



DEPARTMENT OF SOCIAL SECURITY

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From the Minister of State for Social Security and the Disabled

cc Q's  
DC  
PS  
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Paul Gray Esq  
Private Secretary  
10 Downing Street  
London  
SW1

Prime Minister<sup>2</sup>

23 March 1990

RCCB  
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Dear Paul,

SOCIAL FUND: JUDICIAL REVIEW

I am attaching the draft of an oral statement which my Minister will be making in the House on Monday 26 March.

The statement informs the House about the action Ministers are taking in consequence of the recent High Court judgement on the Social Fund. It explains that revised guidance is being sent to Social Fund Officers and that a leaflet has been prepared aimed at people who might be affected by the judgements. The statement also makes clear Ministers' intention to legislate to return the operation of the fund to what was originally intended. The opportunity will also be taken to announce the increased Social Fund budget for 1990/91 and the allocations to individual local offices.

I am copying this letter to Gillian Baxendine (Lord President), Stephen Williams (Welsh Office), Jim Gallagher (Scottish Office), Carys Evans (Chief Secretary), and Murdo MacLean (Chief Whip).

SIMON WILLIS  
Private Secretary



With permission Mr Speaker I will make a statement on the Social Fund. The House will recall that on 21 February the High Court delivered Judgement on applications for Judicial reviews in three cases concerning the Social Fund.

The Judgement confirmed the power to give directions for the control and management of the Social fund. It also confirmed the directions on how Social Fund Inspectors are to review decisions, but found that some guidance was not consistent with the direction. Finally, it found that some aspects of the guidance on budgets was too prescriptive, and therefore not valid as guidance.

On the day of the Judgement the department sent a letter to Social Fund Officers, informing them that the local office budget and the level of priority that might usually be met were factors to be taken into account in reaching a decision but they were not the overriding factors. I am now in a position to set out in detail the further measures we shall be taking in response to the Judgement.

We are today issuing new guidance to all Social Fund Officers to take account of Court's decision that some of the guidance on the budget in the Social Fund manual was couched in language that was too prescriptive for guidance.



We are also issuing guidance today about applications for review from people who may have had applications to the Fund turned down on grounds of insufficient priority because of budgetary constraints. A leaflet for the public to provide information on this matter is being distributed to DSS local offices.

As I have already mentioned, local offices were advised on the day of the judgement that the guidance on budgets was defective. From then onwards cases should not have been refused on the basis of the defective guidance. However, if any applicants are dissatisfied with the Social Fund Officer's decision they have the right to request a review in the normal way.



Although the Court found that some of the guidance on budgets was too prescriptive, its judgement explicitly recognised that Parliament clearly intended that the Social Fund should be subject to strict monetary limits and that the Secretary of State needs to be able to give directions to achieve financial control. In the light of that and so that there should be no doubt that it is the Government's intention that the Social Fund should be operated within a firm budgetary framework, I am introducing an amendment in the current Social Security Bill to make explicit the power of my Rt Hon friend to give directions relating to the financial control of the fund. The amendment will similarly put beyond doubt my Rt hon Friend's power to specify who is eligible for payments from the Fund.

We will also take the opportunity to introduce two other minor amendments for the purposes of clarifying the procedures for applications for loans from the fund and the date on which an application to the fund is to be treated as having been made.



Copies of the new guidance on budgets and reviews and of the leaflet are in the Library.

I should also like to take this opportunity to remind the House that on Friday, 16 February my Rt Hon friend, the Secretary of State for Social Security, laid the Social Fund (Miscellaneous Amendments) Regulations. These will introduce a number of beneficial changes to the scheme with effect from 9 April. In particular, they will implement two changes which we announced in the uprating statement. First, the change to the capital rule, which he made for Social Fund Cold Weather payments in January, will be extended to the other Social Fund Regulated payments. Thus, people aged 60 or over may qualify for help whilst retaining up to £1000 in savings. Second, the regulations will increase the amount payable for maternity expenses from £85 to £100.

Finally I wish to turn to the Social Fund budget for 1990/91. The House will recall that I announced last year that the gross allocation for discretionary payments in the coming year would be £205 million. However, our experience of operating the loans element of the fund has clearly shown that it will be possible to use the available resources even more flexibly next year through the recirculation of repayments returning to the fund. I am therefore pleased to say that I am now able to increase the gross allocation by a further £10 million for 1990/91 to £215 million. This means that the gross budget for 1990/91 will be £12 million higher than in 1989/90.



The £215 million will be divided to provide £152m for loans and £63m for grants. [In 89/90 the allocation is £143m for loans and £60m for grants]. As in previous years, I shall be holding back £2m as a contingency reserve.

In allocating the budgets to local offices we have included the value of the additional allocations amounting to £3 million made in December and January to 106 offices facing particular pressure. Every one of the department's offices will receive a higher allocation next year. 15 per cent of offices will receive budget increases of 10 per cent or more compared with their April 1989 allocations, and nearly three-quarters will get increases of 5 per cent or more.

I shall circulate a list of the allocations to individual offices in the Official Report. I have also placed a copy of the allocations in the Library together with a note explaining how they were calculated. I am confident that the measures, I have announced today will ensure that the Social Fund continues to be a fair and flexible scheme for those who are most in need.





File PM

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

26 March 1990

*Dear Sir,*

SOCIAL FUND: JUDICIAL REVIEW

Thank you for your letter of 23 March enclosing the draft oral statement to be made in the House today, which the Prime Minister has seen and noted.

I am copying this letter to Gillian Baxendine (Lord President's Office), Stephen Williams (Welsh Office), Jim Gallagher (Scottish Office), Carys Evans (Chief Secretary's Office) and Murdo Maclean (Chief Whip's Office).

*Pa*  
*PM*

PAUL GRAY

Simon Willis, Esq.,  
Department of Social Security.

*M*