The Committee will meet at 10.00 am in Committee Room 2 to consider the following agenda items:

1. **Police, Public Order and Criminal Justice (Scotland) Bill**: The Committee will take evidence on the Financial Memorandum from –

   Councillor Alison Hay, Community Safety Spokesperson and Stephen Fitzpatrick, Team Leader, COSLA; and Alan Garbutt, Policy Officer, Glasgow City Council.

   and then from –

   Chief Superintendent Tom Buchan, President, Association of Scottish Police Superintendents; Sir William Rae, Honorary Secretary of Association of Chief Police Officers in Scotland; and Doug Cross, Director of Finance, Tayside Police.

2. **Abolition of NHS Prescription Charges (Scotland) Bill**: The Committee will take evidence on the Financial Memorandum from—

   Colin Fox, MSP and David Cullum, Head of the Non-Executive Bills Unit, Scottish Parliament

3. **Joint Inspection of Children’s Services and Inspection of Social Work Services (Scotland) Bill**: The Committee will consider its approach to the scrutiny of the Financial Memorandum for the Joint Inspection of Children’s Services and Inspection of Social Work Services (Scotland) Bill.

4. **Scottish Executive Budget Review Group**: The Committee will consider a further draft submission to the Scottish Executive’s Budget Review Group.
5. **Council Tax Abolition and Service Tax Introduction (Scotland) Bill (in private):** The Committee will consider its draft report on the Financial Memorandum of the Council Tax Abolition and Service Tax Introduction (Scotland) Bill.

Susan Duffy
Clerk to the Committee
Room T3.60
Extn 85215
The papers for this meeting are:

**Agenda Item 1**

Written submissions on the Police, Public Order and Criminal Justice (Scotland) Bill

*Police, Public Order and Criminal Justice* (Scotland) Bill and associated documents available online (circulated to members in hard copy only; electronic versions available via Parliament website)

*SPICE briefing* on the Police, Public Order and Criminal Justice (Scotland) Bill available online

PRIVATE PAPER

**Agenda Item 2**

Written submissions on the Abolition of NHS Prescription Charges (Scotland) Bill

*Abolition of NHS Prescription Charges* (Scotland) Bill and associated documents available online (circulated to members in hard copy only; electronic versions available via Parliament website)

*SPICE Briefing* on the Abolition of NHS Prescription Charges (Scotland) Bill available online

PRIVATE PAPER

**Agenda Item 3**

Paper from the Clerk on approach to Financial Memorandum

*Joint Inspection of Children's Services and Inspection of Social Work Services* (Scotland) Bill and associated documents available online (circulated to members in hard copy only; electronic versions available via Parliament website)

**Agenda Item 4**

PRIVATE PAPER

**Agenda Item 5**

PRIVATE PAPER
Finance Committee

25th Meeting 2005, Tuesday 8 November 2005

Police, Public Order and Criminal Justice (Scotland) Bill: Written Evidence Submissions

Background

1. Members will take evidence today from the Convention of Scottish Local Authorities (COSLA), the Association of Chief Police Officers in Scotland (ACPOS), and the Association of Scottish Police Superintendents (ASPS) in relation to the Police, Public Order and Criminal Justice (Scotland) Bill. Requests for written evidence in the form of the Committee's standard questionnaire on financial memoranda were sent to ACPOS, ASPS, COSLA, Dumfries and Galloway Council, Glasgow City Council, North Ayrshire Council, North Lanarkshire Council, Scottish Borders Council, Scottish Legal Aid Board, Scottish Police Federation, Scottish Retail Consortium, Scottish Human Rights Centre, South Lanarkshire Council, and West Lothian Council.

2. Written responses were received from:
   - ACPOS
   - ASPS
   - COSLA
   - North Lanarkshire Council
   - Scottish Police Federation
   - Scottish Retail Consortium
   - South Lanarkshire Council
   - West Lothian Council

3. These responses are attached.

Recommendation

4. Members are invited to consider the responses received to inform their questioning.

Susan Duffy
Clerk to the Committee
Submission from ACPOS

I refer to your correspondence dated 7 October 2005 in connection with the above subject, which has been considered by the Association and can now offer the following by way of comment. ACPOS welcomes this development by the Scottish Executive which recognises that there has to be consideration of the financial impact of new legislation on the services affected.

For ease of reference the ACPOS position in response to each of the questions is outlined below.

