

# Social Fund Account 2013-14

# Social Fund Account 2013-14

Presented to Parliament pursuant to Section 167(4) of the Social Security Administration Act 1992

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## Foreword

### Background information

The Social Fund was established in 1987 under section 167 of the Social Security Administration Act 1992. Section 138(1) of the Social Security Contributions and Benefits Act (SSCBA) 1992 enables payments of prescribed amounts to be made out of the Social Fund to meet, in defined circumstances, maternity and funeral expenses and currently payments of Budgeting Loans in accordance with directions given or guidance issued by the Secretary of State.

Section 138(2) of the SSCBA provides for payments to enable people who satisfy prescribed qualifying conditions to meet expenses for heating incurred or likely to be incurred during periods of cold weather. Regulations provide for payments from the Social Fund to be made to certain customers following a period of cold weather or when cold weather is forecast. Winter Fuel Payments were introduced in 1997-98 to provide automatic help to pensioner households with fuel bills to pay.

Legislation was introduced with effect from April 1998 that allowed the recovery of Social Fund overpayments.

Payments from the Fund are split into two broad categories, discretionary and regulated. Budgeting Loans are discretionary payments and are cash limited. Sure Start Maternity Grants and Funeral Expenses Payments are regulated payments and are demand led. Cold Weather Payments and most Winter Fuel Payments are paid automatically to qualifying customers.

### Reform of the Social Fund from 1 April 2013

The Welfare Reform Act 2012 abolished the discretionary Social Fund. Crisis Loans and Community Care Grants have been abolished with effect from 1 April 2013. Funding has been provided for locally based support to be delivered by local authorities in England and the devolved administrations in Wales and Scotland. Abolition of Budgeting Loans will take effect when there is full rollout of Universal Credit to help those still receiving the current income-related benefits.

Regulated payments for Maternity, Funeral, Cold Weather and Winter Fuel expenses will remain in place. Social Fund policies for these regulated payments will be reviewed in 2015-16 as the implementation of Universal Credit takes effect.

### Categories of Payments

#### **Budgeting Loans**

Interest free loans are available to customers in receipt of Income Support, Employment and Support Allowance (Income Related), Pension Credit or Jobseeker's Allowance (Income Based) to help them cope with the expenditure associated with the purchase of major items or services including, since 2012, funeral and maternity expenses.

#### **Crisis Loans**

The Crisis Loan scheme was abolished on 31 March 2013.

On all applications made up to and including 31 March 2013, interest free loans could be made to any customer, primarily to help to relieve a serious risk to health or safety of customers and their dependants.

#### **Community Care Grants**

The Community Care Grant scheme was abolished on 31 March 2013.

For all needs that relate to the period up to and including 31 March 2013, payments were made to promote the community care of customers qualifying for Income Support, Employment and Support Allowance (Income Related), Pension Credit or Jobseeker's Allowance (Income Based). The main purpose was to help vulnerable groups lead an independent life in the community rather than go into institutional or residential care, or help such people re-establish themselves in the community following a period of such care; ease exceptional pressures on families; and to help with certain urgent travelling expenses.

### **Sure Start Maternity Grants**

The Sure Start Maternity Grant is available to families in receipt of the following qualifying benefits: Income Support, Employment and Support Allowance (Income Related), Jobseeker's Allowance (Income Based), Universal Credit, Working Tax Credit where a disability or a severe disability element is included in the award, Pension Credit, and Child Tax Credit at a rate higher than the family element for each child expected, born, the subject of a parental order or a residence order in certain circumstances. From 22 April 2014 contact orders and residence orders will be replaced with a Child Arrangements Order. The Grant is worth £500 in respect of babies due, born, adopted or subject of a parental order on or after 16 June 2002.

Since 2011 the Grant has been limited to the first child for babies born on or after the 11 April 2011. A further associated policy change was introduced in 2012-13 to allow payment of the Sure Start Maternity Grant for the children of subsequent multiple births where there is already a child under 16 in the family.

### **Funeral Expenses Payments**

Funeral Expenses Payments are available to help with the cost of a funeral. Funeral Expenses Payments may be made for customers or their partners, who are in receipt of Income Support, Employment and Support Allowance (Income Related), Jobseeker's Allowance (Income Based), Universal Credit, Pension Credit, Working Tax Credit where a disability or severe disability element is included in the award, Child Tax Credit at a rate higher than the family element or Housing Benefit. Funeral Expenses Payments are normally recoverable from the estate of the deceased, even if the estate is not sufficient to permit full recovery.

### **Cold Weather Payments**

Cold Weather Payments are payable to customers in receipt of Pension Credit, Income Support, Employment and Support Allowance (Income Related) or income based Jobseeker's Allowance who also have a disability, or a pensioner premium, or who have a disabled child or a child less than 5 years of age.

Customers in receipt of Universal Credit will be entitled to a Cold Weather Payment if they receive, or have underlying entitlement to, the Limited Capability for Work element, the Limited Capability for Work element with a Work Related Activity element, receive a Disabled Child element, or have a child who is disabled or under the age of five. In addition, they must also not be employed or self-employed, except where there is a child who is disabled in the benefit unit.

Customers receive payments of £25 (maintained at a level of £25 for the sixth consecutive year) for each period of seven consecutive days during which the average temperature was or was forecast to be zero degrees Celsius or below in areas where the customer lives.

### **Winter Fuel Payments**

The Winter Fuel Payments scheme was introduced by the Secretary of State in January 1998 by Regulations made in exercise of powers conferred by section 138(2) of the Social Security Contributions and Benefits Act 1992 allowing payments to pensioner households, where at least one person qualified by age in the qualifying week. For winter 2013-14 the qualifying week commenced 16 September 2013.

The European Court of Justice announced on 16 December 1999 that the Winter Fuel Payments scheme discriminated against men between the ages of 60 and 64. Following the judgement, the government decided that help through Winter Fuel Payments would be extended to all people aged 60 or over, who are ordinarily resident in Great Britain or Northern Ireland, regardless of whether they are receiving a Social Security Benefit.

The total amount payable to a person between women's state pension age and 79 years living alone in their own home was £200 for 2013-14 (£100 if they shared a home with another eligible person aged 60-79). For people aged 80 or over and living alone the amount payable was £300 this year (£150 if they shared a home with another eligible person aged 80 or over).

Where there is only one person in the household who is entitled, the full Winter Fuel Payment is made. If there is another eligible person in the household who qualifies, the lower level of £100 is made to the eligible person 60-79 and £200 is payable to the eligible person aged over 80.

The qualifying age for Winter Fuel Payments for men and women is increasing in line with the increase in women's State Pension age.

