

Scottish Welfare Fund and Cost of Living – funding request

Report by Kevin Anderson, Executive Director Place

Report for Decision

1 Recommendations

Council are recommended to approve the application of COVID recovery funds to the value of £535k for the following activity:

- £200k to the Scottish Welfare Fund;
- £195k to fund a pilot programme for SWF allocation; and
- £140k to fund activity for September 2023 – March 2024 to support communities facing a Cost of Living Crisis, with the allocation of the funding delegated to the Cost Of Living Task Force to determine.

2 Purpose of Report/Executive Summary

To update Council on the current spend of Scottish Welfare Fund as at July 2023 and to invite Council to consider the use of COVID recovery funding to supplement the existing fund, fund a pilot approach to delivering Scottish Welfare Funding and fund a programme of cost of living support measures to be overseen by the Cost of Living Crisis Task Force.

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3 Background/Main Body of Report

Background

- 3.1** The Scottish Welfare Fund (SWF) is a grant fund that offers two types of grants for low-income households:
- Crisis Grant if applicants experience crisis due to a disaster e.g., a fire or flood, or an emergency such as losing money or losing a job.
 - Community Care Grant for applicants that are about to leave care to live on their own in the community or require support to provide a safe and secure home for their family.
- 3.2** Each application is assessed individually, and the Council aims to provide a response within two days. With regards to Crisis Grants, the number of awards to a single applicant is usually limited to three in a 12-month rolling period.
- 3.3** The current cost of living crisis, exacerbated by the financial impacts of the pandemic, has seen an increase in the number of applications to SWF in the last 24-36 months.
- 3.4** For the 2022/23 financial year, the Scottish Government provided Midlothian Council with a total grant allocation of £527,652 (plus a £37k in year award). In February 2022 Midlothian Council approved a one-off addition of £250k to the 2022/23 budget to supplement the SWF. This brought the total SWF to £777,652. In February 2023, the Cost of Living Crisis Task Force approved an addition of up to £100k to be funded from LACER funding as 93.6% of the fund was spent or committed by the end of January 2023. The total spend on SWF in 2022/23 was £903k.

Current position

- 3.5** For the 2023/24 financial year, Midlothian's allocation from the Scottish Government is the same as 2022/23 (£528k) with Council approving a one-off addition of £250k in response to the current cost of living crisis and demand from previous years. This brings the total SWF to £778k.
- 3.6** As of the end of Q1 2023/24 (June 2023), £240k has been allocated. Based on the number of applications to date this year, it is anticipated that the demand on SWF will be no less than the previous year. It should be noted that award values are higher to include inflation; however, the grant allocation has not increased.

- 3.7** The allocation pattern last year was Q1 - £226k, Q2 - £189k, Q3 - £213k, Q4 - £275k. Modelling based on the same pattern of demand, and accounting for some inflation, it could be assumed that the total year spend could be in the region of £960k. If this is so, then this is £182k less than what is currently available. It is anticipated that households will be experiencing varying external pressures such as the cessation of fixed rate energy pricing and the fluctuation of interest rates. It is therefore estimated that an increase of £200k would be reasonable to keep the SWF open.
- 3.8** If no additional funding is made available, the Council would have to move to a higher criteria in which to award grants, which would lead to more refusals and potentially the closure of the fund prior to the end of the financial year (in this case it is estimated that if the trend continues the fund would be spent by December 2023) and would not re-open until 2024/25 funding is received.

Resourcing the Scottish Welfare Fund

- 3.9** Table 1 below shows the volume of applications processed in 2022/23.

Grant type	Paid	Refused	Declined	Total
Crisis	4083	165	3542	7790
Community Care	490	21	946	1457

Table 1 – SWF applications processed

- 3.10** The number of awards for Crisis Grants that any person can receive is normally limited to 3 in any 12 month period. Where an applicant does not agree with a decision, they can request a review, and the Council aims to complete a Crisis Grant review within 2 working days and a Community Care Grant review within 15 working days.
- 3.11** Due to the large volumes of applications to SWF, the repeated applications, the criteria in place and the significant financial pressures that households are facing; there is consequently a higher number of reviews requested on decisions where funding is refused.
- 3.12** At the moment, SWF is processed by a team of Revenues Officers and each review requires a different Revenue Officer (independent to the one that made the decision) to review the reason for refusal. The table above shows the number of applications refused in 2022/23. The request for review generates a significant reallocation of work of the Revenues Officers to prioritise these timeously.
- 3.13** The Revenues Team also process benefits claims as well as change in circumstances for benefits, set up new Council Tax accounts and process change of circumstance claims for current Council Tax accounts, and manage arrears.

