FINANCE COMMITTEE CALL FOR EVIDENCE

WELFARE FUNDS (SCOTLAND) BILL: FINANCIAL MEMORANDUM

SUBMISSION FROM PERTH & KINROSS 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, the Council submitted a response to Consultation on draft Welfare Funds (Scotland) Bill and options for challenging decisions made by local authorities on applications to the Scottish Welfare Fund in February 2014 with comments of an operational nature.

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. The costs of administering the fund exceed the administration grant awarded to Perth and Kinross Council. We understand that the DWP previously received 20% of their total budget to administer the Discretionary Social Fund, namely Crisis Loans and Community Care Grants. Scottish Local Authorities receive 15% of their total budgets for administration costs, despite a £9.2 million increase in Welfare Fund budget. Perth and Kinross received less that 15% of the budget to cover administration costs. We received £76,940 to administer a budget of £592,924; based on the principle of 15% Perth and Kinross Council should have received almost £89,000 in administration costs. Furthermore, there is a distinct difference between the DWP Discretionary Social Fund and the Scottish Welfare Fund and that is the approach to service delivery. The DWP scheme was a wholly transactional service; conversely the Scottish Government scheme takes a holistic approach to service delivery. Local Authorities, on behalf of the Scottish Government, look beyond the presenting issues and seek to assist customers to address underlying causes of crisis or to find longer-term sustainable solutions for customers to reduce repeat applications by acting as a gateway to other services. This is one of the successes of the fund and it should be acknowledged financially.

A holistic approach is taken to the delivery of the Scottish Welfare Fund. This takes time and resource, whilst providing higher quality outcomes for customers over the longer term.

The fulfilment options of the majority of Local Authorities to provide goods as opposed to or as well as cash or equivalent, increases the costs associated with the administration of the fund. These fulfilment options are supported by the Scottish
Government and give both Local Authorities and the Scottish Government a degree of certainty that grants are being used for their intended purpose.

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

5. No. For the reasons stated above, the estimated costs have fallen short of the actual experience for Perth and Kinross Council. The Perth and Kinross Scottish Welfare Fund budget was augmented by the Local Authority by a further 11%. Perth & Kinross Council received a budget of £76,000 for financial years 2013/14 and 2014/15 to administer the Welfare Fund. Current staffing costs total £145,000. As a medium-sized, rural/urban Authority we make all methods of application available so as to allow the greatest possible access to the scheme; online, telephone, face-to-face, paper and home visits (in exceptional circumstances). Whilst the procurement of goods on behalf of our customers is, in our view, the best and most appropriate use of the budget, this too comes with additional costs in terms of administration. Additional funding to administer the scheme at the first point of contact would be welcomed, thus reducing error and the need for both first and second tier reviews.

The limitations of systems, communications about the fund and the wholly different approach to service delivery from the DWP. Demand for the first three months of 2014/15 has risen dramatically in Perth and Kinross and both Crisis and Community Care Grant budgets are under strain. We are expecting to receive a 50% increase in the total applications to the fund, somewhere in the region of 4,500 applications during 2014/15 compared with 3,000 in 2013/14.

The cost savings outlined in the FM are minimal and mostly relate to the transfer of Second Tier Reviews to the SPSO. Perth and Kinross saw no Second Tier Reviews in 2013/14 and to-date there have been none in 2014/15. Across Scotland there were fewer than 500 Second Tier Reviews, compared with 6258 under the Discretionary Social Fund during 2011/12.

**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. All additional costs will need to be covered by the administration grant from the Scottish Government. The Scottish Welfare Fund is a Scottish Government Fund administered by Scottish Local Authorities on behalf of the Scottish Government.

**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. The FM takes little account of other pressures on the Welfare Fund, the roll out of the UK Government’s Welfare Reform agenda, current economic climate and other environmental factors have not been given full consideration.

**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. No. The FM does not reasonably capture the costs associated with the provision of goods as opposed to cash or equivalent. The Bill affords Local Authorities the right to choose their own fulfilment options, the provision of goods allows Local Authorities to assist more people in their communities, effectively making the grant budget go further. The procurement of goods involves financial reconciliation, receipting, invoicing and recording for the majority of all Community Care Grant applications. This particular aspect of the service is labour intensive and comes at a cost to Local Authorities.

*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. It is too early to comment beyond the indications given above.