills or to buy birthday or Christmas presents.

2.3 What people spend their money on

At the beginning of the interviews, we briefly explored what recipients spent their money on and this usually included household bills such as gas, electric, water, council tax, television licence, rent, mortgage, and telephone landline bills.

‘I make sure we’ve got food in the house…gas and electric and then see what we have left after that.’

(Female, 35 – 39, lone parent, BL, works part-time, urban)

Other typical expenditure included:

- debt (Social Fund repayments, hire purchase, catalogues, loan organisation repayments, and there were instances of repaying bank loans or credit cards);
- children, including clothes, bedding, cots, school trips, school uniforms, presents, pocket money and treats;
- goods rental such as televisions, washing machines, fridge freezers and in one instance a DVD player;
- satellite/cable television;
- mobile phone bills which were generally ‘pay-as-you-go’ rather than a contract with monthly bills;
- cars were particularly important to recipients living in rural areas. This expenditure includes paying of a car loan, insurance, petrol and tax and;
- pets – food and veterinary bills.
### Summary box: Budgeting

- Depending on their approach to budgeting, recipients tended to be situated at various points along a user continuum with one extreme being ‘budget ignorsers’ and the other ‘budgeters’. ‘Budget ignorsers’ had higher outgoings than incomings, spent their money reactively and did not plan for future expenses to the extent that they were surprised by regular bills and did not have the money to pay for them. ‘Budgeters’ on the other hand were well aware of their expenses, they knew when bills were due and had planned and saved for them.

- ‘Budget ignorsers’ tended to rely heavily on their family to help them manage their money and often lived with their parents. Recipients in the middle of the continuum were working or actively seeking work and were more comfortable managing their money. Closer to ‘budgeters’, recipients tended to be older and were more likely to be carers of children or other relatives or have personal health issues. Budgeters were able to live within their means, were the most likely to be aware of interest rates and to calculate repayments on loans.

- Recipients made trade-offs between spending their money on different bills, going without expenditure such as socialising and cutting back on food expenditure in order to pay off bills. Generally, respondents did not have any savings.
3 Other forms of credit

This chapter explores the positive and negative recipient perceptions of forms of credit other than the Social Fund, including catalogues, banks, loan organisations and borrowing from family and friends.

3.1 Catalogues

Catalogues were seen as particularly convenient by respondents and were felt to have a number of advantages:

- Small repayments.
- Respondents could skip repayments and pay double next time.
- There was no perceived interest.
- Respondents could order items without needing to leave their home.
- Respondents were able to return unwanted items.
- Items were delivered without charge.

‘Rather than the bulk of money coming out, I’d rather pay back a couple of quid a week.’

(Female, 30 – 34, lone parent, CCG, unemployed, urban)

‘The catalogues are handy for my own personal situation the TV it’s only £1.80 a week for 100 weeks.’

(Male, 40 – 44, lone parent, CL, unemployed, rural)

Recipients generally recognised the long-term expense of catalogues in comparison to purchasing the same item from high street stores. However, this expense was outweighed by the affordability of paying a small amount off each week, especially as respondents had insufficient funds to buy large items outright from high street stores.
On the negative side, there were instances of respondents who had been blacklisted by catalogues, or lived at an address that had been blacklisted and so could not use catalogues.

### 3.2 Loan organisations

Loan organisations were favoured among respondents because they did not reject people for loans or have any particular eligibility criteria. These organisations were perceived to be convenient because representatives visited the respondents’ homes to collect repayments and provide further loans. These loan repayments were considered affordable as they were generally small amounts paid over a long period of time. There were also instances where respondents had been allowed to skip a payment one week if they felt they needed the money for something else.

Loan organisations mentioned by recipients included:

- Provident.
- Greenwoods.
- Telebank.
- Shopacheck.
- Just rentals.
- Brighthouse.

On the negative side, recipients recognised that these types of loans incurred high interest rates and that they paid back far more than they had borrowed. High interest rates themselves were not always enough to deter recipients from applying for these loans as the repayment amounts were seen to be affordable on a weekly or fortnightly basis. However, there were instances of respondents who were deterred from taking out a loan as they understood that there was a possibility that they would be threatened physically if they missed a repayment. Other respondents did not feel comfortable with an organisation representative visiting their home and would not take out a loan on that basis:

‘It’s not so bad with the Social Fund because they take back what they borrowed you. But that Provident is like legal loan sharks because of the amount they take back off you. I didn’t realise when I got it that they take that much back.’

(Male, 25 – 29, living with grandparents, CL, unemployed, rural)

‘It’s quite high interest with Shopacheck. I borrowed £200 and have to pay back £397.’

(Female, 20 – 24, lone parent, BL, unemployed, rural)
3.3 Banks

Recipients talked repeatedly about bank charges and high interest rates. In most instances, respondents felt they would not be eligible for a bank loan because they were not working or did not have a high enough income. Generally, respondents were less aware of banking procedures and spoke about banks as though they were a ‘faceless legal power’ that they did not know how to deal with or access. There was also an understanding that repayments could not be deferred or skipped as banks could force recipients to make payments. Recipients who had worked in the past were more likely to use the Social Fund to pay off an existing bank loan or overdraft:

‘The overdraft’s been paid back – that was my first priority because it accumulated interest.’

(Female, 40 – 44, lone parent, CCG, rural)

Generally, recipients who had work experience also held bank accounts and paid bills via direct debits or standing orders. They understood the banking system and arranged payments to be made soon after their income had been credited into their account. There were instances of recipients having overdraft facilities and credit cards. Those with overdrafts were only allowed a minimal amount such as £50 or £100 because they had a low income and they were slowly paying this off. However, if respondents regularly paid their credit card bill they found that their limit was increased. Although there were instances of ‘budgeters’ refusing these increases, others who had been working had spent large amounts of money on their cards and while out of work were finding it difficult to pay back the debt. A credit card was also a temptation to use:

‘That’s the problem with having credit cards isn’t it? Before if you ran out you ran out and that’s it. But if you have a credit card, you run out and the cupboards empty, you can go shopping. That’s the danger. I should cut them all up but it’s very difficult to do that when you know you can bridge the gap.’

(Female, 40 – 44, lone parent, BL, works part time, rural)

3.4 Friends and family

Friends and family were often the first port of call for credit for those that had friends and family to call upon. They supplied other forms of support as well as financial support such as meals or childcare. Generally, they needed less convincing to provide credit than any other forms of credit and repayment, if required at all, was flexible. However, there were instances where recipients had been ‘blacklisted’ by their families as a result of borrowing too much money or failing to meet repayments. There were also respondents who did not have family to rely upon either because they were not around or because of poor relations between the respondent and family members:
‘They’ll [respondent’s parents] lend me the money but I don’t like to owe them anything so I try and give them a little bit back if you know what I mean. They bought me the washing machine. The washing machine went but it was £45. They bought it for my birthday. They’ll say things like that. You can have that for your birthday or that’ll go towards your Christmas present.’

(Female, 25 – 29, lone parent, CL, unemployed, rural)

Respondents sometimes reported feeling guilty about borrowing money from their friends and family as they were aware that their friends and family had little income themselves and may be going without in order to loan them money:

‘I generally pay my family back weekly or two-weekly, if I’ve got more expenditure one week. And it normally takes twice as long as I think it would to start off with...I really hate it. They come round and tell me off.’

(Female, 20 – 24, lone parent, BL, unemployed, rural)

**Summary box: Other forms of credit**

- Catalogues were seen as a convenient form of credit and were used because they had small repayments each week, there was no perceived interest, items were delivered to the home and repayments could be skipped. However, items in catalogues were sometimes seen as expensive, and there were instances where respondents had been blacklisted by catalogues and were therefore unable to use them.

- Loan organisations were generally seen negatively as they were perceived to charge a high rate of interest. However, representatives did conveniently visit respondents’ houses to receive payments or provide further loans and respondents could make small affordable weekly payments. There were instances where people were deterred from using loan organisations because they did not like the idea of a representative visiting their home or because they perceived a physical threat may be made against them if they missed a payment.

- Generally, banks were not considered as a form of credit because recipients did not want or did not think they would be eligible for an account, loan, overdraft or credit card as they did not receive a high enough income. Those that did use banks paid bills with standing orders and direct debits. It was generally felt that interest rates at banks were very high and that respondents would not be able to skip repayments as banks would force them to pay.

- Friends and family were seen as the most accessible and affordable means of credit for those who had friends and family to call upon. It was suggested that friends and family would be the most lenient about repayments. However, there were recipients who had been blacklisted by their family for borrowing too much and not making repayments, and there were instances where respondents had felt guilty about taking the money as their friends and family had little money themselves.
4 Awareness and understanding of the Discretionary Social Fund

This chapter explores recipients’ awareness and understanding of the Social Fund including the sources of information used, knowledge of the different types of awards, eligibility criteria and repayment schedules. It also looks at the perceived advantages of using the Social Fund.

4.1 Sources of information

There were four common sources of information about the Social Fund: word of mouth, information from support workers, advice from Jobcentre staff and leaflets.

4.1.1 Word of mouth

The most common and immediate source of information about the Social Fund was word of mouth through informal networks of friends, family and neighbours. This was often recipients’ first introduction to the Social Fund, and was sometimes followed by a visit to the Jobcentre to either get an application form or more advice and information about the Fund, or a telephone call to the Jobcentre to ask for an application form:

‘My neighbour and friend up the road, she had one and she told me about it when I told her I was having problems.’

(Female, 25 – 29, single parent living with parents, BL, unemployed, rural)

‘A friend told me about it so I went to the DSS and filled in a form.’

(Female, 16 – 19, single parent, CCG, unemployed, urban)
Awareness and understanding of the Discretionary Social Fund

‘I first heard about it ten years ago when my brother was on benefits, and they [Jobcentre adviser] told him about it.’

(Male, 35 – 39, lives alone, CL, unemployed, rural)

Information received through word of mouth was often very sketchy and tended to be about people’s experiences rather than rules and eligibility criteria. This meant that recipients often applied for similar items to those of their friends. There were also occasions where recipients did not get any further advice or information on the Social Fund other than what they had heard from friends:

‘When I got my own place a friend told me I could go to the Jobcentre and get money for carpets and furniture.’

