

Department for Work and Pensions

Research Report No 625

The Social Fund: Customer experiences and perspectives: Qualitative research with Jobcentre Plus customers

Ashfa Slater

A report of research carried out by ECOTEC on behalf of the Department for Work and Pensions

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Abbreviations

BL	Budgeting Loan
CAB	Citizens Advice Bureau
CCG	Community Care Grant
CL	Crisis Loan
DWP	The Department for Work and Pensions
HP	Hire Purchase
IB/ESA	Incapacity Benefit/Employment and Support Allowance
IS	Income Support
JSA	Jobseeker's Allowance
SF	Social Fund

Summary

The Department for Work and Pensions commissioned ECOTEC to undertake qualitative research to understand more about Jobcentre Plus customers' experiences of the Social Fund, particularly the discretionary elements. The research also sought customer views on alternative ways in which the discretionary Social Fund could be administered.

The research included a mixed method approach and incorporated data from 100 Jobcentre Plus customers; 50 from depth interviews and 50 from focus group participants.

Interviewees were recruited on-the-spot in Jobcentre Plus offices with interviews taking place immediately in a private area. Focus group participants were recruited up to one week in advance from Jobcentre Plus offices to attend a focus group in a community venue.

When reviewing the key findings it is important to note that the need to use these recruitment methods resulted in a higher proportion of Jobseeker's Allowance claimants within the sample and more Crisis Loan users than any other element of the Social Fund. Consideration should also be given to the fact that participants were often anxious and pre-occupied with their money concerns and perhaps more so than they would have been had they been randomly selected from a dataset three to six months later. When reviewing the findings, it is important to remember that individual perceptions of the service and the application process may have affected their immediate situation.

This summary sets out the main findings from Jobcentre Plus customers who participated in the study.

Jobcentre Plus customers' understanding and experience of the Social Fund

Customer knowledge of the Social Fund

- Knowledge of the Social Fund was varied; some customers were very familiar with the Social Fund and system while others lacked awareness of either.

- The variety of payments available from the Social Fund can cause confusion and can lead customers to make applications to the wrong discretionary element of the Social Fund.
- Previous applications to the Social Fund could help to build customer knowledge of the process as a whole or for specific elements.

Customers' information sources on the Social Fund

- Customers' perceptions were that Jobcentre Plus staff were generally not as forthcoming as they would have wished about informing customers about the Social Fund as an additional source of financial assistance.
- Customers commonly cited friends and family as their main source of information about the Social Fund. Using these informal information sources sometimes led to confusion about the purpose of the Fund and what customers could apply for.

Applications to the Social Fund

- Customers interviewed had typically applied for Crisis Loans and Budgeting Loans for: household bills/food/clothing; emergency/unforeseen circumstances; need to move home/being new to area and benefit delays/benefit realignment.
- Customers who had applied for a Community Care Grant were typically homeless or were setting up home in the community after having an unsettled way of life.
- Strategies for how much to apply for included: obtaining quotes/actual costs; awareness of their living costs; applying for more than was needed to allow for any reduction or to save having to reapply; and applying for the perceived maximum amount available.
- There were customers who had erroneous perceptions that Jobcentre Plus were more generous with applications submitted at the end of the month or beginning/end of the financial year so they could 'get rid' of their budget allowance.
- There was customer acknowledgement that the current system was open to abuse or misuse by some applicants.
- Customers who had never used the Social Fund sourced money from friends/family; other loan services; savings; charities or they simply went without.

Application outcomes

- Application outcomes varied from refusal to partial awards to full awards. Some applicants said that Jobcentre Plus told them how much they needed based on their own criteria or calculations they had made.

- Where applications for grants/loans were partially met/refused, customers' subsequent actions included: becoming homeless/lodging with friends or family; prioritising needs e.g. carpeting selected rooms; going without personally, especially to look after dependents; buying second-hand goods; stealing; accepting cast-offs; selling personal items; and use of credit cards.
- Typically, customers with experience of the Social Fund were aware of the review process, although no-one in the research had asked for a review.

Loan repayments/customer attitudes to debt and borrowing

- Automatic deduction from benefit to repay loans taken was popular with customers who took comfort in the security of knowing that the responsibility of proactively having to repay debts was taken away from them, and the debt was being reduced instead of growing.
- All customers, regardless of their Social Fund experience were wary of borrowing that incurred interest, although customers were divided on whether to take loans at all given their low income levels.
- Attitudes to borrowing and interest were shaped from a range of sources including: family upbringing and parental direction in budgeting/money management; reflection on family/friends' negative experiences with debt. Other customers accepted borrowing as part of their normal daily lives and how they afforded to live.
- Influences of religion/ethnicity and age on decisions about whether to apply to the Social Fund for a grant or loan were not clearly distinct.

Jobcentre Plus customers' views on alternative ways in which the discretionary Social Fund could be administered

Access to the Social Fund

- Customers typically believed that there should be universal access to the Social Fund, with no difference in loan amounts available to individual customers on the basis of benefit income.
- Customers consistently believed that there should be higher loan amounts available to families.
- Customers commonly believed that paying one loan back before being eligible to receive another was not plausible due to unforeseen circumstances resulting in a need for additional finances, particularly through Crisis Loans.

Application processes

- Customers preferred the idea of a telephone process over internet based applications.

- Telephone processes were regarded as an established form of submitting applications and customers were generally content with form filling over the phone.
- Customers' main issues with telephones were about being able to get through.

Third party delivery of Social Fund services

- Customers' views were mixed about third party delivery of some loan elements, with concerns raised about the efficiency of an external service. Supporters believed an external organisation would be impartial and fair in their opinions of individual cases.
- Customers supporting the retention of the service with Jobcentre Plus primarily wanted to maintain the familiarity with the organisation, staff and systems, and were unsure about the data security of using an external agency.

Interview attendance/referrals/conditionality

- Customers generally supported attendance at interview for all Social Fund applications and believed it would ensure that requests were genuine.
- Interviews for repeat applicants, signposting to other support services and conditionality were also popular concepts, as customers believed assistance, support, and regulation should be in place for those customers with evident need.

Provision of goods instead of cash

- Research participants commonly bought second-hand furniture and white goods. They consistently stated that they would not buy second-hand mattresses/beds and, frequently, sofas, which customers suspected some people use as beds.
- Customers were typically in agreement with the concept of the direct provision of reduced priced new goods instead of cash through the Social Fund as long as they retained an element of choice.
- Customers accepted the principle of the direct provision of second-hand furniture and white goods instead of cash through the Social Fund on the basis that, if someone was in need then they should accept second-hand if that was what was on offer.
- Customers' main conditions were that any electrical goods were accompanied by a guarantee and there remained an element of customer choice.
- Customers saw little value in second-hand brown goods¹ as technological advances mean they soon become outdated.

¹ Relatively light electronic consumer durables such as TVs, radios, CD/DVD players, computers.

Financial Inclusion

Customers views on debt, budgeting and money advice services

- Customers were primarily concerned about money and budgeting in general (affording rent payments, utility bills and food) and debt worries were second to this as they accepted that they may fall into debt as a result of lack of funds.
- Customers were asked about their use of money advice services (financial, budgeting and debt advice) as three separate services. There was mixed use of money advice services in general which was dependent on customers' personal situations.
- Reasons for choosing particular advice providers included: word of mouth; familiarity with banks and existing banking facilities; family connections; previous experience with the Citizens Advice Bureau; referrals from other services.
- Customer views on the usefulness of advice received varied, depending on customers' personal experiences.
- On the timing of money advice, customers thought there should be a dual focus on the prevention of debt and support for those in debt.
- Customers were generally positive about the suggestion of money advice to all Social Fund applicants at the point of application to help people get the most out of the money awarded.
- There was some concern, however, that efficient budget management is only partially possible and in cases where small sums of money were awarded to Social Fund applicants, efficient budgeting would remain implausible.
- There was little agreement on which organisation should provide the money advice, with support expressed for both Jobcentre Plus and external providers – Citizens Advice Bureau in particular.
- Customers typically considered face-to-face delivery as the best method for providing money advice. Reasons included the ability to spend adequate time on the issues raised, and to support communication for customers whose first language was not English.
- Leaflets were regarded as supplementary to other forms of advice and guidance delivery, but insufficient and inadequate as the sole means of providing the service, and not suitable for those with basic skills or for those whose first language was not English.

1 Introduction

1.1 Introduction and context to the research

The Social Fund was set up under the 1986 Social Security Act as part of a wider package of reforms to the social security system and each year it provides valuable support to millions of people on a low income at times of pressure or crisis.

The Social Fund provides interest free loans, grants and payments through:

- a regulated scheme which consists of: Cold Weather Payments, Winter Fuel Payments, Funeral Payments and Sure Start Maternity Grants; and
- a cash limited discretionary scheme which consists of: Budgeting Loans, Crisis Loans and Community Care Grants.

Some elements of the Social Fund are well received and operate effectively. For instance:

- Social Fund loans are interest-free which means that Social Fund customers have the reassurance of support, but are safe in the knowledge that taking out a loan will not incur any extra charges;
- decisions on loans are, on average, made quickly so that support is available at the time of need. In 2008-09, the average actual clearance time for a Budgeting Loan was 5.1 days and for Crisis Loans 1.8 days²; and
- loans are easily recoverable because repayment is automatically taken from recipients benefits in the majority of cases, so those in receipt of loans avoid any penalties for non-payment which they might incur from other loan providers.

Despite these positive aspects, the Social Fund has a number of limitations, some of which were highlighted in the response to the informal Social Fund consultation in February 2009³:

² DWP Social Fund Annual Report 2008/09.

³ The Social Fund: A new approach, response document. February 2009.

- qualifying arrangements can be confusing, with different eligibility criteria for Crisis Loans, where a claim to benefit is not a prerequisite; Budgeting Loans, which are available once someone has been on a qualifying benefit for six months, and Community Care Grants, which are available from the start of a benefit claim. As such, people sometimes apply for the element they consider will provide support most quickly, rather than that which is most appropriate.
- the rules and processes for receiving an award can be confusing. Customers do not always know whether they are eligible and what they should apply for. This is mirrored by the award amounts where the lack of a guarantee of how much will be available to a customer means that they cannot use the Social Fund as an effective budgeting tool.
- it is a passive scheme that does little to encourage people with poor personal financial management skills to manage their budget more effectively, understand their reasons for taking out a loan, or link them up with wider support services that may help them become more financially capable.
- rather than reducing their need for a further loan in the future, for many people the Social Fund can become a way of life. In 2008-09, around 45 per cent of Crisis Loans were awarded to people receiving four or more such awards in that year⁴.
- customers can be uncertain about their current Social Fund debt and borrowing capability and may feel it is difficult for them to access information about their overall debt to the Social Fund (or to wider government debt) unlike a mainstream bank account statement or internet banking facility – making it harder for them to take personal responsibility for their debt, and action to repay it.
- In addition, the economic downturn has resulted in an increased demand on the Social Fund – there were 305,000 applications for Crisis Loans in Great Britain in March 2009, compared to 184,000 for the same month a year earlier⁵. In recognition of this, in his 2009 Budget, the Chancellor of the Exchequer allocated additional funding of £263 million net in total for the loans scheme in 2009-10 and 2010-11. He also announced that we would invest an extra £18.75 million in the Growth Fund over the next two years. This will support third sector lenders such as Credit Unions to make more loans available to those people on low incomes, tax credits and other benefits who cannot get mainstream credit.

⁴ Source: Analysis of a scan of Crisis Loan decisions held on the Social Fund Computer System.

⁵ Source: DWP Social Fund Policy, Budget and Management Information System.

1.2 Research aims and key research questions

The Department for Work and Pensions (DWP) commissioned ECOTEC to undertake qualitative research with Jobcentre Plus customers to understand more about their experiences of the Social Fund. Feedback was also sought from research participants on different ways in which the discretionary elements of the Social Fund could be administered.

The key research questions were divided into four main themes:

- Social Fund discretionary loans and grants;
- financial inclusion;
- conditionality;
- working in partnership and developing links.

The specific research questions for each theme are detailed in the sections below.

