FINANCE COMMITTEE CALL FOR EVIDENCE

WELFARE FUNDS (SCOTLAND) BILL: FINANCIAL MEMORANDUM

SUBMISSION FROM FIFE 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. Yes. Fife was represented at an initial meeting when the Bill was discussed. At the time the main focus was on the second tier review process and the guidance. Concern was also expressed about the administrative costs. However it was still relatively early in the process and the ‘true’ costs of running the Fund were being ascertained particularly with regard to maintaining a holistic approach.

If applicable, do you believe your comments on the financial assumptions have been accurately reflected in the FM?
2. n/a

Did you have sufficient time to contribute to the consultation exercise?
3. Yes

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. No. Administering the Fund at a Council level has been really worthwhile as we are able to work with different Council services and the third sector to deliver for vulnerable people. However the expense of administering the Fund remains an issue. Funding of £267,000 has been received for 14/15 but our overall requirement is £553,000. This leaves a gap of over £286,000 that is filled by the Council’s ‘Welfare Reform’ budget. This was agreed by the Council’s Executive committee.

This provides a level of staffing that can just about deal with the grants in timescale. In 15 months we have found it is not simply a transactional function as some detailed conversations are required with customers, agencies and suppliers to ensure Fife sustain a holistic approach.

As time progresses some more internal efficiencies will be made but maintaining a high level of service would not be possible if we just used the funding received; and there is no certainty that Fife Council’s contribution can be continued beyond the current year.

A further concern arises through the introduction of Universal Credit. Some households will struggle with managing a monthly benefit received in arrears and this will likely lead to increasing calls on the Fund, especially through a transitional period, with an impact on running costs.

The savings to the Council with regard to the SPSO would be minimal. The current ‘tier 2 review’ process is awkward to administer as it is a challenge to keep members
of the panel up to date on developments. The number of reviews is low with the main reason being that customers are well informed of the process and the reasons for the decisions reached.

The set up costs for the SPSO are based on a notional 2,000 reviews. Provision is made for running costs of £400,000 which will enable 2,000 reviews to be undertaken. Given the work Fife Council is to undertake for less that £300,000 this seems generous – or more likely amplifies the argument made above that local authorities are not given sufficient administrative funding.

Using the SPSO will ensure independence and hopefully a greater level of expertise and learning due to the combined volumes they will be dealing with. However the cost saving to a Council will be low as the detail of the case will still have to be compiled and sent for review as is currently the case.

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

5. As stated in question 4 the administrative costs are not sufficient to do what is required to undertake the function properly particularly if adhering to a holistic approach. While LAs will get more efficient as time progresses the current funding is never likely to cover the full costs of the operation. At this time it is also unknown if the demand for the Fund will continue to steadily rise or if they will level off.

As regards savings it is too early to tell how Councils will save on the ‘cost of care’. It is safe to say that this assertion has not been tested as this would have to be measured over a longer time period.

In Fife we estimate it costs £40 to bring an application to decision (based on the estimated 14,000 applications in 14/15). The argument can be made that £40 to award a Community Care Grant of £750 is money well spent as the individual is more likely, for example, to sustain a tenancy thus reducing future homelessness. This assertion is probably more tenuous with regard to a £60 Crisis Grant. It will help the individual but is unlikely to save the Council money in the longer term.

**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. Currently the service has to apply for the additional funding which so far has been forthcoming. However the funding received means less for other areas of the Council.

If these additional funds are not available in future staffing levels would have to be reduced and a more basic service provided, with an impact on wellbeing of vulnerable people.

**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. The estimated costs are still unknown given the erratic pace of the Welfare Reform programme. The further implications of Welfare Reform and their cumulative impacts (e.g. Universal Credit and increasing benefit conditionality) are not accounted for. It is likely that more strain will be put on the Fund.

**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. Given the information we have currently it doesn't accurately reflect on actual costs being absorbed by 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?*

9. At this time it is difficult to foresee what additional costs there might be.