



## **COSLA Response to the Welfare Reform Committee's request for additional evidence Welfare Funds (Scotland) Bill**

### **General**

COSLA welcomes the opportunity to provide additional written evidence to the Welfare Reform Committee around the costs associated with operating the Scottish Welfare Fund (SWF).

As the Committee will be aware COSLA is the representative body for all 32 Councils in Scotland. COSLA has worked closely with the Scottish Government Bill Team and local authorities during the period of the interim scheme, on the content of the Bill and accompanying draft Welfare Funds (Scotland) Regulations.

COSLA submitted responses to both the Welfare Reform Committee and the Finance Committee's call for evidence on the Welfare Funds Scotland Bill. Both these responses reflected Directors of Finance significant concerns around the level of administrative funding provided.

### **Actual Costs**

COSLA has gathered information from all local authorities and have identified that the actual costs associated with administering the scheme to be £8.3 million a year. The Scottish Government has provided £4.8 million in 2013/14 and 2014/15 for administration and provision has been made for this to be maintained for 2015/16. The funding provided to councils therefore falls somewhat short of the actual costs associated with the service being delivered.

The level of funding provided to local authorities is the same amount of administrative funding DWP allocated to achieve the previous transactional discretionary elements of the Social Fund scheme. The DWP provided a 'typical' loan system under the Social Fund, the amount of administrative funding allocated was £4.8 million, around 20% of the total £24 million available for distribution. Using this costing model and noting that the Scottish Government added an additional £9 million to the fund, COSLA has already made the case to the Scottish Government that the administrative funding should at least be £6.8 million, 20% of the £33 million fund available to allow local authorities to provide at least the same level of service DWP gave previously.

### **Additional Costs**

The Scottish Government is of the belief that 15% of the programme budget is adequate to administer SWF in the context of typical administration grants procured being in the region of around 10%. However the Welfare Funds (Scotland) Bill, the accompanying Welfare Funds (Scotland) Regulations and the jointly agreed interim guidance all make it clear that councils should provide additional support and assistance over and above the administration of any award. COSLA's survey of Councils sought to quantify the costs associated with the different delivery mechanisms encouraged by the interim guidance and also the costs associated with providing holistic signposting and referrals.

With regard to the costs associated with the provision of goods via SWF, returns from those authorities who provide goods as a means of fulfilling awards, report around 20% more staffing resources deployed in dealing with fulfilment via goods, as opposed to those authorities who provide cash. The Committee will be aware that by using furniture contractors local authorities have been able to utilise their bulk buying power, ensure value for money and are therefore ultimately able to reach more people. However this does mean resources need to be deployed to manage suppliers relationships, assist customers through the ordering/delivery process and ensure adequate accounting and reconciliation take place. Some local authorities have intimated that should administrative funding remain at current levels that the provision of goods via the SWF could potentially lessen as cash awards have much less administrative burden associated with them.

The survey returns also highlighted costs associated with providing cash payments to customers. Whilst operating the previous scheme the DWP were able to make payments in cash via customer's bank accounts. The Committee may be aware that many customers applying to SWF for assistance only have Post Office Accounts which are unable to accept Crisis or Community Care Grant payments. Local Authorities have to organise cash pay-out via alternative means, which again takes up additional staff time and has a separate transactional costs associated depending on the methods available locally.

Around the area of holistic signposting and referrals, returns from local authorities who provide comprehensive onward referrals and outcome management reported around 10% more staffing resources taken up providing advice and information. The additional costs associated with this part of the service reflect the fact SWF teams are dealing with the most vulnerable groups and taking the time to get to the underlying issue. This holistic support is delivering better customer outcomes which should benefit the public purse in the long term. The provision of wrap around support and onward referral is one of the areas where SWF stands out from the previous scheme as delivering better customer outcomes however this area does not factor in the funding transferred from DWP as it was not provided previously.

## **Conclusion**

COSLA Leaders have continued to voice concerns that local government has not been funded to provide even the most basic of transactional services and have certainly not been adequately funded to provide the holistic service as described in the jointly agreed interim guidance. The lack of adequate funding for SWF exacerbates the funding issues local authorities are already facing due to reductions in the administration funding for Housing Benefit, the establishment of the Single Fraud Investigation Service and the financial implications of welfare reform in general.

COSLA continue to work with member Councils to share best practice, looking at ways we can jointly procure systems to drive down costs and generally improve efficiency. COSLA is of the view that the Scottish Government should reconsider the funding available and provide adequate resourcing as appropriate. Failure to address the concerns highlighted around administrative funding could potentially jeopardise the wider outcomes the Welfare Funds (Scotland) Bill is trying to achieve.