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, North Ayrshire Council responded to the consultation exercise preceding the Bill but did not make any comments about the financial assumptions made as the full implications for the Council were not known at that time.

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.

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 Bill has financial implications for North Ayrshire Council in terms of the administration of the Scottish Welfare Fund; these costs are not accurately reflected in the Financial Memorandum (FM).

The Council received £174,880 administrative funding for 2014-15; this has been expended fully employing 6 FTE staff and other associated costs.

The Council received 4,316 crisis and 2,129 community care grant applications during 2013-14. The number of applications and expenditure has increased significantly since the Scottish Government made the interim scheme accessible to people on low income with 1,629 crisis and 748 community care grant applications received in the first quarter of 2014-15; up 101% on the same period last year.

The Council projects that for 2014/15 the total number of applications received will be around 12,954 compared to 6,445 in 2013/14. Based on current projections, the council anticipates spending almost £1m more in 2014/15 when compared with 2013/14. A review of the current criteria is required to manage spend within available resources.

To meet increased demand the Council invested £41,000 from its General Fund to supplement the Scottish Welfare Fund processing team by 2 FTE. In addition, Department for Work and Pension welfare reform extra burdens funding has funded 3 FTE customer services posts to complete application forms over the telephone with customers at a cost of around £81,000. This funding will run out on the 31 March 2015.
The amount of administrative funding is inadequate to meet customer demand and to deliver the Scottish Government’s processing target of 2 working days for a crisis grant and 15 working days for a community care grant.

The amount of administration funding of £5m for Scottish Councils has not kept pace with the increase in customer demand. North Ayrshire Council is concerned about the reduced level of service given to vulnerable customers if sufficient administrative funding is not provided.

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

5. The estimated £60k to £100k set up cost and £250k to £400k running cost for a separate unit within the Scottish Public Services Ombudsman (SPSO) to hear second tier reviews is excessive for an estimated caseload of 400 to 2,000 reviews; an estimated review caseload of 400 for a running cost of £250k, as set out in the FM, is a unit cost of £625, which is more than the average cost of a community care grant in Scotland in 2013-14 (£613) and does not demonstrate value for money when compared to the cost of this service being provided by Scottish Councils.

North Ayrshire Council had 3 second tier reviews in 2013-14 with 2 decisions upheld.

Scottish Councils can provide a more cost effective second tier review process by continuing with the current practice of review panels. This would release funding to increase the administrative grant and help Councils meet the demand of their vulnerable customers.

**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, North Ayrshire Council would require additional funding to meet the cost of administering demand within the required timescales.

As outlined under Section 4 the amount of administrative grant is inadequate to cover the cost of the Scottish Welfare Fund.

Section 6 of the Bill states that Scottish Government guidance may be varied or revoked; previous changes to the scheme have had a cost implication for North Ayrshire Council in terms of software changes, new promotional and other documents including the application form, changes to public Internet site and staff training.

As mentioned under Section 9 below the introduction of Regulations may incur future costs and these will need quantified.

The Scottish Government should meet these costs.

**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. No, North Ayrshire Council is investing more than the administration grant received from the Scottish Government and the FM does not reflect this.

There is no indication that £150,000 funding retained by the Scottish Government in 2014/15 for a COSLA development Officer, training and awareness sessions and publicity materials will continue in 2015/16; including powers to introduce Regulations and vary or revoke the scheme. North Ayrshire Council recommends the retention of this funding during this transitional period.

**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. Yes, the FM reasonably captures the costs associated with the Bill, as it stands.

*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. Yes, North Ayrshire Council believes that there may be future costs associated with the Bill. Section 5 “Welfare Funds: Further provision”, provides Scottish Ministers with the power to make further provisions by Regulations including, how an application is made, the procedures local authorities are to follow when dealing with applications, the time period to deal with applications and the circumstances in which grants may be recovered or repaid; all of these could have cost implications for Scottish Councils; for example the recovery of grants may require investigation staff and possibly a billing system if existing systems cannot be used, which will result in staff costs and software charges.

It is difficult to quantify these costs as details of the regulations are not known; but for example the annual salary of a benefits fraud investigator is £29,376 (including employers costs).