(Male, 25 – 29, lives with grandparents, CL, unemployed, rural)

4.1.2 Social worker

Social workers, care workers and health visitors were another common source of information about the Social Fund. Lone parents and pregnant women were told about the Social Fund and advised to take a loan by a social worker or health visitor when their living conditions were being assessed. The next step was a visit to the Jobcentre to fill in an application form or get more advice about the Social Fund.

Social workers and health visitors often were able to identify a financial need that recipients had and played a role similar to that of an adviser. Social workers and health visitors were believed to have a good knowledge about the Social Fund and what it could be used for. It was unclear whether the information provided by the social workers or health visitors was perceived to be any more reliable than that of friends and family.

On one occasion, a family member who had been told about the Social Fund by a health visitor passed this information on to another family member:

‘I had a support worker come round, I think it’s standard practice if you’re in a B&B…I had nothing here, just empty, so she said I could get help with furnishing and carpets and everything.’

(Female, 30 – 34, lone parent living with mother and father, CCG, unemployed, rural)

‘I heard about the crisis loan two years ago from a social worker after I had my first child.’

(Female, 25 – 29, lone parent living with mother and father, CL, unemployed, urban)

‘When I was 16 I remember my mum saying that a social worker told her about the Social Fund.’

(Female, 25 – 29, living with partner and two children, BL, unemployed, urban)
4.1.3 Jobcentre advisers

Another common source of information was from Jobcentre advisers. As with social workers and health visitors, women who were pregnant or lone parents said they were sometimes told by an adviser at the Jobcentre Plus office about the Social Fund when they collected benefits. Advice about using the Social Fund tended to be quite general with the message that an extra bit of money would be helpful in recipients’ current life situation.

There were also male respondents who said the first time they heard about the Social Fund was from an adviser. These came in the form of advice regarding their financial situation or because they were behind on payment of utility bills and were told they could use the Social Fund to pay off their debts:

‘Someone who worked in the DSS told me I was getting behind on the bills…never seen any other mention of it.’

(Male, 30 – 34, lives with wife, children and mother and father, BL, employed, urban)

4.1.4 Other sources

Other sources of information included:

- leaflets seen at the Jobcentre;
- one respondent heard about the Social Fund when she was a volunteer at Citizen’s Advice Bureau; and
- another respondent was sent a letter with information about the Social Fund.

In most cases, the different sources of information were not used exclusively. For example, recipients may first hear about the Social Fund some years before deciding to go to the Jobcentre to either pick up an application form or fill one in then and there. While the Jobcentre may not always be the first source of information at some point in the application process the recipient needed to make contact with a member of staff, and at this point staff could potentially provide more advice (see Section 7.3 for further detail).

4.2 Understanding the parameters

Knowledge about the parameters of the Social Fund (such as the various types of awards, eligibility criteria, amount of money to apply for, repayment plans and the appeal process) was also influenced by the source of information and the amount of advice given by an adviser.

Recipients who had more guidance from an adviser were often told about the most suitable award to apply for. On the other hand, those who filled in their own forms without advice tended to apply for an award they had heard about from a friend or an award they were familiar with and had used in the past.
4.2.1 Types of awards and uses

In most circumstances, respondents were not entirely clear about the range of awards and the situations they are to be used in. On some occasions, respondents were aware of what the awards could be used for but could not recall what they were called. On other occasions, respondents knew there were different types of awards, but were unaware of the differences between them. This impacted on how people used the Social Fund and what they thought of as the circumstances for which they could be used.

There was however one exception. CCG recipients were aware that they did not need to pay the grant back, and they were aware that this differed from the other awards where repayment was required.

4.2.2 Eligibility

The overall lack of knowledge about the different types of awards was also reflected in the lack of knowledge of eligibility criteria for the different award types. Generally, respondents thought that only people who were on benefits were eligible for the Social Fund. Respondents who were working at the time of the interview, but had been unemployed when they applied for the award, had similar views. When these respondents were asked about their future usage of the Social Fund, they believed that now they were working, they were probably ineligible to apply for the Social Fund (please see Chapter 7 on future use):

‘I would apply again but now I work. It’s only for people on benefit.’
(Female, 20 – 24, living with partner, CL, working, urban)

‘I wouldn’t use it again, also now I have work so they wouldn’t give to me but then again I do have kids.’
(Female, 50 – 54, lone parent, CL, working, urban)

In some instances, respondents thought that eligibility for the award and the amount of money awarded depended on the severity of the situation at the time of application. For example, one male respondent felt that pregnant women or lone parents were favoured and had a better chance of getting the money they asked for and that being a single man was a barrier to a successful application. Another respondent felt that he was awarded the money because of his wife’s disability.

The lack of knowledge about the Social Fund coupled with a perceived lack of transparency regarding eligibility was mentioned by respondents. In a few cases respondents said they preferred going to a bank because they ‘tell you exactly what you can have and the reasons for it’.

Respondents also perceived that some advisers made decisions based on whether they were in a ‘good mood’ or not or whether they previously had dealings with the applicant.
There were also respondents who had made comparisons with friends who had used the Social Fund in other areas and felt that the amount of money received was determined by the local population of the area and how much money there was ‘in the pot’ to go around.

### 4.2.3 Criteria for loan amounts

In most instances, respondents were not sure about how award amounts were calculated and on what basis awards were given. As with eligibility criteria, respondents talked about not understanding why they had been denied the whole amount of money they applied for, but suggested a number of reasons for this. Sometimes this was the severity of the circumstance, although it was also thought it was solely at the discretion of the adviser.

There were some instances where respondents said they got exactly the amount of money they applied for, and put that down to the fact that they knew how to word things on the application form:

‘You are eligible for larger amounts if you say you have dependants.’

(Female, 55 – 59, lives alone, BL, unemployed, urban)

Despite this, there were respondents who were aware of the upper limit of money that could be applied for at any one time, although they were not always sure how they had come across this information. In most instances, where respondents were applying for large amounts of money, they knew the borrowing limit was £1,000, but realised they may not receive this due to their circumstances or the amount they had already borrowed from the Social Fund.

### 4.2.4 Repayment

There was very limited awareness that repayment plans could be restructured, as it was thought that all decisions regarding the Social Fund were in the hands of the adviser. There were instances where respondents wanted to pay back larger amounts at a time, but had been advised by Jobcentre advisers against doing this as it would leave them in greater financial trouble:

‘How much is needed and what will be paid is set by the DSS.’

(Female, 25 – 29, living with parents, CL, unemployed, urban)

Understanding and knowledge of restructuring repayment plans was often dependent on the level of involvement of a Jobcentre adviser in the application process, the Social Fund experience of the recipient and their financial management confidence. As mentioned in the ‘Budgeting’ chapter, those more aware of their incomings and outgoings were more likely to suggest an alternative repayment amount, secure in the knowledge of how much they could afford.
4.2.5 Reviews
Generally, respondents were not aware of the reviews process. In most cases they took the adviser’s decision at face value and felt they could not appeal any decisions made as this might lead to a lower amount of money given or the application being completely rejected. This was somewhat influenced by respondent’s previous negative experiences with the Jobcentre and a perception that they were ‘begging for money’. However, there were cases where respondents had asked for a review regarding awarding the loan/grant, the amount of money awarded and the repayment plan. This was usually in situations where people were in dire circumstances and in desperate need of the money and had been told to appeal by an adviser (see Section 5.4 where this is discussed further).

4.3 Advantages of the Social Fund
Despite recipients’ lack of knowledge about the types of awards available and how decisions were made, the Social Fund was an appealing source of financial assistance and was seen to have several advantages in comparison with other types of awards. These included:

- **No interest.** Unlike other forms of credit, there was no interest to pay back compared with the high rates offered by loan organisations and banks.

- **Repayments were deducted at source.** One of the major positive aspects of the Social Fund was that the repayments were taken straight out of benefit. Recipients did not get to see the money which meant it could not be spent. It was perceived as one less pressure and one less bill to pay off. Taking the decision to spend a possible sum of money away from people allowed them to concentrate on other expenses and repayments they had to make.

- **Repayments are small amounts.** In all instances, respondents felt that making smaller repayments over a longer period of time was an advantage of using the Social Fund. There was a perception that these small amounts did not have a negative affect on their budgeting plans.
Summary box: Awareness and understanding of the Discretionary Social Fund

- People tended to hear about the Social Fund by word of mouth through an informal network of family and friends, who often provided sketchy details on how the Social Fund worked. They also got information from social workers, other customers at the Jobcentre or through advisers at the Jobcentre.

- Overall, recipients had a very limited understanding about the different types of awards and their uses, the eligibility criteria for the Social Fund and that repayment plans could be restructured to suit needs. Recipients also had low awareness of the reviews process, believing that the adviser’s decision was final and that appealing the loan amount may jeopardise the outcome of the application.

- The Social Fund was perceived to have a number of advantages over other forms of credit, including no interest rate, smaller repayments over a long period of time and deductions straight from benefits.
5 Experience of the Discretionary Social Fund

This chapter explores the reasons why people apply for the Social Fund and how their existing experience, knowledge and access to other forms of credit influenced their application. It also looks at various aspects of the application process, including filling in forms, dealing with advisers at the Jobcentre, how outcomes are reported and the reviews process. Throughout this chapter these issues are illustrated using case studies.

5.1 Reasons for application

Recipients of the Social Fund applied for an award for a variety of reasons. These included:

- Changes in housing situation, such as moving and needing new furniture and carpets. The Social Fund was also used to make cosmetic changes and for redecorating a house (Figure 5.1).

- Changes in personal situation, such as splitting up with partners or having to care for an elderly relative, requiring new living arrangements (Figure 5.2).

- To purchase essential white goods, like washing machines or fridges.

- To pay off an overdraft, utility bill or catalogue debt.