Consultation
1. Did you take part in the consultation exercise for the Bill, if applicable, and if so did you comment on the financial assumptions made?

In April this year ACPOS responded to the “Supporting Police, Protecting Communities” consultation; however the financial impact of the legislation did not form part of that process. A formal consultation with ACPOS on the matters contained in the Financial Memorandum prior to publication would have resulted in more robust and dependable assumptions.

2. Do you believe your comments on the financial assumptions have been accurately reflected in the Financial Memorandum?

During the initial consultation process, comment was requested on whether it was agreed that the SDEA’s budget should be simplified, provided on a 50:50 basis by central and local government and that Ministers should be able to direct additional funding if necessary and provide the whole of the funding for the provided common police services.

The view expressed by ACPOS in this regard was that the provision of the Common Police Services budget on a 50:50 basis was supported. This approach was considered appropriate in terms of governance, given the desire to ensure that the existing tripartite arrangements were not undermined. The Financial Memorandum states that “The great majority of respondents, with the exception of COSLA, supported 50:50 funding for the Agency, while a significant number also supported 50:50 funding for the common services across the board” (para. 190).

It is therefore disappointing that these views have largely been ignored and that “the Executive has concluded that the best way forward is to provide 100% Executive funding for both the Authority and the Agency”.

With the exception of the comments above, ACPOS considers that not having been consulted formerly on the financial aspects of the legislation, it is difficult to determine in many instances the exact basis upon which the costings are included in the Financial Memorandum and to understand the basis of the financial assumptions behind them.
3. **Did you have sufficient time to contribute to the consultation exercise?**

ACPOS acknowledges the opportunity afforded to contribute to the initial consultation document “Supporting Police, Protecting Communities” and considers the timescale for that consultation to have been reasonable. However, ACPOS has already drawn to the attention of the Justice 2 Committee that the publication of the Police, Public Order and Criminal Justice (Scotland) Bill and associated documentation and the timescale within which a response was to be provided is wholly unacceptable, given the significance of the legislation on the police service.

**Costs**

4. **If the Bill has any financial implications for your organisation, do you believe that these have been accurately reflected in the Financial Memorandum? If not, please provide details?**

It is recognised that the savings identified are, in the main, time savings and that the costs savings identified are mainly cash costs. All other things being equal, if the costs are not met by additional Scottish Executive funding, forces would require to rationalise any time savings into a cash equivalent, in all probability resulting in a reduction in officer / support staff numbers.

**Scottish Police Services Authority and Scottish Crime and Drug Enforcement Agency**

Revisions to the funding mechanisms will not in themselves make any difference to the costs of these services and, where responsibility for funding particular services changes as a result of the Bill, budget adjustments will be made in order to ensure a cost-neutral position overall.

Where new services are transferred to the Scottish Police Services Authority e.g. Forensic Science Services it is likely that significant start up costs in respect of accommodation, investment in equipment and IS/IT will be required.

It is noted, for example, that start up costs for the new Police Complaints Commissioner may be as high as £500,000 for 10 staff whereas Forensic Science Services will employ considerably more staff. This may make it difficult to achieve a cost-neutral position in the early years of the new authority.

ACPOS prepared a report in 2004 on Forensic Services in Scotland. This included an estimate of the costs of Forensic Science Services (including Identification Bureaux and Scenes of Crime Officers) in 2003/04 of £17 million. In addition the cost of the Scottish Fingerprint Service in 2003/04 was estimated at £5.43 million. This costing exercise has recently been re-visited by Force Finance Officers in preparation of shadow budget arrangements which are scheduled to commence in 2006/07.

It has been established that the previous estimates contained over £500,000 in respect of support services (£229,000), insurance costs (£124,000) and capital charges (£164,000). Removal of Forensic Science Services would not
generate any savings to forces in respect of support services or insurance and it would be necessary for the Authority to put in place its own support services and insurance arrangements.

Capital charges sit outwith GAE and therefore removal of charges relating to forensic and other scientific support will not generate savings to forces. Any transfer of budgets should therefore be discounted by approximately £500,000. The outcome of the recent costing exercise indicated the cost of forensic and other scientific support services (excluding fingerprints) was £16.1 million in 2004/05 and budgeted at £16.5 million for 2005/06. Included within the figures for 2004/05 were approximately £600,000 of centrally held property costs. These costs would remain, even if forensic and other scientific services were located elsewhere, and it is questionable whether these should be included in any budgetary transfer.

