G/Argyll and Bute Council
Social Security Bill Financial Memorandum

Consultation

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

Yes, the Council responded to the consultation on social security in Scotland on 28 October 2016. The consultation covered the principled approach, specific benefits being devolved and operational policy. We made some comments about affordability in the context of upratings, the need to review eligibility of Universal Credit claimants instead of treating all as being in receipt of a qualifying benefits given the range of circumstances now included in UC, and for winter fuel and cold weather payments to be more targeted to households in fuel poverty. However, it was possible to comment on detailed financial assumptions as these were not known.

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

Not applicable

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

Yes, sufficient time was allowed to respond.

Costs

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.

The main implications for local authorities are through co-location of agency staff on local authority premises, and the continued responsibility for delivery of Discretionary Housing Payments. We are disappointed that the opportunity has not been taken to provide for more joint working with local authorities, particularly the use of a single shared assessment for care and disability benefits. As such, there are no significant new burdens on local authorities – this being restricted to providing some office space to support face-to-face pre-claims and support services which will be recharged at market rates. These are not quantified directly but we have been assured that they have been built into the estimates of running costs for the new agency.

We would respectively highlight that the costs of Discretionary Housing Payments are currently in the main non-discretionary as the bulk of the funding is directed to mitigating the bedroom tax. We understand the policy intent is to have no significant change but the bill provides for new guidance to be provided by Scottish Ministers. The funding provided in future will need to reflect the new or amended guidance.
5. Do you consider that the estimated costs and savings set out in the FM are reasonable and accurate?

The only new costs identified are for the increase to Carers Allowance and for Best Start Grant. No savings are identified.

It is pointed out that future policy differentials between Scotland and the UK for uprating and eligibility could put new pressures on the Scottish budget. With no allowance for any such additional costs, and a clear intent to initially replicate existing benefits for existing claimants, it is difficult to see what difference there will be for benefit recipients in terms of amounts received or eligibility. The main difference will simply be having to deal with a different government agency.

The Policy Memorandum describes the desired move to a rights-based approach to social security as supposed to one where entitlement arises by operation of law. This implies that there is a desire to be more generous, but no financial allowance is made.

There is also an emphasis on improving take-up with Scottish Ministers being given a role in ensuring this happens – but no increase in take-up is provided for.

The Bill itself just provides a broad framework of high level eligibility criteria with the detailed rules to be set in future regulations. This makes it impossible to comment on the financial effects of the new eligibility rules.

Implementation costs are estimated to be c £308 – well above the £200m provided by the Fiscal Framework. Running costs are estimated at £144 - £156m, also well above the baseline amount under the Fiscal Framework of £66m. These additional costs need to be provided for from the Scottish budget.

Overall, it is difficult to assess the estimated costs because of these unknowns. However, it seems very unlikely that the aspirations set out in the Policy Memorandum and in the Bill itself can be met within the costs set out.

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?

As described at 4 above, the main costs for local authorities will be in providing some accommodation for pre-claims support, and in continuing to administer Discretionary Housing Payments. In addition, they will continue to provide welfare rights assistance and advocacy services to people in need of such assistance. It is expected that accommodation costs and Discretionary Housing Payments will be met in full. In terms of welfare rights assistance and advocacy services, these costs will depend on changes in level of demand which will in turn depend on changes to eligibility rules and the quality of service provided by the new agency. Given the intention to minimise upheaval for existing claimants, it is likely that we will be able to meet these costs at least initially.
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?

No, we do not believe it reflects the uncertainties described in our answer at question 5 above.

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?

As described in our responses at question 5 and 7 above, we do not believe that it is possible to capture all costs associated with the Bill at this stage. This is because the bill just provides a broad framework for future subordinate legislation, rather than providing more details as would be usual. Whilst the policy memorandum states that this is deliberate, and helps users understand the legislation more easily, we do not concur. We believe that it creates uncertainty and does not allow for the necessary detailed discussion about the Bill itself, and leaves too much flexibility for later regulations which may not be subject to the same level of scrutiny by the Scottish Parliament.

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?

It is very likely that subordinate legislation could bring additional costs. It is not possible to quantify these costs as the bill itself puts very little restriction on the subordinate legislation, providing only a very broad framework.