1.2.1 Social Fund discretionary loans and grants.

The research questions were:

- What do customers think about being offered an advance of their benefit instead of applying for a Crisis Loan?
- What are customers' experiences of using the Social Fund? Do customers factor borrowing from the Social Fund into their financial planning? How do customers define a crisis situation?
- Would Budgeting Loan customers be interested in receiving goods rather than cash if the goods were significantly discounted and they could therefore borrow less?
- Would Social Fund Community Care Grant customers be interested in receiving recycled goods?
- How would customers react to applying for the Social Fund via the Internet?
- Do customers understand the application process for the Social Fund – in particular which part it is most appropriate for them to apply for?
- How do Social Fund applicants use different award types e.g. Budgeting Loans, Crisis Loans and Community Care Grants, and how does their use of these differ according to the award type and amount?
- What drives people to request different amounts; is it for example related to a specific need for items, and an awareness of how much they will cost, or is it related to other factors such as how much they think they are likely to get?
- What impact would it have if Budgeting Loan amounts were reduced? This is about 'what would you do if the loan amount available was insufficient to meet your needs? Would you go without? Save up? Borrow? Where would you borrow from? Would you purchase second-hand or recycled goods?'

- what impact would it have if Budgeting Loan amounts for families were reduced?
- what would the effect be of moving to different application processes? For example does moving to a telephone application process increase claims?

1.2.2 Financial Inclusion

The research questions were:

- Have customers had financial or budgeting advice? How did they find where to go for it, was it useful and at what point would this advice be most useful?
- What financial advice would customers like at the point of applying for a Social Fund loan and how would customers like this advice delivered (telephone, face-to-face, Internet, leaflets)?
- What barriers do Social Fund customers face in opening up bank accounts and what could be done to help overcome these barriers?
- Are there particular budgeting issues affecting ethnic groups such as the Muslim population?
- Are there particular issues affecting pensioners (who do not make as much use of the discretionary Social Fund as other groups)?
- Do customers who do not borrow from the Social Fund borrow from elsewhere? If so, where, and why do they not use the Social Fund?
- Are customers worried about the amount of debt that they have?

1.2.3 Conditionality

The research questions were:

- How would customers react if conditionality was introduced into the Social Fund process?
- How much influence does the application process have in a person's decision to apply/pursue an application for a Social Fund award?

1.2.4 Working in partnership and developing links

The research questions were:

- Are customers aware of their local Credit Union?
- Did customers approach anyone else for help prior to applying for the Social Fund (local authority, charity, bank etc)?

1.2.5 General research questions

The specifically themed questions were designed to respond to the following general research questions:

If changes were made to the discretionary Social Fund scheme, what would people value most in a revised scheme?:

- higher loan amounts;
- easier application process;
- speed of assessment;
- greater transparency and certainty about what a person might be entitled to;
- more guidance about financial matters.

1.3 Report structure

The remainder of the report is structured as follows:

- Chapter 2 describes the research methodology including recruitment and primary research methods used;
- Chapter 3 provides an overview of customers' understanding and experience of the Social Fund;
- Chapter 4 outlines Jobcentre Plus customers' views on a range of different ways in which the discretionary elements of the Social Fund could be revised;
- Chapter 5 summarises customers' experience of money advice and Credit Unions; and
- Chapter 6 presents the conclusions.

2 Research methodology

2.1 Methodology: overview of research methods used

The primary research was conducted over a three week period in April and May 2009. It comprised five focus groups and interviews with Jobcentre Plus customers from three Jobcentre Plus offices in East Anglia, the North West and the Midlands, that were deemed to be 'Social Fund hotspots'. We held two focus groups in the North West and the Midlands and one in East Anglia. This mixed method approach provided data from 100 Jobcentre Plus customers; 50 from depth interviews and 50 from focus group participants.

2.2 Recruitment methods

The study had a target customer profile that included:

- customers potentially eligible for the Social Fund but who have not accessed its services;
- customers who have recently accessed the Social Fund;
- a range of Jobseeker's Allowance (JSA), Income Support (IS) and Incapacity Benefit/Employment and Support Allowance (IB/ESA) recipients;
- a range of gender, age groups, ethnicities and marital statuses.

Interviewees were recruited on-the-spot in Jobcentre Plus offices with interviews taking place immediately in a private area. Focus group participants were recruited up to one week in advance from Jobcentre Plus offices to attend a focus group in a community venue. A sample framework was used to guide recruitment and record the profile of customers recruited, rather than to provide exact recruitment quotas.

When finalising the methods of approach and designing the recruitment sample framework, the team were aware that on-the-spot recruitment would result in a disproportionate distribution of customers across the different variables. This is because the number of Jobseeker's Allowance customers using Jobcentres is higher than other benefit recipients such as Employment and Support Allowance/ Incapacity Benefit and Income Support.

2.3 Achieved sample and data considerations

Researchers recruited within three Jobcentre Plus offices that were deemed to be Social Fund 'hotspots'. The achieved sample profile included customers claiming a range of benefits for varying lengths of time. It also included customers who had experience of the Social Fund, predominantly with discretionary elements, e.g. Crisis Loans, Budgeting Loans or Community Care Grants, as well as those who had none. Customers were typically between the ages of 20 and 60 years with a mix of those who were single/living alone or cohabiting/married, with and without dependants and from a range of ethnic backgrounds, although predominantly white British. Six in ten of the achieved sample were male. The full breakdown of the achieved sample is appended in Appendix A.

The study timescale and constraints on data availability strongly influenced the method of approach that was taken to achieve the research aims and to answer the key research questions. The result is a higher proportion of Jobseeker's Allowance claimants within the sample and more customers who had received Crisis Loans than any other element of the Social Fund. The findings should, therefore, be reviewed with this in mind. The issues and views that are significant for the Jobcentre Plus customers represented in this piece of research may not relate wholly to other types of benefit recipients. We advise that other pieces of research into the Social Fund, and the various analyses of datasets of Social Fund users, are reviewed alongside these findings to provide comparative and complementary data.

Consideration should also be given to issues relating to the recruitment of customers for Social Fund research in Jobcentre Plus offices, sometimes at the point of receiving their Crisis Loan payment. Naturally, these individuals were generally anxious and preoccupied with their money concerns and perhaps more so than they would have been had they been randomly selected from a dataset three to six months later. When reviewing the findings, it is important to remember that individual perceptions of the service and the application process may be affected by their immediate situation.

A final caveat relates to the focus group methodology. Focus groups played a significant role in the primary research phase with half of the data gained through the focus group discussions. Focus groups are designed to weigh up opinions on issues and points raised through a structured discussion. The voluntary nature of opting in to focus group discussions means that some participants contribute more than others, and a consensus of opinion tends to develop on subjects. The data reported from the focus groups does, therefore, represent a weight of opinion on each discussion point and not necessarily the views of each individual. This particularly affects topics regarding the future of the Social Fund, conditionality etc., where group consensus may not correlate with data from individual interviewees, especially those directly affected by, for example, benefit conditionality.

Given the heightened consideration of data security and the resulting difficulties with accessing sample data from government sources, it is likely that this method of sampling and recruitment will be favoured in future. Further research around the Social Fund would, however, need to be adapted to ensure a more fully representative sample of Social Fund users and benefit recipients.

3 Jobcentre Plus customers' understanding and experience of the Social Fund

3.1 Introduction

This chapter provides an overview of customers' understanding and experience of using the Social Fund, particularly the discretionary grant and loans elements.

For customers with Social Fund experience, it outlines their general understanding of the Social Fund scheme and knowledge of the application process for Budgeting Loans, Crisis Loans and Community Care Grants; how and why customers use the Social Fund; application outcomes, and customer actions following decisions; and the effect or impact on customers of taking a Social Fund loan or receiving a grant.

For those customers that have not used the Social Fund, it presents an overview of their awareness of the Social Fund scheme; instances when they could have used Social Fund assistance; what these customers do instead of using the Social Fund; and the effect or impact of not using it.

Key findings

- Knowledge of the Social Fund was varied; there were customers who were very familiar with the fund and system while others lacked awareness of either.
- The variety of payments available from the Social Fund can cause confusion and can lead customers to make applications to the wrong discretionary element of the Social Fund.

Continued

Key findings Continued

- Previous applications to the Social Fund could help to build customer knowledge of the process as a whole or for specific elements.
- Customers' perceptions were that Jobcentre Plus staff were generally not forthcoming about informing customers about the Social Fund as an additional source of financial assistance.
- Customers commonly cited friends and family as their main source of information about the Social Fund. Using these informal information sources sometimes led to confusion about the purpose of the Social Fund and what customers could apply for.
- Customers interviewed had typically applied for Crisis Loans and Budgeting Loans for: household bills/food/clothing; emergency/unforeseen circumstances; need to move home/being new to area and benefit delays/benefit realignment.
- Customers who had applied for a Community Care Grant were typically homeless or were setting up home in the community after having an unsettled way of life.
- Strategies for how much to apply for included: obtaining quotes/actual costs; demonstrating awareness of living costs; applying for more than was needed to allow for any reduction or to save having to reapply; and applying for the perceived maximum amount available.
- There were customers who believed that Jobcentre Plus were more generous with applications submitted at the end of the month or beginning/end of the financial year so they could 'get rid' of their budget allowance.
- Application outcomes varied from refusal to partial awards to full awards. Some applicants said that Jobcentre Plus told them how much they needed based on their own criteria or calculations they had made.
- Where applications for grants or loans were partially met/refused, customers' said their subsequent actions included: becoming homeless/lodging with friends or family; prioritising needs e.g. carpeting selected rooms; going without personally, especially to look after dependants; buying second-hand goods; stealing; accepting cast-offs; selling personal items; and use of credit cards.
- Automatic deduction from benefit to repay Social Fund loans was liked by customers who took comfort in the security of knowing that the responsibility of proactively having to repay debts was taken away from them, and the debt was being reduced instead of growing.
- There was customer acknowledgement that the current system was open to misuse by some applicants.

Continued

Key findings Continued

- Typically, customers with experience of the Social Fund were aware of the review process, although no one in the research had asked for a review.
- Customers who had never used the Social Fund sourced money from friends and/or family; other loan services; savings; charities or they simply went without.
- All customers, regardless of their Social Fund experience, were wary of borrowing that incurred interest, although customers were divided on whether to take loans at all given their low income levels.
- Attitudes to borrowing and interest were shaped from a range of sources including: family upbringing and parental direction in budgeting/money management; reflection on family/friends' negative experiences with debt. Other customers accepted borrowing as part of their normal daily lives and how they afforded to live.
- Influences of religion/ethnicity and age on decisions about whether to apply to the Social Fund for a grant or loan were not clearly distinct.

3.2 Customers general experience of the Social Fund

The proportion of customers in the sample with experience of the Social Fund was higher than those with no experience. Even with the higher instance of using the Social Fund, knowledge of the scheme as a whole was varied among respondents. While there were customers who were very familiar with the Social Fund and associated application processes, others demonstrated a lack of awareness of the Social Fund, even though they may have received payments from it, for example through the regulated part of the Social Fund, e.g. Sure Start Maternity Grants or Cold Weather Payments.

In particular there was little awareness of the scope of the Social Fund and the fact that there are regulated and discretionary payments. Confusion caused by the variety of payments available from the Social Fund is evident from the following interviewee quote:

'...Crisis Loan I'd say is more like if you lost your money say for instance, or, the Crisis Loan I've had like for a cooker. A budgeting loan it's, I don't know, it's practically the same I think...'

(Interviewee, Budgeting Loan and Crisis Loan applicant)

Customers were also confused about the purpose and eligibility criteria of the three different types of discretionary Social Fund payments, i.e. Budgeting Loans, Crisis Loans and Community Care Grants, and whether applications could be submitted for more than one grant/payment and/or loan. In some cases, this confusion had led to applications to the wrong discretionary element of the Social Fund, for example: applying for a Crisis Loan to cover the cost of furniture instead of a

Budgeting Loan; customers thinking that they could apply for money to support travel for job seeking; and even customer confusion between the Social Fund and the European Social Fund.

There were also customers who believed that applications should be made at certain times of the month or year. The following quote is from a focus group participant and relates to their unsuccessful Community Care Grant application and demonstrates their misunderstanding of that scheme:

'I applied...and they give you it in between April to May, they have a budget to give everyone a bit of grant. They don't give you it if you apply July, June and all that. They haven't got the funding.'

3.2.1 Customers' knowledge of, and information sources on, the application process

Customers who had been claiming benefit for some time and were, therefore, more likely to have made one or more applications to the Social Fund, tended to be more knowledgeable about the process as a whole or of specific funds. Conversely, knowledge of the process can be limited for those new to the benefits system:

'...I'm hardly ever out of work, but this recession here I just can't get a job anywhere, it's absolutely terrible. So I don't know really nothing about the system, how it works or anything...'

