

# Citizens Advice Scotland

Scottish Association of Citizens Advice Bureaux  
www.cas.org.uk



## Submission from Citizens Advice Scotland to the Local Government and Regeneration Committee Scrutiny of the Scottish Government's Spending Review 2011 and Draft Budget 2012-13

Keith Dryburgh, Social Policy Officer

October 2011

- Citizens Advice Scotland and its member bureaux form Scotland's largest independent advice network. CAB advice services are delivered using service points throughout Scotland, from the islands to city centres.
- Citizens advice bureaux in Scotland helped clients with almost 550,000 new issues in 2009/10 – almost 1,500 new issues for every day of the year. Over 270,000 clients brought new issues to a bureau over the year.
- In 2009/10, Scottish bureaux achieved a financial gain of almost £116million for clients based on funding of £14.8million (including £6.8million in core funding). This means that CAB clients were better off by £17 for each £1 of core funding given to bureaux.

## Summary

- Local government in Scotland faces a reduction in income which will have a significant impact on public service provision and lead to tough choices for local authorities over where spending should be prioritised.
- The reduction in local authority income needs to be placed in the context of rising demand for their services. The UK Welfare Reform Bill will reduce benefit payments in Scotland by £2 billion to 2014-15. As incomes drop and benefit support is reduced or removed, it is public services and advice providers that people will turn to. Local authorities face a double whammy of decreased income alongside increased demand for their services.
- The third sector is likely to experience a significant reduction in the funding that it receives from local government. This may lead to third sector organisations offering reduced services or ceasing to provide services altogether.
- CAS is concerned that cuts in funding for advice provision will lead to delays in accessing advice or to people not receiving the advice that they desperately require. Citizens advice bureaux in England have received average cuts in funding of 10% from local authorities, which has led to a drop of 7% in the number of people they have been able to advise this year.

### **Local government in Scotland faces a reduction in income which will have a significant impact on public service provision and lead to tough choices for local authorities over where spending should be reduced**

1. The SPICe Financial Scrutiny Unit estimate that the Local Government portfolio will decrease by 1.8% in cash terms next year (4.2% in real terms) and by 4.1% by 2014/15 (11.3% in real terms).<sup>1</sup> Local authorities have also had a freeze in council tax imposed and have a number of additional expenditure commitments which will be placed on them. Alongside an expected increase in demand for public services, local authorities face tough decisions on where spending should be concentrated and where it should be reduced.

### **Cuts in funding for voluntary services and advice provision will lead to delays in advice or to people not receiving the advice that they desperately require**

2. The reduction in local government income will have an impact on the third sector which derives a significant part of its income from local authority funding, with the likely impact being that many third sector organisations will reduce their services, provide a service with cuts in resources, or cease providing services altogether. We are concerned that local authorities will concentrate their reduced resources on statutory services at the expense of non-statutory services. **Many non-statutory services, including advice, are relied upon by service users.**

3. We are particularly concerned about local authority funding to citizens advice bureaux as cuts in funding will inevitably lead to delays in advice or to people not receiving the advice that they desperately require. **Citizens advice bureaux in England have received average cuts in funding of 10% from local authorities, which has led to a drop of 7% in the number of people they have been able to advise this year.**<sup>2</sup> Cuts in funding to advice services in Scotland will reduce the number of people that can be helped as demand rises – which will put further pressure on public services.
4. Advice plays a key role in helping people to avoid serious problems and to diminish the impact of such problems when people reach a crisis point. Bureaux are funded to provide this role for hundreds of thousands of clients every year.
5. In 2009/10, citizens advice bureaux in Scotland achieved a financial gain of almost £116 million for clients based on funding of £14.8 million (including £6.8 million in core funding). **This means that clients were better off by £17 for each £1 of core funding given to bureaux.** As well as achieving better social outcomes, advice leads to better financial outcomes for clients. A focus on prevention should include the work that advice agencies undertake each and every day to help thousands of clients.
6. Good advice ultimately saves money – debt and welfare advice is significantly cheaper than homelessness and bankruptcy and the social outcomes for clients are far better. Research by the New Economics Foundation shows that for every £1 gained through welfare rights advice, an additional £1.70 is gained for the local economy.<sup>3</sup> Advice works and pays for itself in better outcomes and public money saved.
7. Advice is therefore a key component of any strategy for preventative spending. Good advice can prevent outcomes that are expensive for the public purse and are disastrous for the person and families experiencing them, such as homelessness, poor mental health, bankruptcy, and unemployment. Investment in advice saves public money and leads to positive outcomes for clients.

