Minister for Housing and Welfare
Margaret Burgess MSP

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**The Scottish Government**
Riaghaltas na h-Alba

Councillor Stephen McCabe
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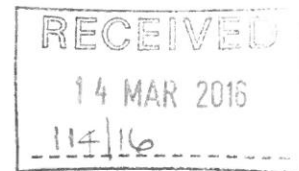
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10 March 2016

Dear Stephen

Thank you for your letter of 17 February about Scottish Welfare Fund funding distribution for 2016/17.

As detailed in my letters of 28 July and 24 September 2015, with a further update provided by the Deputy First Minister on 16 February 2016, there is a need to change the way Scottish Welfare Fund financing is distributed to local authorities.

I realise this is very disappointing for areas like Inverclyde who will receive a reduced allocation but I am sure you will appreciate that there is a need to distribute the budget fairly across all Scottish local authorities.  As a result of detailed consideration by a sub-group of the joint Scottish Government/ COSLA Settlement and Distribution Group, it was agreed that the fairest method of distributing funding was to move towards a model which is based on local deprivation data.

This approach is intended to improve the alignment of the Scottish Government's annual grant of £38 million to those communities most in need across Scotland.

It is clearly important that any such change be phased in gradually.  To this end, the Scottish Government and COSLA have agreed (subject to future spending reviews) that this new model be phased in over a period of three years.  By taking such an approach, we seek to provide stability and time for forward planning to individual local authorities.

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INVESTOR IN PEOPLE

Scottish Ministers issue guidance on the operation of the Scottish Welfare Fund, which includes advice on financial management and the use of 'priority ratings' to manage demand across the financial year.  Should your officers have queries on budget management best practice, they should contact Will Tyler-Greig, Scottish Welfare Fund Team Leader at the Scottish Government **0131 308 0690** for further information.

I hope this is helpful.

Kind regards

**MARGARET BURGESS**