D/COSLA
Social Security (Scotland) Bill

Introduction
COSLA welcomes the invitation from the Finance Committee to provide evidence on the estimated financial implications of the Social Security (Scotland) Bill, as set out in the accompanying Financial Memorandum.

COSLA’s response covers the questions asked by the Committee, however we also take the opportunity to say something about the wider financial context within which the new powers will sit. Our wider comments are set out in the first part of our submission, followed by our comments on the specific questions relating to the Financial Memorandum.

The wider financial context
There have been considerable changes over the last few years in the welfare landscape, not least being the introduction of Universal Credit. These welfare changes have impacted financially and socially on individuals and have had knock on impacts for local government. Whilst some mitigations are in place at the Scottish level such as the funding provided by the Scottish Government to mitigate the bedroom tax, many of the changes have brought financial consequences which local government has been forced to absorb within their budgets at a time of overall decreases in central funding.

The Scottish Parliament’s Budget Process Review Group, the recommendations of which COSLA fully supports, has recommended an approach which gives Parliamentary Committees more flexibility to scrutinise the budget process overall, prior to firm spending proposals being announced. Importantly the group recommends that scrutiny should focus on the interdependent nature of the policies which the budget is seeking to deliver. We agree that more informed scrutiny over the lifetime of policy delivery is needed and this is very much the case for the newly devolved social security powers.

COSLA would also emphasise the need to move budgets away from short term initiative driven priorities to focus on transformation of public sector services, looking at the whole of the budget available and not just tinkering at the edges. Transformation of services is highly relevant to the new social security powers. We should be aiming to move away from simply delivering different social security services in isolation of each other and, instead, the focus should be on integrating these services and where possible seeking to support individuals holistically and ensuring services are effectively targeted at those who need them most.

It cannot be stressed enough the extent to which the continued approach of one year short term, initiative led, budgets are hampering the ability for collaborative working and longer term prioritisation across public sector services. The risk is that the new benefits simply replace existing provision like for like without getting to the root cause of the need for support in this way.

We therefore welcome the Committee’s interest in the financial implications of the new social security powers set out in the Financial Memorandum and we equally welcome the Committee’s interest in the wider financial context surrounding the new powers.

With regard to the newly devolved Benefits, the fact that ten of the eleven benefits being devolved are demand led can and will cause a level of uncertainty and financial risk.
Given the pressure already being felt from the existing welfare reforms, the need for secure transfer without more negative consequences is paramount.

The Committee will be aware that the one devolved Benefit which will continue to be administered by local government directly is Discretionary Housing Payments. The increase in use of DHPs, as a means to alleviate many of the welfare changes, re-enforces our view that there is a need for a whole system review of how pressures are manifesting themselves and how best these can be alleviated going forward, under a new devolved social security umbrella. Again, a discussion about transformation and supporting individuals in a more holistic way is called for around the use of DHPS and their interrelationship with the other social security supports which will be available at a devolved level.

Given that DHP powers are being devolved at the Scotland level, there will be a tension between Councils publishing their local policy and how much national guidance may constrain local choices. Equally we have long argued that DHP administration funding remains inadequate and care should be taken not to further exacerbate this.

Above all, it is imperative that there is clarity over the future use of DHPs, as early as possible. Whilst we know the Scottish Government has a commitment to the bedroom tax mitigation for the foreseeable future, our reading of the Bill suggests that there is no duty on Scottish Ministers to provide funding more widely for DHPs going forward. Without clarity, there is a risk that Councils continuing to provide DHPs will find that the funding is not available in the future for this.

Financial Memorandum Questions

Consultation

1. Did you take part in any consultation exercise preceding the Bill and, if so, did you comment on the financial assumptions made?

COSLA responded to the consultation, however there were very limited opportunities to comment on financial assumptions as very few were included in the first place, given the high-level nature of the consultation.

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

With the limited opportunities to comment this question is not really applicable to us.

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

Yes, there was sufficient time.
4. 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.

Costs for Councils in the FM are specifically on recharge and rental for co-location of services. Whilst there is no detail at this stage we accept that these are likely to be the main cost areas for Councils.

We do however need to draw the wider point around the knock-on impact on other services of trying to help people navigate between devolved/non-devolved and Council services. The importance of ensuring that services work as seamlessly as possible needs to be stressed and engineering this will in itself contain costs.

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

Specifically, on the figure of £21m for local delivery, it is unclear what assumptions have been made and what might be in or out for local delivery, given the levels of uncertainty that still exist. More detailed scoping of local delivery services and costings will be needed to understand what is actually required to deliver the principles outlined in the Bill and through integration add value to the local public sector landscape.

6. 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?

There will be a need to constantly review and refine the financial costs assumption as the operating model and policy landscape becomes more defined. Much of what is contained in the FM is heavily caveated and difficult to predict. What is clear is that Councils are not in a position to pick up any additional draw on services given the tight financial settlements and continued downward pressure on local government finances.

7. 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?

It is difficult to accurately assess the assumptions being made without the timetable around the order in which benefits will transfer and the operating model to support this. It is also unclear in particular impacts of assessment models for disability benefits around who will provide these in terms of workforce planning, given private sector involvement has been ruled out, and also the extent to which automation will reduce the amount of evidence customers may have to supply.

Wider Issues

8. 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?

It is difficult to determine if all stages of application, determination and payment have been costed as there is no breakdown of the components required and or
how these will interface with existing Council services or indeed the DWP, provision which will by the time of full enactment be for most people, Universal Credit – a policy not without challenge already.

9. **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?**

As most of the detail will be contained in the subordinate legislation there may well be additional costs incurred by local government as a sector. Constant review and adequate scrutiny will be required during and after passage of each subsequent part. Importantly COSLA believes that local government should be able to work closely with the Scottish Government in developing the requirements of the subordinate legislation and indeed the operating model of the Scottish Social Security Agency both in terms of the central function and local presence.