(Interviewee, Crisis Loan applicant)

There were those with little knowledge and understanding of the Social Fund scheme who perceived there to be strict criteria in place designed to make it difficult to access the Social Fund. Others though felt the funds were quite accessible:

'...I think if I would have said more, then I probably would have got more, but I'm just grateful that they could give me something...'

(Interviewee, Budgeting Loan applicant)

Some of the confusion about what the Social Fund is and what the money should be used for could be due to the fact that word-of-mouth from friends and family were common sources of information and the main means of introduction to the Social Fund. The importance of informal knowledge transfer in providing information was outlined though:

'...[leaflets] do tell you a lot but I got better advice off other people...'

(Interviewee, Budgeting Loan applicant)

There were also a smaller proportion of examples of service providers, for example hostel workers, raising awareness of the Social Fund.

Customer perceptions of Jobcentre Plus staff as information sources on the Social Fund were generally that more could be done to inform them about the various elements of the Social Fund. Customers who had been told about the Social

Fund by Jobcentre Plus staff were most familiar with Crisis Loans, generally as a result of benefit realignment issues. Where customers had subsequently learned about other discretionary elements of the Social Fund from informal sources, their perception was that Jobcentre Plus staff had purposefully withheld Social Fund information rather than it not being directly relevant to their situation at the time.

3.3 Customers who have used the Social Fund

Customers who had used the Social Fund were asked a specific set of research questions designed to better understand their application and decision making processes and their experiences of the current scheme as a whole.

The number of applications made by customers in the sample varied. Some had made only one application more than 12 months ago while others had made repeated applications (for Crisis Loans or a combination of Crisis Loans and a Budgeting Loan) in the last 12 months.

All types of payments were accessed/received within the sample, except for the Winter Fuel payment, although most common were discretionary payments and Crisis Loans and Budgeting Loans in particular. Amounts of money received ranged from £17 for a Crisis Loan to the full £1,500 available as Social Fund loans. Reasons for applications to the discretionary Social Fund were varied and included:

- payment of household bills/food/clothing;
- emergency/unforeseen circumstances such as floods or boiler repairs;
- need to move home/being new to area;
- benefit delays/benefit realignment;
- Christmas expense;
- court fines;
- travel to court/unspecified travel;
- benefit cessation due to voluntary work being deemed as paid work; and
- leaving institutions (e.g. psychiatric hospital, women's refuge, veteran's hostels, prison).

3.3.1 Customers' application decisions

Customers used different criteria to decide which element of the Social Fund to apply for. These were based on:

- their previous experience of the type(s) of applications that were generally successful;
- what works under each part of the scheme;
- what they needed the money for;

- personal circumstances defining a crisis when applying for a Crisis Loan⁶;
- Jobcentre Plus staff advice on what to apply for, which customers perceived as not always accurate;
- applying for all discretionary fund elements because customers were unsure of what to apply for, or they believed that this might illustrate their level of need and so make their application successful;
- applying for Budgeting Loans and Crisis Loans following unsuccessful/low Community Care Grant awards.

Customers reported decisions that appeared internally contradictory within the system. In particular, the difference and definitions of Budgeting Loans and Crisis Loans was not consistent or clear to them, and they felt that a 'joined up' service was not provided.

Different strategies were evident in deciding how much to apply for. These included:

- basing applications on quotes/research into costs of items needed/awareness of their living costs;
- applying for more than was needed as it is 'common knowledge' that the full amount is not normally awarded:

'..you always ask for more than you really need...you know they're going to knock you down...Half of it normally isn't it?'

(Focus group participant, Budgeting Loan applicant)

- applying for more than was needed to save having to reapply;
- applying for what customers perceived to be the maximum amount available;
- submitting applications at the end of the month/financial year because customers believed Jobcentre Plus were more generous than to 'get rid' of their budget allowance; and
- plain guesswork.

3.3.2 Application outcomes

As would be expected, application outcomes varied. In some cases applicants were not eligible, for example (in the case of a Budgeting Loan application), they had not been claiming benefit for the minimum 26 weeks; previous loan applications made for a Crisis Loan, in particular the criteria that a certain length of time may, in certain circumstances, need to pass between applications, or because they did

⁶ As an example, a homeless respondent who was sleeping rough considered not having a sleeping bag a crisis and made an unsuccessful application for a Crisis Loan. The Social Fund telephone operator was said to have regarded a sleeping bag as a household item and that a Budgeting Loan should be applied for.

not meet the criteria for a Community Care Grant. Customers said they commonly received a proportion of the amount requested, while others were loaned the full amount.

The reasons for these outcomes could be many and varied. Lower amounts could be because a person is already close to the maximum loan limit. If they were applying for a grant and were not awarded one, it could be because their application did not meet the qualifying criteria for a Community Care Grant.

There were customers who reported that the actual amount deemed necessary was 'imposed' by Jobcentre Plus. For example, one respondent reported being told by Jobcentre Plus that the amount being loaned was based on their calculations of what a person needed to live on. Another respondent reported being told that their benefit claim would be sorted soon and, thus, there was no need for all of the money applied for.

All customers who had received the full amounts applied for were pleased. Some also reported being surprised given the general customer perception of the system's persistent under-payment:

'...if you say you need something...and that you do need that amount for what you're paying for...they just give you half of it so you can't afford it.'

(Focus group participant, Budgeting Loan applicant)

There were customers who were disappointed but also grateful for what was received, which may be due to a customer perception that the money available has to be shared among all applicants:

'...They give me a fair bit. They give me, not exactly what I wanted but it was all right, don't get me wrong...'

(Interviewee, Budgeting Loan applicant)

For others, however, feelings were more negative. Refusal or perceived delays in processing can lead to feelings of devastation in crisis situations or, in less critical situations, can still cause considerable upset. For example, one respondent who applied for money to travel to a funeral said that by the time the application was processed, the funeral had taken place, although the length of time they allowed for the application process is not clear.

There were examples of customers who outlined potential difficulties in collecting Crisis Loan payments. Although they were grateful for the money awarded, they were slightly intimidated by the collection process which, for health and safety purposes, is normally undertaken in a separate screened area. Others, more often individuals who had recently lost their jobs due to the economic crisis, felt ashamed at having to ask for money in the first place as well as the need to go into the Jobcentre to collect the Crisis Loan payment:

'I've been working all my life...I've worked,...I've paid all my National Insurance and stuff like that and they make you feel like you're a second class citizen.'

(Focus group participant, Crisis Loan applicant)

Where grants/loans did not meet the amount in the application, various courses of action were described. For example:

- use of credit cards;
- becoming homeless/lodging with friends or family;
- prioritising needs e.g. carpeting selected rooms;
- going without personally, especially to look after dependants;
- buying second-hand goods;
- stealing;
- accepting cast-offs;
- selling personal items;
- doing without altogether; and
- asking family and friends for loans.

3.3.3 Customers' perceptions of the service

The research explored the relationship between adviser and customer to provide insights into customer perceptions of the service, which varied across the sample. A common perception was that advisers were judgemental of those applying for support through the Social Fund. As mentioned in Section 2.3, perceptions of customer service by research participants may have been tainted by the fact some of them were recruited for the research at the point of receiving their Crisis Loan payment. A breakdown in relationship between staff and customer appears to occur when the customer feels that Jobcentre Plus staff are imposing their values on them. For example, one respondent said they were told by an adviser that their situation 'couldn't be much of a crisis' because the customer was not willing to walk into town to fill in an application form to have a decision reviewed, because of a lack of bus fare.

There were also customers who conveyed a sense of mistrust of Jobcentre Plus as they believed application form questions were repetitive and trying to 'trick' customers. Others found the need to provide the level of personal information required by the process humiliating. This may be related to the perceived relevance of questions which other customers regarded as irrelevant and intrusive, as the following interviewee quotes illustrate:

'The information you have to give them, I think it's just too much...There's certain things that's got nothing to do with what you actually need.'

(Interviewee, Crisis Loan applicant)

and

'I said what's it to do with the Crisis Loan? There was loads of different questions you don't need to know, and I just don't have money and I need money, it doesn't really matter where I come from, you know...'

There was a generally high awareness of the review process among those who had used the Social Fund, although little take-up of this option. Reasons for this included:

- a view that it would make no difference to the outcome;
- the original decision was made as a means of regulating customer debt levels;
- additional hassle;
- acceptance of the amount awarded despite the short-fall;
- pride; and
- fear of reduction in original award.

3.3.4 Effect/impact of taking Social Fund loan/views on loans in general

Customers in general were wary of taking loans, but recognised it as a necessity at times. They were especially wary of loans outside the Social Fund scheme (which charges no interest) as other loans open to them include high interest rates with customers quoting one loan company as charging 50 per cent interest and loan sharks anything between 150 to 300 per cent interest.

On the whole, the research participants said they did not qualify for bank or other lower rate loans as they tended to be without the necessary assets (such as their own homes) to use as security and/or had poor or no credit history. Customers commented that the Social Fund was the only viable source of lending open to them.

Other sources of lending may come from family and friends, but it was recognised that they will have their own financial pressures and that this can also be embarrassing. Charities were mentioned infrequently as sources of support but most customers were not aware that they could offer support.

On the whole, an automatic deduction from benefit to repay loans taken was liked by customers who took comfort in the security of knowing that the responsibility of proactively having to repay debts was taken away from them, and the debt was being reduced instead of growing. In the main, the low weekly payments also meant that customers were able to manage the repayment amounts quite easily:

'...Because it's took out of your money in a little amount that you can manage, you don't notice it as much...'

Generally, customers could not consider the impact/effect of taking a Social Fund loan before applying, as they were in need of the additional finances to meet costs that were outside their normal expenditure. Although Social Fund repayments were reported to be typically manageable, there was acknowledgement that those applying are in vulnerable situations as they need money, and thus will agree to anything.

Customers understood that Jobcentre Plus determined repayment amounts and they were non-negotiable. Comments on repayments that had been set at too high a rate were rare; however, participants in one focus group discussed the lack of clarity with the repayment side of the system. They reported, for example, personal experiences which included a letter outlining their weekly repayment amount, which did not clarify how long the repayments would last. Those with more than one loan reported not being clear which loan they were currently repaying, which had been repaid, and any that were left to repay. This lack of understanding among customers would indicate that money management and debt advice might be welcomed as part of the Social Fund scheme.

3.3.5 Customer misuse of the Social Fund

There were a small number of customer comments about applicants who misused the Social Fund. There were differences in the types of inappropriate claiming behaviour and spending of Social Fund money reported which included allegations or self-declarations of abuse of the system:

'I've been in and out of hostels, I've known people that are on all sorts of drugs, I've seen them phoning up and making excuses of what they needed it for and just done whatever they've done with it, so yes, there should be a limit.'

(Interviewee, Crisis Loan applicant)

and

'...I abused it really, a long time ago, yes I did abuse crisis loans...I'd get my money...spend it a lot quicker than I should have done and then I'd apply for a crisis loan...'

(Interviewee, Crisis Loan applicant)

Others reported the partial use of loan money to afford luxuries and entertainment that they could not normally afford:

'People probably have the loan and then think, oh I'm going out tonight. Because I know I have done.'

(Focus group participant, Budgeting Loan applicant)

When issues of Social Fund misuse arose during interviews and focus group discussions, customers viewed them in different ways. Those that deliberately abused the system to pay for non-eligible expenditure were severely criticised:

'I've heard of people claiming for a new cooker, £500, then going off on holiday. They should probably actually knock on your door to see if you've got the cooker.'

(Focus group participant, Budgeting Loan applicant)

Other, partial misuse, as a result of customers managing their loan was accepted. In these instances Social Fund loan recipients had 'treated' themselves to activities/goods that would be unavailable to them from their normal benefit allowance. This aspect of making the Social Fund loan work in your favour, by budgeting or 'stretching' the money awarded, was regarded by some as acceptable, because Jobcentre Plus customers were regarded as having little opportunity to afford anything other than basic necessities.

'Because you're on benefits, you're not living in luxury to start with, and if you apply for the amount – you see...you haven't actually gone out pricing fridges up. You've applied for the amount that you want. You need those things, so you're still going to get them and that, and then there's a bit left over.'

(Interviewee, Budgeting Loan applicant)

3.4 Customers who have never used the Social Fund

Customers who had never used the Social Fund were asked a series of questions to: understand their awareness of the scheme; instances when they could have used Social Fund assistance; instances when they had considered using the Social Fund and decided not to; how they managed unusual expenditure if they did not use the Social Fund and their views on loans, and influences on these. This section presents an overview of their experiences.

