



REPORT TO: POLICY AND RESOURCES COMMITTEE ON 10 MARCH 2020

SUBJECT: SCOTTISH WELFARE FUND BUDGET UPDATE

BY: DEPUTE CHIEF EXECUTIVE (EDUCATION, COMMUNITIES & ORGANISATIONAL DEVELOPMENT)

1. REASON FOR REPORT

- 1.1 To update the Committee on the current budget situation in respect of the Scottish Welfare Fund scheme.
- 1.2 This report is submitted to Committee in terms of Section III (B) (2) of the Council's Scheme of Administration relating to the regulation and management of finances of the Council in accordance with the policies determined by the Council and to prepare and review from time to time such rules as may be necessary for the proper administration of the Council's financial affairs.

2. RECOMMENDATION

- 2.1 It is recommended that the committee:
- (i) **note the estimated pressures on the 2019/20 and 2020/21 grant budgets as contained in this report; and**
 - (ii) **agree that further reports be brought to this committee during 2020/21 providing updates on grant budget spending, demands on workloads and resources and impact on claimants.**

3. BACKGROUND

- 3.1 This is a follow-up report on the current status of the Scottish Welfare Fund (SWF) grant budget following an earlier report to this committee on 14 January 2020 (para 8 of the draft Minute refers). This previous report detailed the pressures on the service in terms of an increase in SWF applications, awards and spending, mainly as a result of an increase in Universal Credit claims. Committee requested an update on the budget situation before the end of the financial year.

- 3.2 The status at 31 December 2019 was that £309,172 of the grant budget had been spent. This was 79% of the annual budget and 67% of the overall budget (which included the previous year underspend).
- 3.3 The end two columns of the table below demonstrates the current situation as at 01 March 2020 and the estimated spend to 31 March 2020 respectively.

	2017/18	2018/19		2019/20 Actual at 01/03/20		2019/20 Estimate at 31/03/20
Annual Grant Budget	379,546	391,741		391,741		391,741
Grant Spend	368,684	376,867		374,555		407,246
% of annual budget	97.1	96.2		95.6		104
Under-spend in year	10,862	14,874		17,186		-15,505
Cumulative under-spend	53,143	68,017		85,203		52,512

- 3.4 It is estimated that should demand continue on the current trajectory, over the remaining 4+ weeks of the financial year spending would increase to a total of £407,246, which is in excess of the annual budget by £15,505 and 88.6% of the overall budget (which includes the previous year underspend).
- 3.5 In terms of this estimate, it would not be necessary for the council to resort to a “high most compelling” priority rating during the remainder of this financial year. (The report of 14 January 2020 outlined the conditions attached to this priority rating, which restricts spending during the remainder of the financial year to those claimants at the most severe and immediate risk of adverse consequences.)
- 3.6 The scheme allows for any underspend to be carried over to the next financial year. Using this estimate the level of underspend would be £52,512, which is lower than previous two years and not sufficient to bolster current demands, workloads and spending.
- 3.7 The Scottish Government’s budget proposals for 2020/21, announced last month, included an increase in funding for SWF of £3 million (which included £0.5 million for administration). To date there has been no confirmation of how this increase will be allocated to local authorities.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

Poverty and social inclusion is the overarching priority of the LOIP.

(b) Policy and Legal

The Welfare Funds (Scotland) Act 2015 places statutory responsibility on each local authority to maintain a Welfare Fund. The Act provides for local authorities to augment their Welfare Fund budget should they choose to do so.

(c) Financial implications

It is anticipated that the overall grant budget for 2019/20 will not be exhausted prior to the end of the financial year. However, the budget for 2020/21 will be under acute pressure if not augmented.

(d) Risk Implications

At any time throughout the financial year local authorities have the discretion to consider whether items requested by applicants are low, medium or high priority in terms of the level of need and risk. Local authorities should avoid the situation where they enter into the 'high most compelling' priority rating mid-year. It should only be adopted late in the financial year, or potentially after an event which has increased demand on local authority budgets, for example, flood causing demand to rise significantly in a particular area, in order to be able to maintain payments until the end of the period. Based on the above estimate with no increase in the 2020/21 budget, it will be necessary to commence the financial year at a high priority level.

(e) Staffing Implications

There are no staffing implications as a result of this report, however staff may be required to make some very challenging decisions during 2020/21 in order to maintain the budget.

(f) Property

There are no property implications as a result of this report.

(g) Equalities/Socio Economic Impact

The Fairer Scotland Duty places a legal responsibility on public bodies to pay due regard to how they can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. As the Scottish Welfare Fund is intended to provide a safety net to people on low incomes, there is risk that future applicants to the fund will be disadvantaged by any restrictions put on the budget, causing poverty and social exclusion.

(h) Consultations

The Head of Governance, Strategy & Performance, and the Head of Financial Services have been consulted on this report and their comments incorporated within.

5 CONCLUSION

- 5.1 The Scottish Welfare Fund has become a major source of cash available to people in Scotland who find themselves without enough food or money for essentials. The budget is likely to be further stretched as the roll out of Universal Credit increases pace.**
- 5.2 Grant spending is closely and regularly monitored on a weekly, monthly and quarterly basis, taking into account trends, national and local influences. It would be prudent to update this committee at intervals during 2020/21 on the level of spending, demand on workloads and resources and impact on claimants, as recommended in section 2 of this report.**

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Background Papers:
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