It is recognised that the Authority is to be established as a body corporate and would raise the issue of whether this body will be able to recover VAT. This has been a difficulty in the past and has led to increased costs being incurred. In the discharge of their current duties, e.g. Forensic Science, police forces can recover all VAT associated with that activity and VAT is therefore not a cost burden. The ability to recover VAT is set out in statute and it is the view of ACPOS that the Authority would not fall within the definition of bodies allowed to recover VAT from its activities.

It is noted that Para 193 details the budget for 2005/06 for the SDEA at £21.1M. This figure excludes the Vat element of the OIG budget (circa £990k) and the £2M paid directly to forces in relation to the 200 additional officers employed in drug related work (£20k per officer).

Para 194 provides figures in relation to the Board and Senior Strategic Officer (SSO). It indicates that the costs of the Board and the SSO will begin midway through the preparatory year. The quoted costs, while obviously not significant in terms of the overall budget, do appear to be light when employer on costs and pension costs are taken into account. The salary for a Deputy Chief Constable is felt to be nearer £150,000 per annum.

The memorandum indicates that there may be additional staff and other costs depending on decisions still to be taken. The Executive will be aware that there are likely to be significant insurance costs in relation to both public and employers liability insurance.

At this time, the Executive self-insures its buildings. Should the Authority require to insure its own buildings then there will also be significant property insurance costs.

In addition, it is anticipated that there will be new costs in relation to the provision of, for example, audit, legal, Health & Safety plus the additional financial and HR functions that the Authority will now require to undertake. Many of these services are presently provided at no or limited cost by Police Forces or the Executive.
Para 195 provides that there will be sufficient savings in back office services to at least offset the new costs. To achieve these savings, there requires to be a considerable number of back office staff within the existing Agencies. Whilst there will be opportunities for economies of scale, it is believed that this view may be flawed and that the new Authority will in fact cost significantly more than the current budget.

This should be acknowledged as the cost of the benefits to be derived from the new arrangements. In this regard, a recent review of payroll management within Forces identified that there would be a saving of less than 1.5 FTE staff from the existing 37.2 FTE presently undertaking payroll duties should all eight police payroll functions be centralised.

Independent Police Complaints Body
This section of the Financial Memorandum states that forces might need to reconsider an additional 100 cases at an average cost of no more than £1,000 per case. However, it is not documented how this estimate of cost was made. The Memorandum acknowledges that action by the Police Complaints Commissioner could vary from brief enquiries with a force to a more substantial review.

The Financial Memorandum anticipates that the additional 100 cases that forces may be required to reconsider will be due to an increase of around 10% in dissatisfied complainers who will come forward as a result of improved confidence in the system.

While this may or may not be a reasonable estimate, it is not apparent if this takes into account the implications of the range of complaints which the Commissioner will have a responsibility to reconsider. The Bill will allow the Commissioner to reconsider complaints about Control, Direction and Quality of Service and widens the category of individuals entitled to complain. Although the Memorandum articulates the recognition of a new category of complaint (but not complainer), the estimated increase is based on numbers of complaints falling into the existing definition of on-duty criminal or professional misconduct. The new category is uncharted territory but it is not unreasonable to assume that directions for reconsideration in significant quantities will arise from such complaints.

Payments to Special Constables
Following the pilot scheme, which operated in Grampian and Tayside police areas, interest shown by existing Special Constables coupled with efforts being made by forces to increase their establishment of Special Constables, it is likely that the number of Special Constables receiving this payment will increase. In order to make the scheme attractive to Special Constables a net payment of £1,000 is being made to them. This increases the cost of payments by approximately 30%. The cost of this initiative will therefore be greater than the figure of £900,000 indicated in the Financial Memorandum.
Football Banning Orders
The policing costs anticipated in relation to applying for and administering Football Banning Orders have been based on an estimated number of 100 orders per annum, proportionally based on the number of Banning Orders issued annually in England and Wales. Similarly the cost of applying for and administering orders has also been estimated from average costs incurred in England and Wales. While it is impossible to state with any authority that these estimates will be borne out, the reasoning behind the figures provided appears sound and the costs are not likely to vary greatly from the figures provided.

