

Briefing

Impact of Local Authority Funding of Money and Welfare Rights Advice Services in 2023/24

Introduction

This short briefing paper aims to provide an insight into likely investment by local authorities in money and welfare rights advice service in the financial year 2023-24.

As reported by Audit Scotland,¹

“Councils across Scotland faced significant financial challenges during 2021/22 and are now entering the most difficult budget setting context seen for many years. Increasingly difficult choices about spending priorities will need to be made.”

Money and welfare rights services have a crucial role to play in addressing economic inequalities and reducing child poverty and as the impact of the cost of living crisis continues demand is increasing.²

Process

In February 2023 the Improvement Service distributed a questionnaire to local authority advice leads to identify likely investment in money and welfare rights advice services. It was recognised that in some local authorities, budget decisions for 2023-24 were still to be made.

Findings

A 90% response rate from local authorities in Scotland found that:

- ▶ On average there is likely to be **c12%** reduction in funding for internally provided advice services
- ▶ On average there is likely to be **c5%** reduction in funding for externally provided advice service

1 <https://www.audit-scotland.gov.uk/news/scotlands-councils-face-mounting-financial-challenges>

2 <https://www.stepchange.org/policy-and-research/2022-personal-debt-statistics.aspx>

- ▶ One authority is considering **c90%** in funding
- ▶ A few authorities are considering increasing funding – in one case by 50%
- ▶ One authority is providing funding agreements for a three-year period.

Respondents were invited to share additional comments.

Longer funding periods would help with maintaining services and retaining skilled staff.

“Sustainability for the sector is an issue, we are always looking for external funding. There is frustration around when funding is available at a Scottish or UK level”

“Short term funding does not help as by the time you have set up your intervention there is not enough time to collect meaningful data. Funding needs to be for a longer period at least 3 years.”

A more strategic allocation of funds was seen as offering better value for money.

“It would be helpful if funding had to go through the tackling poverty teams/ committees etc to co-ordinate better use of funding”

In areas facing cuts in funding concerns were expressed about likely impact.

“The reduction in funding to both internal services and external providers is substantial and if accepted by Council will have a significant effect on advice services”

“The reduction in funding to both internal services and external providers is substantial”

There was a recognition that even if budgets remained the same their actual value was reduced as a result of inflation.

“A trend we are identifying in relation to our external funding is that it is either remaining the same or reducing. Even where it is remaining the same it is not going as far, due to increases in costs, so it is technically a reduction in funding”

The future for local authority funding of money and welfare rights advice services remains unclear and will vary from area to area.

“It is a rather uncertain time for advice services provided by LA’s. We are not always eligible to apply for external funding as mostly LA’s are excluded our own funding is being reduced due to the financial position that local authorities find themselves in”

Conclusion

Based on the survey results the level of local authority investment in money and welfare rights advice services across Scotland in 2023-24 is likely to reduce. This is a result of budgetary constraints as well as increases in the level of inflation.

Based on the responses received it is likely that funding for internally provided advice services will reduce by a greater amount than support for externally provided advice services.