- Because of administrative problems. For example, one recipient encountered administration delays when her benefit books were being changed after being given an award from the Social Fund. The process of changing the amount on her benefit book was not quick or smooth enough to meet her next benefit payment. She was without a benefit book and had no income, so she approached the Jobcentre where she was awarded a Crisis Loan to tide her over till her benefit book was returned.
Social Fund applications were triggered by changes in children’s life stages. Although there was evidence of parents applying for money for school uniforms, cots, beds and bedding for their children it was not always clear whether the money received was always spent on these items. However, there were instances of applications from parents who were not aware that they could apply for money for school uniforms from their local council, and others where children wet the bed and needed a new mattress as a result.

Generally, parents were aware that they were more likely to achieve a successful application if they detailed their children’s needs on the application form than if they asked for money for Christmas presents, birthday presents or holidays. Typically respondents commented that they knew that they would have to wait longer at Christmas time for an application to be processed as so many customers would be applying for money to spend on Christmas presents.

**Figure 5.1 Case Study: Social Fund used for moving house**

Female, 25 – 29 year old, unemployed lone parent heard about the Budgeting Loan (BL) from friends. She needed the money to move from a caravan into a house. She filled in a form for a Budgeting Loan and her application was denied. Once her BL application was denied an adviser suggested she apply for a Community Care Grant (CCG), which she was awarded. She needed a number of white goods, furniture and carpets. She was awarded two grants totalling £644. She was denied money for a washing machine because the adviser said it was not vital. She received the money after two weeks.

‘We wouldn’t have nothing if we didn’t have the grant. We wouldn’t have had carpets or nothing – there was old dirty chipboard on the floor – it was horrible’

(Female, 25 – 29, lone parent, CCG, unemployed, rural)
Figure 5.2  Case Study: applying to Social Fund to look after parent

Female, 34 year old, unemployed lone parent, lived in privately rented accommodation with her disabled mother. She was a careful budgeter and knew how much money she needed for rent, utilities and other household expenses. In the past she had been awarded a CCG and BL but had to appeal both times. She has used the money for a variety of reasons: to pay off her overdraft, to buy a fridge freezer, a washing machine and a bed for her daughter. She also applied for an award when her disabled mother lived in a third floor flat, there was no lift and she was virtually housebound. The council offered to exchange the flat for a more suitable one. She needed money to help her mother move house. She applied to the Social Fund but was rejected because she was not the tenant. She appealed the decision and was awarded a CCG.

‘I think that probably any time that you have to make one of these applications is going to have been something stressful isn’t it. Because if you suddenly need a large amount of money at short notice it is liable that something pretty bad has happened. I say bad, moving’s not bad but it’s very stressful and when you’re needing help at a stressful time then it’s awkward to say the least if you’re given the run around a bit.’

(Female, 30 – 34, lone parent and cares for her mother, unemployed, rural)

CCG awards in particular were used for:

- children’s beds and bedding;
- carpeting/furnishing a new home;
- buying items required for a sick child.

5.2  User typologies

Whether to apply for the Social Fund and what to use it for also depended on previous experiences and levels of knowledge about the Social Fund. Three different types of users were identified as:

- **Award strategists**: These were people who regularly applied for an award and had a better understanding of the different types of awards available, what the money was supposed to be used for and ‘what to say’ in an application form.

- **Award three-offs**: These were people who had applied for an award on more than one occasion. Although they used the Social Fund as another source of credit, the Social Fund did not factor into their regular budgeting plans.

- **Award one-offs**: These were people who applied for an award once in an emergency situation. They are more likely to be recommended by an adviser. They have also encountered benefit and administration issues.
5.2.1 Award strategists

Strategists tended to have been unemployed for more than six months and responsible for between one and five children. One recipient was housebound and another had been studying and doing voluntary work for four years.

Award strategists were people who regularly applied for the Social Fund and had a good understanding of the types of awards available. They were very ‘savy’ about how much money to apply for and the reasons to state on the application form. They usually asked for more money than they really needed and waited to pay off a loan before applying for the next one. They were more likely to ‘bend the rules’ because they had a good understanding of the criteria for a loan application (Figure 5.3).

‘For the Crisis Loan you’ve got to say what and why you need it for exactly, precisely. For Budgeting Loan just say home improvement.’

(Female, 25 – 29, lives with children and partner, BL, unemployed, urban)

Figure 5.3 Case Study of ‘bending the rules’

Female, 50 – 54, lone parent, employed, urban, usually applies for a BL and needs the money to pay for rent and utility bills. However, once she used the money to go on holiday with her son to America. Her father paid for the flight tickets and she used the money from the BL to pay for accommodation and expenses while on holiday.

While they had learnt how to work the system, they were not keen on understanding the criteria for the different types of awards. They had found their favourite and tended to apply for the same award every time purely because it had worked before, rather than checking the eligibility criteria. Strategists did not distinguish between the different types of award even though the processes for applying and the criteria were very different, instead they applied repeatedly for the same award until they were unsuccessful and told to apply for a different award. Generally they would ask for more money than they required so that they could get at least the amount that they really needed. In most instances they asked for double the amount they needed. This seemed to happen across all three types of award. The amount varied according to what the money would be spent on, for example, respondents could ask for more money for beds and bedding than it might actually cost them to buy beds and bedding, whereas replacing a lost giro was an exact amount.

Strategists tended to use the Social Fund for regular household expenses and factored the Social Fund into their overall sources of credit. They also applied to the Social Fund to buy birthday presents and Christmas presents and generally saw the Social Fund as a pot of money they could dip into on a regular basis as part of how they managed their money.
Despite this, award strategists did not necessarily have a good understanding of repayment plans, were not always good budgeters and tended to be closer to budget ignorers. They found it more difficult to manage and repay their money.

This compares with findings from Finch and Kemp, who suggest in their report on the use of the Social Fund by families with children that Social Fund customers were more financially disadvantaged than other benefit recipients. They found that people who had applied for an award were more likely to run out of money most weeks, to have debts, and to have trouble repaying debts and managing their finances than benefit recipients who had not applied for an award.5

### 5.2.2 Award three-offs

Award three-offs tended to be in receipt of benefit and responsible for between none and five children. Unlike strategists, at the time of interviewing, three-offs were more likely to be working part-time. Two were working full-time, one as a childminder and the other owned their own shop. Those that did not have children were long-term carers, signed-off work by their doctor, long-term unemployed or about to go back to work.

Award three-offs were people who used the Social Fund as another source of credit. It was not a regular part of their budgeting plans but was used in times when they found themselves in a difficult financial situation such as back payments on utility bills, needing to pay back money on a catalogue, or being without money to buy clothes for the children (Figure 5.4).

#### Figure 5.4 Case Study of award three-off

Male, 40 – 44, lone parent, unemployed, rural, first applied for the Social Fund when his wife left him and he had to take care of the children on his salary. He needed the money to buy food and clothes for the children and to do up the house. He felt he was a good budgeter and tried to save money. He went to the Social Fund when he needed money to buy new clothes or trainers for the children.

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5 Finch and Kemp, 2004, [9].
5.2.3 Award one-offs

Award one-offs are responsible for between none and four children. Those without children are a mixture of full-time workers and those who are long-term unemployed. Those with children are working full-time, carers, studying or unemployed.

These were people who have used the Social Fund only once and do not think they will need it in the future. They applied for money when in an emergency situation in the past and were more likely to get the help of an adviser. Award one-offs were a mix of those who were employed and those who were unemployed.

There were a number of reasons why this group would not use the Social Fund again, reflecting some of the barriers to applying discussed in Chapter 7:

- A perception that it can only be used once.
- A belief that their situation had improved and they would never get in such an emergency situation again.
- Such a negative experience when they received the award that they could not envisage using it ever again.

The decision whether to apply for the Social Fund depended on what other sources of credit were available to recipients and the relative advantages and disadvantages of these.

There were situations where people had no source of money or could not find financial help from any source and therefore turned to the Social Fund. For example, in one instance a recipient of the Social Fund said he had lost his wallet which had his giro in it. Without his giro he had no other source of money to last a week.

On other occasions, people chose another source of credit, because of ease of access, and the desire to save the Social Fund for another occasion.

5.3 Application process

The application process was usually straightforward. There were four main stages to the process:

- obtaining a form either by telephoning the Jobcentre and receiving the form in the post or asking for the form in person at the Jobcentre;
- filling in the application form;
- submitting the form to the Jobcentre; and
- hearing the result of the application.
5.3.1 Forms

Overall respondents found the forms quite easy to fill in. Recipients of more than one award also mentioned that the form had been simplified over the years. One of the changes they noticed for the BL form was not having to write in the exact amounts for each item of expenditure and only having to tick the boxes that apply. There was believed to be far less demand for detail, explanation and justification required for the amount of money applied for.

For example, one recipient said she needed the money to pay off her debts. She has known about the Social Fund for about ten years and had previously been awarded a BL. She said that in the past she would not have put paying off an overdraft as a reason for needing the money, as that would have been grounds for rejecting the application. Instead she would have said the money was for household needs. She feels now they are less choosy about the reasons for applying and this is reflected in the layout of the form.

Recipients of the Social Fund found the new form far less ‘threatening’ to fill in than before, although there were suggestions that it could be simplified further. There were some cases where respondents felt they were not very good at filling in application forms. It was believed to be a daunting process and these recipients often required the assistance of a friend, family member or an adviser at the Jobcentre.

Figure 5.5 Case Study of person requiring assistance with form

Female, 25 – 29, on Income Support (IS), lived with her partner and two children. She used to do voluntary work at the Citizens Advice Bureau (CAB) where she first heard about the Social Fund. She was an award strategist and had applied for many loans in the past for Christmas presents and redecorating her house. She received the form by post but, despite having completed it on a number of occasions, always took the form to the CAB who gave her advice when filling it out. She also went in person to the Jobcentre to hand in the form to an adviser as she did not want to rely on the Post Office.
5.3.2 At the Jobcentre

Once respondents filled in the form, they either posted it back to the Jobcentre or handed it in personally. This meant that levels of interaction with an adviser varied.