Generally, customers who had never used the Social Fund were unaware of its existence. This may have been due to claiming benefits only for a short period or because of some of the reasons outlined in Section 3.2.1 around what was regarded by research participants as a lack of information from official routes. There were rare examples in this group of customers who were aware of Government loans/grants, but not that these were part of the Social Fund, and who had never made an application for money.

3.4.1 Instances when they could have used Social Fund assistance

Following a brief explanation of the Social Fund scheme, customers were asked to identify any instances when they might have applied for a grant or loan. Some of the examples given may not necessarily be those where a loan or grant would be awarded:

- moved house and currently decorating;
- tuition fees and rent;
- broken appliance (oven);
- waiting for benefit payments;
- when caring for others (for example disabled child);
- when savings had run out; and
- both adults in the household being out of work.

In contrast, one focus group participant, who had recently become unemployed after a continuous working history stated that they would not apply for a Social Fund loan even now they had heard of it as they could not envisage losing even four pounds a week in repayments as they can *'just about afford to live on what I'm getting now'*.

Customers' lack of previous knowledge about the Social Fund meant that they had no experience of instances of considering to use it and deciding not to.

3.4.2 Actions instead of using the Social Fund; effect/impact of not using Social Fund

Customers' actions instead of using the Social Fund were similar to those who had received less or no Social Fund money. They borrowed from friends and family or loan services, they used savings or they simply went without. Two people in the same focus group had approached different charities as they were unaware of the Social Fund at the time (a few years ago). Both received enough money or support through provisions to help them out. Where credit cards were held they were either paid off monthly or not used.

3.4.3 Customers' views on loans; influences on their views; particular borrowing issues

Information shaping opinions and views on borrowing and interest came from a variety of sources. Views on the influence of religion, ethnicity and age were mixed and the effects of these factors were not clearly distinct from other influences. Some customers from minority ethnic groups felt that loans were culturally acceptable nowadays including among their own minority ethnic group. Although some felt that their religious upbringing played a part in their attitude (Christianity, Islam and Hinduism), others felt ethnicity and culture was not an issue. For some though, their influences were a mixture between family, culture and religion:

'...Probably my background because I was always told if you can't have it then you go without basically...because, you know, we're always told, even in our religion [Islam] you should be independent rather than relying on other people...'

(Interviewee, non applicant)

More common was the influence that age and upbringing played. The sentiment of saving for what you need or doing without was common among non-users, regardless of their cultural or religious background and older people were less likely to take out a loan. Customers whose main influence was upbringing recounted parental advice on good budgeting and saving habits:

'...I was brought up in an era where if you can't afford it you don't buy it...'

(Interviewee, non applicant)

Others looked to family members for advice or reflected on their own/friends' bad experiences.

4 Jobcentre Plus customers' views on different ways in which the discretionary Social Fund could be administered

4.1 Introduction

This chapter provides an outline of interviewees' and focus group participants' views on different ways in which the Social Fund could be administered, including: the loan structure; delivery and application processes; communication channels; changes to Budgeting Loan amounts; and changes to ways in which goods are provided through the Social Fund.

Key findings

- Customers typically believed that there should be universal access to the Social Fund, with no difference in loan amounts available to individual customers on the basis of benefit income.
- Customers consistently believed that there should be higher loan amounts available to families with children.
- Customers commonly believed that paying one loan back before being eligible to receive another was not plausible due to unforeseen circumstances resulting in a need for additional finances, especially through Crisis Loans.
- Customers preferred the idea of a telephone process over internet-based applications.

Continued

Key findings Continued

- Telephone processes were regarded as an established form of submitting applications and customers were generally content with form filling over the phone.
- Customers' main issues with telephones were around being able to get through.
- Customers' views were mixed about third party delivery of some loan elements with concerns raised about the efficiency of an external service. Supporters believed an external organisation would be more impartial and fairer in their opinions of individual cases.
- Customers supporting the retention of the service with Jobcentre Plus primarily wanted to maintain the familiarity with the organisation, staff and systems, and were unsure about the data security of using an external agency.
- Customers generally supported attendance at interview for all Social Fund applications and believed it would ensure that requests were genuine.
- Interviews for repeat claimants, signposting to other support services, and conditionality were also popular concepts as customers believed assistance, support and regulation should be in place for those customers with evident need.
- Customers in the research group commonly bought second-hand furniture and white goods. They consistently stated that they would not buy second-hand mattresses/beds and, frequently, sofas which customers suspected some people use as beds.
- Customers were typically in agreement with the concept of the provision of reduced priced new goods through direct provision of goods instead of cash as long as they retained an element of choice.
- Customers accepted the need to buy second-hand furniture and white goods through the direct provision of goods rather than cash. This was on the basis that, if someone was in need then they should accept second-hand if that was what was on offer; Customers' main conditions were that any electrical goods were accompanied by a guarantee and there remained an element of customer choice.
- Customers saw little value in second-hand brown goods⁷ as technological advances mean they soon become outdated.

⁷ Relatively light electronic consumer durables such as TVs, radios, CD/DVD players and computers.

4.1 The loan structure

Customers were asked for their views on a range of ways in which changes could be made to Social Fund loan eligibility, structure and distribution. The topic guides explored the provision of different loan amounts related to: benefit income and couples/families, and customers were also asked their views on whether Jobcentre Plus customers should have to repay one loan before they were eligible to receive another.

The depth interviews also explored how customers describe crisis situations to illustrate their understanding of when Social Fund assistance should be sought⁸. Responses, which illustrated a mixed understanding of the purpose of Crisis Loans, were as follows:

- homelessness – sometimes following domestic dispute; need for tent and sleeping bag because interviewee was sleeping rough;
- loss of money/loss of Child Benefit book;
- no money to buy food and pay living costs;
- need to buy clothes – generally following significant weight loss and/or for school uniforms;
- starting a job which would leave customer without any income until their first wage packet;
- changes in personal situation which result in an inability to pay for costs already incurred (mortgage/utility bills), for example through recent redundancy/unemployment;
- benefit realignment;
- relocation costs/decorating costs as just moved home;
- need for money to travel to funeral; and
- need to replace broken white and brown goods.

4.1.1 Differences in loan amounts: related to benefit income

Customers typically believed that there should be universal access to the Social Fund, with no difference in loan amounts available to individual customers on the basis of benefit income. This view was particularly strong among focus group participants. There were focus group participants and interviewees who further defined the concept of universal access by outlining a system which assessed each claim on the basis of need as the factor determining loan amounts.

Another focus group participant commented on what they perceived to be the inequality in the system:

⁸ This question was not discussed in the focus groups.

'That doesn't make sense to me because...if you're on a worse benefit you get less money but you still need to buy a new washing machine for the same price. Does that mean that you'd get less money just [because], that's not very fair?'

(Focus group participant, non applicant)

There were, however, a small number of customers with experience of using the Social Fund who believed the system should be based on ability to repay and, therefore, benefit income.

4.1.2 Differences in loan amounts: whether families with children and couples should receive more

In the main, customers strongly believed that families with children should receive more from the Social Fund scheme than other benefit recipients. They found it logical that households with families had more costs to cover and were likely to face more instances of needing additional financial assistance. Comments from customers responding to this question were similar regardless of whether or not they had children themselves, though some felt unable to comment as they did not have children.

A small number considered that single applicants should receive the same or more than families because families were likely to have more than one income:

'If you've got a family obviously they've got more to apply for and more expenses than say a single person on a loan or like you know a single parent and depending on how many children they do have.'

(Interviewee, Budgeting Loan and Crisis Loan applicant)

Customers generally believed that couples should also receive more than single people. While they were commonly in favour of this, based, again, on the fact that there were more people in the household, there were exceptional comments against the idea. Opposing views related to the fact that a single person often has more to pay for out of one, lower rate benefit payment, while couples can split costs and receive more benefit than a single person.

4.1.3 Differences in loan amounts: repayment of one loan before receiving another

Customers' views were mixed about the repayment of one loan before being eligible for another. They commonly believed that it was not plausible to repay one loan before another was sought as unforeseen circumstances may arise that could leave them in need of additional finances, especially through Crisis Loans:

'It seems a bit self-defeating if the point of a Crisis Loan is to help people out when they're in absolute desperation, it seems a bit self-defeating to say you're still desperate but you can't get any more money. It seems too black and white a rule – there has to be some mitigating circumstances.'

(Focus group participant, non applicant)

Other customer comments related to the differences in the loan amounts available under the different discretionary elements. They could understand the need to partially or fully repay a Budgeting Loan before being eligible for another more than the need to repay one Crisis Loan before accessing another. Customers valued the security net that the current Social Fund scheme offers them, as the following quote from a focus group participant who had applied for both a Budgeting Loan and a Crisis Loan, outlines:

'Because what if you get a loan and you, [find yourself in need again] and you've nothing, what are you going to do then? You can't apply for another one because you've not paid that one off...you're stuck, no help, if you've no family like I haven't. You're on your own. Where else can you go for help apart from these [Jobcentre Plus]?'

Overall, customers' comments conveyed an underlying concern about any potential changes that might remove the Social Fund loan facility in times of need.

The research participants regarded repayment as an established part of the Social Fund system that works well and, therefore, a secondary concern. As the weekly repayment amounts are automatically deducted from benefit payments, customers generally accepted this, and in fact valued the fact that they did not have to actively make repayments and run the risk of accumulating debt. There were comments about the fact that some customers are less clear about the level of the debt they have incurred, as responsibility for debt/repayments is removed through the automatic process and how others abuse or misuse the system (see Section 3.3.5).

In other parts of the discussion/interviews, customers typically outlined their concerns about non-Social Fund loans or debts that incur interest which need to be actively repaid and which may lead them into further, unmanageable debt and even lead to loss of some of their possessions (see Section 3.3.4).

4.2 Delivery and application processes

Research participants were asked for their views on different ways in which the Social Fund delivery and application processes could operate including:

- internet and/or telephone application processes;
- outsourcing of certain Social Fund elements to external partner organisations to deliver;
- applicants attending interviews as part of the Social Fund application process; and
- interviews/signposting/conditionality for customers submitting repeat claims for similar reasons.

4.2.1 Internet and/or telephone application processes

Customers were typically against the idea of internet application processes as computer literacy was low among interviewees and focus group participants, and their conjecture was that it would be low among Jobcentre Plus customers in general. Other issues raised regarding internet application processes were: a lack of confidence over data security; the impersonal nature of the Internet; the length of the forms needing to be completed; and concerns over submitting forms that may have mistakes in.

Those customers who were in favour of internet application were all computer literate and used computers routinely. They commented positively on the speed of access and that it would cut out the need to collect a form, and postal times following Social Fund form completion. Computer literate customers recognised that others were not comfortable with this process, and commonly recommended that on-line application be offered as part of a suite of communication/application methods. The following quote is from an interview with a customer who had made their initial claim for benefit online and so was in favour of offering internet services to Jobcentre Plus customers; however, the customer also recognised the need for a range of application options:

'Certainly when they stopped my benefits suddenly I really did need to speak to somebody not do something online, because I was in a very desperate situation.'

(Interviewee, Crisis Loan applicant)

Telephone processes were commonly regarded by interviewees and focus group participants as an established and more acceptable form of submitting applications when compared with the Internet. Customers not in favour of telephone methods tended to be in favour of face-to-face processes, which they regarded as much more personable.

Typically, customers' main issues were about being able to get through using a telephone-based system. Customers reported experiences of spending up to two or three hours of repeated dialling to have their call answered and they said they were then often kept 'on hold' for lengthy periods of time in addition to the time needed to complete the form. Customers tended to use public telephone boxes to make their freephone call. The need to use a landline to benefit from the freephone facility compounded this issue and resulted in queues outside telephone boxes where customers found that other users, who had grown impatient while waiting, would bang on the glass to get them out of the box.

'You try talking on a phone on a busy main road and you can't...you're missing things. You can't hear everything...people banging on it because they want to use it! That phone box is well used!'

(Interviewee, Crisis Loan applicant)

The increased use of mobile phones by Jobcentre Plus customers also raised issues about accessibility to landlines to make use of the freephone facility. There were customers within the sample who commented on the cost of the call for Crisis Loans and the fact that they were in a crisis situation but had to make an expensive call to access the money they needed. A suggestion to overcome this problem was for a ring-back service to complete the application form.

