

# Changes to the Social Fund Crisis Loans Scheme from April 2011

Equality Impact Assessment

March 2011

# Equality impact assessment of changes to the Social Fund Crisis Loans scheme

## Introduction

The Department for Work and Pensions has carried out an equality impact assessment on changes to the Social Fund Crisis Loans Scheme, assessing the proposal in line with the current public sector equality duties.

This process will help to ensure that:

- the Department's strategies, policies and services are free from discrimination;
- the Department complies with current equality legislation;
- due regard is given to equality in decision making and subsequent processes; and
- opportunities for promoting equality are identified.

## Brief outline of the policy or service

1. Crisis Loans are intended for applicants who are unable to meet their immediate short term needs either in an emergency or as a consequence of a disaster. They are interest free loans that can help with immediate living expenses for a short period not normally exceeding 14 days or a specific item or service. The loan should be the only means of avoiding serious damage or serious risk to the health or safety of the applicant or a member of the family.
2. Since 2006, additional ad hoc payments have been made to the Discretionary Social Fund scheme to meet the costs initially of changes to the loans scheme and latterly the recession. The Spending Review 2010 settlement maintained the core funding for the Social Fund, but additional cash injections were considered to no longer be affordable. In addition it has become clear that the cash injections had primarily funded unjustifiable growth in the use of Crisis Loans. This means without urgent action to limit demand there would be a significant funding shortfall in 2011-12.
3. To address the funding shortfall Ministers have chosen to target Crisis Loans as these payments have first call on the cash limited budget and are the area that has been subject to abuse. This will ensure funding for Community Care Grants is protected and that we are able to pay Budgeting Loans throughout the year. Without these measures Budgeting Loans would need to be withdrawn before the end of 2011 – leaving significant numbers of people on low incomes with little

alternative but to turn to high cost or illegal lending. For example, we know lone parents are the largest users of budgeting loans and also the customer group most likely to use illegal lending.

4. The changes to the Crisis Loan Scheme that will be implemented from 4 April 2011 are:
  - Crisis Loans will no longer be paid in an emergency for items such as cookers and beds. Crisis Loan items may still be paid following a disaster such as flooding.
  - The maximum rate paid for Crisis Loan for Living Expenses will be reduced from 75 per cent down to 60 per cent of benefit rate. This will align with the position for Jobseeker's Allowance cases paid at the hardship rate.
  - Crisis Loan awards for living expenses, excluding benefit alignment payments, will normally be capped to three awards in a rolling twelve month period.

## Consultation and involvement

5. The policy for restricting Crisis Loans awards for living expense to three in a rolling twelve month period was tested in 2009-10 by Jobcentre Plus in the South West and East Midlands Pathfinder Regions. Jobcentre Plus officials consulted with the Department's Customer Representative Group and the Policy Strategy Forum regarding the measure. Local communication channels were employed by Jobcentre Plus' External Relations Managers to contact the relevant organisations within the two regions.
6. Due to the need to rapidly introduce the proposed changes to address the funding shortfall in the financial year 2011-12, only limited consultation has been possible on the additional measures to restrict Crisis Loan Item awards and the reduction in the maximum payment for Crisis Loan Living Expenses awards. The Department has consulted the Independent Review Service and officials in the relevant Northern Ireland Department (Northern Ireland runs a parallel Social Fund scheme) on the draft Secretary of State Directions. Given the limited scope for consultation on these measures before implementation we will be in dialogue with external organisations as these measures roll out as part of our activity to monitor their impact.

# Impact of the changes to the Crisis Loans Scheme

7. We do not consider that any of these measures directly discriminates against any protected group. The nature of these measures – limiting support – means that opportunities to promote equality of opportunity are limited. We have considered through the analysis of available data and experience from the Jobcentre Plus pilot whether the measures will have a disproportionate impact upon any particular group. We do not believe they will.

## Reduction in the maximum rate for a Crisis Loan for Living Expenses

8. We do not have any evidence that reducing the rate paid for Crisis Loans for Living Expenses of itself will alter the profile of applications and awards for Crisis Loans. The majority of people who are awarded any type of crisis loan are single, under 35, white and not disabled. Reducing the amount paid will impact on these groups, but this is an inevitable result of the profile of people applying for crisis loans and not a factor over which the Department has any control.