The environment of the Jobcentre was sometimes a negative experience for people. Respondents feared that the advisers associated applicants with other people at the Jobcentre collecting benefits, whom they referred to as ‘junkies’ and ‘drunks’, particularly as the decision on the award was felt to be at the discretion of the adviser who may or may not empathise with their situation. Recipients of the Social Fund felt they were in a particular life situation that has driven them to apply for the Social Fund and emphasised they were not ‘scamming money off the Government’:

‘It’s just not a nice experience to have to go through. It’s not nice sitting in somebody’s office and saying, ‘look I’ve run out of money, I can’t afford to feed my child’.

(Female, 20 – 29, living with partner, CL, unemployed, rural)

5.3.3 The decision

Respondents heard about the decision face-to-face, over the telephone or by letter. The response time about the decision to award the money varied from the same day as the application was made to a fortnight after the application was made.

All respondents had a lot at stake on whether their application was rejected. One recipient said she ‘experienced pure relief’ on receiving the money, whereas another reported that when he was rejected he had to turn to family and friends which was a humiliating and difficult experience.

The problems surrounding being rejected were often compounded by the perceived lack of explanation for the decision. Even for the award strategists, who used the Social Fund as a part of their budgeting calculations, being rejected meant they had to find another source of money. Similarly, recipients of the Social Fund did not understand why they did not get the precise amount of money asked for and why this was not explained.

Recipients felt there should be clearer guidelines as to what could be classified as an essential item. One respondent had asked for a fridge freezer and the adviser said they would only accept the application if it was for a fridge, but not a fridge freezer. Another respondent was denied money for a washing machine as it was not deemed ‘vital’. Ideally these guidelines should be communicated verbally or in an easily digestible written form as there were respondents who had trouble reading, understanding and completing the Social Fund application forms.
There were mixed perceptions about who made the decision to award the Social Fund. There were instances of recipients believing the Jobcentre as a ‘faceless entity’ made the decision. For others, as mentioned earlier, respondents understood that the adviser they had spoken to would make the decision.

Claimants who had received a CCG most recently had varying responses to the scenario of being refused an award. One strategist said she would try for a CCG again as it was a grant and did not need to be repaid, others would go without as they had no other form of credit, and one turned to a family member as they did not receive the amount they needed. Generally it was understood that the claimant would be ‘lucky’ to receive a CCG award, as successful outcomes were rare.

5.4 Review process

Appealing the decision of the Jobcentre was rare. Respondents felt that all decisions were in the hands of a member of staff at the Jobcentre and feared that if they appealed the amount of money they had been given, they would not get any money at all. Award strategists were also unlikely to appeal the decision because they felt it was easier to reapply for the loan than go through the reviews process.

However, respondents appealed in situations of dire need and when the Social Fund was the only source of financial assistance. For example, one respondent had spent her last few pennies telephoning the Jobcentre to find out if she had been awarded the money. She was told that her application had been rejected. In a last desperate attempt, she then walked to the Jobcentre (as she had no money for bus fare), explained her situation to an adviser and was told she could appeal the decision. She had no prior knowledge of a reviews process, but in the end she was awarded the money. Those that had been through the review process had mixed views of the process, ranging from those who were happy with the outcome to those that still did not get any money. (Figure 5.6)

**Figure 5.6 Case Study of successful appeal**

Female, 30 – 34, lone parent, unemployed, lived with her parents in an urban area, had her application rejected three times because she owed too much money. Another time, she was denied the money with the explanation that her circumstances were not ‘exceptional’. All three times she appealed the decision and was awarded the money. The first time she applied for money to buy a bed, furniture and carpets for a new house. She was given a grant for £180, but she appealed the decision and got £800. She said the reviews staff were very understanding, but admitted having disputes with the staff. She believed that everyone’s application was rejected the first time because ‘they do not think that people will appeal’.
Summary box: Experience of the Discretionary Social Fund

- There were a number of reasons why people applied to the Social Fund, including changes in housing situation, changes in personal situation, needing to clear an overdraft and to purchase essential white goods.

- There were three types of loan users – award strategists, award three-offs and award one-offs. Award strategists usually factored the Social Fund into their plans for credit, were more aware of the criteria for application and were more ‘savvy’ about the benefits system in general.

- Award three-offs used the Social Fund as another source of credit, but did not factor it into regular budgeting plans and sources of credit. They were usually good budgeters but used the Social Fund in a crisis situation. Award one-offs have only applied for an award once and do not intend to in the future. They were usually in a desperate situation at the time and got assistance from an adviser at the Jobcentre.

- The application process was usually straightforward, especially since the new forms have been made easier to fill out. However, recipients often saw the Jobcentre environment in a negative light and feared they were being judged by advisers.

- Reasons for application cannot be grouped by individual award as applicants do not distinguish between the different awards. They apply for an award that they have successfully achieved previously or an award they have heard of through word of mouth. There may be a role for advisers here.
6 Impact of the Discretionary Social Fund

This chapter explores the impact of the Social Fund on people’s personal situation and whether it has influenced views and attitudes towards financial management. It also examines whether the Social Fund had any impact on recipients’ attitudes towards, and ability to get, work.

6.1 Impact on individual situation

Recipients of all ages and from all areas often emphasised the importance of the Social Fund in the way in which it had helped them out and the positive impact it had had on their life situation. It was particularly appreciated when recipients felt that they had exhausted all other forms of credit and had nowhere to turn to in an emergency situation – ‘that’s what got me back on my feet.’ (Figure 6.1):

‘The Budgeting Loan came at a good time – I mean, when I really needed it. I save money but I cannot afford expensive house repairs and things.’

(Male, 40 – 44, lone parent, BL, not working, rural)

Figure 6.1 Social Fund used in an emergency situation

Female, lone parent, aged 16 – 19, previously worked at a local dentist, but got pregnant and gave up job. She did not think she would go back to work until her baby started school. She considered that she was not very good at budgeting and sometimes tended to ‘splurge money’. Most of her money was spent on items for the baby, food and bills. Although her family helped her out, this was not on a financial basis but in other ways, such as cooking Sunday dinner and taking care of the baby.
Figure 6.1  Continued

She heard about the Social Fund through a friend and could not pay off her mobile phone bill. Furthermore, she had no money to pay for items for the baby such as food, clothes and nappies. She believed she was in a ‘bad situation’ and in desperate need of money and applied for an award in the hope of getting some. She did not expect to get any money but was relieved when she did. There was no other source of credit to turn to apart from her family who were also struggling financially, but she did not want to get them involved and disappoint them after ‘all that they had done for me’.

The Social Fund was often used when moving and buying new items for the house such as carpets, washing machines and for house repairs such as leaking roofs. It therefore made a large improvement in people’s housing condition and in how they felt about themselves and their surroundings. Even when the Social Fund was used for cosmetic changes such as buying paints to decorate a room, the impact on people’s living conditions and state of mind was substantial.

The Social Fund had a dramatic impact on people’s situation, particularly when there were problems with the administration of benefits, as people had no other source of income to buy essential items. One recipient used the Social Fund to help her flee from an abusive relationship as she was ‘looking for a safe place to hide.’

Awards from the Social Fund had less impact on strategists than other recipients – the impact had become less noticeable as they applied so regularly. The Social Fund had become another source of credit for them and they did not always put the loan to the use as they described.

There were also instances of award one-offs and three-offs who put their loan to a different use than was described on the application form. Unlike Budgeting Loan (BLs) and Crisis Loans (CLs), Community Care Grants (CCGs) tended to be used for the purpose stated on the form, generally to help move house or decorate/buy items for a new home. This may be due to the eligibility criteria of CCGs or respondents’ general perception that an individual could only receive a CCG once. Additionally, there was a notion among recipients that BLs and CLs would be paid back so it did matter less what the money was spent on.

Although CCGs tended to be larger amounts, respondents did not mention them having a larger impact than loans and the variation in impact was not noticed by interviewers during the discussions. This may in part be to do with respondents not distinguishing between award types or that the need itself was more important than the amount of money they received – for example, not having any money to live on because you had lost your giro was as important to one individual as making your home habitable for your family was for another.
There were occasionally administration problems, which meant that the Social Fund had a negative impact on recipients. These were when administration problems had caused the recipient to apply for a CL to cover benefits. On receiving the CL, the ‘benefits book’ had to be readjusted to account for repayment, causing further delays to benefit and a need to apply once more for a CL.

### 6.2 Impact on money management

The Social Fund was felt to have little impact on money management as people could not see the direct link between it and changes in money management. Rather, the Social Fund loans or grant were used in emergencies when people were in need of the money. However, the Social Fund loans had become another established form of credit for the award three-offs and award strategists.

Repayment of Social Fund loans was also not thought to have a direct impact on money management as it was taken out at source. This was generally appreciated and was often thought to be a small amount of money to pay each week and the size of the loan did not vary the impact of repayments, as recipients did not consider repayment in the long-term they were just concerned about how much they could afford each week. There were recipients who reported not missing this small amount of money after a while.

However, there were occasions when respondents felt they had used the Social Fund to pay off overdrafts and loans which were attracting high levels of interest, particularly amongst the men in the sample. Although the Social Fund was not felt to have much of an impact on how money is actually managed, using it was felt to save money in the long run. It also meant that people did not go for more expensive forms of credit.

On the negative side, there were respondents who were worried that when they got the lump sum that they would waste it rather than spend it, but this did not materialise in practice. The deduction at source also meant that people did not always think about the repayments for the Social Fund when budgeting as the responsibility for paying it had been taken away. For example, one person said that he had forgotten to repay the Social Fund since starting work as he was so used to it coming out at source.

For recipients that had started work and still owed money to the Social Fund, these repayments tended to be at the bottom of their list of repayments or general payments. Unlike other repayments, while recipients were in receipt of benefit their Social Fund loan repayments were taken out at source. Once respondents came off benefits a new repayment method was required, but generally was not set up. There were instances where respondents had received letters reminding them that they needed to continue repaying their loan, which they ignored because it was possible to defer payment or because they had forgotten about it.
6.3 Impact on job search activities

Recipients generally believed that the Social Fund had little impact on job search activities. There were recipients who were unable to look for work because of long-term mental and physical health difficulties, as well as lone parents who were not considering work until their children were old enough to look after themselves. These lone parents did not have family they could rely on, and were not happy with, or did not think they could afford, the childcare arrangements currently on offer from nurseries or childminders. Furthermore, there was felt to be a limited number of jobs available with hours that could fit around school times. There were also examples of recipients who had other caring responsibilities, such as for elderly relatives, grandchildren or disabled partners and therefore believed they were unable to work.