## Financial Performance

Section 78(1) of the Social Security Administration Act 1992 provides that an award from the Social Fund, which is repayable (Budgeting Loans and Crisis Loans), shall be recoverable by the Secretary of State. The Social Fund is financed by these recoveries and, for the Regulated Fund, by payments made by the Secretary of State. In addition, section 78(4) of the Act provides that payments to meet funeral expenses may be recovered from the estate of the deceased.

During 2013-14 £412 million of recoverable loans issued and fully adjusted for cheques that had expired added to the debt owed to the Fund. Recoveries of loans paid back into the Fund during the year were £446 million for Budgeting Loans and £102 million for Crisis Loans. Previously issued cheques, in the main for Crisis Loans, totalling £3.5 million that subsequently have expired have been re-presented into the accounts. With late application payments only amounting to £0.4 million there is a net credit position in the Receipts and Payments schedule on page 17 of this account.

During 2013-14 £44 million of Funeral Expenses Payments were issued, £0.3 million was recovered this year and £51 million was written off the total Funeral Expenses Payments debt as there was no estate to recover from.

The Social Fund is maintained by loan recoveries and monies voted by Parliament. Expenditure is estimated at the start of the year and, taking into account forecast recoveries, sufficient funds are transferred to the Fund to meet the Department's expected liabilities to the paying agents. Adjustments are made to the balances due to and from the paying agents during the normal course of business.

In 2013-14 the sustained focus on recovery of outstanding loan debt, together with the anticipated additional demand for Budgeting Loans not emerging, has reduced the debt stock and generated a surplus position in the Fund. This enabled the Fund to make a substantial repayment to HM Treasury of £114 million in final settlement of the £263 million additional monies provided to the Fund in 2009-10 and 2010-11.

The Social Fund closing bank balance will vary from year to year. The policy intention is to maintain a minimum balance which will provide working capital to contribute to, for example, an unexpected surge in Cold Weather Payments late in the financial year beyond the date for the Supplementary Estimate. The value of this minimum balance was set at £25 million with the approval of HM Treasury.

The standing balance on the Fund is £90 million, reduced by £50 million from £140 million in 2012-13 due to the repayment to HM Treasury. However, within the Fund, stopping payment of Crisis Loans this year and minimal triggers for Cold Weather Payments as a result of the exceptionally mild winter have significantly reduced the expenditure from the Fund. In addition, continued positive performance on debt recovery has contributed to a strong financial position at the end of the year.

The treatment of any surplus funds is to be kept under review with HM Treasury. The Department will ensure, however, that a sufficient working balance is retained to both cover future demands and to protect the overall solvency of the Fund.

### Secretary of State's report

The Secretary of State is required by section 167(5) and (6) of the Social Security Administration Act 1992 to prepare an annual report on the Social Fund and to lay a copy of the report before each House of Parliament. The latest annual report will be presented to Parliament during 2014 and will give a detailed account of the activities and expenditure on the Social Fund for 2013-14.

### Basis of preparation of Accounts

Under section 167(4) of the Social Security Administration Act 1992, Accounts of the Social Fund are to be prepared in such form and in such manner and at such times as the HM Treasury may direct.

The HM Treasury Direction has been updated with minor changes and the Receipts and Payments schedule has been adapted to separately identify the repayment to HM Treasury. The requirement for the continued production of the Account will be kept under review with HM Treasury.

### Audit arrangements

The Comptroller and Auditor General is required under section 167(4) of the Social Security Administration Act 1992 to examine and certify the Social Fund Account and to lay copies of it, together with his report on it, before Parliament.



## Statement of Accounting Officer's responsibilities

Under the Social Security Administration Act 1992, HM Treasury has appointed me, the Permanent Secretary of the Department for Work and Pensions, as the Accounting Officer for the Social Fund and has directed me to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on a receipts and payments basis (including a Statement of Balances), and are properly presented, with notes to support the Receipts and Payments statement and the debt position.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual, (FReM), and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual (FReM) have been followed, and disclose and explain any material departures in the accounts; and
- prepare the Account on a going concern basis.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable for keeping proper records and for safeguarding the Social Fund's assets, are set out in *Managing Public Money*, published by HM Treasury.

*Robert Devereux*  
Accounting Officer

20 June 2014

# The Social Fund Governance Statement

## 1 April 2013 – 31 March 2014

### Introduction

The administration and governance of the Social Fund during 2013-14 has adapted to changes due to Social Fund reforms and organisational change within the Department.

The Welfare Reform Act 2012 abolished key components of the discretionary Social Fund from April 2013. The final applications for Community Care Grants and Crisis Loans were received by 31 March 2013, and the last reviews conducted by the Independent Review Service were processed during the early part of this year.

Budget transfers were made to the devolved administrations of Scotland and Wales, and grants were paid to English Local Authorities by the Department to enable them to implement their own systems of local welfare provision from 1 April 2013. These grants are recorded in the Department for Work and Pensions Annual Report and Accounts 2013-14.

The Out of Hours Service was closed on the 31 March 2013 and payments to customers by cheque were phased out by 22 July 2013. The Simple Payment Card was introduced for customers who were unable to receive a direct payment into a bank account.

The Social Fund Debt Recovery team has transferred from Social Fund Operations to Debt Management streamlining the debt management process and aligning the treatment of debt for customers that are in receipt of other benefits and those who are not. The Department is committed to maximising the recovery of the £1,074 million Social Fund debt stock in a timely and efficient manner. To that end the Universal Credit Programme has adopted the issue of ensuring recoveries can continue when customers migrate on to Universal Credit.

The financial position will again be closely monitored to ensure any remedial action, arising from the impacts of these changes, can be taken quickly with the objective of maintaining the solvency of the Fund.

### Delivery

The abolition of Crisis Loans and Community Care Grants due to Social Fund reform has reduced the discretionary activity of the Fund. However the Fund did continue to provide over 1 million Budgeting Loans and 33 thousand Funeral Expenses Payments in 2013-14.

Additionally, regulatory payments included over 73 thousand Sure Start Maternity Grants and around 13 million Winter Fuel Payments which were paid to eligible people.

Due to the exceptionally mild winter Cold Weather Payments have remained at a minimal level with just one trigger for payment this season. The majority of the £8 million expenditure related to the final payments from the exceptionally cold March in the 2012-13 season.

As referred to in the Foreword, continued investment in recovery work has once again resulted in over £548 million of debt being recovered in the year. This has a number of positive outcomes:

- i contributes to a reduction in the overall debt stock of £118 million in 2013-14;
- ii allows for the final repayment of £114 million to HM Treasury of the SR07 resource provided for the Social Fund; and
- iii ensures the continued solvency of the Fund.