There is some uncertainty in estimating additional costs associated with the enforcement of banning orders, although should the number of banning orders increase, the level of resources needed to effectively enforce these orders will also increase. The assumption in the Financial Memorandum accompanying the Bill, that savings in resources will be made in the longer term, as banning orders reduce the number of troublemakers attending matches, may be correct. However this benefit is not likely to be realised in the short term given the relatively low number of banning orders which will be effective in the early years of the legislative provisions.

Amendments to the Law on Knife Crime
The Memorandum at paragraph 246 states that “... Any saving accruing from a consequent reduction in the numbers arrested for the offence of carrying a knife is likely to be similar to the additional costs to the police arising from the widening of this offence and hence we anticipate that this will be cost neutral overall”. This statement is speculative and ACPOS would wish to reserve their position.

Paragraph 247 states that “... The new power would not, of itself, increase the number of times that the police prepare a report to the Procurator Fiscal concerning this offence and therefore has no direct resource consequence”. The provision of additional powers of arrest will have direct resource consequences as clearly, when an individual has been arrested, they require to be taken into custody. This will result in additional police time escorting individuals into such custody and ensuring their welfare until release or appearance at court.

Taking fingerprints at a place other than a police station
ACPOS considers that the potentially significant financial savings (£2million of time released savings) highlighted within the Financial Memorandum must be treated with extreme caution as the reasoning behind the calculations is, of necessity, considerably imprecise.

This raises concerns, as the possible time savings given is fairly substantial and may directly impact on future funding made available to the Police Service. Moreover, the general thrust of wider criminal justice reform which is aiming for speedier justice, is likely to increase the number of offenders being taken to a police station for the purposes of “undertaking”.
The introduction of a mechanism to facilitate the taking of fingerprints outwith a police station was always viewed as adding value to operational effectiveness rather than purely an opportunity for efficiency savings. Indeed, if successful in identifying persons for other crimes or on warrant, the process will lead to more suspects being taken to a police station. This will however be reliant on the correct functionality of the equipment and its ability to provide a fast comparison of fingerprint impressions on the existing databases. SCRO has expressed concern on the additional burden which will be placed upon the IDENT 1 system.

A more definite indication that the Scottish Executive would meet the cost of purchasing the units would be welcomed. There is however, no reference made to ongoing maintenance, replacement equipment purchase or training costs.

**Mandatory Drug Testing**

The Memorandum identifies the direct costs to the Police Service being incurred at the initial stage of the process when the sample is obtained. On initial analysis, the period of twenty minutes, appears conservative. This is important as the notional savings are based on this assumption and therefore more accurate research is required.

ACPOS notes the intention to pilot this section of the Bill, which will produce more accurate data on which to base associated costs. Without a comprehensive understanding of the processes involved, it is difficult to comment on the overall cost of drug testing on the police service. The chaotic lifestyles led by those individuals subject to the assessment process would suggest that failure to attend and participate will be high. Should the Police require to investigate these matters and report them to the Procurator Fiscal, significant time, effort and costs will be incurred by the police and the wider criminal justice community and cannot be overlooked.

It is important to note that the technology utilised in England and Wales is part of a pilot project which has not concluded or been evaluated. Therefore, no reliable data exists on its effectiveness or the business benefits for the police service. Evaluation of the pilot in England and Wales will give a better basis for estimation of cost savings.

ACPOS notes there is no commitment by the Scottish Executive to fund the costs of the consumable testing units or the associated equipment (hand held reader at a cost of £2300 to purchase or £450 to rent) which is understood to be required to facilitate the analysis of saliva samples. The cost of equipment, consumables and training has been documented as a cost to the police service. No mention is made of maintenance or replacement.

5. **Are you content that your organisation can meet the financial costs associated with the Bill? If not, how do you think these costs should be met?**
Having had limited opportunity to contribute to the financial aspects of the Bill, it is difficult to assess the extent to which the additional costs have a firm basis or not. Many of the predicted time savings and cash costs reflect a large number of various probabilities.

Their accuracy must be open to considerable uncertainty and whilst the timescale for their introduction appears to be reasonably accurate, it is more important to obtain accurate information on the scale of costs.

The table in paragraph 181 of the Financial Memorandum indicates a net saving of £1.55 million will accrue to police forces as a consequence of the various aspects of the legislation. This is based on an estimate of a £2 million saving of patrol time from the use of fingerprint readers partly offset by £450,000 of costs arising from other parts of the legislation. More accurate costings would need to be achieved before these estimates could be confirmed as appropriate.