Among the research participants it was rare for customers to give wholly negative comments about telephone-based processes. When asked for their views on form completion over the telephone, customers were generally content with form filling over the phone and commented that it was a straightforward, quicker and easier process than paper-based application processes. Those who were unenthusiastic about this form of application were generally uneasy with speaking over the telephone and lacked confidence in expressing their personal circumstances and needs.

Two of the focus groups thought that the process should include telephone application in the initial stages. One group considered face-to-face interviews should be held with repeat applicants and the other believed all applicants should be followed up with a face-to-face interview to explore the reasons for applications in more detail.

4.2.2 Outsourcing of certain Social Fund elements

Interviewees generally supported the concept of third party delivery as they believed an external organisation would be impartial and less judgemental in their opinions on individual cases and eligibility than Jobcentre Plus, although some customers' views were mixed about third party delivery of specific loan elements. Focus group participants were typically more concerned with the efficiency of the service, customer service, and parity in the system rather than the organisation delivering the service.

Other favourable comments related to specific options for third party delivery (prompted through the topic guide) included: the improved accessibility that local Post Office provision would provide; respect for the Citizens Advice Bureau as an experienced organisation and the possibility of receiving advice at the same time from them; and recognition that outsourcing would relieve some of the Jobcentre Plus staff workload.

Participants in one focus group, however, while being positive about the use of a third party company, were also concerned about the use of a private company as the external provider. They felt this might result in an essentially profit-making organisation making money from funds allocated for their needs. Individual customer concerns included the need to ensure the process remains swift, whichever organisation delivers the service, and the need for checks to ensure that the designated organisation was awarding the money legitimately.

Customers supporting the retention of the service with Jobcentre Plus primarily wanted to maintain the familiarity with the organisation, staff and systems. They were also wary of potential repetition and storage of their personal details and benefit and Social Fund claiming history that may result from the use of an external organisation. Other concerns related to the data security of external agencies; the need to deal with different providers instead of Jobcentre Plus as a 'one-stop-shop'; and individual comments on the capacity of non-Jobcentre Plus organisations to deliver, especially considering that Citizens Advice Bureau staff, for example, are, generally, volunteers.

4.2.3 Applicants attending interviews as part of the Social Fund application process

Customers generally supported the concept of attendance at interview for all Social Fund applicants as they believed this would ensure that requests were genuine. Customers strongly in favour of this believed that non-genuine applicants would not attend their appointment, and that interviews would discourage a 'give me' culture.

Participants in one focus group believed strongly that all Social Fund applications should be dealt with on a face-to-face basis to increase the effectiveness of the system. They considered that because customers applying for Social Fund money are often in difficult situations they need to feel that Jobcentre Plus advisers have given sufficient time to consider their needs as part of the application process.

There were also views expressed, however, that the need for face-to-face interviews for all applicants would slow the process as a whole down, thus defeating the object of dealing with crises swiftly.

4.2.4 Interviews, signposting and conditionality for customers submitting repeat claims for similar reasons

Interviews for repeat claimants, signposting to other support services, and conditionality were popular concepts. Customers believed assistance, support, and regulation should be in place for those customers with evident support and rehabilitation needs and those who abused or misused the system. Customers' comments in this part of the discussion often related to substance abusers (which may have been influenced by the fact that the research was conducted in largely inner-city areas) and the need to ensure that their Social Fund applications were closely regulated and that they were offered support to deal with their addictions:

'Because if you're constantly applying for them, they could maybe try and help you out. If you had an interview they could understand why you're asking for it and it's easier than just keep applying for them and having to pay them back, they could...help you out in some way.'

(Interviewee, Crisis Loan applicant)

There were also comments on the reality of regulation of this kind, as it was felt customers were unlikely to openly confess to any addiction, and might be based on Jobcentre Plus staff conjecture or opinion. However, there was also the perception that Jobcentre Plus advisers would probably be trained to detect signs of alcohol and drug addiction.

Other individual customer comments were:

- for a need for fairness within the system and for signposting and conditionality to be undertaken solely for a customer's own good and not as a means of exerting authority;
- that interviews for repeat applicants might help customers manage their money better and understand the consequences of taking out lots of loans and the repayments they have to make; and
- that detailed assessments should involve home visits to support decisions on conditionality.

4.3 Budgeting Loan amounts

This part of the customer interviews and group discussions focused on ways in which the current Budgeting Loan scheme could be revised.

4.3.1 Budgeting Loan amounts to families

Customer comments on various aspects of the Social Fund suggested that of all types of Jobcentre Plus customer, families with children were the most in need of assistance and, as a general rule, their applications were likely to be genuine. Any discussion relating to families generated strong opinions and a need to provide for children and protect them from poverty. Customers across the sample believed that families would struggle if Budgeting Loan amounts available to them were reduced:

'I think they shouldn't reduce it, no I don't. Because there will be people in worse positions if they did reduce it, because they [families] only apply for that if they're desperate anyway don't they...'

(Interviewee, Budgeting Loan applicant)

Further comments on this related to the fact that family benefit income was perceived as worth less than in the past in relation to living costs and that any reduction would *'hit them hard'*. Other comments suggested that reductions might lead to an increase in crime, as customers would be desperate to provide for their families.

4.3.2 Budgeting Loans – provision of goods instead of cash

Customers participating in the research were asked separately for their views on the direct provision of new or second-hand/reconditioned goods through the

Social Fund instead of cash. Customers accepted the reasons behind this concept as they understood that it was a form of payment regulation.

Discussion guides asked research participants' views on the provision of new, discounted goods before questions on second-hand and reconditioned goods. The ordering of the questions means that some of the views expressed may seem initially contradictory as customers were unaware that an alternate option to the provision of new goods would be second-hand/reconditioned furniture and electrical goods.

Customers' views were mixed on the possibility of Social Fund customers receiving new furniture and electrical goods through a high street retailer at a discounted price rather than cash. Initial reactions were commonly in favour of this as it would enable customers to borrow less money to purchase new goods. Further thought and discussion often raised more complex issues. The main points raised were as follows:

- limiting the choice of goods might not meet the needs of all customers, for example the sizes of fridges/freezers/washing machines for families versus single people; preferences for bunk beds or beds with storage provision;
- whether customers would have to pay for the delivery and administration costs of the new system;
- that customers would want to retain an element of choice over their furniture so that it matched their existing furniture and décor and could have some pride in their homes;
- concerns around whether Social Fund customers would be constrained in their choice of goods. Customers in one focus group said *'we're black sheep'* and easily identifiable:

'...you go round someone's house and...hey, you've got a dole sofa! You're on the dole! It's like degrading.'

(Focus group participant, Budgeting Loan and Crisis Loan applicant)

Customers participating in the research commonly accepted the need to buy second-hand or reconditioned goods as their limited budgets dictated it. When asked for views on the direct provision of second-hand and reconditioned goods instead of cash through the Social Fund, interviewees generally accepted that second-hand goods would keep the costs down and that if people were in genuine need they should be willing to accept whatever they were offered. Focus group participants in particular voiced more concerns, some of which were similar to those already outlined, namely the lack of available choice, reliability and the feeling of being a second-class citizen:

'That makes me feel as though I'm a second class citizen because I'm out of work through no fault of my own and somebody's telling me, well you're out of work, second-hand will do for you.'

(Focus group participant, Budgeting Loan applicant)

Across the sample, however, customers consistently stated that they would never purchase second-hand beds, and in particular mattresses, and, frequently, sofas which customers suspected some people use as beds. Customers commenting on brown goods considered these were not viable as a second-hand purchase as they probably would not be able to accommodate technological advances such as digital television.

Other second-hand furniture, such as wardrobes, tables, chairs and reconditioned white goods, were generally acceptable to research participants. Customers' requirements for second-hand goods were that: they wanted to be able to view the goods on offer and choose their own; and that any white goods came with an assurance of having been checked for electrical safety and a six to twelve month guarantee with a replacement provided should the item break down. One customer recounted how his third Social Fund application for white goods was awarded on the condition that he purchased new products, as he had purchased second-hand goods with his previous two loans and in both instances the items had broken down within a relatively short space of time.

Following discussion of both options: provision of new, discounted goods or second-hand and reconditioned goods; customers generally preferred to receive new goods. Further discussion on variances in the range of goods – that is new bottom of range white goods or second-hand mid to top range goods – did not change customer opinion. They preferred new white goods over reconditioned as they believed them to be more reliable and they would definitely come with a 12 month guarantee.

5 Financial inclusion

5.1 Introduction

This chapter presents an overview of interviewees' and focus group participants' views on financial, budgeting and debt advice, and Credit Unions. The questions relating to these facets of financial inclusion were asked as general concepts and not in terms of any mandatory role within the Social Fund scheme.

Key findings

- Customers were generally positive about the suggestion of money advice to all Social Fund applicants, at the point of application to help people to get the most out of the money awarded.
- Customers were primarily concerned about money and budgeting in general (affording rent payments, utility bills and food) and debt worries were second to this as they accepted that they may fall into debt as a result of lack of funds.
- Customers were asked about their use of financial, budgeting and debt advice as three separate services. There was mixed use of money advice services in general which was dependent on customers' personal situations.
- Reasons for choosing particular advice providers included: word of mouth; familiarity with banks and existing banking facilities; family connections; previous experience with the Citizens Advice Bureau; referrals from other services.
- Customer views on the usefulness of advice received varied, depending on customers' personal experiences.
- Customers were positive in their suggestion of a dual focus on prevention of debt and support in relation to the timing of money advice.

Continued

Key findings Continued

- There was some concern, however, that efficient budget management is only partially possible and in cases where small sums of money were awarded to Social Fund applicants, efficient budgeting would remain implausible;
- There was little agreement on which organisation should provide the money advice, with support expressed for both Jobcentre Plus and external providers – the Citizens Advice Bureau in particular;
- Customers typically considered face-to-face delivery as the best method for providing money advice. Reasons included the ability to spend adequate time on the issues raised, and to support communication for customers whose first language was not English;
- Leaflets were regarded as supplementary to other forms of advice and guidance delivery, insufficient and inadequate as the sole means of providing the service, and not suitable for those with basic skills or whose first language is not English;
- Customers generally had not heard of Credit Unions. On learning of their purpose and work, views were mixed about whether they were in favour of using them;
- There is a lack of awareness-raising information about Credit Unions which makes locating and accessing them difficult;
- There were customers who were interested in saving with Credit Unions if they exhibited certain characteristics such as being local, ethical, trustworthy and reputable; Conversely, others thought that saving with Credit Unions may be too personal and banks, with their impartiality, were seen as preferable. Additional concerns were over their financial viability in the current economic climate that has seen banks go out of business.

5.2 Money advice

Customers were asked questions to understand their concerns regarding budgeting and debt in general. Discussions then took place around their experience of financial advice (general advice on banking and financial products etc.); budgeting advice (money management and saving); or debt advice (how to manage debts and repayments). Customers' views were then sought on the inclusion of money advice services in the future Social Fund scheme.

5.2.1 Customers' experience of money advice, budgeting and debt concerns

Customers commonly had not used money advice services. Those that had used them had particular personal circumstances to discuss, for example, regarding savings for children, choosing a mortgage/investments, tax and asset management,

relating to existing loans (for example student loan), and benefit claims. In one case a specific money management course was identified. Others had neither received nor requested advice.

Customers who had accessed money advice had used a range of service providers. These included:

- Citizens Advice Bureau;
- Independent Financial Advisers (for example when taking out a mortgage);
- informal family/self-advice (for example where family members/self have previous financial experience);
- those currently working in the financial sector (for example accountants to deal with tax and legal issues);
- Jobcentre Plus to deal with benefit claim queries;
- banks (when dealing with overdraft issues);
- a specific outreach clinic attached to the local GP;
- Housing Associations (in relation to rent arrears);
- charities such as Christian Aid;
- Money Advice and Guidance (MAG – voluntary service); and
- NORCAS (agency working with local probation service in the fieldwork area).

Interviewees' reasons for choosing particular advice providers included word-of-mouth (for financial advisers); familiarity and existing facilities with banks; family connections; previous experience with the Citizens Advice Bureau; and referrals (from probation services or mental health teams).

The reported usefulness of the different agencies varied. The agency most often cited was the Citizens Advice Bureau, and while customers generally valued the help they received and the professionalism and knowledge-base of the staff, accessibility issues often acted as a barrier. Customers' concerns about accessibility across the fieldwork areas were about the voluntary and part-time nature of the service and the fact that appointments could not be booked ahead of time. Customers said that the combined effect of these factors resulted in long queues and lengthy waiting times for customers who said they often had to wait all day, only to be told to return the next day.