**The UK Welfare Reform bill will significantly affect public sector budgets during the life time of the Spending Review – but is not considered in the Review**

8. CAS believes that the impact of the fundamental changes that are being introduced through UK policy and legislative changes to the current welfare and benefits system, including the wide-reaching Welfare Reform Bill, will have a huge impact on people and services in Scotland. Many of the changes that are being introduced through this UK legislation will be introduced within the term of the Spending Review but do not seem to have been accounted for.
9. The Spending Review states that ‘In order to accommodate the reduction in real terms of the overall funding package and the increased inflation and demand pressures, local government will be faced with a number of very difficult decisions’. However there is no mention of the additional pressures or costs that

local authorities [or for that matter voluntary and advice services] will be under due to welfare reform changes.

10. A series of Parliamentary Questions asked the Scottish Government what estimates it had made of the financial impact of the proposed UK Government welfare reforms on the Scottish Government budget and on local government expenditure on (a) housing, (b) social care and (c) other areas. The answer was that “The UK Government has not provided sufficient detail on the implementation of its proposed welfare reforms for the financial impact on future Scottish local government expenditure to be known. The Scottish Government has made repeated requests to the UK Government for further detail and will continue to press for this to be made available”. A similar answer was given in relation to the Scottish Budget<sup>4</sup>. There is therefore a lack of clarity and detail about the impact of the current welfare reforms on public services and budgets in Scotland – however, it is clear that the impact will be significant and will be felt in the near future.
11. The Fraser of Allander Institute has stated that that benefit cuts will result in £2 billion being taken out of the Scottish economy by 2014-15 and they expect this to “contribute to the weak growth of household spending” and that “our fear is that the greater welfare spending cuts may dampen growth in 2012”<sup>5</sup>. An estimated £1 billion of this £2 billion will be from disabled people and their families<sup>6</sup>.
12. CAS believes that the Scottish Government’s ‘Solidarity’ National Indicator ‘To increase overall income and the proportion of income earned by the three lowest income deciles as a group by 2017’ is being threatened by the changes the Welfare Reform bill will usher in. This indicator is already on a ‘maintaining’ status rather than being achieved as the proportion of income received by those at the bottom of the income distribution has consistently been decreasing between 2004-05 and 2009-10. The reduction in benefits coupled with cuts in services will serve to at best maintain or at worst reduce the income of people within the lowest income deciles.

**The UK Welfare Reform bill will place a significant burden on local authority budgets as demand for services increases**

13. The UK Welfare Reform bill will have a huge impact on people and services in Scotland. For many people, particularly families, those with disabilities, and jobseekers, the impact will be very damaging.
14. It is clear that public and voluntary services in Scotland will experience greater demand for their services as a result of the changes in the UK Welfare Reform bill. However, due to wider spending cuts to the public sector, these services will be required to cope with this extra demand alongside diminishing budget and resources. As a result, many people in Scotland will experience cuts in benefit payments as public and voluntary services struggle to maintain services to them.

