

Scottish Welfare Fund – Budget Pressures and SWF Action Plan

Summary and Recommendations

This paper invites Board Members to note the growing concern amongst councils over the inadequacy of funding allocated to the Scottish Welfare Fund (SWF) which continues to see increased demand and provides an update of actions being taken by several councils to avoid incurring overspends in 2023/24.

Board Members views are also sought on SWF's prospects for 2024/25. These should be considered in the context of the 22 policy improvements contained in the [Scottish Welfare Fund Action Plan](#) (published by Scottish Government on 30 June 2023).

This paper invites Board Members to:

- i. To note and comment on COSLA's and Councils response to date,
- ii. To note COSLA Leader's consideration of potential resource implications associated with the SWF Action Plan, (as agreed by COSLA Leader's Meeting held on 25 August 2023).
- iii. Comment on and agree a proposed COSLA position as set out in paragraphs 17 – 19.
- iv. Comment on and agree the next steps as set out in paragraphs 20 – 23.

References

Previous reports on Scottish Welfare Fund:

- [23-09-01 CWB Board Item 4.3 Scottish Welfare Fund Action Plan.docx](#)
- [LD230108 SWF Action Plan.docx](#)
- [Scottish Welfare Fund Action Plan](#)
- [23-04-21 CWB Board Item 6.2 Review of Scottish Welfare Fund Report Scottish Welfare Fund Review – Final report](#)
- [22-12-02 CWB Board Item 6.2 - Review of SWF and Cost of Living Support Update.docx](#)
- [22-09-22 CWB Board Item 2.4 Programme for Government - Maximising Financial Assistance to Those in Need.docx](#)
- [21-11-12 CWB Board Item 7.3 SWF Review Report.docx](#)
- [21-09-17 CWB Board Item 5.2 Scottish Welfare Fund and SISG Update.docx](#)
- [21-04-30 LD2185 Scottish Welfare Fund Report](#)
- [21-03-05 CWB Board Item 4.1 Social Welfare Fund](#)
- [20-01-24 CWB Item 3.1 Scottish Welfare Fund Update](#)
- [19-06-28 Leaders Item 01 Scottish Welfare Fund Update](#)
- [19-03-29 SL Item 02 Scottish Welfare Fund](#)

Scottish Welfare Fund – Budget Pressures and SWF Action Plan

Purpose

1. This paper provides an update on Scottish Welfare Fund (SWF) matters and invites Board Members to note growing concern amongst councils over the inadequacy of SWF funding including an update of actions being taken by several councils to avoid incurring overspends in 2023/24.
2. Board Member's views are also sought on SWF's prospects for 2024/25, (to be considered in the context of Local Government's implementation of The Scottish Government's SWF Action Plan).

Current COSLA Position

3. Having considered an update report concerning the Scottish Welfare Fund Action Plan on 25 August 2023 COSLA Leaders agreed to:
 - i. Note the improvement actions included within the Scottish Welfare Fund Action Plan;
 - ii. Consider these in light of the existing budgetary constraints;
 - iii. Call on Scottish Government to increase SWF funding (both programme and administration budgets) to reflect current levels of demand and its revised policy commitments under the Action Plan, (allowing local authorities discretion on management of this funding).
4. Rather than calling to reduce the scope/eligibility for the fund, Leaders were clear that officers must press for additional funding to enable councils to meet SWF demand.
5. At its meeting on 1 September 2023 the Communities Wellbeing Board agreed that COSLA would continue to engage with the Scottish Government. Whilst broadly supporting its SWF improvement actions COSLA officers were to continue to press for increases in both programme and administration budgets in order for SWF to meet its current and any revised policy commitments.
6. Whilst the SWF Action Plan was published on 20 June 2023, personnel changes in the Scottish Government's Scottish Welfare Fund and Winter Payments Policy Team have slowed its implementation. Given this, COSLA officer's interactions with Scottish Government officials have focussed on highlighting the increasing risks of Councils overspending SWF budgets before the end of the current financial year.
7. At time of writing, COSLA is aware of at least 4 councils which in an effort to manage their remaining budgets, have given the required notification under [3.11 of the Scottish Welfare Fund Guidance](#) that they plan to shift their SWF prioritisation levels to allow them to focus on "**High and Most Compelling**" cases. Of these 4 councils, at least 2 are known to have already allocated significant amounts of their own funding to their SWF budgets. Officers are aware that the Local Authority Directors of Finance Section is also sufficiently concerned about the current state of SWF funding to carry out a survey of councils to gather information regarding SWF.

8. Whilst in previous financial years it could be expected that a small number of councils may have been in this position at some point by Q4 it is understood that the first council to notify Scottish Government during 2023/24 did so in November 2023. The other councils followed in December and January. It is therefore apparent that increased demand is depleting allocated SWF budgets more rapidly than in previous years.
9. In addition to the 4 councils known to have adopted the [“High and Most Compelling” SWF priority level](#), it is known that in efforts to avoid overspending in the current financial year, several other SWF services are seeking additional funding from their own councils to further augment their SWF budget.

What is changing?