## Tables for restriction to three Crisis Loans for Living Expenses awards in twelve months (excluding benefit alignment payments)

### Gender

9. The following tables only include cases which could be linked to a record on the National Benefits Database. There were 4,030 Social Fund Crisis Loans for general living expenses which could not be matched.

10. Fourth or subsequent awards are slightly more likely to be awarded in respect of single males than earlier awards (61% compared to 54%). Single males are more likely to be using four or more crisis loans in a rolling twelve months. Although this may just be a reflection of the higher number of single males on JSA.

### Applications

All Crisis Loan for Living Expenses final decisions for major partners in 2009-10 which can be linked to the National Benefits Database		
Category	Number	% of total
Couple	139,830	8%
Single Female	572,800	34%
Single Male	971,710	58%
Total	1,684,340	100%

### Awards

All awards after Crisis Loan for Living Expenses final decisions for major partners in 2009-10 which can be linked to the National Benefits Database		
Category	Number	% of total
Couple	105,490	8%
Single Female	444,410	35%
Single Male	703,780	56%
Total	1,253,680	100%

### Fourth or subsequent awards in a rolling 12 months

All 4th or subsequent awards after Crisis Loan for Living Expenses final decisions for major partners in 2009-10 which can be linked to the National Benefits Database		
Category	Number	% of total
Couple	21,470	7%
Single Female	106,390	33%
Single Male	198,600	61%
Total	326,460	100%

### First to third award in a rolling 12 months

All 1st, 2nd or 3rd awards after Crisis Loan for Living Expenses final decisions for major partners in 2009-10 which can be linked to the National Benefits Database		
Category	Number	% of total
Couple	84,030	9%
Single Female	338,020	36%
Single Male	505,180	54%
Total	927,220	100%

### Comparison

Category	% of all awards	% of 1 <sup>st</sup> , 2 <sup>nd</sup> or 3 <sup>rd</sup> awards	% of 4 <sup>th</sup> or subsequent awards
Couple	8%	9%	7%

Single Female	35%	36%	33%
Single Male	56%	54%	61%
Total	100%	100%	100%

### Age (at date of decision)

11. There is a wide range of ages who are awarded crisis loans. However, the highest number of awards of four or more loans are to those between 18 and 24. The majority of applicants who are awarded crisis loans are in receipt Jobseeker's Allowance and those applying for four or more crisis loans for living expenses represent a higher percentage than we would expect based on the Jobseeker's Allowance caseload using the May 2010 data from the DWP online statistical tab tool.
12. The following tables only include cases which could be linked to a record on the National Benefits Database. There were 4,030 Social Fund Crisis Loans for general living expenses which could not be matched.

### Applications

All Crisis Loan for Living Expenses final decisions for major partners in 2009-10 which can be linked to the National Benefits Database		
Category	Number	% of total
Under 18	36,430	2%
18 to 24	631,020	37%
25 to 34	508,590	30%
35 to 44	313,150	19%
45 to 49	95,800	6%
50 to 54	55,360	3%
55 to 59	30,750	2%
60 to 64	7,980	#
65 to 69	3,170	#
70 to 79	1,830	#
80 to 89	260	#
90 and over	10	#
Total	1,684,340	100%

# = Less than 0.5%

## Awards

All awards after Crisis Loan for Living Expenses final decisions for major partners in 2009-10 which can be linked to the National Benefits Database

Category	Number	% of total
Under 18	24,840	2%
18 to 24	439,640	35%
25 to 34	384,850	31%
35 to 44	247,060	20%
45 to 49	76,990	6%
50 to 54	44,660	4%
55 to 59	24,960	2%
60 to 64	6,400	1%
65 to 69	2,570	#
70 to 79	1,500	#
80 to 89	220	#
90 and over	10	#
Total	1,253,680	100%

# = Less than 0.5%

## Fourth or subsequent awards

All Fourth or subsequent awards after Crisis Loan for Living Expenses final decisions for major partners in 2009-10 which can be linked to the National Benefits Database

Category	Number	% of total
Under 18	5,310	2%
18 to 24	132,190	40%
25 to 34	104,330	32%
35 to 44	56,280	17%
45 to 49	14,650	4%
50 to 54	8,260	3%
55 to 59	4,230	1%
60 to 64	750	#
65 to 69	330	#