## System of Control

The Corporate Governance Code<sup>1</sup> and *Managing Public Money* describe the role of an Accounting Officer and the need for the Accounting Officer to be responsible for the management and control of the resources used in their organisation. The Governance Statement is a key feature of both the Department's Annual Report and Accounts and the Social Fund White Paper Account. It demonstrates how these duties have been carried out. Completion of the Statement is the responsibility of the Accounting Officer.

This Statement has been endorsed by the Social Fund Management Group and in turn by the Sub-Committee of the Departmental Audit and Risk Committee, (DARAC). The Sub-Committee is established by the Accounting Officer as a formal Sub-Committee of the Departmental Audit and Risk Committee to support in the discharge of his overall accountabilities as described in the HM Treasury guidance *Managing Public Money*.

The Sub-Committee meets three times a year and was chaired by a non-executive member Bill Griffiths until the end of his appointment 30 June 2013. Andrew Graham who was appointed to the Sub-Committee on 1 April 2013 became chair from 1 July 2013. The Sub-Committee's responsibilities include advice to the Departmental Audit and Risk Committee and Accounting Officer on the comprehensiveness of assurances and integrity of the Social Fund White Paper Account including the accounting policies and the process for review of the accounts prior to submission for audit.

The Sub-Committee will also consider the levels of error identified, resulting planned activity, the results of both internal and external audit of the respective accounts and a review of the management responses to resolving related significant control challenges.

It can make recommendations to management on potential new control challenges (including significant); and to the Departmental Audit and Risk Committee on the appropriateness of accounts for signature. The Sub-Committee reports to the Departmental Audit and Risk Committee during the year and also provides an Annual Report summarising its conclusions from work completed during the year.

The Department's Executive Team, which I chair, has collective responsibility for the management of the Department and its business, in line with Ministers' aims and the business strategy set by the Departmental Board.

Detail of Board activity, membership and attendance is available within the Departmental Governance Statement.

The Departmental Audit and Risk Committee receives regular reports on the Department's plans to tackle and clear the Department's control challenges including the key ones pertaining to the Social Fund. The Departmental Governance Statement again incorporates updates on these and also provides the required declarations around Board Attendance and that there are no conflicts of interest between the members of the Board and its Committees and the Department.

## Compliance with the Corporate Governance Code

The Department's Board is required to ensure that the Department complies with the provisions in the Corporate Governance Code or, where it has not, explains the reasons for that – the comply or explain approach. The Board is satisfied that the Department has complied with the Code.

The Departmental Audit and Risk Committee now provides the overall independent view as to the appropriateness, adequacy and overall value for money of the governance, risk, control and associated assurance processes to support the Social Fund White Paper Account. The Social Fund account qualification is considered to be a significant control challenge by the Committee who monitor the work being done through quarterly progress/update -reports.

The Department's Operational Executive Team has also considered Quarterly Internal Audit updates and the Risk, Controls and Compliance Dashboard. Operational Executive Team also receives regular monthly management accounts including financial analysis and oversight of the Social Fund.

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1 Corporate Governance in Central Government Departments; Code of Good Practice 2011

## Risk, Controls & Compliance

The Department's Finance Director General and Finance Director Operations have specific accountabilities for Social Fund management to ensure that systems are in place to effectively manage Social Fund risks. The Finance Director General provides assurance to the Accounting Officer on the effectiveness of the risk management arrangements through a Letter of Assurance.

The system of internal control within the Social Fund is currently based on a framework of legislative duties, management information, financial regulations and the process of accountability and delegation as operated throughout the Department.

A dedicated team within Finance Operations provide oversight and control over the financial management of the Social Fund and work with a range of stakeholders across the Department to drive improvement activities.

The Independent Review Service, which had previously reviewed decisions made by the Social Fund Caseworkers closed on 31 July 2013. Until that date they reviewed Social Fund cases where applications were made prior to 31 March 2013 only. The responsibility for reviewing Budgeting Loan decisions was transferred to the Independent Case Examiner (ICE) on 1 April 2013. The ICE aims to provide an impartial complaints review and resolution service. Regulated payments are reviewed through the DWP reconsideration and appeal process.

The Internal Audit Division provides overall assurance over key areas of Departmental performance and during 2013-14 they undertook reviews of a number of Social Fund processes.

## Audit and Other Reports to Management

In the year the Internal Audit Division undertook a post-implementation review of the Social Fund Reform Project and a further review of Social Fund Debt.

The post-implementation review of the Social Fund Reform Project considered the effectiveness of the Social Fund reform agenda, abolishing Crisis Loans and Community Care Grants and the Department's introduction of Short Term Benefit Advances. Overall this report provided 'Reasonable' assurance reflecting the positive actions taken by the Department.

The review of Social Fund Debt incorporated an evaluation of progress made in the development of a robust process to identify instances of passported debt. The review was subsequently extended to evaluate the programme of activity initiated to address the gross Social Fund Debt difference (£23 million) which was reported in the Social Fund White Paper Account for 2012-13 and which had led to the account qualification being applied since 2009-10.

This review also provided a 'Reasonable' assurance rating with the three recommendations mainly focussing on continued process improvements for the future drawing on the investigations carried out through the year. All the audit recommendations have been accepted and are being implemented.

Performance of the Social Fund is reported to Parliament in the Annual Report on the Social Fund by the Secretary of State for Work and Pensions.

## Risk Assessment

### Regularity

In 2012-13 the significant risk relating to the Regularity control challenge was classified as resolved, following the decision of the Comptroller and Auditor General to no longer qualify his opinion on the account in this category.

The Department undertook to keep this position under review and ensure the progress made is embedded into the business and further improvements are identified and developed.

This year's results of the National Audit Office's testing of compliance with Secretary of State directions and regulations demonstrate that this process of improvement has been sustained. The National Audit Office have estimated the value of most likely error to be £2.4 million, 0.09 per cent, (2012-13 : £20.9 million, 0.68 per cent). Consequently, the Comptroller and Auditor General has once again not qualified his opinion on regularity within the account.

## **Debt**

### *a Debt Reconciliation*

The underlying reasons for the Comptroller and Auditor General limiting the scope of his audit opinion since 2009-10 over the Social Fund debt balances are "doubts over the completeness, existence and valuation of the debt figure in the Account".

The Department has historically had difficulty reconciling the details held on the Social Fund Computer System, (SFCS), which holds customer-level loans and repayments details, with the accounting information held on the Central Payments System. Whilst progress was acknowledged last year it was clear a concerted cross-Departmental effort was required to address all the longstanding issues both in the Accounts and in the Social Fund Computer System.

