



SCOTTISH
PUBLIC
SERVICES
OMBUDSMAN

People Centred | Improvement Focused



Spotlight on the impact
of Scottish Welfare Fund
High Most Compelling
priority rating

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Ombudsman's foreword

As the independent reviewer of the Scottish Welfare Fund (SWF), I have a unique perspective on fund applications. This perspective gives me insight into the service received by applicants, and local authorities' decision making, the challenges faced by them, and the impact of policy and guidance.

I am concerned that the application of the High Most Compelling (HMC) priority rating, risks unfairly creating or increasing inequality for those most in need in Scotland. That inequality is not only for applicants, but also their dependents.

I recognise that the pressures on public spending and finances mean local authorities and the Scottish Government are having to make difficult decisions about the allocation and spending of public funds. My concern is that some of these decisions are being made without fully considering their impact or potential impact.

Through this report, I aim to inform and promote discussion about the risks associated with HMC in order to support applicants and local authorities.

SWF casework shows that the HMC priority rating is impacting in the following ways

- It creates inconsistency and inequity in the level of support the SWF is providing to people who need it most across Scotland.
- It contributes to a reduction in basic living standards for people in local authorities where HMC has been applied and applications are declined or only partially awarded because of HMC criteria.
- It creates a knock-on negative effect for children.
- It demonstrates inconsistency in how statutory guidance is being applied and how policy and guidance has not, to date, referenced some of the basic things I would expect them to, such as duties under equalities and international standards.

While this report highlights the issues I see now, it is not intended as criticism but as the start of constructive discussions about how we collectively address them.

Rosemary Agnew
Scottish Public Services Ombudsman



Purpose of this report

1. The purpose of this report is to
 - highlight the impact of local authorities' use of the Scottish Welfare Fund (SWF) High Most Compelling (HMC) priority rating
 - share people's stories of how HMC is impacting on them
 - promote consistency and fairness for SWF applicants, and
 - promote discussion and debate.

About the Scottish Welfare Fund

What is the SWF?

2. The SWF supports people in crisis who need help and cannot pay for things they need, often because they are on a low income and experiencing vulnerability. The SWF pays out two types of grants (which do not have to be paid back).
 - 2.1. Crisis grants – these discretionary grants are for people on low incomes who have experienced an emergency or disaster and need money quickly for living costs or to replace items.
 - 2.2. Community care grants – help people on low incomes establish or maintain a settled home by providing items such as furniture, and appliances like cookers and washing machines.

How is it funded?

3. The SWF is a national scheme, underpinned by law. It is delivered on behalf of the Scottish Government by all 32 local authorities. It is core funded by the Scottish Government and distributed among local authorities based on deprivation levels within an area. Local authorities have the option to add more money to it in their area.
4. The Welfare Funds (Scotland) Act 2015 places a statutory responsibility on each local authority to maintain a welfare fund to provide essential support in times of acute need, to people aged 16+ on low incomes or certain benefits.
5. The Scottish Government core funding was



6. It has remained at £35.5M since 2020—21 (this excludes additional funds provided during the COVID-19 pandemic and in 2022—23) meaning it has decreased in real terms.
7. Any underspend each year is carried over to the next year and redistributed. In 2023—2024, £3.2M was carried over from 2022—23 and 24 local authorities spent more than their budget, totalling £14.3M bringing the total spend to £49.9M.
8. The Scottish Welfare Fund Review (2023)¹ highlighted that around two thirds of local authorities at the time, topped up core funding from their own resources. There was concern among local authority managers about whether they would continue to be able to do so, given other pressures on local budgets.²

1 Scottish Welfare Fund review: final report – March 2023 <https://www.gov.scot/publications/review-scottish-welfare-fund-final-report/>

2 Scottish Welfare Fund review: final report – March 2023, Section 4 <https://www.gov.scot/publications/review-scottish-welfare-fund-final-report/pages/6/>

SPSO SWF Independent Review Service

9. SPSO receives review applications from people after they have gone through the local authority's first tier review process. The SPSO carries out independent reviews of these applications.
10. The SPSO can decide whether the local authority made the correct decision in accordance with the award criteria and guidelines, and can change that decision if determined it was incorrect.
11. SPSO also provides local authorities with
 - feedback to promote learning and support improved decision making, and
 - advice, guidance, and training.