15. Local authorities will face increases in demand for their services, particularly in the areas of social work, housing and advice. Efforts to meet this demand will in turn have a detrimental impact on other services such as education, leisure and cleansing. The reduction in income of benefit recipients will also have an impact on local authority income and their ability to provide services. This will particularly be the case in charging for personal care, council tax payments, and rent payments. It is likely that local authority income from charges will reduce as benefit recipients struggle to pay council tax and rent.
16. The changes to Disability Living Allowance will force those who experience cuts to their benefit income to seek support from local authorities in order to meet their needs – which will not have altered. Increasing demand for services while decreasing the capacity of individuals and local authorities to pay for those services is likely to result in vulnerable people being left to cope without support.
17. Reductions in Housing Benefit payments will have a significant impact on local authorities and housing associations. Housing Benefits payments to claimants in Scotland will reduce by around £38 million annually<sup>7</sup>. This will have a significant impact on local authorities in terms of rent arrears, provision of housing, homelessness services, and temporary accommodation. Local authorities stand to deal with the effects of this loss in housing support alongside drops in income if the Housing Benefit caseload reduces. The changes to Housing Benefit are also likely to have an adverse effect on the Scottish Government's 2012 homelessness commitment.
18. The UK Welfare Reform bill proposes that Council Tax Benefit and Community Care Grants and Crisis Loans, which are part of the discretionary Social Fund, will be devolved to Scotland from April 2013. Local authorities will inevitably hold a key role in the replacements of these benefits in Scotland and will be required to put resources into their implementation. This will be accompanied by a 10% cut in the current council tax benefit budget which the Scottish Government estimate "will potentially reduce household incomes for over half a million people on the lowest incomes in Scotland"<sup>8</sup>.
19. CAS believes the UK Welfare Reform bill will have a major impact on the budgets of those services most needed; on the overall budgets of local authorities, and on the Scottish Government's budget. Local government and voluntary services may have to pick up the pieces for those affected by welfare reform – all on a shrinking budget. [For further information on the impact on people of these proposed cuts, CAS would refer you to our briefing [The Impact of the Welfare Reform bill on Scotland's people and services.](#)]

## **Many people will face a double whammy of reductions in benefit levels and cuts in public services – local authorities must plan to mitigate this impact**

20. There are a number of ways in which local authorities can achieve the savings that they are required to make, but many will have a significant impact on service users. We are concerned that many people could be hit by a double whammy of decreasing welfare support alongside cuts in public services. The UK Welfare Reform bill will have a significant impact on the income and support that many public service users receive from the welfare system. Local authorities will need to balance the need to make reductions in spending alongside the impact that such reductions will have on service users who are likely to be affected by cuts in benefits.

A North of Scotland CAB reports of a 95 year old client who was very distressed after being informed that her hours of personal and domestic care were to be cut. The client does not feel that she is coping and needs further help. The client normally receives one hour of personal care at lunch time, but this is to be cut to 30 minutes. The social work department have confirmed that they cannot provide any further help even if the client pays extra. The bureau is exploring the costs of having domestic care provided privately on the client's behalf.

A West of Scotland CAB reports of a client whose disabled brother has been in the care of a charity funded by the local authority for the last twenty years. The client's brother requires 24 hour care from the charity. His care costs are around £128,800 per annum and it is proposed that the funding will be cut to £81,300 per annum – a reduction of £47,700 or 37%. The client is concerned that this will affect his condition. Her brother's health has been deteriorating over the last few years and he gets very agitated and upset by change. The client is concerned that he may have to be moved into a psychiatric hospital.

21. Local authorities may also decide to increase charges for public services. While this may be a legitimate avenue of increasing income in some areas, it is important that such charges are not levied on those who cannot afford the increases and those whose health and wellbeing would suffer as a result.

A South of Scotland CAB reports of a client whose payments to the local authority for respite care have significantly increased following a council budgetary decision. While the decision had been taken to increase fees from April 23rd, the information had only been communicated in detail to the client on June 15th and at that time she received a retrospective bill going back to April 23rd. She had also received a bill for the period through to mid July. The hourly rate to be charged was £23 and the client claimed that because of the change in rate she owed £1,000. The client wished to know if the Council was allowed to charge the higher rate for the period all the way back to April.

A West of Scotland CAB reports of a client, who relies on a wheelchair, who has been told that she will no longer be taken to hospital appointments by an ambulance as she is able to travel by other means. As a result, a taxi to the hospital cost the client £40 on her last visit. The client cannot afford to continue paying this amount.