A Debt Project Board was established this year with this remit and investment was provided to resource the various work strands. The approach was broadly split into three areas;

#### **i Operational Work**

The main focus of the operational work was to address outstanding actions in the Social Fund Computer System. In many cases the actions taken have corrected the customer record in the Social Fund Computer System and, therefore, eliminated differences in the debt reported there and in the Accounting systems. In other instances there were equal and opposite entries in the Accounting systems.

In all cases, however, the overriding objective was to ensure the customer record was updated to ensure accuracy and completeness. The outcome is that the vast majority of outstanding work required has been done and the records brought up to date.

#### **ii Accounting and Systems-based Work**

The objective with this strand was to ensure the accounting systems equally reported an accurate and complete figure for Social Fund debt. This would then ensure the figure reported at Note 5 in this account is a true reflection of the total debt figure and supportable at individual loan and customer detail.

Close oversight of the operational work, along with investigations into both the way the accounting systems interface with the Social Fund Computer System, enabled a number of accounting corrections to take place. For example, there were instances of loan recoveries being duplicated in the accounts. This, and other examples, have led to the correction of the accounts for known discrepancies.

#### **iii Future-Proof and Preventative Work**

The analysis in the last two years into the recording of Social Fund debt has clearly demonstrated that there have been numerous historic reasons that have led to differences emerging between the systems.

The Debt Project Board established a future-proofing strand of work to ensure that such differences do not arise again. A comprehensive plan has been drawn up which addresses each of the issues covered in both the Operational and Accounting work strands. This considers both preventative measures and also routines and processes for timely identification of issues should they arise.

The final outcome is that the Department has undertaken an accounting adjustment of £25 million to bring the accounts in line with the detailed customer record in the Social Fund Computer System. This adjustment is assigned to prior years' historical differences where records are not available to fully determine the constituent parts. The final reported debt figure of £1,074 million, however, can be supported at individual National Insurance Number detail and each debt record in the Social Fund Computer system holds the individual loan record.

Taken together the work has, therefore, successfully addressed the challenge contained in the wording of the NAO Account Qualification on the assurances over the completeness, existence and valuation of the debt stock.

*b Passported Debt*

A further issue for the management of Social Fund debt was where the Department had inadequate procedures for the recording of overpayments arising when the recipient of a Social Fund grant is no longer eligible due to no longer qualifying for the underlying qualifying benefit.

The challenge here was to establish the optimum business as usual approach for identifying, recording and referring instances of this debt. Taking the recommendations of the Internal Audit review a comprehensive LEAN review was conducted into the existing procedures and options for improvement. The Department has concluded that the existing procedures are fundamentally fit for purpose, but that a strengthened monitoring and control regime was required to ensure full compliance. This regime is being fully introduced in 2014-15.

For the historic nature of the omitted debt going back to 2010, estimated at £10 million, (Note 11 to this account provides more detail), it was clearly evident that there was not a cost-effective means of identifying and recovering this debt and it was agreed with HM Treasury not to pursue.

## **Financial Position**

### *The Solvency of the Fund*

At the outset of 2013-14 a risk was identified that the demand for Budgeting Loans could increase significantly as a result of the abolition of Crisis Loans and Community Care Grants. The financial strategy, and associated monitoring regime, was established to ensure that Budgeting Loans were self-financing and that the solvency of the Fund was not put at risk.

The increased demand for Budgeting Loans did not materialise and the continued strong performance on loan recoveries rates combined to generate a surplus position on the Fund. This allowed for the repayment of £114 million to HM Treasury this year, the final settlement of additional funds made available in the 2007 Spending Review to accommodate increased demand at that time.

The overall solvency of the Fund will remain a risk in coming years and focus will remain on both demand and recovery measures as the debt stock reduces.

*Robert Devereux*  
Accounting Officer

20 June 2014

# The Certificate of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Social Fund White Paper Account for the year ended 31 March 2014 under the Social Security Administration Act 1992. The financial statements comprise: the Receipts and Payments Account (including the Statement of Balances) and notes relating to receipts and payments and the debt position. These financial statements have been prepared under the accounting policies set out within them.

## Respective responsibilities of the Accounting Officer and Auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements in accordance with the Social Security Administration Act 1992 and HM Treasury directions made thereunder. My responsibility is to audit, certify and report on the financial statements in accordance with the Social Security Administration Act 1992. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the Social Fund and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Social Fund; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Foreword and the Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the receipts and payments recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Opinion on regularity

In my opinion, in all material respects the receipts and payments recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Opinion on financial statements

In my opinion:

- the financial statements properly present the receipts and payments of the Social Fund for the year ended 31 March 2014; and
- the financial statements have been properly prepared in accordance with the Social Security Administration Act 1992 and HM Treasury directions issued thereunder.

## Opinion on other matters

In my opinion, the information given in the Foreword and Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

*Sir Amyas C E Morse*  
Comptroller and Auditor General

23 June 2014

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# Report by the Comptroller and Auditor General

## Introduction

The Department for Work and Pensions (the Department) is responsible for controlling and managing the Social Fund under the Social Security Administration Act 1992. The Social Fund White Paper Account records payments made to customers in accordance with Directions issued by the Secretary of State for Work and Pensions under the Social Security Contributions and Benefits Act 1992.

The Welfare Reform Act 2012 introduced significant changes to the nature and operation of the Social Fund with effect from 1 April 2013. The Act abolished Community Care Grants and Crisis Loans for general living expenses (including rent in advance) from 1 April 2013, and replaced it with new local provision to be administered by local authorities in England and the devolved administrations in Scotland and Wales.

Since 2009-10, I have limited the scope of my audit opinion on this Account in relation to the Social Fund debt balance disclosed, due to the Department not being able to provide adequate assurance over the completeness, existence and valuation of the debt balance.

## 2013-14 Audit Opinion

In prior years, I have reported on the Department's difficulties in reconciling the debt balance recorded on the accounting system to supporting customer records and recommended the Department undertake a full review of the underlying causes of the difference. Since 2012 the Department has made substantial progress in identifying and resolving the long standing issues which have previously prevented it from reconciling the accounts to the underlying customer debt records. The Department has now resolved many of these issues and provided me with sufficient assurance that the remaining differences are historic.

Additionally, in the past, I have reported my concerns over the Department's ability to identify and recover overpayments made by the Social Fund due to passported error, where an overpayment is identified in an applicant's primary benefit and therefore the Social Fund award should not have been made but the overpayment of the Social Fund award was not referred for recovery. However, in 2013-14 the Department received dispensation from HM Treasury to allow it to not actively identify and recover such overpayments made after 1 April 2010.