10. For several years, several Scottish councils have chosen to augment their SWF budgets, (half of all councils as at 2021). This has averaged as much as 14% additional funding, (augmenting both programme and administration budgets). However, over the course of the last 2 years, the depletion of funds previously allocated to councils in respect of the COVID Pandemic response has made this a less viable option.
11. In addition to SWF funding becoming critical, feedback received by COSLA indicates that some, (especially larger councils) are facing unprecedented high levels of SWF demand and are consequently taking longer to make Crisis Grant payments to vulnerable clients. Whilst the latest available (Q1) [SWF statistics, \(April – June 2023\)](#) show that Scotland-wide, 93% of Crisis Grants were being processed by the end of the next working day. This is no longer the case (since winter pressures see peak SWF demand occurring in Q3/Q4).
12. Invariably, longer SWF processing times will mean that more local authorities exceed claim processing targets. Consequently, the Scottish Public Service Ombudsman, (SPSO) which provides an independent review service for SWF decisions is becoming increasingly involved in discussions with local authorities where performance has been impacted.
13. Whilst Scottish Government funding of SWF in 2024/25 is expected to be maintained, (as a further flat cash settlement of £35.5m programme and £5.4m administration funding) rising costs for councils will mean that this is in fact a real terms cut in funding. Whilst there may be an expectation from SWF stakeholders that councils will continue to augment their SWF budgets, continuing funding pressures on council budgets including a £63m cut to core revenue funding will make this increasingly more challenging. In addition to this, funding decisions made elsewhere are likely to see SWF demand continue to increase.
14. As an example of this, COSLA officers have been made aware that the Scottish Government intends to withdraw its Fuel Insecurity Fund. This fund was originally introduced in 2020 to support households who were at risk of self-rationing or self-disconnecting their energy use. Set up during the winter of 2020 this fund has been delivered by Scottish Government’s Third Sector delivery partners. These include:
 - [Fuel Bank Foundation](#)
 - [Advice Direct Scotland](#)
 - [Scottish Federation of Housing Associations](#)
15. The fund was aimed at helping support the most vulnerable households in Scotland cope with the cost-of-living crisis and rising energy prices. In 2022/23 the Scottish Government committed to doubling the Fuel Insecurity Fund, (from £10 million to £20 million). This was then increased to £30m in 2023/24. COSLA’s current understanding is that this fund will be withdrawn completely for 2024/25.

16. Whilst administered by third sector agencies rather than Local Government, the Fuel Insecurity Fund has none the less been a key element of support for many clients who may otherwise have sought an SWF award from their local authority. Its withdrawal is likely to result in further demand for SWF Crisis Grant payments.

Proposed COSLA Position

17. COSLA is aware that the Local Authority Directors of Finance Section is also sufficiently concerned about the current state of SWF funding to carry out a survey of councils to gather information regarding SWF. COSLA officers will work closely with Directors of Finance to ensure that Local Government's case for additional SWF funding is based on the most up to date evidence. Officers have also become aware of a survey carried out by Scottish Government and are seeking to obtain relevant information.

18. COSLA has been informed by the Scottish Government that it plans to establish a standing SWF Statutory Guidance Review Committee. Having previously represented COSLA on the SWF Policy Advisory Group, the Social Security Policy Manager is to receive a formal invitation to join this new Committee which will consider matters relating to the work programme for implementing the SWF Action Plan improvements. COSLA will use this forum to press the case for additional funding. This statutory policy has been under-funded and subject to pressure for some time, in particular in relation to administration funding, and must be adequately funded.

19. Of the 22 policy improvements contained in the [Scottish Welfare Fund Action Plan](#) Action 2 is for the Scottish Government to re-establish regular Practitioner's Forums. Whilst these forums will predominantly be used for resolving the operational matters and challenges associated with the implementation of the Action Plan's policy improvements, COSLA officers will use these, (and other) regular meetings with Scottish Government officials to continue to press the case for additional funding.

Next Steps

20. COSLA Officers will work closely with the Local Authority Directors of Finance Section to ensure that Local Government's case for additional SWF funding is based on the most up to date evidence.


21. COSLA Officers will work closely with Scottish Government officials on the implementation of the SWF Action Plan using all available data to press the case for improvement actions are adequately funded and are therefore sustainable.

22. COSLA officers will use the Statutory Guidance Review Committee meetings with Scottish Government officials to continue to press the case for additional SWF funding.

23. COSLA Officers will use the regular SWF Practitioners meetings (between Local Government officers and Scottish Government officials) to continue to press the case for additional SWF funding.

16 February 2024

Contribution to agreed COSLA Plan and Verity House Agreement:

COSLA Plan 22-27	Priority Area's	
	Strengthen Local Democracy	✓
	Secure Sustainable Funding	✓
	Improve the Wellbeing of Individuals, Families and Communities	
	Enhance Education and Support for our Children and Young People	
	Deliver a Just Transition to a Net Zero Economy	
	Support the Most Vulnerable in our Communities	✓
Verity House Agreement	Shared Priorities	
	Tackling Poverty	✓
	Just transition to net zero	
	Sustainable Public Services	✓