The High Most Compelling Priority Rating

What is HMC?

12. Local authorities can set their priority rating³ to high, medium, or low, based on demand in their area and available funding. This means that the level of support offered varies between local authority areas depending on the priority level. HMC is a special priority⁴ rating which local authorities can apply if they are at risk of running out of funds before the end of the financial year.
13. In practice, it means that
 - only people in the most vulnerable of situations, at immediate risk without support, receive assistance, and
 - only the most vital household items are awarded, e.g. beds, cookers, and fridges. Other items, like carpets and washing machines, are less likely to be awarded, unless the local authority accepts there are specific circumstances for doing so.
14. While discretion within the existing priority system creates inconsistency in the level of support provided between local authority areas, HMC deepens this. The impact on applicants is also greater as less vital items are awarded.

³ Scottish Welfare Fund: statutory guidance – March 2021: Section 5.7 <https://www.gov.scot/publications/scottish-welfare-fund-statutory-guidance-march-2021/pages/5/>

⁴ The Scottish Government have issued additional HMC guidance to local authorities who adopt HMC, this guidance has not been published.

When is the HMC priority rating applied?

15. The statutory SWF guidance states both that
 - 15.1. HMC can be applied earlier in the year if a local authority experiences “very high levels of demand” and is at risk of running out of funds before the end of the financial year, and that
 - 15.2. it “should only be adopted late in the financial year, or potentially after an event [...] causing demand to rise significantly in a particular area.”⁵
16. In the past, SPSO has seen minimal use of HMC; and when it was applied, it was withdrawn shortly after. Since September 2023, some local authorities have implemented HMC early in the year to reduce the risk of running out of funds before the end of the financial year.
17. In 2024, one local authority continued their application of HMC into the start of the new financial year and another local authority implemented HMC in July 2024. Both gave broadly the same reasons
 - Scottish Government core funding was not enough to meet demand and cover the cost of delivering the fund, and
 - they were less able to top-up the fund from their own budgets, which put them at risk of running out of funds within the year.

⁵ Scottish Welfare Fund: statutory guidance – March 2021: Section 3.10 <https://www.gov.scot/publications/scottish-welfare-fund-statutory-guidance-march-2021/pages/3/>

Case Studies: The real impact of HMC



18. The following cases highlight the differences in support between areas where HMC is applied and those where it isn't, and show what the impact can be on families.

Case 1: someone who is vulnerable and struggling to maintain a settled home in an HMC area

B is a single parent, on a low income, living with mental health illness, asthma and recently experienced a bereavement. They have been a tenant in their property for almost a year and applied to SWF for sofas, carpets, a mattress, a cooker, a freezer, and a washing machine. Their existing items were either broken, worn out or in poor condition.

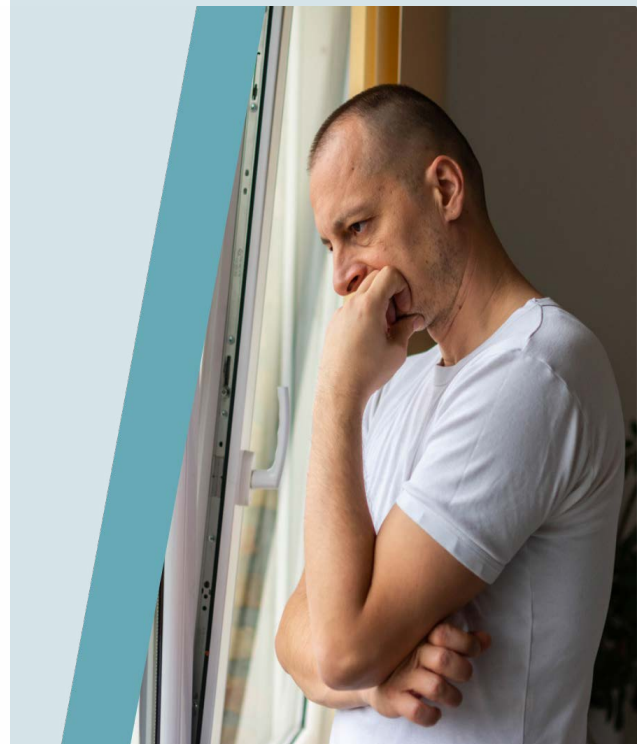
The local authority declined a grant having assessed that under HMC, the qualifying conditions were not met.