As a result, I am satisfied that the Department has provided sufficient assurance that the debt balance disclosed in the 2013-14 Account is complete, that all records underpinning the debt balance exist and are appropriately valued.

My report comments on the two debt issues that resulted in my previous qualifications and provides an update on the regularity of Social Fund payments.

## Debt Reconciliation

Historically the Department has had difficulties in reconciling the debt balance recorded on the accounting system to supporting customer records. In 2012-13 the Department made good progress in addressing these issues, but was still unable to provide adequate assurance that the debt balance disclosed was complete or that all debts recorded actually existed and were appropriately valued.

Building on my recommendations, I was pleased to note that during 2013-14 the Department developed and implemented a robust plan to reconcile the difference between its customer and accounting debt records. This plan focussed on undertaking a detailed operational review of a range of issues that both directly and indirectly caused the differences. This was a Department-wide exercise, which included extensive collaboration between operational and finance staff to identify the causes of the gross debt difference and to correct them.

In my view, through this work, the Department has identified the most significant causes of the debt difference. Additionally the Department now has a sound methodology in place to monitor any differences arising in the future, enabling it to identify and address any new causes of debt difference that may arise in the future.

In evaluating the work of the Department to address my concerns over the debt difference, I have also taken into account the changing landscape of the Social Fund. The Welfare Reform Act 2012 introduced significant changes to the nature and operation of the Social Fund, including abolition of Crisis Loans. This abolition means that many of the issues creating the debt difference will not re-occur in future years. In the longer term, Budgeting Loans will also be abolished once Universal Credit is implemented.

In 2013-14 there was a gross debt difference of £24.59 million (31 March 2013: £23.16 million) between the accounting systems and the underlying customer ledger for Crisis Loans and Budgeting Loans. I am satisfied that this amount is stable and historic. As a result, the Department has written back the £24.59 million difference to its general ledger. This brings the ledger into alignment with the debt balances recorded in underlying customer records as at 31 March 2014, removing the debt difference as at that date. I am satisfied that the Department has taken appropriate action to correct the accounts and put in place both appropriate measures to prevent such differences occurring in the future and the management information necessary to monitor if new differences arise.

## Omitted Debt

Three Social Fund award types (Cold Weather Payments, Sure Start Maternity Grants and Community Care Grants) are made on the basis of the applicant being in receipt of a qualifying primary benefit. If the applicant is subsequently found not to have been entitled to the primary benefit, then they are similarly not entitled to the Social Fund award. Such overpayments are known as “passport errors”, and are recoverable in line with the relevant legislation.

Omitted debt due to passported errors can arise from two distinct processes; DWP administered benefits and HMRC administered tax credits. The Department have estimated the level of omitted debt between 1 April 2010 and 31 March 2014 due to DWP administered passported error is £9.24 million (range from £5.43 million to £14.08 million) with Winter Fuel overpayment omitted debt of £1.67 million. The Department have estimated the level of omitted debt between 1 April 2010 and 31 March 2014 due to HMRC administered passported error is between nil and £1.08 million.

The estimate of omitted debt covers the period after 1 April 2010, as the Department received HM Treasury dispensation as at 31 March 2010 to allow it to not actively identify and recover overpayments made prior to this date (estimated range £30.00 million–£63.00 million). During 2013-14, the Department again received HM Treasury dispensation to allow it to not actively identify and recover overpayments made from 1 April 2010 until 31 March 2014, based on the cost of recovery outweighing the monies that could be recovered. This was granted with the understanding that the Department has a plan in place to recognise and recover all such debt going forward.

In prior years I have reported my concerns that the Department did not have a robust process in place to prevent or identify and recover passported error overpayments made by the Social Fund. In 2013-14 the Department has undertaken a review of the current processes in place and will re-launch the original process in April 2014 by issuing new guidance and creating a new regime of management checks. The Department have work to do in 2014-15 to monitor the success of this new regime, and I will be considering this in my future audits of omitted debt.

## Debt Conclusion

Addressing the issues regarding the Social Fund debt balances has been a significant challenge to the Department. I am satisfied that it has now adequately explained the differences between the accounting system and the underlying customer records and the debt balance is now stable. I am therefore able to remove my limitation of scope qualification of this account.

The efforts made by the Department to address the debt balance issues are commendable and are a testament to all parties involved. The clear direction and leadership within the Department in making the decision to prioritise and resource the investigation of the key issues has been essential to this exercise. The exercise has been extremely complex and time-consuming, but one which needed to be done. It represents a significant achievement by the Department. As a result of this work, I am satisfied that the debt balance disclosed in the accounts is materially complete, that the loan records exist and are appropriately valued.

The Department has work to do in 2014-15 and beyond to monitor and maintain both its debt difference and omitted debt positions. I will continue to review the Department's progress with the debt issues to ensure that the debt position remains materially correct.

## 2013-14 Regularity Errors

In 2012-13 I lifted my long standing qualification of the Social Fund White Paper Account due to material levels of irregular awards. Since 2010-11 I have found a clear and sustained reduction in the level of error in Social Fund payments. This trend continues in 2013-14 and I am again able to provide an unqualified opinion on regularity.

In 2013-14, the Social Fund made payments of some £2,655 million (2012-13: £3,067 million) to customers. As part of the audit of the 2013-14 Account, we performed testing across each of the Social Fund award types. The results of this testing determine our estimate of the accuracy of the payments made and whether they have been paid in accordance with Parliament's intentions.

For 2013-14, our regularity testing identified an estimated £2.41 million (2012-13: £20.90 million) of payments which were not made in accordance with Parliament's intentions. This represents 0.09 per cent of total payments made (2012-13: 0.68 per cent). The reduction in the level of Social Fund error in 2013-14 follows the trend of recent years, with the overall most likely error falling from £114.32 million (2.73 per cent) in 2010-11, when the level of error was at its highest, to £2.41 million in 2013-14 (0.09 per cent).

The Department's success in this area is the culmination of a number of years' work, which has required it to invest in training, decision making expertise and quality checking, as well as developing new processes and infrastructure. The Department is to be congratulated for the effort it has put into responding to my previous recommendations in this area, bringing the error rate down to this low level and tackling the causes of fraud and error in Social Fund payments.

## Summary and Conclusions

I have issued an unqualified audit opinion for the 2013-14 Social Fund White Paper Account.