‘There’s no way on earth I would want to actually dash out and find myself a full-time job, pay somebody to look after Samantha when she’s not at school, just for the sake of being worse off. This is the trap isn’t it? This is something you commonly hear so it is something I would have to weigh up.’

(Female, 30 – 34, lone parent and caring for elderly parent, BL, not working, rural)

There was a commonly held perception that that any jobs available were not of high enough wages compared to what is received on benefits.

‘We actually bring more money in with me not working than we did if I was working.’

(Female, 20 – 24, living with partner and child, CL, not working, rural)

These recipients had not always carried out a ‘better-off in work’ calculation with an adviser and were simply basing these on their own estimates. There were also lone parents who had been through the calculations and the adviser had told them they would be better-off on benefits.

There was evidence of recipients receiving Social Fund money once they had moved into work. Typically this involved covering the income gap between coming off weekly benefits and waiting for a monthly wage or providing clothes for work.

‘Well it was when I was signing off from the dole and they ask you, well I had to get a letter from my employer saying when I was getting paid, they says take it to Social Security and you get a Social Fund and that was to keep me going till I got a wage that’s how I got to know about it I mean I never really had anything like that.’

(Female, 50 – 54, living with adult son, CL, working, urban)

Recipients who had received a loan during the transition from benefits to work found the money helped to cover basic costs such as food, bills and work clothes until they received their first wage.
Other barriers to work were identified reflecting much of the research carried out in this area:

- lack of skills and qualifications for the jobs available;
- worries about covering expenses in the transition from benefits into work such as rent and council tax;
- coming off benefits will mean paying for expenses such as prescriptions and legal help;
- limited numbers of jobs available locally;
- the ability to work ‘cash in hand’ to ‘top up’ on benefits; and

> ‘If I run out of anything I will find a job to do for somebody and gain a few quid and then I’ve got a few quid which is illegal, but it’s just about survival.’

(Female, 20 – 24, lone parent, CL, not working, rural)

- there were recipients in rural areas who suggested that there was no public transport to help them get to a place of work.

Other sources of financial help were mentioned as more relevant in helping getting work. These included an ‘Adviser Discretion Fund’ offered by the Jobcentre to pay for a car as well as training, and work materials paid for by the Jobcentre. Respondents also mentioned that once in work they would be able to claim tax credits or have access to free or subsidised childcare.

The Social Fund was simply not thought about in terms of work at the time – people were more concerned about dealing with their emergency or personal situation. Of course, once this emergency was dealt with it meant that recipients could possibly turn to thinking about work, but they did not directly associate this with the Social Fund. This was mainly because of how the Social Fund was perceived – it was difficult for recipients to link it to work. Other reasons and misperceptions for not linking the Social Fund with work included:

- the amounts available under the Social Fund were too small to make any impact on going to work;
- work related items and payments for training courses would not be accepted under the Social Fund;
- it was perceived as not possible to apply for the Social Fund once in work; and
- concern that the Social Fund would have to be paid off immediately when recipients started work.

Similarly, those who had recently returned to work, did not think that the Social Fund had had any impact on this. Other factors, which have again been replicated in other pieces of research, were seen as more relevant, such as the children getting older and being able to look after themselves or a job coming up that was suitable.
However, there was one occasion where the Social Fund had impacted on work or bringing recipients closer to work as it was used to purchase a car to travel to college – although this was not the use stated on the application form.

There were also instances where advisers had told people to use the Social Fund to help pay for things to get back into work. For example, one lone parent was told by her New Deal for Lone Parents adviser to apply for the Social Fund to pay for her car to be insured, although in practice she did not follow this through.

Once recipients were questioned about links to work, then they recognised that the Social Fund could be used to help get back into work and started to make suggestions of how it could be used. For example, it was suggested that the Social Fund could be used to pay for interviewing expenses, such as travel and accommodation if the interview was far away:

‘If you needed to go to Leeds or something to see a company there because you were going to be working on the roads or something, they might pay for hotel accommodation and travel…so it’s a means to an end to getting a job.’

(Female, 20 – 24, lone parent, CL, not working, rural)

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**Summary box: Impact of the Discretionary Social Fund**

- The Social Fund often had a large impact on people’s personal situation, leading to improvements in housing upkeep and decoration, ability to buy essential items and pay bills.

- The Social Fund was not generally thought to have a direct impact on money management as it was taken out at source and was a small amount of money to pay each week. There were exceptions to this as the Social Fund was sometimes used to pay off debts and overdrafts, and for the award strategists and award three-offs the Social Fund had become another source of credit.

- Recipients generally believed that the Social Fund had little impact on job search activities, since recipients were not always actively looking for work because of issues such as low skills, health issues and caring responsibilities. Furthermore, the Social Fund was not perceived as having any link to work – it was seen as being there to be used in emergency personal situations rather than to fund training or items for work.
7 Future usage

This chapter examines recipients’ perceptions of how they may use the Social Fund in the future, including whether there are any perceived or actual barriers preventing them from using it again. It also explores how recipients thought the Social Fund could be improved in terms of communication, loan criteria and financial advice.

7.1 Potential use

Use of the Social Fund in the future depended on whether the recipient was a award strategist, loan three-off, or loan one-off. For the award strategists, the Social Fund was another form of credit to be used as, and when, needed. Within this group, there was sometimes the perception that the Social Fund was not as difficult to get as in the past. Furthermore, this group had grown in confidence about using the loan and they knew the procedures they would have to go through in order to get the loan, although they were not entirely sure whether multiple applications counted against them.

Award strategists also had started to think how use of the Social Fund could be widened to pay off other debts for example or for other purposes (Figure 7.1).
Figure 7.1  Widening use of the Social Fund

Female, received Budgeting Loan (BL), lone parent aged 45 – 49, rural, and was an award strategist. She has been unemployed for a number of years and is currently working voluntarily and doing a college course. She has taken out three BLs in the past, using them for purchases such as a new car. She really liked the Social Fund as a form of credit as it was interest free and the repayments were affordable, which meant she did not have to cut back.

In the past she could not say on applications what she wanted the money for because she believed that the Social Fund would not give out money for luxury items such as a car, even if it could help her get back to work. She ‘had just made things up’ and claimed that her washing machine was broken when she actually wanted to purchase a car. She now knew that the criteria for the BL had changed and it was no longer necessary to explain what the money will be used for. She welcomed this, as there was now no need ‘to tell lies’. She is planning on visiting her son abroad and will use the Social Fund to make up any shortfall in her airfare:

‘It’s better now, because you’re paying it back, they don’t particularly want to know exactly what you’re using it for...If I said I wanted a car they’d say no, you can’t have a loan. It’s only for essentials and a car isn’t essential and it’s not supposed to be for luxury items like a television or a hi-fi even though that’s why you want it. You have to pretend that you need a cooker or a washing machine...because if you’re paying it back anyway I don’t think it matters what you spend it on.’

Award strategists were also planning when to make their next application so as to maximise the amount received from the Fund. For example, one recipient believed that the reason he got ‘knocked back three times’ in his last BL applications was that he had applied at the end of the tax year, when there was limited money left in the Fund. He was now intending to apply at a different time of the year. Similarly award strategists were often waiting before their loans had been paid off or were at a sufficiently low level before applying again.

There were award three-offs who would only use the Fund again if they had exhausted all other forms of credit. There was a commonly held belief that the Social Fund was something to turn to as a last resort when all other sources of financial help had been exhausted:

‘It’s a last resort thing isn’t it? I mean, when you’re working you’re savings are your last resort. If things are really bad you go back on your savings. Once your job’s gone, your savings are gone, then it’s Income Support, it’s a last resort thing. If Income Support isn’t there, then you go back to the next thing if there’s something there. If it’s there and it happens to be the Social Fund, then bang, go back to that.’

(Male, 35 – 39, lone parent, CL, not working, rural)
This group also believed that the Social Fund was something that should be kept ‘up the sleeve’ to be used only in emergencies. If it was used for something ‘unnecessary’, then it would not be available for use in the future if a real emergency arose:

‘We’re settled here now. I need something to replace the washing machine that’s just gone funny but that can wait. Rather than apply for something you probably won’t get it’s better to save it for a real emergency cos I don’t have home insurance.’

(Female, 40 – 44, lone parent, CCG, not working, rural)

When people were planning to use the Social Fund in the future, they often were intending to apply for the same type of award. They only changed the type of award applied for if they received subsequent advice on other awards available.

Future use also depended on what other sources of credit were available. For people who had no family or friends to rely on and were blacklisted by catalogues and banks, the Social Fund was often the only source of credit left open to them.

There were award one-offs who stated they would not apply to the Social Fund in the future because they could not foresee themselves in such an emergency situation again. There were also people who did not understand the rules and what the Social Fund could be used for, and did not think it could be used more than once. In addition there were also award one-offs who said they would never use the Social Fund again because of the ‘hostile’ and unfair treatment they believed they had received in the Jobcentre, and because they felt that applying for the Social Fund was ‘degrading’ and akin to begging for money. There were also people who would not use the Social Fund because it was impossible to guarantee whether or not the exact sum of money applied for would be given and because the sums of money given were too small.

7.2 Barriers for future usage

Despite the views on award one-offs, in most instances recipients said that they would use the Social Fund in the future as a source of credit. However, there were a number of barriers that might stop people from using the Social Fund in the future. These included:

- Not liking credit of any form and a deep-routed opposition to borrowing money from any source.
  
  ‘As much as it would be a help, I don’t want to borrow it. I know it’s available to borrow but…for a start I don’t like owing anybody any money. That’s just me, my own prerogative sort of thing and I’d rather pay cash for everything.’

  (Female, 25 – 29, lone parent, CL, not working, rural)

- The lack of a guarantee of how much will be available.

- There were recipients currently in full-time work who believed that applying would be ‘abusing the system’ as it was not possible to apply for it while in work.
• Fear of rejection. There were recipients who had decided against applying because they did not want to go through the ‘degrading’ process of applying only to be turned down. In addition, those that had been rejected in the past often felt there was a ‘black mark’ against their name which meant they would be turned down in the future.

