

**SCOTTISH WELFARE FUND - FINANCIAL POSITION**

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**1.0 EXECUTIVE SUMMARY**

- 1.1 The Scottish Welfare Fund (SWF) serves as a crucial resource to provide discretionary financial assistance to individuals facing exceptional circumstances, as overseen by the Scottish Government and administered by local authorities.
- 1.2 The SWF offers Crisis Grants (CG) for immediate short-term needs and Community Care Grants (CCG) to establish or maintain a home. Statutory guidance sets the framework for decision-making, and funding is allocated based on vulnerability factors.
- 1.3 This report highlights historic levels of spend against Scottish Government programme funding and outlines the financial pressure on the fund. In 2022/23 there was an over spend of £149k and in 2023/24 a £232k over spend is forecast. This pressure necessitates a careful review of the priority levels applied to grant claims and consideration to be given regarding lobbying Scottish Government for additional funding.
- 1.4 The recommendations noted at section 3 of the report include continuing at the current priority level and advocating for increased funding or revised guidance from Scottish Government.

**2.0 INTRODUCTION**

- 2.1 The Scottish Government created the Scottish Welfare Fund (SWF) to provide occasional support to those most in need. It is a national scheme that provides discretionary awards. The SWF is administered by individual local authorities.
- 2.2 The SWF provides two forms of discretionary grants:

**Crisis Grants (CG)**

Aim to help eligible people on low incomes meet immediate short-term needs arising from exceptional circumstances such as an emergency or disaster.

**Community Care Grants (CCG)**

Aim to help eligible people on low incomes to establish or maintain a home. They can receive support if they are:

- leaving care or at risk of needing to go into a care institution without grant support

- if they are leaving imprisonment or caring for someone who has been released from prison or a young offenders' institution on temporary release
- if they have been homeless or living an unsettled way of life
- if they, or someone in their household, are facing exceptional pressure

2.3 Scottish Government produce [statutory guidance](#) for the SWF to provide a framework for decisions by local authority staff and to promote consistency in their decision making.

2.4 Fulfilment of CGs is typically made by payment of a sum equivalent to the number of days between the application date and the date that the claimant will receive their next pay. For CCGs these are based on the price of the furnishings being awarded in the claim.

2.5 For CCGs there is an assessment made of by the four vulnerability factors;

1. Need for the item,
2. Any vulnerability the claimant may have.
3. Consequence to the applicants health and wellbeing should the item not be awarded
4. Effect the award would have on the applicant

The factors are set against a priority level, High, Medium or Low in the matrix below. The local authority decides which priority level it will pay out on depending on the amount of funding it has available to distribute to applicants.

<b>Vulnerability factor/ Priority level</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
Need	Immediate severe	Less immediate Less severe	Not time critical
Vulnerability	Highly	Moderately	Some resilience
Consequences of no grant to H&W	Significantly adverse	Moderately adverse	No identifiable effect
Effect of grant	Immediate substantial	Noticeable	Minor

The Council has been applying the High priority level for the 2023/2024 financial year due to an over spend of £149,096 in 2022/23.

### **3.0 RECOMMENDATIONS**

3.1 It is recommended that Policy and Resources committee:

- (a) Agree the continuation of Financial Services' commitment to uphold the existing High Priority status for SWF applications throughout the 2024/2025 period.
- (b) Refer the consideration of a cost pressure amounting to £250,000 to the

Council as part of the budget setting process to address the anticipated overspend.

- (c) Note that officers are not recommending a move to High Most Compelling (HMC) priority level due to the impact this will have on housing.
- (d) Consider making representations to lobby the Scottish Government for more funding to support the fund in future years or alternatively to amend the guidance to restrict spend in future.

#### 4.0 DETAIL

##### FUNDING

- 4.1 Annually the Scottish Government provide programme funding to Scottish Local Authorities to give out to claimants and they also provide administration funding to cover the local authorities costs in administering the fund.
- 4.2 Programme funding is distributed to local authorities on the basis of the Scottish Index of Multiple Deprivation (SIMD) which is seen as a national indicator for those most in need of the service. In 2023/2024 Argyll and Bute Council was allocated £458,527 in programme funding and administration funding of £69,362.

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- 4.3 The Scottish Government provide an annual allocation of Programme funding and Local authorities are entitled to roll forward any underspends to increase their fund for the following year.

The table below shows the value of grants awarded in comparison to funding over the last three years with the overspend of £149,096 in 2022/23 being covered by one off Earmarked Reserves within Benefits.

	2020/21 £	2021/22 £	2022/23 £
SG Funding Allocation	*765,421	458,527	490,801
Funding c/fwd from prior year	26,289	149,113	46,583
Grants awarded in year	642,597	561,057	686,480
<b>Under/(Over) Spend</b>	<b>149,113</b>	<b>46,583</b>	<b>(149,096)</b>

\*Note that funding was higher in 2020/21 due to a temporary increase in funding relating to the COVID-19 pandemic.