*Sir Amyas C E Morse*  
Comptroller and Auditor General

23 June 2014

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London, SW1W 9SP

## Receipts and Payments Account for the year ended 31 March 2014

	£000	2013-14 £000	Restated 2012-13 £000
<b>Receipts</b>			
Receipts from the Secretary of State			
Discretionary	0		
Regulated	0		
Winter Fuel Payments (Regulated)	<u>2,165,250</u>	<u>2,165,250</u>	2,517,753
Repayments of Budgeting Loans		446,058	460,314
Repayments of Crisis Loans		102,053	137,728
Repayments of Funeral Expenses Payments		255	433
Refund of Social Fund Overpayments Discretionary		534	201
Refund of Social Fund Overpayments Regulated		<u>808</u>	<u>574</u>
		<u>2,714,958</u>	<u>3,117,003</u>
<i>Less</i>			
<b>Payments</b>			
<i>Discretionary</i>			
Budgeting Loans		415,729	456,826
Crisis Loans <sup>1</sup>		(3,457)	107,400
Community Care Grants		8,783	133,448
<i>Regulated</i>			
Winter Fuel Payments		2,140,081	2,144,090
Funeral Expenses Payments		44,354	44,379
Sure Start Maternity Grants		37,117	39,038
Cold Weather Payments		<u>8,407</u>	<u>141,737</u>
		<u>2,651,014</u>	<u>3,066,918</u>
Excess of receipts over payments		<u>63,944</u>	<u>50,085</u>
<b>Less</b>			
Repayment of surplus funds by SoS to HM Treasury		<u>114,000</u>	
Total excess payments over receipts		<u>50,056</u>	

<sup>1</sup> Note 5 contains further explanation of the Crisis Loans Payment figure

## Statement of Balances

	<b>2013-14</b>	Restated
	<b>£000</b>	2012-13
		£000
Opening Balance	<b>140,286</b>	90,201
Excess of receipts over payments	<b>0</b>	50,085
Excess of payments over receipts	<b>50,056</b>	0
Closing Balance	<b><u>90,230</u></b>	<u>140,286</u>

*The notes on pages 19 to 25 form part of this account.*

*Robert Devereux*  
Accounting Officer

20 June 2014

# Notes to the Account

## 1 Accounting Policies

The Account has been prepared in accordance with section 167(4) of the Social Security Administration Act 1992. It has been prepared on a cash basis with no provision for accruals and in a form directed by the HM Treasury shown as an annex to this Account. The figures for 2012-13 are given for comparison. They are taken from the Account for that year, (House of Commons Paper No. HC 393 of 2012-13), and re-stated for a number of items as set out in Note 14.

## 2 Financial Basis of the Social Fund

Payments from the Fund are split into two broad categories, discretionary and regulated. Historically, discretionary payments have comprised Budgeting Loans, Crisis Loans, and Community Care Grants and were cash limited. The Welfare Reform Act 2012 abolished the Discretionary Fund on 31 March 2013 therefore payments made in 2013-14 relate to Community Care Grant and Crisis Loan applications made prior to 31 March 2013. Payment of Budgeting Loans will continue until the full roll out of Universal Credit to help those still receiving the current income related benefits.

Regulated payments are Sure Start Maternity Grants and Funeral Expenses Payments, which are demand led, and Cold Weather Payments and Winter Fuel Payments, which are paid to qualifying customers. Section 78(1) of the Social Security Administration Act 1992 provides that, an award from the Social Fund, which is repayable, shall be recovered by the Secretary of State. The Social Fund is financed by these recoveries and payments made by the Secretary of State. In addition, section 78(4) of the Act provides that payments to meet funeral expenses may be recovered from the estate of the deceased.

## 3 Bank Balance

The Social Fund closing bank balance will vary from year to year. The policy intention is to maintain a minimum balance which will provide working capital to contribute to, for example, an unexpected surge in Cold Weather Payments late in the financial year beyond the date for the Spring Supplementary Estimate. The value of this minimum balance was set at £25 million with the approval of HM Treasury.

The balance in the main bank account is £96.221 million as at 31 March 2014. This is primarily due to continued strong recovery of the Social Fund loan debt. A repayment of £114 million was made to HM Treasury during 2013-14 and further repayment of funds are expected to take place in future years.

## 4 Cold Weather Payments

The winter was unusually mild in 2013-14, consequently the total expenditure on Cold Weather Payments was just £8.407 million including the final payments from the 2012-13 winter season compared to £141.737 million in 2012-13.

## 5 Statement of Loans

	Budgeting Loans £000	Crisis Loans £000	Total £000
Amount outstanding at 1 April 2013 – restated	681,699	509,510	1,191,209
Amount loaned	415,729	(3,457) <sup>1</sup>	412,272
Transferred to overpayments	(682)	(434)	(1,116)
Amount recovered	(446,058)	(102,053)	(548,111)
Adjustments and amounts written off	(2,849)	(2,482)	(5,331)
Adjustments and amounts written back	3,468	21,119	24,587
Amount outstanding at 31 March 2014	<u>651,307</u>	<u>422,203</u>	<u>1,073,510</u>

The amount for loans outstanding at 31 March 2014 shown in this note is based on cumulative advances and repayments disclosed in the receipts and payments account less accounting adjustments and amounts written off.

1 For the amount loaned for Crisis Loans the amount reported is an overall credit of £3.457 million. This is caused by the write back of £3.514 million previously issued cheques that have subsequently expired, along with £0.299 million other minor adjustments. The payments of residual new, or reviewed Crisis Loan applications made on or before 31 March 2014 but paid in this year amounted to £0.356 million.

The amount outstanding also incorporates £1.022 million (30,526 by volume) of loans showing a credit balance. Where we have been unable to trace the customer to make a repayment, the Department will retain the liability for six years. If at that point no repayment has been able to be made, action will be taken to clear the credit balance.

The Department has invested significant resource in reviewing the Social Fund debt position. As a result, a bookkeeping adjustment has been included to write back £21.119 million Crisis Loan debt and £3.468 million Budgeting Loan debt to the Account. This adjustment aligns the value of customer debt to that held on the Social Fund Computer System.

Further details of the restatement for the Amount outstanding at 1 April 2013 are reported within Note 14.

## 6 Age of Loans Analysis

Between April 1988, when the Social Fund loans scheme was introduced, and March 2014, loans of some £11,478 million have been paid. Over this period, £10,376 million of these loans have been recovered and £53 million written off. This, and other adjustments, leaves a balance of £1,074 million outstanding at 31 March 2014. Loans are normally recovered by deduction from Social Security benefits and, where this is not possible, by cash instalments. Where a customer has more than one loan, the earliest loan is normally recovered first, with recovery of later loans following automatically. A number of loans may take several years to recover fully and recovery procedures and arrangements are under review.