SPSO's review of the case

While we gave feedback to the council about their decision making, we were unable to award any of the items requested, despite acknowledging that B was facing exceptional pressure⁶ to maintain a settled home.

To be awarded items in an HMC area the individual must be deemed to be highly vulnerable and at immediate risk without a grant. In this case, while they were highly vulnerable, under the HMC criteria, they could not be classed as being at 'immediate risk' of losing their tenancy without the items requested. As a result, the criteria were not met.

If the applicant had been living outside of an area applying HMC, they would likely have received most of the items requested.



⁶ Scottish Welfare Fund: statutory guidance – March 2021: Section 8 <https://www.gov.scot/publications/scottish-welfare-fund-statutory-guidance-march-2021/pages/8/>

Case 2: a vulnerable person receiving support through the SWF not in an HMC area

C is a single parent in recovery from substance misuse and has type 1 diabetes. They are completing a community payback order and have an access arrangement in place to spend time with their child.

C requested a bed and a bedroom carpet, bedding, chest of drawers, cooker, fridge-freezer, and a washing machine. This was so their child could stay with them overnight.

The local authority declined the application as they assessed that the qualifying conditions were not met.

SPSO's review of the case

We overturned this decision and awarded all the items asked for.

We found that the qualifying conditions were met because C was on low income and facing exceptional pressure to maintain a settled home. We were able to overturn the decision because HMC was not being applied.

Comparing cases 1 and 2

In both cases, the applicants were on low incomes and facing significant pressures in maintaining a settled home. They received different levels of support from their local authority because one had applied the HMC priority rating.

These cases highlight the inequity experienced by those living in a local authority area where HMC is applied. This is exacerbated by the fact B is living in a local authority area with greater levels of deprivation than C. HMC risks widening the support gap between people living in local authority areas with lower and higher levels of deprivation.



Case 3: the impact of HMC on living standards for vulnerable families in an HMC area

D is a single parent with two children on low income. They experienced and fled domestic abuse and are living with mental health illness.

D applied to the SWF for items to furnish their home as they were unable to take their belongings with them when they fled from domestic abuse.

The local authority declined the application because the HMC priority rating was not met for the items requested.

SPSO's review of the case

We disagreed with the local authority's assessment and found that



the family was at immediate risk of being unable to maintain their tenancy.

We were able to award some items but could not award those that did not meet the HMC threshold, including carpets and a sofa.

Long term impact

This case study is an example of a vulnerable family attempting to establish a settled home after experiencing domestic abuse and homelessness. As well as making a home more comfortable, carpets reduce the risk of fuel poverty while sofas create a space for families to socialise, reducing isolation. This case was also an example of how important it is to create a psychologically safe family space.

Being declined basic items makes it more difficult for vulnerable families to establish or maintain settled homes. This increases the risk of social problems, failed tenancies, and deepening inequalities.

If the same family were living in an area that was not applying the HMC priority rating, they would likely have received all or most of the items requested.