70 to 79	120	#
80 to 89	20	#
90 and over	~	#
Total	326,460	100%

~ = Less than 5 awards

# = Less than 0.5%

### First to third awards

All 1st, 2nd or 3rd awards after Crisis Loan for Living Expenses final decisions for major partners in 2009-10 which can be linked to the National Benefits Database		
Category	Number	% of total
Under 18	19,530	2%
18 to 24	307,450	33%
25 to 34	280,530	30%
35 to 44	190,780	21%
45 to 49	62,330	7%
50 to 54	36,400	4%
55 to 59	20,740	2%
60 to 64	5,650	1%
65 to 69	2,230	#
70 to 79	1,380	#
80 to 89	200	#
90 and over	10	#
Total	927,220	100%

# = Less than 0.5%

### Comparison

Category	% of all awards	% of 1 <sup>st</sup> , 2 <sup>nd</sup> or 3 <sup>rd</sup> awards	% of 4 <sup>th</sup> or subsequent awards
Under 18	2%	2%	2%
18 to 24	35%	33%	40%



25 to 34	31%	30%	32%
35 to 44	20%	21%	17%
45 to 49	6%	7%	4%
50 to 54	4%	4%	3%
55 to 59	2%	2%	1%
60 to 64	1%	1%	#
65 to 69	#	#	#
70 to 79	#	#	#
80 to 89	#	#	#
90 and over	#	#	#
Total	100%	100%	100%

# = Less than 0.5%

### **Ethnicity**

13. There does not appear to be a difference in impact of this measure on any ethnic group. However, there appear to be better rates of recording ethnicity status if a person is on a fourth or subsequent awards which may be related to higher probability of interaction with the Department.

### Applications

All Crisis Loan for Living Expenses final decisions for major partners in 2009-10		
Ethnic group	Number	% of total
White	1,347,400	80%
Mixed	33,080	2%
Asian or Asian British: Indian	9,350	1%
Asian or Asian British: Pakistani	13,900	1%
Asian or Asian British: Bangladeshi	4,140	#
Asian or Asian British: Other Asian	3,970	#
Black or Black British: Black Caribbean	36,890	2%
Black or Black British: Black African	23,720	1%
Black or Black British: Other Black	9,640	1%
Chinese or Other Ethnic Group: Chinese	390	#
Chinese or Other Ethnic Group: Other Ethnic Group	11,730	1%
Prefer not to say	84,640	5%

Unknown	109,530	6%
All	1,688,370	100%

# = Less than 0.5%

### Awards

All Crisis Loan for Living Expenses awards on final decisions for major partners in 2009-10		
Ethnic group	Number	% of total
White	1,006,770	80%
Mixed	23,860	2%
Asian or Asian British: Indian	6,340	1%
Asian or Asian British: Pakistani	8,850	1%
Asian or Asian British: Bangladeshi	2,490	#
Asian or Asian British: Other Asian	2,740	#
Black or Black British: Black Caribbean	26,790	2%
Black or Black British: Black African	16,470	1%
Black or Black British: Other Black	6,920	1%
Chinese or Other Ethnic Group: Chinese	270	#
Chinese or Other Ethnic Group: Other Ethnic Group	8,060	1%
Prefer not to say	63,200	5%
Unknown	83,550	7%
All	1,256,310	100%

# = Less than 0.5%

### Fourth or subsequent awards

All Crisis Loan for Living Expenses 4th or subsequent awards on final decisions for major partners in 2009-10		
Ethnic group	Number	% of total
White	265,640	81%
Mixed	6,810	2%
Asian or Asian British: Indian	1,930	1%
Asian or Asian British: Pakistani	2,400	1%

Asian or Asian British: Bangladeshi	510	#
Asian or Asian British: Other Asian	680	#
Black or Black British: Black Caribbean	6,810	2%
Black or Black British: Black African	3,720	1%
Black or Black British: Other Black	1,790	1%
Chinese or Other Ethnic Group: Chinese	50	#
Chinese or Other Ethnic Group: Other Ethnic Group	1,930	1%
Prefer not to say	17,530	5%
Unknown	16,820	5%
All	326,610	100%

