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Briefing for the Public Petitions Committee on petition PE2280: Transition the Scottish Welfare Fund to Annually Managed Expenditure Financing, lodged by Sviatoslav Rozenko

Brief overview of issues raised by the petition

The petitioner asks that the Scottish Welfare Fund become a demand-led payment, where anyone meeting the criteria is entitled to receive support.

Scottish Welfare Fund

The Scottish Welfare Fund (SWF) was created as a statutory scheme in 2016 under the Welfare Funds (Scotland) Act 2015. This replaced the non-statutory scheme which had been in place since 2013, which in turn replaced the scheme run under the Social Fund by the Department of Work and Pensions.

It is a discretionary fund, administered by local authorities under statutory guidance issued by the Scottish Government. It can provide Crisis Grants or Community Care Grants.

Crisis Grants are to help meet immediate short-term needs when an emergency or a disaster has happened. Therefore, unless exceptional circumstances apply an applicant can only get three Crisis Grants in a 12 month period.

Community Care Grants are for certain specific situations, including those leaving prison; people who are homeless and receiving tenancy support; and those facing 'exceptional pressure.'

Review and Action Plan

A review of the SWF was published in 2022, leading to a Scottish Government action plan in 2023. The action plan was clear that:

> "the SWF will continue to provide occasional assistance to those in crisis or seeking to re-establish their home when they need it."

The action plan included commitments to:

> "undertake work to improve consistency, communication, promotion, timescales, the application process, and long-term work through data collection and audit."

Budgets and expenditure

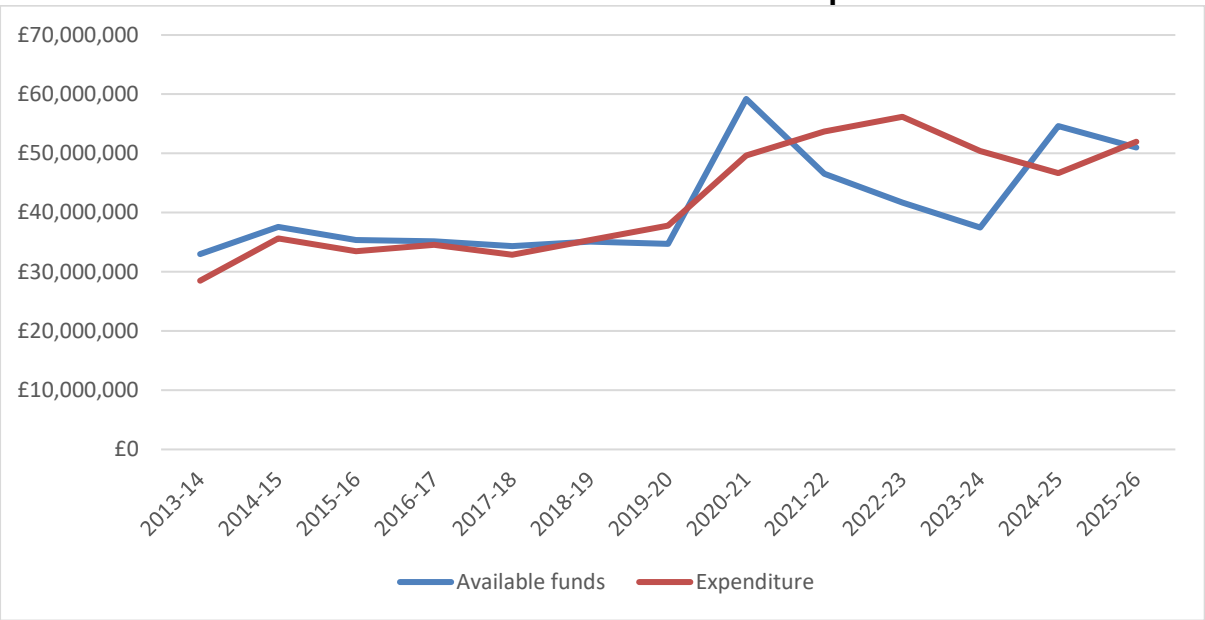
Scottish Government statistics showed that in 2025-26 local authorities spent

£21.9 million on 257,980 Crisis Grants and £30.1 million on 41,840 Community Care Grants.