An analysis of age of loans outstanding is summarised below:

Age of loan	Budgeting Loans £000	Crisis Loans £000	Total £000
Five years and over	140,569	116,059	256,628
Between one year and five years	264,095	305,788	569,883
Less than one year	<u>246,643</u>	<u>356</u>	<u>246,999</u>
	<u>651,307</u>	<u>422,203</u>	<u>1,073,510</u>

## 7 Statement of Funeral Expenses Payments Outstanding

	£000
Amount outstanding at 1 April 2013	14,851
Payments made	44,354
Transferred to overpayments	(20)
Amount recovered	(255)
Adjustments and amounts deemed irrecoverable	(50,804)
Amount outstanding at 31 March 2014	<u>8,126</u>

The treatment of Funeral Expenses Payments debt is to continue with recovery procedures for applications where there is an estate, or a likelihood of one, but that, for applications where no estate or other asset is declared, abandonment action is to be taken immediately.

## 8 Age Analysis of Funeral Expenses Payments Outstanding

An analysis of the age of Funeral Expenses Payments outstanding is summarised below:

Age of Funeral Expenses Payment	£000
Five years and over	20
Between one year and five years	6,847
Less than one year	<u>1,259</u>
	<u>8,126</u>

## 9 Impairment of Debt

All debt balances in notes 5 to 8 are shown unimpaired.

As the Social Fund debt is fully consolidated within the 2013-14 Annual Report and Accounts for the Department for Work and Pensions, where the debt is impaired in accordance with accounting policy, this note shows the value of that impairment and the resulting debt balance. The calculation takes prior year recoveries and write-offs arising in the current year, to project amounts that will be recovered in the following fifteen year period. Recoveries and write-offs are analysed by the age of the debt to which they relate and this analysis is used to estimate the value of recoveries in future periods, before being discounted to their present value. The impact of impairment on Social Fund loan debt excluding overpayment debt is illustrated below:

Impairment of loan debt outstanding at 31 March 2014

	Budgeting Loans £000	Crisis Loans £000	Funeral Expenses Payments £000
Gross debt position	651,307	422,203	8,126
Provision for Impairment	<u>(153,504)</u>	<u>(109,944)</u>	<u>(7,950)</u>
Net debt position	<u>497,803</u>	<u>312,259</u>	<u>176</u>



## 10 Statement of Overpayments

	Regulated £000	Discretionary £000	Total £000
Amount outstanding at 1 April 2013	768	672	1,440
New overpayments made	2,250	1,239	3,489
Amount recovered	(808)	(534)	(1,342)
Adjustments and amounts written off	<u>(1,342)</u>	<u>(157)</u>	<u>(1,499)</u>
Amount outstanding at 31 March 2014	<u>868</u>	<u>1,220</u>	<u>2,088</u>

The amount for overpayments outstanding at 31 March 2014 shown in this note is based on the cumulative overpayments which have been identified less the repayments disclosed in the receipts and payments account less accounting adjustments and amounts written off.

Winter Fuel Payments represent the largest of these overpayments at £0.690 million (33 per cent) with Budgeting Loans being the next largest at £0.553 million (26 per cent) the remaining £0.845 million is spread across the other award types with Crisis Loans being the next largest at £0.389 million (19 per cent).

In line with Departmental policy and procedures for the referral of benefit overpayment, Social Fund overpayments are referred to the Department's Debt Management service for recovery. They are also incorporated within the debt disclosed in the Department for Work and Pensions Annual Report and Accounts.

Previous reviews of the potential for omitted debt relating to Winter Fuel overpayments have indicated a low incidence. Further consideration of this during 2013-14 has again not shown any significant degree of omitted debt. The estimate for the four years to the end of 2013-14 has been uplifted in line with previous years giving a total for the period of £1.7 million. As for Passported Debt it was established that there was not a cost-effective means of identifying and recovering this debt and it was agreed with HM Treasury not to pursue.

## 11 Passported Debt

Specific Social Fund Awards, namely Sure Start Maternity Grants, and Cold Weather Payments, (and previously Community Care Grants), are, under normal circumstances, non-recoverable. When, however, an individual's qualifying benefit, (for example Income Support), is withdrawn, then any grant that this benefit "passported" Social Fund entitlement to should be treated as an overpayment.

In addition Sure Start Maternity Grants can also be awarded if the claimant is in receipt of particular Tax Credits, (described in the Foreword), administered by HM Revenue & Customs.

These awards, therefore, could result in Passported Debt.

The established mechanism for estimating the associated debt produces a figure of £9.2 million for the four years 2010-11 to 2013-14 with a lower and upper level of £5.4 million and £14.1 million. Adding in potential cases of omitted debt where the qualifying benefit is a tax credit administered by HMRC adds a further £1.1 million.

The historic nature and circumstances of this potential debt is such that it was agreed with HM Treasury that there was not a cost-effective means of identifying and recovering this debt. As such this will not be pursued.

Following a review the Department has concluded that the existing procedures for identifying and recovering any new instances of passported debt are fundamentally fit for purpose, but that a strengthened monitoring and control regime was required to ensure full compliance. This regime is being fully introduced in 2014-15.

**12 Statement of Losses**

	£000
Recoverable loans impracticable to pursue (46,073 cases)	5,331
Claims for recoverable Funeral Expenses Payments abandoned due to insufficient estate (12,189 cases)	14,665
Claims for recoverable Funeral Expenses Payments abandoned because they are impossible/unreasonable to pursue (26,877 cases)	36,139
Losses due to irrecoverable overpayments recorded during the year (20,064 cases)	<u>1,499</u>
	<u>57,634</u>

**13 Statement of Assets and Liabilities**

	Liabilities £000	Assets £000
Government Banking Service		96,221
Social Security Benefits and other Payments Vote	6,711	
Santander commercial bank		0
Administration and Miscellaneous Services Vote		84
National Insurance Fund		540
Other Government Creditors / Debtors (Net)		96
Balance of Social Fund	<u>90,230</u>	
	<u>96,941</u>	<u>96,941</u>

The Balance of Social Fund represents the cumulative excess of receipts over payments since the inception of the Fund. This balance has been reduced this year by the repayment of £114 million back to HM Treasury as it was no longer required to support the activity of the Fund. The balance is held as current assets or liabilities in the above bank, debtors and creditors accounts.

The main bank account for the Social Fund is the Government Banking Service, the Social Security Benefits and other Payments Vote is money owed from other Benefits. In previous years the Santander commercial bank account was used to hold funds to cover cheque payments. This account has been closed as the Department ceased making cheque payments in July 2013.