There were examples of customers who had used Independent Financial Advisers (IFA) and their views on these were mixed. Among the users were customers who had found the service useful, while others thought it 'useless' in their experience. One customer had paid £100 for an IFA's service and did not feel they had received any useful advice, just a sounding board for their concerns.

5.2.2 Customers' views on provision of money advice for Social Fund applicants

The idea of money advice for Social Fund applicants was generally well received, as finances are a universal issue for all Jobcentre Plus customers. While customers recognised the value of money advice of some sort being provided (financial, budgeting or debt) tailored to the recipient's needs, they were divided in their opinions over budgeting advice in particular. The general view was that budgeting advice could help people to spend sensibly and get the most out of their money or provide advice on what loans applicants are entitled to. However, there were examples of customers who commented on their limited personal budgets and the small amounts of money available to and being used by some Social Fund applicants. These factors might make budgeting implausible and a budget planner of little use to them:

'When you're unemployed, you sort of live for tomorrow not for next month...It's like I've got this money now and then you deal with it when you've run out. It's not like having a job and getting paid monthly or weekly or whatever...'

(Focus group participant, Budgeting Loan and Crisis Loan applicant)

Any money advice, therefore, needs to be realistically tailored to the lack of flexibility within their income:

'...It's all well and good providing the advisers are living in a realistic manner. You know, if they're talking about benefits, you know, to start managing and budgeting – your benefit, – with somebody who lives in a very realistic world...'

(Interviewee, Budgeting Loan applicant)

Additionally, the reason for application to the Social Fund may provide a clue to the need for money advice. Those applying for Crisis Loans may not need budgeting advice as they are simply using the money for a specific purpose. Conversely, budgeting advice (for example, where to find the best deals on items) may be more appropriate for those applying for Budgeting Loans. An opposing view expressed was that Social Fund applicants are well versed in managing their weekly budgets; Budgeting Loans were for items outside their usual expenditure and thus need little advice at all. A further view expressed is that those receiving Budgeting Loans have so little money in the first place that they need no advice because they have no flexibility to budget.

Focus group participants were more uniformly in favour of the provision of money advice to all Social Fund applicants. Comments across the sample on the timing of money advice suggested a dual focus on prevention and remedy. Prevention advice would be most useful: when homes were owned; while working; to all 16 – 18 year olds; or when customers sign on to access the benefits system. Remedy advice would be most useful as a standard procedure for all Social Fund applicants, *'It seems crazy to offer money and not have advice at the same time'* (Budgeting Loan applicant), and when homeless.

There was little agreement on where any money advice should be delivered with supporting views for both Jobcentre Plus and external venues such as the Citizens Advice Bureau. Support for retaining advice at Jobcentre Plus offices was based on familiarity and tradition, and the expectation of a certain standard of service delivered according to agreed guidelines. Critics suggested that Jobcentre Plus should focus on its employment role, as customers perceived the organisation to already be over-burdened with tasks, and also queried staff financial knowledge and expertise in providing money advice. Supporters of the Citizens Advice Bureau as a provider regarded them to be impartial, professional and empathetic toward benefit recipients. One customer believed the Financial Services Authority would support delivery.

Key concerns with using separate agencies to deliver advice was the feeling of being shifted from agency to agency; the lengthening of the process if customers needed to co-ordinate with different agency sites, and a further concern about data security and confidentiality.

Customers typically considered face-to-face to be the most appropriate delivery method for money advice. Reasons for this included the ability to spend adequate time on their issues, the personal nature of this form of delivery, and to support communication for those whose first language was not English. There were customers who mistrusted telephone-based advice as they said their experience of Jobcentre Plus telephone operators was that they tended to be too disengaged from the service they were supposed to be providing. Leaflets were regarded as supplementary to other forms of delivery, insufficient and inadequate on their own, and not suitable for those with basic skills or whose first language was not English.

5.2.3 Debt management

The Social Fund provides financial support to eligible people on a low income at times of pressure or crisis. Customers with experience of using the Social Fund relied on the scheme to provide interest-free loans to meet these uncommon expenses. A strong theme emerging from the customer interviews and some focus group discussions was a sense that customers were not worried about debt in particular but more about money and budgeting in general. Customers reported increases in their living costs which they believed had now resulted in them using Social Fund money to supplement their weekly benefit to pay for more usual living expenses. Concern over the ability to afford rent payments, utility bills and food were identified as areas that might result in a state of debt without the Social Fund. One customer commented on the need for warnings about debt within the advice they provide to those taking out Social Fund loans:

'You [Jobcentre Plus] should tell stories of debt collectors, like loan sharks who blackmail people and threaten families and do nasty things to people when they've lent some money...these nasty things can happen to you if you're on the dole because you can't go to a bank or whatever.'

(Focus group participant, Budgeting Loan and Crisis Loan applicants)

Some customers were concerned about falling into debt with the 'wrong' agencies:

'...Yes, I'm really, really worried because I know I'm nearly into that because I've not had a job so it's like I'm just worried about what am I going to do? Should I borrow? If you go to the bank, the bank won't give you a loan so you think oh well I'll borrow from the loan sharks, and whatever, or by then you are going into more debt. It's like you are never going to come out at the end...'

(Interviewee, non-applicant)

However, the overarching concern expressed was around actually affording essential bills and expenses in the first place, and avoiding debt through manageable monetary repayments of their Social Fund loan.

5.3 Credit unions

Typically, customers across the sample had not heard of Credit Unions. The few that had, had:

- used their services some years previously;
- been told about them by family members;
- seen a leaflet on them; or
- attended a session that had been delivered at their hostel.

Those who had heard of Credit Unions were typically not sure of their purpose and services. Difficulties in using a Credit Union was reported by one respondent who struggled to access the union with its limited opening hours. Others simply could not easily find the information necessary to locate their local one:

'...But you know, it's hard to find them even! You know; you can't find them! Unless it's word of mouth, somebody tells you, you don't know where they are...'

(Interviewee, Budgeting Loan applicant)

Researchers provided a basic description of the purpose of Credit Unions and the services they offered. Customers were then asked whether they would consider using a Credit Union to save and borrow money. Customers generally queried the worth of using a Credit Union, with the common criticism being that they were expected to save out of their own benefit payment, which was already so little. Other criticisms and concerns were that:

- Credit Unions might profit from the interest gained on their investments;
- there appeared to be little difference from a bank or building society, which they regarded as more credible institutions;
- Credit Unions might be too personal and customers preferred the impersonal nature of banks and building societies; and

- Credit Unions might not be financially viable in the current economic climate that has seen banks go out of business.

There was little interest in saving with Credit Unions unless they exhibited certain characteristics such as being local, ethical, trustworthy/reputable.

6 Conclusions

This chapter presents conclusions based on the key findings presented in the previous chapters. The conclusions draw on customers' experience of the current Social Fund scheme and their views on different ways in which the discretionary elements of the Social Fund could be administered.

Customers within the research cohort for this study considered that the current Social Fund system has various elements that could be revised to improve the service to customers. Tightening up on misuse of the Social Fund and perceived inefficiency were a concern among interviewees, as was the need to ensure equitable access and distribution. Customers demonstrated an understanding of these needs and, in the main, welcomed the principle of an overall improved system of application, distribution and repayment.

There was a clear consensus for:

- a simpler Social Fund structure that is transparent and easier to understand and navigate;
- an improved service that assists genuine claims and tackles Social Fund misuse or abuse; and
- a speedier grant/loan approval process;
- no reduction in Budgeting Loan amounts for families.

Research participants felt that the benefits system and its associated structures should be primarily designed to assist them, and people like them, in times of need and crisis and views were mixed on the elements below as some participants felt they appeared more clearly designed to improve the cost-effectiveness of delivery, or reduction of government expenditure:

- the provision of goods versus cash;
- third party delivery of elements of the Social Fund scheme including the use of Credit Unions; and
- the provision of money advice to Social Fund applicants.

Nevertheless, there was an overall understanding that the system needs to be efficiently and cost-effectively delivered, to ensure public finances are well managed and fairly distributed, leading to pragmatic support for some aspects of different ways in which the Social Fund could be delivered. More detail follows below.

6.1 General understanding about the Social Fund scheme

The Social Fund scheme as a whole or in part remains intangible to many Jobcentre Plus customers. Familiarity with parts of the fund and which parts to use was poorly understood across the sample as a whole and even among those with experience of using it. This is due to a heavy reliance on friends and family for information on the eligibility criteria and application processes as opposed to official routes through Jobcentre Plus offices and staff. Findings suggest that customer perception was that Jobcentre Plus staff do not have access to sufficient information about the Social Fund or do not readily give this information and greater transparency and clarity is needed on:

- **the fund as a whole**, as customer perception is that there appears to be little official awareness-raising information about the scheme;
- **what customers can apply for**, i.e. customer eligibility criteria, the different funding strands and what constitutes an eligible claim under each strand;
- **the application assessment process**, as there is a common perception that applications are assessed on the basis of giving the customer half to one-third less than the amount applied for;
- **the repayment process**, as customers were often unaware of the duration of their repayment period, and those with more than one loan did not know which loan they were currently repaying and which, if any, were left to be repaid.

6.2 The loans and grants schemes

Customers in the sample did not appear to actively factor borrowing into their financial planning, especially as they did not feel they were in a position to actively plan how they would spend their limited income, even in the short to medium term. Research participants suggested that once customers are aware of the Social Fund, they rely on its existence as a source of additional, interest free finance to support their day-to-day living expenses.

This need to access additional funds to provide for unforeseen or large expenses was evident in responses to discussions around different Budgeting Loan amounts. Customers believed:

- there should be no reduction in amounts available and some suggested an annual allowance that customers could access to supplement their usual benefit;

- differences in Budgeting Loan amounts in relation to benefit income would be unfair and would leave customers on lower benefit payments in further need of assistance, as the cost of a washing machine, for example, is the same regardless of your benefit income;
- families with children should be eligible to receive more through the Budgeting Loan scheme as they are the most in need of assistance because they have more individuals to care for in their households;
- a reduction in Budgeting Loan amounts for families would be unfair as their applications were perceived by research participants as more likely to be genuine and any reduction would lead to a state of poverty that might result in an increase in crime, as customers would be desperate to provide for their families.

Customers preferred the suggestion of telephone-based applications over an internet-based system. The completion of forms over the telephone is now an established process that is generally accessible to most customers who value the ease and speed of making applications this way.

The overriding concern with telephone-based applications is initial customer access to the service. Across the sample, customers raised issues with the length of time they said it took to connect to a Crisis Loan telephone operator. Customers reported spending up to two to three hours in one day and giving up and trying again the following day. In a crisis situation, their view is that the current telephone system is not swift enough. Other issues with the telephone system relate to customer service and suggest that customers felt that staff should be trained to be both sensitive and probing in order to fulfil their dual role as an adviser, and with probity, in the management of public finances.

In terms of ensuring that applications are genuine, customers supported the concept of attendance at interview for all Social Fund applicants, as belief was that non-genuine applicants would not attend their appointment.

On the topic of goods versus cash, customers' preference is to receive new items as they had more confidence in their reliability and the fact that there would be an accompanying guarantee. Jobcentre Plus customers' usual purchasing habits are to buy second hand furniture and reconditioned white goods because they are normally unable to afford new items. Customers in the sample said they would accept second-hand and reconditioned goods via the Social Fund, as long as they retained the ability to choose what they would accept. White goods had to have been serviced, safety assured and accompanied by a six to twelve month guarantee.

6.3 Financial inclusion

A strong emerging theme was that customers were not worried about debt in particular, but more about money and budgeting in general. It was customers' perception that the increased cost of living has now resulted in people using

Social Fund money to supplement their weekly benefit to pay for more usual living expenses. Concern over the ability to afford rent payments, utility bills and food were identified as areas that might result in a state of debt without the Social Fund. All customers, regardless of their Social Fund experience, were wary of any borrowing that incurred interest, although customers were divided on whether to take loans at all given their low income levels.

Customers' attitudes to borrowing and interest were shaped from a range of trusted sources including: family and parental direction in budgeting/money management; or reflection on family/friends' negative experiences with debt. Other customers accepted borrowing as part of their normal daily lives and how they afforded to live. Although the use of money advice was low among the customers in the sample, the Citizens Advice Bureau was the agency most often cited as a source of assistance in money-related matters. Again customers regarded the Citizens Advice Bureau as a trusted source of advice. They valued the help they had provided and the professionalism and knowledge base of the staff, however, accessibility to them often acted as a barrier.