The Scottish Budget 2026-27 allocated £35.5 million to the Scottish Welfare Fund, and an additional £5.5 million for administration. There was also an estimated underspend of £5.9 million carried forward from 2025-26, resulting in a total of £41.4 million available for awards. This is lower than the total £51 million funds available for awards in 2025-26.

The SWF has a fixed budget, albeit one that can be topped up by local authorities. Unlike most other devolved welfare, there is no right to receive support if eligibility criteria are met – there must also be available budget. Available funds (budget plus underspend brought forward) and expenditure for the SWF since 2013 are set out below.

Chart 1: Scottish Welfare Fund: available funds and expenditure 2013-25



Source: Scottish Government Scottish Welfare Fund annual statistics 2025-26.

The chart shows that, until 2019, funding and spending were roughly in line with each other at around £35 million per year. Since then, both spending and funding have fluctuated. The 2022 Scottish Welfare Fund review found that:

> "Two thirds of local authorities stated that the current level of Scottish Government funding for the SWF in their area was 'a lot less than is required to meet local need', with half of the rest stating that it was 'a little less than needed'."

Local variation

The petitioner refers to 'post-code lotteries'. This issue was addressed in the 2022 SWF review which reported that:

> "while there was no evidence of a strong desire for greater centralisation, it was suggested that the Scottish Government could do more to ensure consistency across areas."

The 2023 Action Plan included commitments to update the statutory guidance, and investigate more centralised support for local authorities, with the aim of improving consistency of decision-making.

> "The Scottish Government is clear on the benefits of Local Authority discretion to meet the needs of their individual communities, however, it is important that extreme variations between Local Authorities are addressed. The Scottish Government will take steps through this Action Plan to investigate more enhanced centralised support for Local Authorities subject to future funding deliberations."

High Most Compelling

The petitioner refers to "local authorities rationing help through punitive priority tiers." In 2024, the Scottish Public Services Ombudsman published a report on local authorities' use of the 'High Most Compelling' categorisation. Local authorities can set their priority rating to high, medium, or low, based on demand in their area and available funding. This means that the level of support offered varies between local authority areas depending on the priority level. HMC is a special priority rating which local authorities can apply if they are at risk of running out of funds before the end of the financial year.

The report stated:

> "I am concerned that the application of the High Most Compelling (HMC) priority rating risks unfairly creating or increasing inequality for those most in need in Scotland."

The current guidance states that High Most Compelling rating should only be applied in the last quarter of the financial year and that:

> "Where a local authority decides it is necessary to adopt this rating prior to Quarter 4, they should set out the reason why it is necessary to do so and the evidence that they have used to reach that conclusion."

Annual Managed Expenditure

The petitioner asks that the Scottish Government make the Scottish Welfare Fund annual managed expenditure (AME). Most UK social security is categorised as AME because it is demand led spend that can fluctuate. At a UK level AME provides more flexibility because it is not fixed in advance like a departmental budget. However, despite being demand led none of the devolved social security financed by the Scottish Government is AME, it is all categorised as DEL (Departmental Spending Limits). The Scottish Government has commented that re-classifying devolved social security as AME would not provide more flexibility in practice:

> "a move to AME would still require the Scottish Government to fund any additional costs resulting from its own policy choices. It would also remove the current discretion to use the Social Security block grant adjustment for other spending."

Devolved Powers

The petitioner states that, under the Scotland Act, social security is fully devolved. This is not the case. Schedule 5 to the Scotland Act 1998 (as amended) lists certain aspects of social security as exceptions to the general reservation of social security to the UK Government. This includes disability and carer benefits as well as powers to create new benefits in devolved areas and top up reserved benefits.

The Scottish Welfare Fund legislation is created under devolved powers in section 26 of the Scotland Act 2016 to provide discretionary payments and assistance to meet a short term need.

Key Organisations and relevant links

- Scottish Public Services Ombudsman
- COSLA
- Citizens Advice Scotland

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11 November 2026

The purpose of this briefing is to provide a brief overview of issues raised by the petition. SPICe research specialists are not able to discuss the content of petition briefings with petitioners or other members of the public. However, if you have any comments on any petition briefing you can email us at spice@parliament.scot

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