• A misperception that it is only possible to apply for Social Fund once or once all debts are cleared.

  ‘You’ve got to have a need; if you owe them money you won’t get the Social Fund.’

  (Female, 25 – 29, lone parent, BL, unemployed, urban)

• That it was embarrassing to see people at the Jobcentre or that previously they had negative experiences with staff.

• Other forms of credit were seen as more appealing and easier to apply for.

7.3 Suggested improvements to the Social Fund

Although recipients were positive about the Social Fund, they suggested a number of ways in which it could be improved in terms of its administration, marketing and eligibility criteria as well as suggestions of how help and guidance could be improved.

It was suggested that the Social Fund needed more **publicity and marketing**. Firstly, this may prevent people going to loan organisations with high levels of interest. Secondly, this would provide more information on how the weekly amount to be paid back is decided; what the criteria are for the different type of awards and what can be applied for. It was suggested this publicity could take the form of leaflets sent out with the forms, or posters in the Jobcentre offices. However, given how the forms are currently filled in and the strong word of mouth associated with the Social Fund, it is questionable how much this marketing effort would be acted upon by recipients.

Changes to **eligibility** were also suggested by recipients. There were recipients who wanted to be able to assess their own chances and find out from advisers how likely they were to get the money they were going to ask for without going through the ‘rigmarole’ of applying. There were also mixed views on how amounts should be decided. One view was that there should be very rigid criteria for each application so that people would be treated fairly and so that decisions would not be based on the ‘whim’ of advisers. The opposing view was that each case should be looked at on a unique and individual basis so each person’s needs could be taken into account.

It was also suggested that the criteria for the Social Fund could be expanded to include other items that people regularly need, and that there should be more flexibility with repayment options on the amount to be paid back and length of repayment:
‘Everyone I know who have put in for grants or loans before have never got them for the basics, clothes, shoes, you’ve always got to put in for household goods and so then you’re lying half the time. So I think that could be improved there definitely’.

(Female, 25 – 29, single mother of four, CCG, working, urban)

Given that both BL and CL are loans it was also suggested that people should always get the amount they ask for, as they have to pay it back anyway. Finally, there were recipients who felt that because they were single or without children, they had been unfairly discriminated against when applying for the Social Fund and that the application criteria should be the same regardless of lifestage:

‘It should be equal rights for who should get the money – not just women with kids for example’.

(Male, 50 – 54, living with partner, no children, BL, working, urban)

**Administration.** A number of suggestions related to improving the administration of the loan. It was felt that, despite improvements already, the form could be further simplified and made less repetitive. There were also calls for the whole application process to be speeded up, especially at the decision stage and for there to be less paperwork involved. Another suggestion was that it should be possible to get directly through to a member of staff who would be able to advise on the Social Fund without ‘being passed around staff.’ Finally, it was also suggested that there should be more openness about how decisions whether to award the loan were made and the criteria taken into account.

‘It’s the potential to be a very good system but from my own experiences, there’s probably people out there who have had better experiences than me, but from my own experiences it could be a bit better. A bit better in more organised and on the ball, getting things sorted out, getting payments sorted out. That side of it I felt let down.’

(Female, 25 – 29, lone parent, CL, not working, rural)

As explored in Chapter 5, there was little knowledge about the reviews process and negative reactions to taking up this option. It was therefore felt that the reviews process should be improved with staff offering this more as an option and trying to reduce the negative stigma around appealing.

There was also confusion about the application method, with people suggesting alternatives such as being able to apply face-to-face or over the telephone when in fact they could do so already. This suggests the need for more education about how to apply for the Social Fund.

**Provision for more help and advice.** Finally there were recipients who would have welcomed more help and advice on how to apply for the Social Fund, what to use it for and help with filling out forms. There were also recipients who wanted financial advice and help more generally and did not feel there was anywhere at present they could go to for this information.
**Summary box: Future usage**

- Use of the Social Fund in the future depended on whether the recipient was a award strategist, award three-off, or award one-off. For the award strategists, the Social Fund was another form of credit to be used as and when needed. Award three-offs would only use it again if they had exhausted all other forms of credit. There was a commonly held belief that the Social Fund was something to turn to as a last resort when all other sources of financial help had been exhausted. When award strategists or award three-offs were planning to use the Social Fund in the future, they often were intending to apply for the same type of award.

- Award one-offs stated they would not apply to the Social Fund again because they did not see themselves in an emergency situation again or felt that they had received ‘hostile’ and unfair treatment at the Jobcentre. Furthermore, they felt that applying for the Social Fund was ‘degrading’ and akin to begging for money.

- There were a number of barriers that might stop people from using the Social Fund in the future. These included not liking credit of any form, a feeling that they could not apply while in work, no guarantee of actually receiving the money, a potential fear of rejection, a perception that a Social Fund application can only be made once and that other forms of credit were more appealing and easier to apply for.

- Recipients suggested a number of ways in which the Social Fund could be improved in terms of its administration, marketing and eligibility criteria as well as suggestions of how help and guidance could be improved. These included: sending out information leaflets with forms; putting posters up in Jobcentre Plus offices; simplifying application forms; providing explanations as to how decisions are made; clearer guidance on eligibility for individuals and making more items eligible for an award; providing further advice and guidance on the Fund; and provision of financial advice.
8 Conclusions and implications

The Discretionary Social Fund is an extremely important and highly valued source of financial support for recipients. It had a positive impact on recipients’ life situation, and made a considerable difference to people’s housing condition and living standards. Often the Social Fund was used as a ‘last resort’ and a safety net where the alternatives were to go without, or to find other ways or sources of credit, such as through catalogues or loan organisations, which tended to be high cost.

Although there were recipients who had made a number of applications to the Social Fund, there was limited knowledge and awareness of rules and eligibility criteria for the Social Fund. This resulted in people tending to apply for the same type of loan even if this was not the most appropriate route.

There was confusion about the eligibility rules possibly due to the main source of information being word of mouth. It may be that if publicity is generated by using television, adverts or poster then awareness of the Social Fund, and the eligibility rules, could be raised.

There is also scope for Jobcentre Plus staff to provide more information and help about the Social Fund, both before and after the application. In particular, more information was required on the reasons why applications were rejected or reduced amounts of money were given. Recipients often felt there was little rationale or explanation offered in such situations. There were also instances of where people had applied over the telephone or face-to-face when another method would have been more appropriate.

There was a considerable reluctance to ask for alternative repayment terms or to appeal decisions – reflecting the stigma of applying to the Social Fund in the first place and the risk that appealing may reduce the amount of money paid out. Raising awareness and helping recipients understand how decisions are made may help people to use the Fund more appropriately and result in even more positive perceptions about the Fund. It was also suggested that applicants could be given more information on the likely amount to be awarded before formally making an application.
There were also recipients who did not, or would not, apply to the Social Fund again because of negative perceptions about the environment of local offices, occasionally negative experiences with staff and misunderstanding of the rules. This could mean using alternative, more expensive forms of credit, or on some occasions going without. The continued roll-out of Jobcentre Plus offices should help to address some of these concerns, but there may be scope to provide more training to staff on the some of the barriers that recipients face when applying. Of course, providing more help to recipients should be balanced against the need to prevent people from ‘playing the system’.

Related to this, recipients felt there should be clearer guidelines surrounding decisions as there was felt to be some inconsistency in how people’s applications were treated. For example, one respondent was denied money for a washing machine as it was not deemed ‘vital’, yet there were other examples where money had been given to purchase one. Similarly, there was a perception that the mood of the adviser and how a recipient interacted with them could influence the outcome of the applications.

One of the main attractions of the Budgeting Loan (BL) and Crisis Loan (CL) was that repayments were taken out at source. This took issues about repayment out of recipients’ hands and meant that they did not have to find the extra money each week. This also meant that recipients did not think the Social Fund had any direct link to how money was managed. Although repayments sometimes impacted on the amount people had to spend each week, it did not seem to cause particular problems for recipients. However, there were some requests for more information on repayment options and more flexibility on the amount to be paid back and length of repayment. Generally respondents found repayments affordable and were happy making them. Although exact data was not collected on the repayment as a proportion of respondents’ incomes we would suggest respondents tended not to pay back the standard of around 20% of their income, most were paying less than ten per cent and this may be why respondents were not complaining about the amount they had to repay.

In recipients’ opinions, there were virtually no links made between returning to work and the Social Fund. This was mainly related to how the Social Fund was seen – it was simply to provide for emergency situations or for items that were needed to improve people’s living situation. There were also felt to be a range of other benefits, schemes and credits that were more appropriate for the transition into work. Of course, once this idea was suggested to recipients, they did not see why the Social Fund could not be used to get back into work. Should the Department wish to make more links between the Social Fund and work, it would require a shift in messages about the Fund and how it is targeted at recipients.
It was apparent that there were recipients who were not especially good at managing their finances. Indeed those that were using the Fund more regularly were often poor at managing their own finances. There may be scope for staff to offer financial advice about managing finances as there seems to be few other sources of information for recipients. This advice could be offered separately or, if staff are offering more advice about the Social Fund anyway, at the time when an application is made.
Appendix A
Respondent letter
May 2004

Dear «F_TIT» «F_SURN»

The Social Fund and Managing your Money

I am writing to you to ask for your help with an important study.

As you may know, some people can apply for money to pay for one-off items or events, such as buying furniture or moving house, from the Social Fund. The Social Fund is administered by the Department for Work and Pensions (DWP). The DWP would like to find out what people like you think about the Social Fund and how, if at all, it has helped you. For this reason, the DWP has commissioned MORI to carry out a survey on their behalf. We would, therefore, like to talk to you about your views and experiences.

MORI is completely independent of government and political parties. Your name has been chosen at random from DWP records and your participation in this research will be strictly confidential. No-one, including the DWP, will be able to identify you from the research, and nothing you say will affect any current or future dealings you may have with the DWP or any other government department. Importantly, the information you provide will not affect the benefits or government loans or grants you receive, either now or in the future.