The provision or offer of money advice for Social Fund applicants was generally well received as financial planning is a universal issue for all Jobcentre Plus customers. While customers have limited personal finances, they thought advice might be useful for certain customer groups or at certain times. Participants suggested money advice should have a dual focus on prevention of debt and advice for those with debt problems. While customers recognised the value of providing money advice of some sort (financial, budgeting or debt) tailored to the recipient's needs, they were divided in their opinions over budgeting advice in particular. Views were that benefit recipients live their daily lives on a limited budget that they have to stretch to meet their needs, therefore further budgeting might be implausible and a budget planner of little use to them.

Credit Unions were generally not known to the customers in the study and on learning of their purpose and work, views were mixed about whether they were in favour of using them. There were customers who were interested in saving with Credit Unions if they exhibited certain characteristics, such as being local, ethical, trustworthy and reputable. Conversely, others thought that saving with Credit Unions may be too personal and banks, with their impartiality, were seen as preferable. Additional concerns were over their financial viability in the current economic climate that has seen banks go out of business.

6.4 Conditionality

Interviews for repeat claimants, signposting to other support services, and conditionality were popular concepts that were seen to support the overall improved management of public finances. Customers believed assistance, support and regulation should be in place for those customers with evident needs and who misused the system. Research participants thought that claimants should have specific reasons for making repeated loan applications and their reasons should be explored further – either to understand the underlying issues or to reveal any fraudulent behaviour. Study participants generally said they would happily attend a face-to-face interview to explore their reasons for loan applications, as they believed their applications had been genuine. They also acknowledged that others may not be as willing to attend these interviews.

Appendix A

Achieved sample profile

Table A.1 Frameworks were used to profile customers needed for the study rather than to achieve quotas against various sample criteria

Applied for Social Fund	Interviews				Focus Groups			
	Norwich	Birmingham	Bolton	Norwich	Birmingham 1	Birmingham 2	Bolton 1	Bolton 2
Range of benefit types								
Jobseeker's Allowance	12	13	16	9	5	4	6	5
Income Support	4	2	1	4	4	2	1	2
Employment and Support Allowance/Incapacity Benefit.	2				1	1	2	1
Length of benefit receipt (eligibility for Social Fund loan/grant)								
> 6 month	4	9	11	4	2	3	3	4
6 month +	14	6	6	9	7	4	5	4
No response							1	
Receipt of Social Fund								
Yes	16	8	11	7	7	5	8	6
No	2	7	6	6	2	2	1	3
Element of Social Fund applied for								
Crisis Loan	14	6	8	6	4	3	5	3
Budgeting Loan	4	5	4		3	2	5	4
Community Care Grant	5	3	1	1	2		3	
Sure Start Maternity Grant	2		1					
Funeral Payment	1							
Winter Fuel Payment								
Cold Weather Payment	2		1				1	
No response					1			

Continued

Table A.1 Continued

Applied for Social Fund	Interviews				Focus Groups			
	Norwich	Birmingham	Bolton	Norwich	Birmingham 1	Birmingham 2	Bolton 1	Bolton 2
Gender								
Male	10	7	10	9	5	5	7	3
Female	7	8	8	4	4	5	5	3
Age								
>20	1							
20-30	9	4	6	4	5	1	4	1
31-40	4	1	3	4	2		4	3
41-50	2	3	6	1	1	6	1	2
51-60	2	4	1	4	1			1
Over 60 years		1						
Single/living alone		15	8	11	10	6	5	6
Married/co-habiting		3	2	6	3	3	2	3
Dependents								
Yes	5	6	8	3	5	2	2	5
No	13	9	9	10				
Ethnic origin								
White								
British	16	6	10	11	2	7	7	8
Irish		1	1					
Any other White background (please write in)	2							

Continued

Appendix B

Topic guides used – depth interview and focus group

Study to inform Social Fund Reform

Depth interview topic guide

Informed consent

As recruitment is taking place immediately before interviews are conducted, it is important that all individuals recruited are able to give their informed consent. Researchers will need to introduce ECOTEC, describe the purpose of the interview and explain that participation in the study is voluntary.

Introduction to the interview

- i. Introduce yourself, and explain that ECOTEC was commissioned by DWP to talk to Jobcentre Plus customers to find out what they think about certain ideas to:
 - consider different ways in which the Social Fund could be administered;
 - improve the financial advice and guidance they receive
- ii. Emphasise that ECOTEC is a completely independent research organisation. We're primarily interested to hear about their views and experiences of the Social Fund. No information will be passed to anyone else and they will not be identified in any written material. The £20 thank you gift will not affect their benefits.
- iii. Explain the time it will take and ask if this will be OK:
 - Interview length – between 30 and 40 minutes allowed
 - Permission for taping and transcription (otherwise permission for detailed notes)
- iv. Explain that the research will explore their views on:
 - The Social Fund loans and grant scheme;
 - Financial inclusion, *that is access to financial and budgeting advice, banking experience, attitudes to accessing loans from Social Fund and elsewhere;*
 - Conditionality, *that is DWP putting certain conditions on who can access the Social Fund;*
 - Other financial service providers, *such as local Credit Unions*

Gain agreement to continue with interview.

Section 1 – Experience of using Social Fund

INTERVIEWER NOTE:

Basic info on the **Social Fund Regulated Fund. Payments** are made in specific circumstances and must be paid if customer meets all entitlement criteria. They include: Funeral Payments, Winter Fuel Payments, Cold Weather Payments, Sure Start Maternity Grant.

Discretionary grants and loans are paid from a cash-limited budget and can be applied for to support vulnerable people in the community; to help meet intermittent expenses; or to help meet immediate short-term needs in an emergency or as a consequence of a disaster. Each payment has eligibility criteria that must be met (e.g. which benefits you must be getting and how long you have been getting them for) but once they are met, whether money is awarded and how much is at the discretion of the Social Fund decision maker. The discretionary payments are:

- **Community Care Grants** – these are grants for people getting Pension Credit, Income Support, income-related Employment and Support Allowance or income-based Jobseeker's Allowance, who meet certain criteria. The purpose of the grant is to help people to move into the community from residential or institutional care, to stay in the community rather than move to residential care, to set up home after being homeless, to ease exceptional pressures on their family or to visit someone who is ill or to meet certain travel expenses.
- **Budgeting Loans** – are interest-free loans for people getting Pension Credit, Income Support, income-related Employment and Support Allowance or income-based Jobseeker's Allowance for six months or more. The purpose of these loans is to help people to be able to meet larger expenses e.g. furniture, that they would otherwise find it hard to save up for.
- **Crisis Loans** – these can be paid to anyone whether in receipt of a benefit or not who has no resources to meet their immediate needs in an emergency where payment of an interest free crisis loan is the only means of avoiding a risk to their health or safety.

1. Explore customer's knowledge of
 - the Social Fund (*Ask unprompted in first instance. May then need to outline the payment types involved. Check for knowledge of grants and discretionary loans*)
 - the SF application process (*May need to describe each discretionary payment type [Community Care Grant; Budgeting Loan and Crisis loan] would be the most appropriate for them to apply for and ask for knowledge on process.*)
 - Where did they get their information from?
2. Explore whether customer has ever applied for SF money? (**Route remaining section 1 questions according to yes – go to Q10/No – go to Q3**).

THOSE WHO HAVE NOT USED DISCRETIONARY SF (AND WERE ELIGIBLE):

3. Explore customer's experience of instances when they could have applied to the SF for financial assistance:
 - crisis situation(s) [e.g. loss of benefit money, need for immediate unforeseen payment to be made]
 - need for Budgeting Loan e.g. need for a new bed, white goods, child starting school
 - Community Care Grant (if appropriate).

Interviewer note: These are grants for people getting Pension Credit, Income Support, income-related Employment and Support Allowance or income-based Jobseeker's Allowance who meet certain criteria. Grant purpose is to help people to move into the community from residential or institutional care, to stay in the community rather than move to residential care, to set up home after being homeless, to ease exceptional pressures on their family or to meet certain travel expenses.

4. Explore any instance(s) of considering SF and deciding not to use it and reasons why.
 - Was there anything about the application process that stopped them?
5. Explore what they did instead
 - Borrow money from elsewhere? (*where/from whom?*)
 - Do without whatever they needed?
6. Explore feelings about taking loans. (Have they any other loans other than through SF? – prompt credit union, debit/credit cards, bank, HP, catalogues, friends/family) *Explore details of these*
7. Explore whether attitudes to loans are influenced by religious beliefs or cultural background?
 - If so, how?
 - If no, explore any other influences e.g. family/friends
8. Explore whether customer has any other particular borrowing issues:
 - Their attitude to debt and borrowing
 - Their ability to manage repayments
 - Anything else?
9. Explore impact/effect on them of not using SF to borrow the money

Interviewer note: proceed to Section 2

THOSE WHO HAVE USED DISCRETIONARY SF

Experience of SF process

10. How many times have you applied to the SF over the past 12 months?
11. Explore which grant/loan they accessed in each instance.
12. For each grant/loan accessed:
 - Explore reasons for applying
 - How did you decide which grant/loan would be the most appropriate to apply for? (*probe: was it about different types of money available, application process or the amount wanted?*)
 - How did your applications differ for each type and/or amount applied for?
 - What influenced you to request different amounts? Explore whether related to:
 - a specific need for items, and an awareness of how much they will cost, or
 - whether it is related to other factors e.g. how much they think they are likely to get
 - What were the outcomes (needs met, shortfall or refusal)
 - What did they feel about outcome/any refusal?
 - What did they do if the loan amount available to you was not enough to meet your needs? (*Explore whether they would go without; save up; borrow from else-where [where?]; purchase second hand or recycled goods*)
13. Explore customer's perceptions of the service – Refer back to each of the applications made (CCG, BL, CL):
 - How did they apply (paper-based, telephone, other)
 - How easy/difficult did they find the application process?
 - What did they find easy/difficult and why?
 - Was help available to them as part of the process and from whom – *if so, what? If not, what would they have liked*
 - How much did they understand about how applications are assessed and decisions made?
14. **Interviewer note:** Refer back to customer's SF outcomes (Q12).
 - Find out whether they were aware that they could have requested a review of a decision to turn down their application?
 - **For customers who have requested a review:** gain details of review, explore ease of process and outcome

15. Explore influence of application process as a whole in customer's decision to make a claim.
 - Was the application process itself part of the reason they used the SF?
16. Explore impact/effect on them of using SF to borrow the money
 - How did you manage with the repayments? (too high, low etc)
17. Explore feelings about taking loans. (Have they any other loans other than through SF? – prompt credit union, debit/credit cards, bank, HP, catalogues, friends/family)
 - Explore details of these
 - Discuss preferred style of lending and repayments
18. Before applying for money through the SF, did you approach anyone else for money? (E.g. bank, charity, local authority). *If yes, explore what happened; if no, explore why not*

Views on different ways in which the Social Fund could be administered

19. Explore general views on how much people should be able to borrow:
 - Should it be relative to their benefit income or how long they would take to repay
20. Explore customer's views on different amounts of money for different groups:
 - Should couples be able to receive more than single people?
 - Should families get more and how much more?)
21. Explore customer's views on whether people should have to pay one loan back before getting another one
22. What impact do you think it would have if the Budgeting Loan amounts for families were reduced (relative to the current baseline amount) **Interviewer note:** current total loan upper limit is £1500 per family

23. **Interviewer note:** the need to attend an interview/seek financial advice for 3rd time CL applicants is a potential policy change

- Explore customer's views on the need to attend a face-to-face interview as part of the Social Fund application process

Interviewer note: proceed to Section 2

Section 2 – The loan and grants schemes

Interviewer note: Explain that the Government is interested in customer's views on different ideas for the Social Fund. The questions that follow are about these possible ideas and may/may not become real changes in the future.