- 3.14** The cumulative effect of prioritising SWF activity is a 5 month backlog in change of circumstances for Council Tax, affecting residents moving in/out/around Midlothian, which can mean a shortfall or overpayment in Council Tax collection which impacts household finances and results in a higher number of complaints. There is also a similar backlog in processing new benefit claims, and change of circumstances, and this underperformance has triggered a review of processing times by the Department of Work and Pensions (DWP). In addition, resource is taken away from processing arrears and providing support to those households that are in arrears.
- 3.15** It is proposed that a new way of working is piloted to free up the trained and specialised Revenues Officers to focus on the above backlog and issues that this is causing for our residents; and bring the Council Tax and benefits processing back in line with target timescales. It is anticipated that the DWP review will also identify improvement actions that need to be implemented within a specific timeframe and the resource to deliver these is yet unknown, but it is unlikely that can be achieved unless the backlog is cleared immediately.
- 3.16** The pilot proposes to establish a SWF processing team. This will allow us to respond to the increased SWF demand and address the current Council Tax and benefits processing backlog reducing failure demand and improving customer service.
- 3.17** Currently all the work of the team is reactive due to the unmanageable demand. A key benefit to be realised from the pilot is to create the environment for the Revenues Team to be able to analyse the reasons for the high number of applications and the refusals and to identify preventative activity that can take place earlier to mitigate people reaching this crisis point. It would also give the team the capacity to work more closely with other third sector and statutory organisations to develop stronger partnership approaches to tackling poverty.
- 3.18** To deliver this pilot, it would require the recruitment of 4.0 FTE SWF Benefits Assessors (newly created posts) on a fixed term basis of 18 months to focus solely on SWF. The cost of this would be £195,000.

Cost of Living Crisis Task Force

- 3.19** At its meeting of 22 June 2023 Council agreed to the establishment of the Cost of Living Crisis Task Force (COLTF). Through the application of the Local Authority Covid Recovery Funding (LACER), COLTF delivered a range of interventions in 2022/23 listed below.

3.20 Trusted Partner Model

The trusted partner model has been independently evaluated through the Hopkins Report 2023 and has proven to reach those in communities in a dignified and accessible way to support cash first support for food, fuel and other key essentials. The organisations who have issued most instances of support up until the end of May 23 have been Melville 766, Red Cross 329 and Gorebridge Community Carers at 266 instance of support. From the analysis of the data from all 16 organisations up until end of May 23:

- 87% of payments have been for food and fuel,
- Mayfield and Easthouses area have had 547 instances of support, Gorebridge 514 and Penicuik 331 instances of support

Chart 1 shows instances of support in more detail:

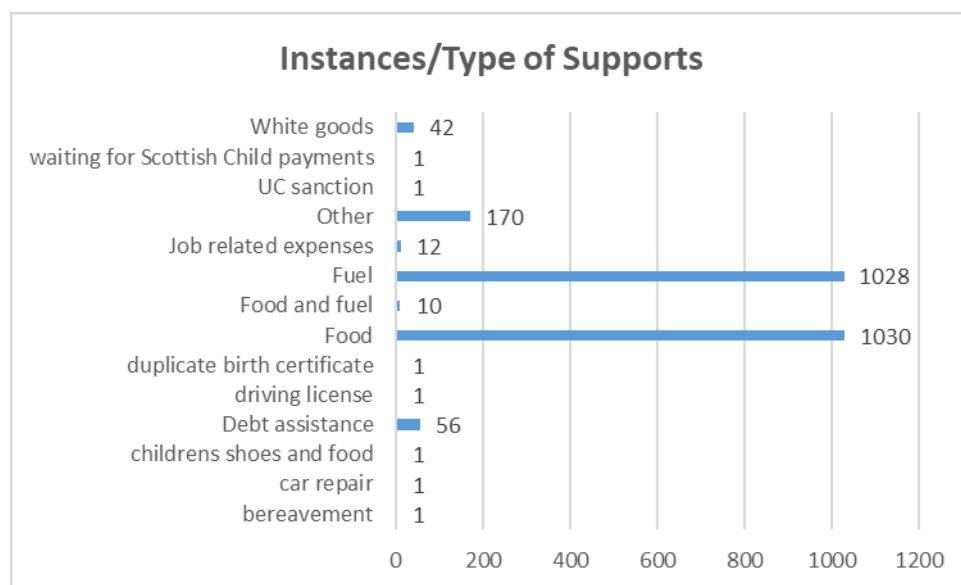
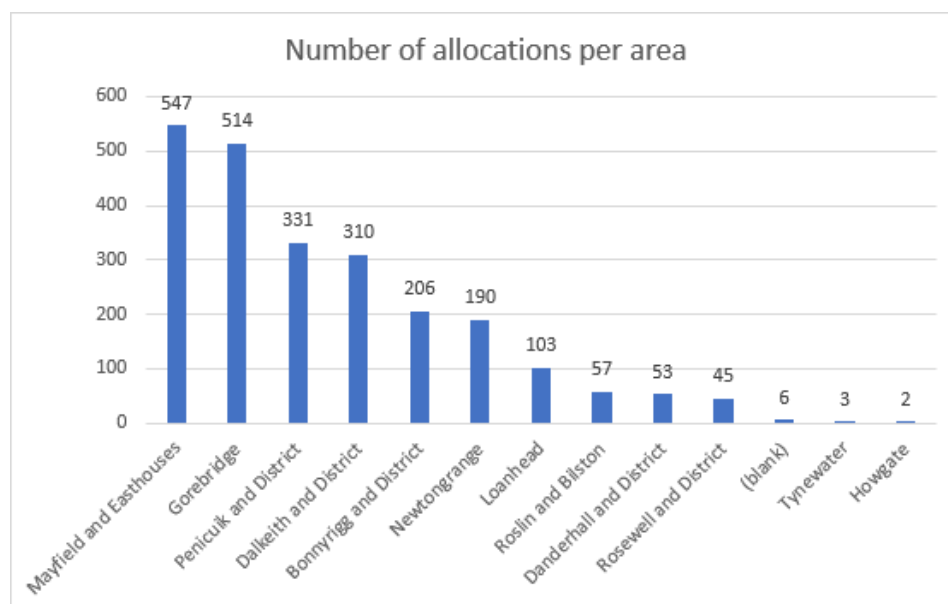


