FINANCE COMMITTEE CALL FOR EVIDENCE

WELFARE FUNDS (SCOTLAND) BILL: FINANCIAL MEMORANDUM

SUBMISSION FROM FALKIRK COUNCIL

Consultation

*Did you take part in any consultation exercise preceding the Bill and, if so, did you comment on the financial assumptions made?*
1. Falkirk Council submitted a response to the Scottish Government consultation on the Draft Bill which closed on the 7th February 2014. The consultation did not specifically ask about the financial assumptions and we did not include any comments on the financial assumptions.

*If applicable, do you believe your comments on the financial assumptions have been accurately reflected in the FM?*
2. Not applicable.

*Did you have sufficient time to contribute to the consultation exercise?*
3. Yes – the timescales associated with the consultation exercises have been reasonable.

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. Paragraph 39 of the Financial Memorandum suggests that there could be savings for councils arising from the SPSO undertaking second tier reviews but it doesn’t say whether councils are likely to incur costs associated with providing information for these reviews.

The administration funding for 2015/16 is not clear. The cover notes say that the SWF budget line in the Draft Scottish Budget for 2014/15 indicates total funding of £37.6m which would indicate that the plan at that time was to provide £4.6m – a reduction of £0.4m. However, Para 17 of the financial memorandum says that the allocation for 2015/16 has yet to be decided but provision has been made within budget plans to maintain it at the same level.

Any reduction in the administrative funding provided will have significant implications for us, given we already use our own funding to make up a significant gap between the costs of running the fund and the amount of administration funding provided.

In para 30 states that decisions re. funding for 2016/17 will be allocated from their block grant in the same way as other funding pressures are met i.e. it will be considered alongside all of the other spending pressures.

*Do you consider that the estimated costs and savings set out in the FM are reasonable and accurate?*
5. To date the number of 2nd Tier reviews requested within our Local Authority has been very low and reviews have been carried out by managers not involved in delivery of the Scottish Welfare Fund, as part of their managerial duties. Therefore there will be no direct savings associated with the removal of the requirement to conduct 2nd Tier reviews within the Local Authority.

The costs associated with the SPSO administering 2nd Tier reviews (£250-400k per annum) seem to be relatively significant, given that within this Local Authority we have managed to meet the requirement around 2nd Tier reviews within our existing resources.

*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. As stated above (Question 4) we are concerned by the possibility that there could be future cuts in the administrative funding, which will result in additional financial burdens on the Council that we may be unable to meet.

Ideally the administrative funding should be maintained at least at the level it has been to date to ensure the service can be delivered effectively to support our more vulnerable customers.

*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?*

**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. As mentioned above it is unclear whether the Local Authorities will incur significant costs in terms of providing information to the SPSO in relation to the 2nd Tier Reviews. Without having an understanding of what the scale of these costs could be it is not possible to look at how these could be met.

Additionally the Bill allows for the Funds to be ring-fenced. This could bring some additional administrative requirements to Local Authorities around reporting to the Government, which could result in additional cost to the Local Authorities. However Paragraph 34 of the Financial Memorandum says that the Bill doesn’t make any significant alterations to the administrative requirements for Local Authorities and the Government does not anticipate any additional net costs for councils.

*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?*