24. What sort of situation(s) have you experienced that you would describe as a crisis situation that would require a Crisis Loan?
25. **Interviewer note:** Explain current *Budgeting Loan* system if customer has no knowledge of them. Questions are about various ideas for a revised Budgeting Loan system
- Explore customer's current use/experience of purchase of second-hand or reconditioned goods. (*Probe for whether these were white goods, brown goods, furniture*)
 - Would you be interested in receiving goods rather than cash if the goods were significantly discounted and it would mean you could borrow less money? (*prompt for views on bottom/middle of the range new goods*)
 - Would you consider receiving reconditioned goods? (*Probe for views on white goods, brown goods, furniture. Any conditions attached to goods received e.g. need for guarantee, acceptance of some goods (wardrobes, sofa) over others (beds)*)
26. Explore customer's views on applying for the Social Fund via the internet:
- computer access – at home or in a public space (views on use of public access points)
 - Do you use computers? If so, what for (*general, social use, internet banking*)
 - views on e-mail or on-line form filling
27. Explore customer's views on applying for the Social Fund via a telephone application process.
- Any communication issues with the telephone
 - How would you normally make phone calls – mobile, landline, phone box
 - Views on form filling over the telephone
 - Would telephone application increase the number of claims they would make? Explore reasons for response.
28. Explore customer's views on applying for the Social Fund via a different organisation than DWP e.g. CAB, Post Office, local authority (probe reasons for and against)

Interviewer note: Explain that the Department for Work and Pensions is considering looking into reasons for multiple loan applications/an increase in assessment through face-to-face interviews/whether conditions should be applied to accessing the SF. Again, these are possible ideas and may/may not become real changes in the future.

29. If you apply for several loans for the same reason, do you think it helpful for DWP:

- To assess your situation in more detail (e.g. through interviews) or
- To apply conditions to the loans you receive?

Interviewer note: e.g. repeated rent arrears being signposted to other services like Housing Associations who deal with difficult clients; alcoholics who repeatedly spend benefits on alcohol made to receive treatment to address their addiction; referral to an advice agency

Section 3 – Financial Inclusion

30. Have you ever had any experience of seeking financial advice? *Explore each type of **financial advice** (general advice on banking, financial products etc), **budgeting advice** (money management and saving) and **debt advice** (how to manage debts and repayments) advice*

- How did you find out where to go for financial/budgeting/debt advice? (Ask each as appropriate)
- *Which organisation gave you the advice?*
 - Did you seek out the advice yourself? (explore how and who adviser was)
 - Were you signposted to the advice by someone else? (explore who signposted them and who adviser was)

31. **Interviewer note:** Refer back to customer's experience of financial, budgeting debt advice services. Explore:

- Whether the service they accessed was useful – *If it was, why and how did they use the advice given? If not, why not?*
- At what point in their lives would this advice be most useful?

32. Explore whether the customer would like financial advice at the point of applying for a Social Fund loan.

- *If so, why? If not, why not?*
- *Which advice agency do they think would be the best provider?*
- *How would you feel about going to organisations such as CAB, Post Office or your local authority for advice*

33. Do you worry about budgeting/debt?

- **For non SF users** – Explore whether customer is currently in debt or just fearful of being in debt
- **For SF users** – Explore whether customer factored borrowing from SF into their financial planning
- Explore customer's ability to manage repayment of any current debt

34. If financial, budgeting or debt advice was to be provided for customers, how would you like it to be delivered? (*Explore telephone-based, internet, face-to-face, leaflet*)

Interviewer Note: *A Credit Union is a cooperative financial institution that is owned and controlled by its members, and operated for the purpose of promoting saving, providing credit at reasonable rates, and providing other financial services to its members. (info from Wikipedia)*

35. Have you ever heard of or used Credit Unions? Are you aware of your local Credit Union and what they do? If yes, ask for brief explanation. If no, provide explanation and ask if sounds familiar.

Thank and Close

Social Fund Reform: Focus group topic guide

RESEARCHER NOTE:

This topic guide is designed for use in the five focus groups with Jobcentre Plus customers who will be a mixture of those with experience of using the Social Fund (SF) and those with no borrowing experience.

The focus groups aim to gauge customers' reactions to different ways in which Social Fund loans and grants could be delivered.

The focus groups are designed for 8-10 Jobcentre Plus customers (approximately 15 will be recruited). Survey is undertaking the recruitment of participants and are aiming to send a recruiter to each of the three Jobcentre Plus offices being visited to recruit individuals up to one week ahead of each focus group taking place. This should help to ensure the best possible turn out as an individual who has to go to the Jobcentre Plus office on a particular day, should turn up the following week.

The focus group should last approximately one hour, with an incentive of £20 provided to each participant as a thank you and also to cover childcare and transport costs. Please obtain a receipt for all incentives given out.

Digital recording equipment will be used for the main discussions, with participants consent.

Staffing: There will be two staff members at each focus group; one chair and one to assist with facilitation/note taking.

Focus group locations: There will be five focus groups altogether – two in Birmingham and Bolton and one in Norwich. Further details on exact locations will be sent directly to the relevant staff.

Focus group format: the focus groups have been designed as group discussions. Depending on the numbers attending, the whole group may divide into mini-groups to explore SF usage/non-usage separately. The focus group chair can make a decision based on the number and nature of participants as to whether this would be best or not necessary.

TOPIC GUIDE

INTRODUCTION

- **Duration:** 5 minutes
- The chair welcomes everyone to the focus group and thanks them for coming. Explain that this focus group is one of five. Briefly introduce the members of the ECOTEC team and roles.
- The chair explains the purpose of the focus group – to get their first impressions of different ways in which Social Fund grants and loans could be delivered.
- The chair then explains that the focus group will be discussion-based, either as a whole group or divided into mini-groups. There will be three main topics for discussion:
 - understanding and experience of SF
 - financial, budgeting or debt advice
 - proposed reforms to the SF grants and loans scheme
- The chair explains the ground rules.
 - Taking part is voluntary, and everyone’s opinions must be fully respected at all times.
 - The content of the discussion is confidential,
 - Use of digital recording equipment to help with accurate note-taking. Individuals will not be identified in any reporting.
 - Check everyone okay is with this.
- Please turn off mobile phones
- Check there are no further questions.

DISCUSSION 1: PARTICIPANTS' KNOWLEDGE AND UNDERSTANDING OF SF

- **Purpose:** to establish Jobcentre Plus customers' knowledge and understanding of the SF and to look at the Social Fund loans scheme
- **Duration:** 10 minutes

Does anyone here have experience of using the Social Fund? (show of hands)

Can you tell me what you know about the Social Fund? (*to understand which elements they know about, application process*)

Display show cards 1 and 2: Different elements of Social Fund

Were you aware of all these different elements? (show of hands)

- **If not** – If you had known, would you have applied for a different bit? (*i.e. did anyone just apply for CL/BL because they didn't know of anything else; would anyone believe been eligible for grants – would they apply*)
- **If already knew different elements**, why did you choose the element you applied under? (*e.g. thought they would get more money, application process*)
- **Ask all SF users:** did you approach anyone else for financial help before applying to the SF? Gain details from 'yes' respondents

For all non-SF and SF users:

Explore feelings about taking loans.

- Have they any other loans other than through SF? (*Credit Union, debit/credit cards, bank, HP, catalogues, friends/family*)
- Explore details of these
- Discuss preferred style of lending and repayments
- Explore concerns about any debt that they have

Is the way you manage your money influenced in any way by:

- acceptable norms within your generation (DWP interested in older people in particular)
- Religious beliefs
- cultural background

DISCUSSION 2: FINANCIAL INCLUSION

- **Purpose:** to establish Jobcentre Plus customers' knowledge and use of advisory services, Credit Unions and views on potential use
- **Duration:** 20 minutes

Has anyone here ever used money advisers? (show of hands)

Display show card 3: Different types of money advisers – financial, budgeting, debt

If yes

- explore whether **financial advice** (general advice on banking, financial products etc), **budgeting advice** (money management and saving) or **debt advice** (how to manage debts and repayments)
- Which organisation provided the advice
- How did they find out where to go for it
- Explore value placed on advice given, advisory organisation
- How did they help you? – *ask unprompted, also explore whether crisis situation or general longer term help*

ASK ALL: Do you think advice on money matters (financial, budgeting or debt) would be useful for people applying for the SF?

- At which stage in the process?
- Who do you think should provide it?
- Would you prefer to be signposted or find your own adviser?
- How do you think the advice should be delivered? (*face to face, internet, leaflet, telephone*)
- How would it help you? – *ask unprompted, also explore whether it might reduce need for applications to SF*

What do you think about proposals to have other organisations (not Jobcentre Plus) deal with Crisis Loans? Explore what they think would work well and not well

Interviewer Note: *A Credit Union is a cooperative financial institution that is owned and controlled by its members, and operated for the purpose of promoting saving, providing credit at reasonable rates, and providing other financial services to its members. (information from Wikipedia)*

Have you ever heard of or used Credit Unions? (show of hands) provide explanation if some have not

Are you aware of your local Credit Union and what they do?

- If yes, ask for brief explanation. If no, provide explanation and ask if sounds familiar.

Do you think they are the type of organisation that you'd be interested in saving with/loaning from? (show of hands)

- explore reasons for and against

DISCUSSION 3: DIFFERENT WAYS IN WHICH THE SOCIAL FUND MIGHT BE DELIVERED

- **Purpose:** to get their first impressions of ways in which the grants and loans scheme might be delivered.
- **Duration:** 25 minutes

Display show card 4: A simplified Social Fund structure

Interviewer Note: A simplified Social Fund loans scheme could include the provision of a ceiling amount of available funds per person, in a rolling 12 month period (possibly – £1500). Additionally, measures in the Welfare Reform Bill are arranging for the direct provision of goods or services rather than cash to people awarded Community Care Grants Crisis Loans could potentially be administered outside of DWP. Customers requesting several loans may be required to attend a face-to-face interview and their loan agreement could include conditional elements e.g. need to seek further support from external agency.

Overall, what do you think of such a revised structure? (explore aspects that they think are positive and negative changes)

We'd like to hear your views on the following suggestions:

Ask for show of hands for and against each and explore responses

- That people should have to pay one loan back before getting another one
- that the amount of money people should be able to borrow should be relative to their benefit income or how long they would take to repay
- That couples should be able to receive more money than single people
- That families should be able to get more money

If customers apply for several loans for the same reason, do you think it helpful for DWP:

- To assess customers' situations in more detail
- To apply conditions to the loans customers receive

Do you think it would make the application process easier/more difficult?

- *Explore reasons for responses*
- *Explore behaviour change – would increase/reduce applications*

Communication/applying for SF money

What do you think would be the best way to communicate with Jobcentre Plus when applying for Social Fund money? (explore reasons for preferences)

- Face to face
- Telephone
- Online application over the internet (explore access to computers)
 - computer access – at home or in a public space (*views on use of public access points*)
 - Do you use computers? If so, what for (general, social use, internet banking)
 - views on e-mail or on-line form filling

What do you think about applying for the Social Fund using a telephone application process?

- Telephone access – use of pay as you go phones, cost of calls, need for a 0800 number
- Any communication issues with the telephone
- Views on form filling over the telephone
- Would the ability to make applications over the telephone make any difference on the number of claims you would make? Explore reasons for response.

Effect of reduction of total budgeting loan amounts

Interviewer note: Questions in this section are about possible changes under a revised Budgeting Loan system

Ask if participants have experience of making Budgeting Loan applications

Interviewer note: it is quite usual for there to be a shortfall in amount requested by Budgeting Loan applicants

What do you think about the amount of money that's available through the Budgeting Loan scheme at the moment?

- Explore whether it meets their needs
- What do they do if there's a shortfall (*whether they would go without; save up; borrow from else-where [where?]; purchase second hand or reconditioned goods*)

How do you think it would make a difference if the overall amount available under the Budgeting Loan scheme was reduced, which then meant that the amount of money given to applicants was also dramatically reduced?

- *Explore whether they would go without; save up; borrow from else-where [where?]; purchase second hand or reconditioned goods*

Goods rather than cash

Would you be interested in receiving goods rather than cash if the goods were significantly discounted and it would mean you could borrow less money? (show of hands)

- Prompt for views on bottom/middle of the range new goods

Explore participants' current use/experience of purchase of second hand or reconditioned goods.

- Probe for whether these were white goods, brown goods, furniture

Would you consider receiving reconditioned goods?

- Probe for views on white goods, brown goods, furniture.
- Any conditions attached to goods received e.g. need for guarantee, acceptance of some goods (wardrobes, sofa) over others (beds)

SUMMING UP and CLOSURE

- **Duration:** 3 minutes
- The chair thanks everyone for taking part, and reiterates the next steps. ECOTEC will write up the focus group notes with the help of the recorded information. The findings from all five focus groups will be used to report back to Government.
- A final opportunity for any closing questions
- Incentive payments are then provided, receipts are signed and collected.