**14 Prior Year Adjustment**

The account has a number of restated items dating back to 2010-11. These items have arisen as a result of the investigations into the debt reconciliation between the Department's core accounting system, the Central Payments Systems, (CPS), and the customer record system, the Social Fund Computer System, (SFCS). The debt reconciliation issue has been referenced in C&AG audit reports in prior years.

There are two items that have been restated;

*a Duplicate recoveries*

A total of £2.9 million over the years 2011-12 to 2012-13. Recoveries were being recorded via both the CPS and PACS accounting systems thereby creating a duplicate. The restatement corrects this position and processes are in place to monitor and address the issue.

*b Cross over recoveries*

Debt reconciliation work identified £0.4 million mis-coded recoveries for the years 2010-11 to 2012-13; where a Budgeting Loan recovery was recorded as Crisis Loan recovery and vice versa. The restatement corrects this position and processes are now in place to monitor and address going forward.

*i Reconciliation of receipts and payments for the year ended 31 March 2013*

	Published Accounts 2012-13 £000	Duplicate MOP35 Recoveries (Note 14a) £000	Cross- Recoveries (BL & CL) (Note 14b) £000	Restated 2012-13 £000
<b>Receipts</b>				
<i>Receipts from the Secretary of State:</i>				
Discretionary	136,000	–	–	136,000
Regulated	236,000	–	–	236,000
Winter Fuel Payments (Regulated)	2,145,753	–	–	2,145,753
Repayments of Budgeting Loans	461,499	(1,492)	307	460,314
Repayments of Crisis Loans	139,296	(1,261)	(307)	137,728
Repayments of Funeral Expenses Payments	433	–	–	433
Refund of Social Fund Overpayments Discretionary	201	–	–	201
Refund of Social Fund Overpayments Regulated	574	–	–	574
	<u>3,119,756</u>	<u>(2,753)</u>	<u>0</u>	<u>3,117,003</u>
<b>Payments</b>				
Budgeting Loans	456,826	–	–	456,826
Community Care Grants	133,448	–	–	133,448
Crisis Loans	107,400	–	–	107,400
Winter Fuel Payments	2,144,090	–	–	2,144,090
Funeral Expenses Payments	44,379	–	–	44,379
Sure Start Maternity Grants	39,038	–	–	39,038
Cold Weather Payments	141,737	–	–	141,737
	<u>3,066,918</u>	<u>–</u>	<u>–</u>	<u>3,066,918</u>
Excess of receipts over payments	<u>52,838</u>	<u>(2,753)</u>	<u>0</u>	<u>50,085</u>
<b>Statement of Balances</b>				
Opening Balance	90,351	(150)	–	90,201
Excess of receipts over payments	52,838	(2,753)	–	50,085
Closing Balance	<u>143,189</u>	<u>(2,903)</u>	<u>0</u>	<u>140,286</u>

*ii Reconciliation of debt outstanding at 31 March 2013*

	Published Accounts at 31 March 2013	Duplicate MOP35 Recoveries (Note 14a)	Cross- Recoveries (BL & CL) (Note 14b)	Restated at 31 March 2013
	£000	£000	£000	£000
Amount outstanding at 31 March 2013	680,520	1,577	(398)	681,699
Budgeting Loans	507,786	1,326	398	509,510
<b>Loans Total at 31 March 2013</b>	<b><u>1,188,306</u></b>	<b><u>2,903</u></b>	<b><u>0</u></b>	<b><u>1,191,209</u></b>
Funeral Expense Payments	14,851	–	–	14,851
<b>Total Debt at 31 March 2013</b>	<b><u>1,203,157</u></b>	<b><u>2,903</u></b>	<b><u>0</u></b>	<b><u>1,206,060</u></b>

*Robert Devereux*  
Accounting Officer

20 June 2014

## Annex

### Accounts Direction given by HM Treasury in accordance with section 167(4) of the Social Security Act 1992

- 1 The Treasury in accordance with section 167(4) of the Social Security Administration Act 1992 hereby gives the following direction.
- 2 The statement of account, which it is the duty of the Department for Work and Pensions to prepare in respect of the transactions of the Social Fund for the financial year ended 31 March 2014, shall comprise:
  - i. a foreword
  - ii. an account of receipts and payments
  - iii. a statement of balancesand shall include any such notes as may be necessary for the purposes referred to in the attached schedule.
- 3 The Accounting Officer shall observe relevant accounting and disclosure requirements in the Government Financial Reporting Manual (FRM), in so far as it applies to a receipts and payments account, and any other guidance issued by HM Treasury, as amended or augmented from time to time.
- 4 The format of the statement of account and the disclosure requirements are in the attached schedule.
- 5 The Accounting Officer shall sign the foreword and account.
- 6 The Accounts Direction shall be produced as an annex to the accounts.

*Ross Campbell*  
Deputy Director, Government Financial Reporting  
HM Treasury

25 February 2014

## Schedule – Format of Account and Disclosure Requirements

- 1 The foreword shall state that the account has been prepared in accordance with a direction issued by Treasury in pursuance of section 167(4) of the Social Security Administration Act 1992. The foreword will also include details of the following:
  - a a brief history of the Social Fund and its Statutory background;
  - b categories of payment;
  - c financial performance;
  - d the publication of the Secretary of State's report;
  - e audit arrangements; and
  - f responsibilities of the Accounting Officer
- 2 The receipts and payments account and statement of balances shall conform to the formats shown in the Annex, although minor variations may be made.
- 3 The notes shall include:
  - a an explanation of the financial basis of the Social Fund;
  - b a statement of loans including an age analysis of loans outstanding;
  - c a statement of losses; and
  - d the policy on maintaining a standing balance.

# Receipts and Payments Account for the year ended 31 March XXXX

	£000	20xx-xx £000	20xx-xx £000
<b>Receipts</b>			
Receipts from the Secretary of State			
Discretionary			
Regulated			
Winter Fuel (Regulated)			
Repayments of Budgeting Loans			
Repayments of Crisis Loans			
Repayments of Funeral Expenses Payments			
Refund of Social Fund Overpayments Discretionary			
Refund of Social Fund Overpayments Regulated			
<i>Less</i>			
<b>Payments</b>			
<i>Discretionary</i>			
Budgeting Loans			
Crisis Loans			
Community Care Grants			
<i>Regulated</i>			
Winter Fuel Payments			
Funeral Expenses			
Maternity Expenses			
Cold Weather Payments			
Excess of receipts over payments (Excess of payments over receipts)			
<b>Statement of Balances</b>			
		<b>20xx-xx</b>	20xx-xx
		<b>£000</b>	£000
Opening Balance			
<i>Plus</i>			
Excess of receipts over payments			
<i>Less</i>			
(Excess of payments over receipts)			
Closing Balance			
Notes to the Account			

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