Someone from MORI may call you in the next few weeks to make an appointment for one of our researchers to come and talk to you, at a time that suits you. The interview should take about an hour and will take place in your own home. All our researchers will carry a MORI identification card and everyone who we interview will receive £25 as a thank you for taking part. If you have not received a call from us by the end of June, this simply means that we have already got enough volunteers to take part and we will, therefore, not be calling on you again.

To take part in the survey please fill in your telephone number, name, correct address and any specific requirements to enable you to take part on the enclosed postcard (no stamp needed). Alternatively, please do not hesitate to contact Kathryn Middleton on 0800 783 3200, if you have any queries about the survey.
I do hope that you feel able to take part in this important piece of research. However if you do not want to take part, please contact Kathryn Middleton at MORI (on 0800 783 3200), giving the reference number in the top right hand corner of this letter, and your name will be taken off the list of people that MORI will contact. Alternatively, you can tell the recruiter when he or she contacts you.

Many thanks and best wishes

Caroline Webb
MORI Project Manager
Market & Opinion Research International
77-81 Borough Road, London, SE1 1DN Tel: +44 (0) 20 7347 3000
Fax: +44 (0) 20 7347 3800
E-mail: mori@mori.com Web site: www.mori.com
Registered Office: 32 Old Queen Street SE1H 9HP Registered in England and Wales registration number 948470
Appendix B
FREEPOST post card

The Social Fund and Managing your Money

My name is: ______________________

My correct telephone number is:

My correct address is:

Area Code: ____________ Telephone Number: ____________

Postcode: ____________

Any special requirements:

________________________________________________________________________

________________________________________________________________________
Appendix C
Topic guide
The Impact of the Discretionary Social Fund

**Topic Guide: Final (24/5/04)**

**Core objectives**

- Understand the **different criteria/rationale** recipients use when applying for the Social Fund – and how this affects their expectations in terms of outcomes, e.g.:
  - are expectations different in different areas?
  - are there socio-demographic reasons for different expectations, such as age, gender or family composition?

- Ground and prioritise these expectations in terms of the **real impact** of the Fund for recipients, including its impact on:
  - budgeting and financial management
  - attitudes and behaviour
  - job search activity

- Ultimately, to enable the Department of Work and Pensions to explore the extent to which an award from the discretionary Social Fund affects working-age recipients’ **attitudes and behaviour** in terms of financial management and work

**Outline of the research programme**

- 1 hour face-to-face in home interviews
- 60 interviews happening in total
- Interviews to take place with recipients of Social Fund awards made between October 2002 and September 2003
- Quota information
<table>
<thead>
<tr>
<th>Minimum number of interviews required</th>
<th>Location</th>
<th>Quotas</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tower Hamlets E1, E3</td>
<td>As many interviews as possible split between working and not working and a spread of loan types where possible (Execs can travel from the office to the area in around half an hour).</td>
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<tr>
<td>3</td>
<td>Liverpool L4, L6</td>
<td>Minimum of 3 interviews per day, if interviews carry over into a second day these days need to be consecutive. Interviews must be split between those working and not working and spread between all three types of loans where possible (Interviewers will probably be travelling to the area the night before and staying overnight).</td>
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<tr>
<td>3</td>
<td>Cardiff CF5</td>
<td>Minimum of 3 interviews per day, if interviews carry over into a second day these days need to be consecutive. Interviews must be split between those working and not working and spread between all three types of loans where possible. (Interviewers will probably be travelling to the area the night before and staying overnight).</td>
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<tr>
<td>3</td>
<td>Edinburgh EH16, EH17</td>
<td>Minimum of 3 interviews per day, if interviews carry over into a second day these days need to be consecutive. Interviews must be split between those working and not working and spread between all three types of loans where possible. (Interviewers will probably be travelling to the area the night before and staying overnight).</td>
</tr>
<tr>
<td>3</td>
<td>Whitehaven CA28, CA14</td>
<td>Minimum of 3 interviews per day, if interviews carry over into a second day these days need to be consecutive. Interviews must be split between those working and not working and spread between all three types of loans where possible. (Interviewers will probably be travelling to the area the night before and staying overnight).</td>
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<tr>
<td>3</td>
<td>North Norfolk NR12</td>
<td>Minimum of 3 interviews per day, if interviews carry over into a second day these days need to be consecutive. Interviews must be split between those working and not working and spread between all three types of loans where possible. (Interviewers will probably be travelling to the area the night before and staying overnight).</td>
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<tr>
<td>Interview sections</td>
<td>Notes</td>
<td>Approx timing</td>
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<tr>
<td>--------------------------------------------------------</td>
<td>-----------------------------------------</td>
<td>---------------</td>
</tr>
<tr>
<td>1. Introductions</td>
<td>Sets the scene</td>
<td>5 mins</td>
</tr>
<tr>
<td>2. Budgeting and financial management</td>
<td>Grounds the discussion and explores some of the general issues/concerns</td>
<td>10 mins</td>
</tr>
<tr>
<td>3. Awareness and understanding of the Social Fund</td>
<td>Spontaneous recollections of the SF processes</td>
<td>10 mins</td>
</tr>
<tr>
<td>4. Experience of the discretionary Social Fund</td>
<td>Builds up detailed individual case studies (along with administrative data)</td>
<td>15 mins</td>
</tr>
<tr>
<td>5. Impact of the discretionary Social Fund</td>
<td>Looking at both future usage and general attitudes towards financial management</td>
<td>10 mins</td>
</tr>
<tr>
<td>6. Job search activity and work incentives</td>
<td>Looks at role of SF in better off calculations and impact of SF on work incentives</td>
<td>10 mins</td>
</tr>
<tr>
<td>7. Conclusion and key message</td>
<td>Summary and key messages</td>
<td>5 mins</td>
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<table>
<thead>
<tr>
<th>Key Questions</th>
<th>Notes</th>
<th>Approx timing</th>
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<tbody>
<tr>
<td>1. Introductions</td>
<td></td>
<td>5 minutes</td>
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<tr>
<td>1.1 Scene-setting:</td>
<td>Welcome: orientates interviewee, gets them prepared to take part in the interview</td>
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<tr>
<td>• Thank interviewee for taking part</td>
<td></td>
<td></td>
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<tr>
<td>• Introduce self, MORI, client and explain the aim of the interview</td>
<td>Outlines the ‘rules’ of the interview (including those we are required to tell them about under MRS and Data Protection Act guidelines)</td>
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<tr>
<td>• Role of MORI – research organisation, gather all opinions: all opinions valid, disagreements OK</td>
<td>No detail about specifics (e.g. the discretionary Social Fund) at this stage. This ensures that spontaneity is retained for initial discussions and that the interviewee is not over-whelmed with information</td>
<td></td>
</tr>
<tr>
<td>• Confidentiality: reassure all responses anonymous and that information about individual cases will not be passed on to any third party (eg JobCentre Plus)</td>
<td>Welcome: orientates interviewee, gets them prepared to take part in the interview</td>
<td></td>
</tr>
<tr>
<td>• Get permission to tape record – transcribe for quotes, no detailed attribution. Camera (if relevant)</td>
<td>No detail about specifics (e.g. the discretionary Social Fund) at this stage. This ensures that spontaneity is retained for initial discussions and that the interviewee is not over-whelmed with information</td>
<td></td>
</tr>
<tr>
<td>1.2 Introduction:</td>
<td>Introduction: provides contextual background information about the interviewee (which can then be used in the analysis)</td>
<td></td>
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<tr>
<td>• First name</td>
<td>Interviewer note: if respondent is working less than 16 hours per week they can claim IS/JSA(IB) (IB) and then CCGs and BLs if they’ve been on benefit for at least 26 weeks. If they’re working 16 hours or more they can’t claim IS/JSA(IB) (IB), CCGs or BLs.</td>
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<tr>
<td>• Where you live? Who with? (household details)</td>
<td></td>
<td></td>
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<tr>
<td>• How long have you lived there?</td>
<td></td>
<td></td>
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<tr>
<td>• What do you do? (employment status)</td>
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<td></td>
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<tr>
<td>If employed, ask how many hours they work each week (on average) and how long they’ve been working these hours</td>
<td>Welcome: orientates interviewee, gets them prepared to take part in the interview</td>
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<tr>
<th>Key Questions</th>
<th>Notes</th>
<th>Approx timing</th>
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<tbody>
<tr>
<td><strong>2. Budgeting and financial management</strong></td>
<td>The interview starts with a general discussion about financial management and budgeting. This allows interviewees to ground the discussion in their day-to-day lives and is important to build trust between interviewee and interviewer. It also allows the interviewer to access some of the general financial issues and areas of concern for the interviewee, which is important when evaluating the relative importance of the discretionary Social Fund money to the interviewee.</td>
<td>10 minutes</td>
</tr>
<tr>
<td><strong>2.1 Income and outgoings</strong></td>
<td><strong>(Use income/outgoings sheet if needed)</strong></td>
<td></td>
</tr>
<tr>
<td>We’d like to look at a typical month in your life, and see how much money you have coming into your home and how much you spend. <em>Reassure interviewee that it doesn’t need to be completely accurate. Ask for specific examples where possible. Make sure you ascertain which benefits they are receiving</em>**</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2.2 Managing money</strong></td>
<td>How do you normally manage your money? Some respondents might find it difficult to talk about budgeting in an abstract fashion. Because of this, this section is structured around the use of an interactive ‘income/outgoings’ sheet.</td>
<td></td>
</tr>
<tr>
<td><strong>2.3 Forms of credit</strong></td>
<td>The forms of credit section will show the importance of the discretionary Social Fund in comparison to other loans and credit. <em>Interviewer note: the ‘forms of credit’ questions may be covered spontaneously in the ‘managing money’ section</em></td>
<td></td>
</tr>
<tr>
<td>What do you do if you suddenly have to spend money that you haven’t planned for (e.g. your cooker blows up)?</td>
<td></td>
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<tr>
<td>Are there any items that you currently need but cannot afford? Talk through an example of when each of these have happened (if relevant) and what they did/plan to do What loans or types of credit could you get? Do you have any of these at the moment? Have you had any in the past? Are you planning on having any in the future? <em>Explore</em> - General attitudes towards credit and debt: motivational and emotional attitudes - Rationale for selecting these sources - Were the credit/loan repayments affordable? - Are there any areas where they have had to cut back on spending in order to make repayments? Examples where possible - Impact of these repayments on personal situation</td>
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Continued
3. Awareness and understanding of the Social Fund

