Argyll and Bute Council welcomes the opportunity to respond to this consultation. The Council considers that the interim scheme has provided an effective source of support to some of the most vulnerable in our communities. However it notes that many applicants are not eligible for support from the Scottish Welfare Fund (SWF) as their hardship often reflects a delay in processing their benefit application and they have to be referred back to DWP for a short term benefit advance. Others were initially not eligible as their hardship stemmed from a benefit sanction and they were excluded from the scheme until April 2014. With the introduction of the new claimant commitment, the incidence of claimant sanctions is expected to rise. The council is aware that this is in line with UK government policy but is concerned about the impact on the welfare of some of the most vulnerable members of our community.

The Council considers that the introduction of SWF has worked well. Although volumes of applications have reduced from those experienced by DWP, this is in part due to the reduced reliance on cash for support and the increased use of goods and vouchers. Whilst undoubtedly less popular with claimants, this means that assistance is much more targeted. The new national contract from Scotland Excel has also meant that better value can be obtained through increased purchasing power. The council considers these aspects to be a major improvement. The council has also welcomed the fact that grants do not have to be repaid and would be keen to see this element enshrined in legislation.

One of the key differences between Scotland and England is that a national scheme has been introduced in Scotland and it has not been left to individual local authorities to introduce different schemes for each local authority area as in England. This means that there is consistency of decision making. It should be noted that in Wales the decision was taken to have a single scheme operated by an outsourced company – Northgate – rather than by individual local authorities. It is disappointing that the consultation provides no information about how well each of the different approaches taken in England, Wales and Scotland is working. Such a review would be welcomed before the new guidance and detailed regulations are drafted.

Because of the short time for introduction, the opportunity was lost to commission a single national computer system to support the scheme and each local authority had to make its own arrangements. There are 4 main systems in use. There is now an opportunity to commission a single hosted national system to support the new permanent scheme, with a single set of parameters and interface facilities. This would be consistent with the national public sector ICT strategy.

This Council cannot sustain the current high cost of administering Scottish Welfare Fund payments. This council has serious concerns about the administration costs of the current scheme which is currently very expensive to administer for small authorities with relatively low volumes despite making use of the Scotland Excel contract. There is an opportunity to consider the efficiencies of a single consolidated team to support telephone and on-line applications with the benefits of economies of scale. It would be much easier now to build in local variations in referrals, as this has all been worked out and is now known. This would be one way to improve its cost efficiency. The opportunity should be taken to ensure that the new permanent scheme is designed with key improvements in efficiency in mind.
Consultation
Did you take part in any consultation exercise preceding the Bill and, if so, did you comment on the financial assumptions made?
1. Yes, Argyll and Bute Council responded to the consultation issued in November 2013 entitled “Consultation on draft Welfare Funds (Scotland) Bill and options for challenging decisions made by local authorities on applications to the Scottish Welfare Fund”.

Our response stated:
“There is now an opportunity to commission a single hosted national system to support the new permanent scheme, with a single set of parameters and interface facilities. This would be consistent with the national public sector ICT strategy. There is also an opportunity to consider the efficiencies of a single consolidated team to support telephone and on-line applications with the benefits of economies of scale. It would be much easier now to build in local variations in referrals, as this has all been worked out and is now known. This council has serious concerns about the administration costs of the current scheme which is currently very expensive to administer for small authorities with relatively low volumes despite making use of the Scotland Excel contract. This would be one way to improve its cost efficiency. The opportunity should be taken to ensure that the new permanent scheme is designed with key improvements in efficiency in mind.”

In relation to the proposals for second tier review we said:
“A local authority panel is the current method for second tier decisions. These reviews can be carried out quickly and at a relatively low cost. The latter is important as this needs to be proportionate. At present it is costing an excessive amount to administer the scheme particularly for smaller authorities despite having very low costs for second tier reviews. Increasing the bureaucracy of second tier reviews will further add to these costs without providing demonstrable value. The average award of a crisis grant cross Scotland is £60. Any review by SPSO or a tribunal is likely to cost many times the average award level, and it is inconceivable that they would be able to do this within a week. Whilst the average award value for a community care grant across Scotland is much larger at c £578 and the timescales are not so constrained, it is still likely that the costs of second tier reviews by these other bodies will be greater than any award.”

If applicable, do you believe your comments on the financial assumptions have been accurately reflected in the FM?
2. The financial memorandum makes no comment on the matters raised in our earlier response.

Did you have sufficient time to contribute to the consultation exercise?
3. We asked for a week’s extension to allow the response to be approved at our council meeting and this was agreed. We sent a draft of the response in advance of the original deadline so as not to delay review of comments.

Costs
If the Bill has any financial implications for your organisation, do you believe that they have been accurately reflected in the FM? If not, please provide details.
4. The financial memorandum is significantly understating the real costs of administering the scheme. The Council receives £55,000 to administer the scheme annually. This is enough administration funding to employ 2 FTE staff to work on SWF. To date, the Council has needed to employ 4 FTE to handle the volume of claims and
provide cover for sickness and holidays. This based on a telephone service only with no face-to-face service and no out of hours service. There has also been significant supervisory and management time expended in dealing with reviews, supplier arrangements, monthly reporting requirements, and practitioner meetings which is not costed directly to this activity. Excluding these costs, it cost a total of £115k to pay out c £304k last year which is not administratively efficient. This cost is made up of £101k staffing costs and £14k on software and other costs of making payments. The council is significantly subsidising the costs and this is unsustainable. This is likely to be the case in many smaller councils.

Do you consider that the estimated costs and savings set out in the FM are reasonable and accurate?

5. The estimated costs on local authorities in the FM are understated for the reasons set out in the response to question 4 above.

The figures quoted for set up and running costs for the SPSO appear reasonable. However, these are based on 2000 second tier review cases whereas the statistics show that there were only 144 such cases in 2013/14 across all of Scotland. If the lower cost based on 400 reviews were applicable, that would produce a cost per review of £1,736 compared to an average award of a crisis grant of £71 and community care grant average award of £644.

The figures for programme funding are set out at the budgeted levels of £33m. This compares to actual spend of £29m for 2013-14 with £4.26m to be carried forward to 2014-15. At present, it is not clear why the projections support this increasing back up to the full budget of £33m. This amount exceeds the monies spent by DWP. Also the arrangements for disbursing community care grant monies are tighter in that in most cases goods are provided rather than cash as previously and local authorities benefit from their consolidated buying power.

If applicable, are you content that your organisation can meet any financial costs that it might incur as a result of the Bill? If not, how do you think these costs should be met?

6. No – this council is not content that it will be able to meet the ongoing administration costs of the SWF scheme within the monies being made available. The council will have to look at alternative arrangements for carrying out its responsibilities jointly with other bodies in order to realise some economies of scale, although this may be to the detriment of local arrangements.

Does the FM accurately reflect the margins of uncertainty associated with the Bill’s estimated costs and with the timescales over which they would be expected to arise?

7. It would be appropriate to collate actual costs for operating the interim scheme for 2013-14 to inform the FM. We are not aware that these have been requested from local authorities. This would help to reduce uncertainties.

Wider Issues

Do you believe that the FM reasonably captures any costs associated with the Bill? If not, which other costs might be incurred and by whom?

8. See response to questions 5, 6 and 7 above re costs for local authorities. The only other potential costs would be for the voluntary sector who may act as advocates for potential welfare fund claimants and their costs are not captured.
Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation? If so, is it possible to quantify these costs?

9. Subordinate legislation will determine the shape of the scheme and will have an impact on the quantum of the costs. However these are not expected to be additional to the type of costs outlined within the financial memorandum.