# = Less than 0.5%

#### First to Third awards

All Crisis Loan for Living Expenses 1st, 2nd or 3rd awards on final decisions for major partners in 2009-10		
Ethnic group	Number	% of total
White	741,130	80%
Mixed	17,050	2%
Asian or Asian British: Indian	4,410	#
Asian or Asian British: Pakistani	6,450	1%
Asian or Asian British: Bangladeshi	1,980	#
Asian or Asian British: Other Asian	2,060	#
Black or Black British: Black Caribbean	19,980	2%
Black or Black British: Black African	12,750	1%
Black or Black British: Other Black	5,130	1%
Chinese or Other Ethnic Group: Chinese	220	#
Chinese or Other Ethnic Group: Other Ethnic Group	6,130	1%
Prefer not to say	45,670	5%
Unknown	66,730	7%
All	929,700	100%

# = Less than 0.5%

#### Comparison

Ethnic group	% of all awards	% of 1 <sup>st</sup> , 2 <sup>nd</sup> or 3 <sup>rd</sup> awards	% of 4 <sup>th</sup> or subsequent awards
White	80%	80%	81%
Mixed	2%	2%	2%
Asian or Asian British: Indian	1%	#	1%
Asian or Asian British: Pakistani	1%	1%	1%
Asian or Asian British: Bangladeshi	#	#	#
Asian or Asian British: Other Asian	#	#	#
Black or Black British: Black Caribbean	2%	2%	2%
Black or Black British: Black African	1%	1%	1%
Black or Black British: Other Black	1%	1%	1%
Chinese or Other Ethnic Group: Chinese	#	#	#
Chinese or Other Ethnic Group: Other Ethnic Group	1%	1%	1%
Prefer not to say	5%	5%	5%
Unknown	7%	7%	5%
All	100%	100%	100%

# = Less than 0.5%

### Disability Status

14. Fourth or subsequent awards are slightly more likely to be made in respect of disabled people than earlier awards, but the impact does not appear to be significant. However, where the crisis is not the fault of the applicant they may still receive an award. In addition a budgeting loan may be available.

### Applications

All Crisis Loan for Living Expenses final decisions for major partners in 2009-10		
Disability status	Number	% of total
Not disabled	1,094,800	65%
Disabled	560,130	33%
Not considered	2,150	#
Unknown	31,290	2%

All	1,688,370	100%
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# = Less than 0.5%

### Awards

All awards after Crisis Loan for Living Expenses final decisions for major partners in 2009-10		
Disability status	Number	% of total
Not disabled	807,370	64%
Disabled	424,780	34%
Not considered	1,700	#
Unknown	22,450	2%
All	1,256,310	100%

# = Less than 0.5%

### Fourth or subsequent awards

All 4th or subsequent awards after Crisis Loan for Living Expenses final decisions for major partners in 2009-10		
Disability status	Number	% of total
Not disabled	201,910	62%
Disabled	119,440	37%
Not considered	140	#
Unknown	5,130	2%
All	326,610	100%

# = Less than 0.5%

### First to Third awards

All 1st, 2nd or 3rd awards after Crisis Loan for Living Expenses final decisions for major partners in 2009-10		
Disability status	Number	% of total
Not disabled	892,890	66%
Disabled	440,690	32%
Not considered	2,010	#
Unknown	26,170	2%

All	1,361,760	100%
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# = Less than 0.5%

### Comparison

Disability status	% of all awards	% of 1 <sup>st</sup> , 2 <sup>nd</sup> or 3 <sup>rd</sup> awards	% of 4 <sup>th</sup> or subsequent awards
Not disabled	64%	66%	62%
Disabled	34%	32%	37%
Not considered	#	#	#
Unknown	2%	2%	2%
All	100%	100%	100%

# = Less than 0.5%

## Tables for changes to Crisis Loans for Items

15. The majority of people who are awarded any type of crisis loan are single, under 35, white and not disabled. In comparison to other parts of the crisis loan scheme there are slightly larger numbers of single females, older people and people with a disability claiming for items. To mitigate the impact of this measure provision will still be available for items for those who qualify through the Community Care Grant and Budgeting Loan Schemes. There will also be support through Crisis Loans in the event of a disaster.