- 4.4 Despite reduced funding we have seen significant increases in the value of the awards made both for CGs and CCGs linked to the rate of annual uprating of state benefits for CG and inflationary increases in the cost of household goods and furnishings for CCGs.

- 4.5 At the end of November 2023 a forecast overspend of £210,000 on SWF was reported, if the spend level in January to March 2024 match the levels of the previous year, then the projected spend will increase to £670,000 which is £232,000 more than our level of programme funding.

## **OPTIONS**

- 4.6 Statutory SWF guidance does allow Council's to move to a single priority level for fulfilment of CCGs above High priority which is described as "High Most Compelling" (HMC) only. The guidance advises that local authorities should only look to move into this category in the last quarter of the financial year and if they decide to adopt the HMC level they must notify the Scottish Government Social Security Directorate, the Scottish Public Services Ombudsman (SPSO) and local stakeholders such as Housing and advice service agencies.
- 4.7 Guidance on applying HMC priority levels was supplied by the SPSO in December 2023 and in an effort to estimate the impact moving to HMC Financial Services reviewed all 38 CCGs awarded in November 2023 as an indicator. The result showed that in the vast majority of cases the applicants would still be supported but would only receive around 2/3's of the value of their claims under High priority level so the average award for a CCG would reduce to £920 from £1,379. This would reduce any projected overspend by circa £60,000 to £170,000 by the end of the year.
- 4.8 Housing services were notified of the potential change in priority levels as over 40% of the 38 claims reviewed were supported by the Homelessness team. They reported that such a change would have a material impact on their ability to rehouse homeless people in temporary tenancies some of which are currently in expensive Bed and Breakfast accommodation. They reported that the move to HMC priority level could affect up to 60 temporary tenancies in total between January and March. The level of vulnerability of these applicants is high and we would not wish to jeopardise the opportunity to relocate them into permanent tenancies by moving to HMC priority levels.
- 4.9 There remains £285,884 available in earmarked reserve specifically to support vulnerable people initially affected by Covid 19 and now faced with the cost of living crisis. The proposal is that we utilise that earmarking in 2023/2024 to offset the estimated £232,000 overspend and allow us to continue operating at the current High priority level for the remainder of the financial year.
- 4.10 In future years the grants would need to move to HMC priority level for the full year if we are to maintain our SWF expenditure within the programme funding provided by Scottish Government based on current application numbers. If Members decide to continue at the current high priority levels in 2024/25 and future years then a £250,000 cost pressure will have to be built into the Council's revenue budget.

## **NATIONAL POSITION**

- 4.11 The Convention of Scottish Local Authorities (CoSLA) is aware of the issues that Council's are facing with mounting costs in the delivery of the SWF scheme due to inflation and the increasing levels of demand for support.
- 4.12 CoSLA are lobbying the Scottish Government for more funding for local authorities to deliver SWF. If the government do not provide more funding then the statutory guidance should be reviewed to reduce the levels of eligibility for support and therefore the amount of money provided to vulnerable people through the fund.
- 4.13 Whilst local authorities are keen for the existing levels of support to continue it is not possible for them to continue to support SWF with their own funds going forward.
- 4.14 Many Councils are reporting significant overspends on SWF in 2023/2024.
- 4.15 The effects of increasing costs of fulfilment of SWF claims are being felt across Scottish local authorities. We will continue to work with CoSLA to lobby the Scottish Government for change.

## **5.0 CONCLUSION**

- 5.1 The report underscores the financial challenges faced by local authorities in managing the SWF, with rising costs and demand for support. The recommendation to continue at the current priority level until March 2024 seeks to balance fulfilling critical needs while addressing the budgetary constraints. The proposed lobbying efforts, both at the local and national levels, aim to secure additional funding or adjustments to guidance to sustain the SWF's effectiveness. As the financial landscape evolves, close collaboration with the Convention of Scottish Local Authorities (CoSLA) remains essential to address the ongoing impact of inflation and growing demand on the SWF across Scotland.

## **6.0 IMPLICATIONS**

- 6.1 Policy – None
- 6.2 Financial – £232,000 projected overspend to be covered by £285,000 earmarked reserves that is set-a-side to cover DHP and SWF and any other cost of living crisis funding. Members will need to consider how to fund a £250,000 cost pressure in 2024/2025 onwards should they wish to maintain the current priority level in future years.
- 6.3 Legal – None
- 6.4 HR – None
- 6.5 Fairer Scotland Duty – Decision to continue to pay SWF at High Priority level will allow the Council to provide more financial support to vulnerable people on low incomes with the cost of living alleviating poverty levels.

- 6.5.1 Equalities – Significant additional benefit to those on low incomes.
- 6.5.2 Socio-Economic Duty – Significant additional benefit to those on low incomes.
- 6.5.3 Islands Duty – Significant additional benefit to those on low incomes.
- 6.6 Risk – Overspend in current year can be covered by earmarked reserves. No guarantee that these funds will be available in future years and therefore significant risk of overspends in future years unless the guidance changes
- 6.7 Customer Service - None
- 6.8 Climate Change Implications – None

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