Listening to people

19. Applicants tell us that being declined basic items can have a lasting impact on their physical and mental health, and wellbeing. These are just some of the things they told us



Having no carpets causes flashbacks to tenancies where I previously lived in poor conditions during my addiction issues

Without a sofa, and having nowhere to sit other than your bed, it feels like you are trapped in one room, similar to when living in homelessness accommodation, which can make me feel very stressed and agitated



Having no way to wash or clean clothes, and constantly feeling dirty, adds to feelings of apathy

Key points

20. The SWF provides a crucial safety net for people experiencing low income and vulnerability in Scotland.
21. The stories shared in this report highlight the risk of HMC creating inequity for individuals and families, including children already living in poverty.
22. People living in areas where local authorities apply HMC early in the financial year have reduced access to the SWF safety net throughout the year compared to applicants living in other areas, leading to unequal levels of support nationally.
23. Limiting access to the fund using the HMC priority rating creates inconsistency of provision between areas.
24. The SWF Review, published in March 2023⁷, highlighted several concerns. It found that the local authority to which someone applies is the most significant factor in determining whether an award is granted, not their circumstances. This demonstrates a lack of consistency between and within local authorities, which could be exacerbated by HMC.
25. Aside from temporary funding associated with the pandemic and an additional top up in 2022–23, the SWF has not seen an increase in core funding for several years. During this time, increasing costs have had to be absorbed within existing budgets. These include higher crisis grant awards to meet rising food and fuel costs; and growing supplier costs.
26. The financial outlook for local authorities does not suggest any improvements in the coming years. Some are unlikely to have the funds or flexibility to add more money to the fund locally, and those with past underspend will likely see it decrease or disappear. Additional demand is also placed on some local authorities due to homeless emergencies and refugee settlement. This increases the risk that the HMC priority rating will be used more extensively.
27. Local authorities can apply the HMC priority rating if they experience very high levels of demand and are at risk of running out of funds. This should only happen late in the financial year, or earlier, if after an event which has

⁷ Scottish Welfare Fund review: final report – March 2023 <https://www.gov.scot/publications/review-scottish-welfare-fund-final-report/>

increased demand on local authority budgets. The main reason currently being given by local authorities adopting HMC is insufficient funding, suggesting its application may become more common.

28. Local authorities have legal obligations⁸ to address inequalities stemming from socio-economic disadvantages when making important decisions such as implementing HMC. The current SWF guidance lacks information on how local authorities should do this. SPSO brought this to the attention of the Scottish Government at the Statutory Guidance Review Committee, which has committed to incorporating a reference to these duties in the revised statutory guidance, to be published upon completion of the review.
29. If the HMC priority rating becomes more common, it will potentially remove or reduce the safety net support for a significant proportion of applicants. This could lead to longer-term issues and undermine wider policy aims such as reducing child poverty, tackling homelessness, and promoting a rights-based society.

Further reading

- Scottish Welfare Fund review: Final Report (March 2023) - <https://www.gov.scot/publications/review-scottish-welfare-fund-final-report/>
- How to apply to the Scottish Welfare Fund - <https://www.mygov.scot/scottish-welfare-fund>
- Apply to SPSO for an Independent Review of your Scottish Welfare Fund application - <https://forms.spsos.org.uk/swf/form/start/>
- The Fairer Scotland Duty (October 2021) - <https://www.gov.scot/binaries/content/documents/govscot/publications/advice-and-guidance/2021/10/fairer-scotland-duty-guidance-public-bodies/documents/fairer-scotland-duty-guidance-public-bodies/fairer-scotland-duty-guidance-public-bodies/govscot%3Adocument/fairer-scotland-duty-guidance-public-bodies.pdf>
- Find your local Citizens Advice Bureau - www.cas.org.uk/bureaux?postcode

⁸ The Fairer Scotland Duty: Guidance for Public Bodies – October 2021 <https://www.gov.scot/binaries/content/documents/govscot/publications/advice-and-guidance/2021/10/fairer-scotland-duty-guidance-public-bodies/documents/fairer-scotland-duty-guidance-public-bodies/fairer-scotland-duty-guidance-public-bodies/govscot%3Adocument/fairer-scotland-duty-guidance-public-bodies.pdf>

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Laid before the Scottish Parliament by the Scottish Public Services
Ombudsman in November 2024 in pursuance of section 17(4) of the
Scottish Public Services Ombudsman Act 2002