

EXPLANATORY MEMORANDUM TO
THE SOCIAL FUND (BUDGETING LOANS) (APPLICATIONS AND
MISCELLANEOUS PROVISIONS) REGULATIONS (NORTHERN IRELAND) 2022

S.R. 2022 No.222

1. Introduction

- 1.1. This Explanatory Memorandum has been prepared by the Department for Communities to accompany the Statutory Rule (details above) which is to be laid before the Northern Ireland Assembly.
- 1.2. These Regulations are made under sections 10 and 165(1), (4), (5) and (6) of the Social Security Administration (Northern Ireland) Act 1992.

2. Purpose

- 2.1. The purpose of this instrument is to remove the requirement for a Social Fund Budgeting Loan applicant to notify their agreement to the terms and conditions of the loan in writing before the monies can be released. The intention is that applicants will be able to give their agreement by telephone.
- 2.2. This instrument also addresses the fact that Crisis Loans and Community Care Grants no longer exist. In order to do this as simply and as clearly as possible these Regulations replace the Social Fund (Applications and Miscellaneous Provisions) Regulations (Northern Ireland) 2008 (“the 2008 Regulations”) (S.R. 2008 No. 357), which are revoked, to reflect the fact that budgeting loans are the only remaining element of social fund payments made under section 134(1)(b) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992.

3. Background

Legislative Context

- 3.1. This instrument replaces, with amendment, the 2008 Regulations. Amendments have also been made to reflect that Crisis Loans and Community Care Grants, which were previously covered by the 2008 Regulations, no longer exist.
- 3.2. Regulation 7(3) of the 2008 Regulations provides that before an award of a budgeting loan is paid, the applicant must inform the Department that he or she agrees to the terms and conditions of the loan in writing. In regulation 6(2) of this instrument an applicant must still inform the Department that he or she agrees to the terms and conditions on which the loan is repayable, but unlike regulation 7(3) of the 2008 Regulations, there is no requirement that such agreement is in writing.

Policy Background

- 3.3. The current end to end process from application to receipt of an offer and subsequent payment of a Social Fund Budgeting Loan is protracted and inefficient. The current application and decision making process is completely postal based, with the end to end journey from making an application to an award being paid, assuming all information is available, taking approximately 22 days.

- 3.4. The revised process retains the need for an application form to be obtained and completed, as per the current process. The change relates to the point where the applicant is notified of an offer of a loan and the applicant confirms that they want to accept it. The Department intends to introduce a telephone call to the applicant, once the decision has been made, advising them whether or not an offer is being made. If an offer is made the applicant may accept the offer and the terms and conditions of the loan during the conversation. Formal notification will be sent after the telephone call confirming what has been agreed and setting out the review process (which will be unchanged).
- 3.5. Applicants who cannot, or do not wish to, agree to an offer over the telephone will continue to be able to receive notification of the offer and conditions by post and accept in writing.
- 3.6. By introducing a telephone call at this stage the inherent delays of posting a letter to the applicant and them posting their acceptance back will be removed. This will result in the payment being released much sooner than under the current process. It is anticipated by introducing the revised process the end to end journey (from application to payment being released) will be reduced by up to 10 days. As Social Fund Budgeting Loans are often used when budgeting for a higher cost item is either not possible or at best exceptionally difficult, speeding up the process may prevent many from turning to expensive forms of lending and/or defaulting on essential living expenses.

4. Consultation

- 4.1. As the Regulations make, in relation to Northern Ireland, only provision corresponding to provision contained in Regulations made by the Secretary of State for Work and Pensions in relation to Great Britain consultation with the Social Security Advisory Committee is not required.

5. Equality Impact

- 5.1. In accordance with its duty under section 75 of the Northern Ireland Act 1998, the Department has conducted a screening exercise on proposals for these Regulations and concluded that they do not have significant implications for equality of opportunity. In light of this, the Department considered that an equality impact assessment is not necessary.

6. Regulatory Impact

- 6.1. There is no, or no significant, impact on business, charities or voluntary bodies or on the public sector.

7. Financial Implications

- 7.1. There are no, or no significant financial implications for the Department.

8. Section 24 of the Northern Ireland Act 1998

- 8.1 The Department is satisfied that these Regulations are compliant with section 24 of the Northern Ireland Act 1998.

9. EU Implications

- 9.1 Not applicable.

10. Parity or Replicatory Measure

- 10.1 Replicatory measure can be found in the Great Britain Regulations: the Social Fund (Budgeting Loans) (Applications and Miscellaneous Provisions) Regulations 2015 (S.I. 2015/1411).

11. Additional Information

- 11.1 Not applicable.