### **Crisis Loans for Items by gender**

All CL Items final decisions for major partners in 2009-10 which can be linked to the National Benefits Database			
Category	Number	% of total	% for all CLs
Couple	59,120	11%	8%
Single Female	243,740	44%	34%
Single Male	245,480	45%	58%
Total	548,350	100%	100%

All awards after CL Items final decisions for major partners in 2009-10 which can be linked to the National Benefits Database			
Category	Number	Success rate	Success rate for

			all CLs
Couple	34,050	58%	74%
Single Female	147,780	61%	76%
Single Male	154,080	63%	76%
Total	335,910	61%	76%

### **Crisis Loans for Items by age band**

All CL Items final decisions for major partners in 2009-10 which can be linked to the National Benefits Database

Age band	Number	% of total	% for all CLs
Under 18	8,010	1%	3%
18 to 24	152,590	28%	37%
25 to 34	157,210	29%	29%
35 to 44	119,610	22%	19%
45 to 49	45,620	8%	6%
50 to 54	29,800	5%	4%
55 to 59	18,840	3%	2%
60 to 64	8,780	2%	1%
65 to 69	4,240	1%	0%
70 to 79	3,170	1%	0%
80 to 89	450	0%	0%
90 and over	40	0%	0%
Total	548,350	100%	100%

All awards after CL Items final decisions for major partners in 2009-10 which can be linked to the National Benefits Database

Age band	Number	Success rate	Success rate for all CLs
Under 18	4,730	59%	75%
18 to 24	89,600	59%	73%
25 to 34	96,190	61%	77%
35 to 44	75,470	63%	79%
45 to 49	29,110	64%	79%

50 to 54	19,230	65%	79%
55 to 59	12,080	64%	79%
60 to 64	5,270	60%	75%
65 to 69	2,390	56%	69%
70 to 79	1,620	51%	64%
80 to 89	200	45%	59%
90 and over	20	49%	55%
Total	335,910	61%	76%

### Crisis Loans for Items by ethnicity

All CL Items final decisions for major partners in 2009-10			
Ethnic group	Number	% of total	% for all CLs
White	409,880	74%	79%
Mixed	9,630	2%	2%
Asian or Asian British: Indian	2,520	0%	1%
Asian or Asian British: Pakistani	4,420	1%	1%
Asian or Asian British: Bangladeshi	1,610	0%	0%
Asian or Asian British: Other Asian	1,670	0%	0%
Black or Black British: Black Caribbean	12,600	2%	2%
Black or Black British: Black African	11,070	2%	2%
Black or Black British: Other Black	3,300	1%	1%
Chinese or Other Ethnic Group: Chinese	200	0%	0%
Chinese or Other Ethnic Group: Other Ethnic Group	5,490	1%	1%
Prefer not to say	31,290	6%	5%
Unknown	58,850	11%	6%
All	552,510	100%	100%

All awards after CL Items final decisions for major partners in 2009-10			
Ethnic group	Number	Success rate	Success rate for all CLs
White	256,130	62%	77%



Mixed	5,510	57%	75%
Asian or Asian British: Indian	1,280	51%	71%
Asian or Asian British: Pakistani	2,040	46%	68%
Asian or Asian British: Bangladeshi	720	45%	64%
Asian or Asian British: Other Asian	790	47%	70%
Black or Black British: Black Caribbean	6,890	55%	74%
Black or Black British: Black African	5,340	48%	71%
Black or Black British: Other Black	1,780	54%	73%
Chinese or Other Ethnic Group: Chinese	90	45%	68%
Chinese or Other Ethnic Group: Other Ethnic Group	2,690	49%	70%
Prefer not to say	18,460	59%	75%
Unknown	35,520	60%	74%
All	337,240	61%	76%

### **Crisis Loans for Items by disability status**

All CL Items final decisions for major partners in 2009-10			
Disability status	Number	% of total	% for all CLs
Not disabled	345,260	62%	66%
Disabled	183,540	33%	31%
Not considered	1,760	0%	0%
Unknown	21,950	4%	2%
All	552,510	100%	100%

All awards after CL Items final decisions for major partners in 2009-10			
Disability status	Number	Success rate	Success rate for all CLs
Not disabled	206,320	60%	76%
Disabled	117,470	64%	77%
Not considered	1,040	59%	75%
Unknown	12,410	57%	71%
All	337,240	61%	76%

## Monitoring and evaluation

16. DWP is committed to monitoring the impacts of its policies and we will use evidence from a number of sources on the experiences and outcomes of the protected groups.
17. We will use internal analysis and feedback from stakeholder groups to assess unintended consequences for the protected groups, and the policy consequences for particular groups.
18. We will utilise feedback from Departmental employee networks and internal management information. For example we will monitor the level of reviews and complaints in order to assess the broader impact of the policy.

## Next steps

19. A senior steering group has been established to oversee the implementation of these measures and monitor their impact.

## Contact details

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