Moderator: ‘I now want to look in detail at one particular form of financial help called the discretionary Social Fund. This provides help to people on low incomes with one-off items of expenditure’

3.1 Awareness and sources of information

Have you heard of the Social Fund before? Explore:
- Where did they hear about it
- Recall of any information or publicity
- Sources of advice/influencers

3.2 Understanding of the Social Fund

Can you talk me through how the Social Fund process works, in general? Prompt where necessary:
- Different types of payments and what they can be used for
- Eligibility criteria
- Value of the awards – and what influences this
- Review procedures

4. Experience of the Discretionary Social Fund

Moderator: ‘I’d now like to look in detail at the (last) time you applied for the Social Fund’

Why did you apply to the Social Fund as opposed to alternative sources of credit? Explore:
- Personal circumstances that led to their application
- What need were they trying to address?
- Unplanned need or part of general household budget planning

What was the application process like? Explore:
- Easy or difficult?
- Method used (eg telephone, in person etc)
- Helpfulness of the staff
- Understanding of why decisions were made (eg full award, partial award, refusal)
- Were they given a choice of loans and repayments? If so, how did you decide which one to choose?
- Experience of reviews process

Interviewer note: The discussion is to be focused on the discretionary Social Fund only e.g. CCGs, BLs and CLs NOT in Sure Start Maternity Grants or Funeral Payments, or Cold Weather/Winter Fuel Payments

The interview, along with detailed administrative data where possible, will build up detailed case-studies. These will be used to exemplify the findings of this project.

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<table>
<thead>
<tr>
<th>Key Questions</th>
<th>Notes</th>
<th>Approx timing</th>
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<tbody>
<tr>
<td>Have you made more than one application to the Social Fund?</td>
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<tr>
<td><em>Explore</em></td>
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<tr>
<td>1. <em>Reasons behind multiple applications</em></td>
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<tr>
<td>2. <em>Have they developed a strategy towards applications?</em></td>
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<tr>
<td>Were you happy with your experience of the Social Fund?</td>
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<td><em>Explore</em>:</td>
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<tr>
<td>3. <em>Did it meet the need that they were trying to address?</em></td>
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<td>(If not: what did they do instead? eg different sources of credit, went without etc)</td>
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<tr>
<td>4. <em>Did you have to cut back on your expenditure to meet the loan repayments? How did you do this?</em></td>
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<td>5. <em>How could it have been improved?</em></td>
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<tr>
<td>6. <em>What impact have/has Social Fund award/s had for you/your personal situation?</em></td>
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<td>7. <em>Difficulties making repayments, if any</em></td>
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<tr>
<td>5. Impact of the discretionary Social Fund</td>
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<td>10 minutes</td>
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<tr>
<td>5.1 Future usage</td>
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<tr>
<td>Would you be likely to use the Social Fund again?</td>
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<td><em>If yes:</em></td>
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<tr>
<td><em>Interviewer note:</em> please probe on this in terms of short and long term impacts* and in terms of changing attitudes*</td>
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<tr>
<td>Would you do anything differently next time?</td>
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<tr>
<td>Why?</td>
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<tr>
<td><em>Explore</em>:</td>
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</tr>
<tr>
<td>1. <em>Apply differently:</em> for a different type of payment, a different time of year or for a different specified need?*</td>
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<tr>
<td>2. <em>Advice process:</em> take more advice/guidance?</td>
<td></td>
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<tr>
<td>From whom?</td>
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<tr>
<td>3. <em>Review process:</em> more/less likely to challenge the decision or amount of the award?*</td>
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<tr>
<td><em>If no:</em></td>
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<tr>
<td>Explore:</td>
<td></td>
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</tr>
<tr>
<td>1. <em>Is the need still there?</em></td>
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<tr>
<td>2. <em>Different ways of accessing money:</em> different forms of credit/debt?</td>
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<tr>
<td>Which ones? Why preferable to SF?</td>
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<table>
<thead>
<tr>
<th>Key Questions</th>
<th>Notes</th>
<th>Approx timing</th>
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<tbody>
<tr>
<td><strong>5.2 Attitudes towards financial management</strong></td>
<td>Are you more or less likely to use alternative sources of credit or loans than the Social Fund, after your experiences with it? Why/why not? If more likely: which sources more likely to use?</td>
<td></td>
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<tr>
<td>Explore:</td>
<td>• How far is this dependent on different types of need?</td>
<td></td>
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<tr>
<td></td>
<td>• How far is it a result of individual previous experience?</td>
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<tr>
<td>Did your award from the Social Fund affect how you manage your money?</td>
<td>Explore (returning to first section if necessary):</td>
<td></td>
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<tr>
<td></td>
<td>• In what way? Better or worse? Why?</td>
<td></td>
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<tr>
<td></td>
<td>• Do/would they build Social Fund awards into their budget planning? Why/not?</td>
<td></td>
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<tr>
<td><strong>6. Job search activity and work incentives</strong></td>
<td>Moderator: ‘Finally, I’d like to look at whether you think there are any links between the Social Fund and work’</td>
<td>10 minutes</td>
</tr>
<tr>
<td>If currently unemployed:</td>
<td>Are you currently looking for work?</td>
<td></td>
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<tr>
<td>Explore:</td>
<td>• Short/medium/long term? What type of work?</td>
<td></td>
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<tr>
<td>What factors are important when deciding whether to work and/or the type of work you are looking for?</td>
<td>Explore:</td>
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<tr>
<td></td>
<td>• Perceived employability and skills levels</td>
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<tr>
<td></td>
<td>• Availability of suitable work</td>
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<td></td>
<td>• Family responsibilities</td>
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<td></td>
<td>• Financial considerations</td>
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<tr>
<td>How, if at all, do you calculate whether you will be ‘better off’ in work?</td>
<td>Explore:</td>
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<tr>
<td></td>
<td>• Is there a minimum salary/wage they think they need to earn in order to be ‘better off’?</td>
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<td></td>
<td>• To what extent Social Fund access or loan repayments are taken into account</td>
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<tr>
<td>‘If currently employed’: this section looks at whether people are concerned about the impact of paying back Social Fund debt once they start working (and consequently lose some current benefits)</td>
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<thead>
<tr>
<th>Key Questions</th>
<th>Notes</th>
<th>Approx timing</th>
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<tr>
<td><strong>If UNEMPLOYED when they applied for the Social Fund and now working (part or full-time):</strong></td>
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<tr>
<td>Refer back to beginning of interview to check whether they are working 16 hours or less per week</td>
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<tr>
<td>What factors influenced your decision to work and/or the type of work you do?</td>
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<tr>
<td>Explore:</td>
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<td></td>
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<tr>
<td>• Perceived employability and skills levels</td>
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<tr>
<td>• Financial considerations</td>
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<tr>
<td>How long have you been doing your current job?</td>
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<tr>
<td>How, if at all, did you calculate whether you would be ‘better off’ in work?</td>
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<tr>
<td>Explore:</td>
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<tr>
<td>• Is there a minimum salary/wage they think they need to earn in order to be ‘better off’?</td>
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<tr>
<td>• To what extent Social Fund access or loan repayments are taken into account</td>
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<tr>
<td>• Have they had to access credit since starting work? Why/what for? Where did they go? What was the outcome?</td>
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<tr>
<td><strong>If received Crisis Loan or Budgeting Loan most recently:</strong></td>
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<tr>
<td>Were you repaying your Social Fund loan before you started work?</td>
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<tr>
<td>Explore:</td>
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<tr>
<td>• Have they continued to repay their Social Fund repayments since starting work?</td>
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<tr>
<td>• Why/not? Look at reasons in context of priority of debts and commitments – are they paying any other debts off but not Social Fund? Why is that?</td>
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<tr>
<td><strong>If yes:</strong></td>
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<tr>
<td>Did starting work have any impact on your ability to repay the Social Fund loan?</td>
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<tr>
<td>Talk through an example of this if it happened</td>
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<td><strong>If no:</strong></td>
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<tr>
<td>Has your Social Fund debt had any impact on the type of work you do or the hours that you work?</td>
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<tr>
<td><strong>If EMPLOYED when they applied for the Social Fund and now working (part or full time):</strong></td>
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<tr>
<td>Refer back to beginning of interview to check whether they are working 16 hours or less per week</td>
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<td>Key Questions</td>
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<tr>
<td>How long have you been doing your current job?</td>
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<td>Are you repaying your Social Fund loan at the moment?</td>
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<tr>
<td>Explore:</td>
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<tr>
<td>· Why/not? Look at reasons in context of priority of debts and commitments – are they paying any other debts off but not Social Fund? Why is that?</td>
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<td>If no:</td>
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<tr>
<td>Has your Social Fund debt had any impact on the type of work you do or the hours that you work?</td>
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<tr>
<td>7. Conclusion and key message</td>
<td></td>
<td>5 minutes</td>
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<tr>
<td>Finally, just to conclude, can you summarise for me what you think about the Social Fund as a whole?</td>
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<tr>
<td>Prompt where necessary:</td>
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<tr>
<td>· Is it a useful/helpful source of credit?</td>
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<td>· Is it a first call or last resort?</td>
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<td>· Can it be factored into budget calculations?</td>
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<tr>
<td>Is there any key message you would like us to feedback to DWP?</td>
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<tr>
<td>Thank interviewee, explain the next steps (eg what DWP will do with the findings) and close</td>
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Appendix D
Incoming and outgoing sheet
Income and outgoings sheet for the Social Fund and managing your money

ID number:

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<tr>
<th>Weekly</th>
<th>Fortnightly</th>
<th>Monthly</th>
<th>Description</th>
<th>£</th>
<th>Weekly</th>
<th>Fortnightly</th>
<th>Monthly</th>
<th>Description</th>
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Total £

Total £
References