Chart 2 shows a more detailed analysis of the geographic supports:



3.21 From the original LACER allocation, there is £66,500 of funding remaining, which amounts to £4,156.25 per organisation for the forthcoming months, which include the more challenging winter months. If this was to be increased to £10,000 per organisation this would provide a similar level of support as last winter. Note that not all organisations will require £10,000 each with some requiring more dependent on size and reach and some less – as demonstrated in the above charts. Therefore an additional £93,500 would be required to sustain similar levels of support to winter 2022.

3.22 Additional Cost of Living Supports

As well as the Trusted Partner Model, a number of other supports were supported through a combination of LACER and Covid Recovery Funds:

- Reheatable Foods operated by British Red Cross funded by Covid Recovery Funds. This is predominately for those that are unable to cook e.g., do not have access to cooking facilities, but have facilities to reheat meals. This support started later than some of the others; therefore, there is existing funding from the allocation to continue this through winter months.
- Wash and Dry Laundry Services operated by commercial provider covering East Midlothian and by tokens through charity covering the West of Midlothian. There is a provider gap within Central Midlothian, and despite a number of discussions with possible providers; no single provider has yet been identified to expand this more widely across the County. There is the potential for one of the existing providers to expand slightly and we are awaiting confirmation of their capacity to do this. From the existing Covid Recovery Funding allocation, if demand remains the same no further funding is required for this financial year. If this is expanded and a further provider identified additional funding would be required.
- LACER was allocated to foodbanks and as start up funding for Woodburn Pantry. All funding has been used. It is proposed that consideration is given to award an additional £2k to the foodbank/pantry providers that were awarded last year; to support their service for this winter. This would be approx. £24k in total.
- Withyou housing support were appointed to offer support to the young people, adults and families they are supporting through housing in Midlothian. This project commenced later than the others therefore there is existing LACER funding to continue this provision over winter.
- Four Warm and Well Hubs were established in Danderhall, Lasswade, Loanhead and Newbattle, providing free hot drinks and soup/bread; as well as free access to electronic charging facilities, games and safe spaces to be in over the colder

months. To replicate this model in the 4 locations this winter would require £15k.

- 3.23** In summary, to provide similar Cost of Living Support Measures this year, would cost in the region of £132.5k (based on last year's spend). Acknowledging that costs may differ this year and demand may be higher, Council are asked to fund £140k, delegated to the Cost of Living Task Force to determine how this is allocated.

4 Report Implications (Resource, Digital and Risk)

4.1 Resource

Additional resource is required as detailed in the body of the report.

4.2 Digital

No implications.

4.3 Risk

Risks for the requests as detailed below:

- No additional funding for SWF risks the fund closing early and no further grants allocated after December 2023
- If funding is not approved for the pilot SWF processing team benefits claim will continue to not be assessed in a timely manner and change of circumstances will not be processed resulting in negative financial implications for households
- No additional funding for cost of living interventions will reduce the support provided to households over the Autumn/Winter period potentially pushing more households into crisis

4.4 Ensuring Equalities (if required a separate IIA must be completed)

Tackling poverty is a key outcome when considering equalities impacts. This report outlines a range of actions that contribute towards supporting our most vulnerable communities, those in low-income households and those that are living in poverty and financial crisis.

4.4 Additional Report Implications (See Appendix A)

See Appendix A

Appendices

Appendix A – Additional Report Implications

APPENDIX A – Report Implications

A.1 Key Priorities within the Single Midlothian Plan

Midlothian will work towards reducing poverty is a key theme in the revised 2023/27 Single Midlothian Plan.

A.2 Key Drivers for Change

Key drivers addressed in this report:

- ☐ Holistic Working
- ☐ Hub and Spoke
- ☐ Modern
- ☐ Sustainable
- ☐ Transformational
- ☒ Preventative
- ☐ Asset-based
- ☐ Continuous Improvement
- ☐ One size fits one
- ☐ None of the above

A.3 Key Delivery Streams

Key delivery streams addressed in this report:

- ☐ One Council Working with you, for you
- ☒ Preventative and Sustainable
- ☐ Efficient and Modern
- ☐ Innovative and Ambitious
- ☐ None of the above

A.4 Delivering Best Value

N/A

A.5 Involving Communities and Other Stakeholders

N/A

A.6 Impact on Performance and Outcomes

N/A

A.7 Adopting a Preventative Approach

N/A

A.8 Supporting Sustainable Development

N/A