22. Local authorities urgently need to plan how their services can best cope with the changes that the UK Welfare Reform bill will entail for their services and service users. For example, changes to Housing Benefit will almost certainly lead to higher levels of rent arrears, evictions, demand for homelessness services, and demand for one bedroom properties. The housing policies of local authorities must be realigned to mitigate the impact of Housing Benefit changes on their tenants.
23. Local authorities must also protect the services that they offer to people with disabilities and illnesses. Changes to Disability Living Allowance, and the ongoing reassessment of sickness benefit claimants, will mean that tens of thousands of sickness and disability claimants are likely to lose significant levels of welfare support in the lifetime of the spending review. If local authorities do not continue to offer services to these people, many are likely to be left to cope without support.

## **Conclusion**

24. Local authorities are facing an almost unprecedented situation of falling budgets and rising demand. The decisions taken by local authorities on spending priorities will have a considerable impact on many service users who will concurrently be affected by changes in benefit entitlement. In taking these decisions on spending priorities, we believe that the following principles should be borne in mind:
  - Local authorities and voluntary organisations have a shared agenda in helping local people avoid crisis point and working together to achieve the best outcome. Cuts in funding to voluntary organisations would work against this shared agenda.
  - Advice is a key component of any strategy for preventative spending. Good advice can prevent outcomes that are expensive for the public purse and are disastrous for the person and families experiencing them. Investment in advice saves public money and leads to positive outcomes for clients.
  - Public services must plan to mitigate the effects of the UK Welfare Reform bill on service users, particularly in housing and homelessness policies, and in services for people with disabilities.
  - Local authorities must consider the effect of cuts in services or increased charges on those adversely affected by the UK Welfare Reform bill. It is imperative that potentially vulnerable service users are not left to cope without public service or welfare support.

## References

---

- <sup>1</sup> SPICe. Financial Scrutiny Unit Briefing: Scottish Spending Review 2011 and Draft Budget 2012-13. 23 September 2011. Available online: [www.scottish.parliament.uk/business/research/briefings-11/SB11-72.pdf](http://www.scottish.parliament.uk/business/research/briefings-11/SB11-72.pdf) [Accessed 7 October]
- <sup>2</sup> Citizens Advice News Release. *Cuts in CAB funding leaving thousands with nowhere to turn for help*. 6 September 2011. Available online: <http://tinyurl.com/3o2wkoe> [Accessed 7 October]
- <sup>3</sup> Wiggan, J. and Talbot, C., *The benefits of welfare rights advice: a review of the literature*. National Association of Welfare Rights Advisors April 2006. Available online: [www.nawra.org.uk/Documents/Benefitsofwelrarightsadviceelitreview.pdf](http://www.nawra.org.uk/Documents/Benefitsofwelrarightsadviceelitreview.pdf) [Accessed 7 October 2011].
- <sup>4</sup> Scottish Parliament. *Written Answers S4W-02672 and S4W-02673*. 23 September 2011. Available online: <http://www.scottish.parliament.uk/s4/bills/documents/WA20110923.pdf> [Accessed 7 October 2011].
- <sup>5</sup> The Fraser of Allander Institute *Economic commentary Vol 34 No 2 November 2010*. Available online: <http://tinyurl.com/6htwtmg> [Accessed 7 October 2011].
- <sup>6</sup> Inclusion Scotland. *Welfare Reform Briefing September 2011*
- <sup>7</sup> Scottish Government. *Housing Benefit changes: Scottish Impact Assessment*. January 2011 Available online: [www.scotland.gov.uk/Resource/Doc/1035/0112571.doc](http://www.scotland.gov.uk/Resource/Doc/1035/0112571.doc) [Accessed 7 October 2011].
- <sup>8</sup> Scottish Parliament. *Written Answers S4W-02669*. 23 September 2011. Available online: <http://www.scottish.parliament.uk/s4/bills/documents/WA20110923.pdf> [Accessed 7 October 2011].