It is acknowledged that a significant margin of error exists which should ensure the estimated time burdens generated by other aspects of the legislation are covered. That said, some of the elements of the £450,000 of costs arising from the legislation are cashable items rather than time burdens e.g. summary application for Football Banning Orders (FBO’s), administration of FBO’s, and purchase of drugs testing units. The total cost of these is estimated at £232,000 which is not in itself insignificant. In addition, the fingerprint readers are estimated to cost £4 million over 2006/07 and 2007/08. Without additional resources, this will need to be contained within the existing capital grant allocations for forces. Given that the grant allocations covering these periods have, by and large, already been committed, the funding of this equipment by forces would cause significant disruption to approved programmes.

6. **Does the Financial Memorandum accurately reflect the margins of uncertainty associated with the estimates and the timescales over which such costs would be expected to arise?**

Further detail is required in a number of significant areas of the Bill, before it would be possible to gauge whether the estimates accurately reflect the appropriate margins of uncertainty. Generally, the timescales for introduction of costs appear reasonable.

**Wider Issues**

7. **If the Bill is part of a wider policy initiative, do you believe that these associated costs are accurately reflected in the Financial Memorandum?**

The implications cannot be assessed without sight of associated Regulations stemming from the Bill. However, as an example, the Bill will have an impact on the Police Conduct Regulations which are currently subject to review. There will be other examples of linkages which could have resource implications.
8. *Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation or more developed guidance? If so, is it possible to quantify these costs?*

The Bill widens the definition of a complaint against the police. At present, force structures are geared to dealing with matters that fall into the existing definition at the centre with local devolvement of other matters.

Although there may be no intention to create additional bureaucracy in respect of ‘Quality of Service’ complaints, the effect will require new counting conventions, structures and systems with associated costs in training, investigation and administration.

The creation of the Authority as a separate entity, where, at the moment none exists, will bring certain expectations on the Authority, which it will need to discharge, e.g. legal, finance, personnel and recruiting. At the moment, these services are provided by forces. The Bill will result in changes to these arrangements and certain diseconomies of scale could have an impact e.g. separate insurance cover required for Forensic Science which came under force cover before.

There is also an assumption that existing budgets could be transferred to meet the running costs of new arrangements. While it could be anticipated that forming the new entity could give rise to stabilisation of the back office support functions, it should be noted that start up costs and disruption costs involved, for example with staff transfers, will be significant, at least in the short term.

Once established, the Scottish Executive may wish to bring other areas within the Common Police Services. This expansion would raise similar issues in terms of set-up, disruption costs, and diseconomies of scale. It would be of concern to ACPOS if these additional short term costs were to be taken from overall funds available for policing resulting in fewer funds for core policing.

I trust that the foregoing is of assistance to you.

Yours sincerely,

William Rae
Chief Constable
(Hon. Secretary)
Submission from ASPS

Thank you for the invitation for a representative of The Association to provide oral evidence on the above Memorandum on 8 November 2005.

In response to the attached questionnaire, The Association has the following comments to make:

Consultation
1. Did you take part in the consultation exercise for the Bill, and if so did you comment on the financial assumptions made?

The Association participated in the consultation exercise, and provided responses on most aspects of the Bill. Given the limited resources within the Association to examine the content and implications of, in particular, the financial aspects of the Bill in detail, we were unable to provide detailed comment on the financial assumptions.

2. Do you believe your comments on the financial assumptions have been accurately reflected in the Financial Memorandum?

The association has no further comment to add.

3. Did you have sufficient time to contribute to the consultation exercise?

With specific reference to the Consultation Exercise, The Association had sufficient time to consider it's response.

As regards the Bill itself, we are strongly of the view that the extremely short time scale afforded us to provide our views was unsatisfactory, especially as the Bill represents the most significant piece of legislation likely to impact on the police Service for a considerable time.

Costs
4. If the Bill has any financial implications for your organisation, do you believe that these have been accurately reflected in the Financial Memorandum? If not, please provide details.

The Association, due to the limited, dedicated resources available, to examine, in particular, the financial implication of the Bill, is unable to provide a detailed analysis on this matter.

It is apparent, however, that many of the estimates provided in the Financial Memorandum are speculative, with little in the way of explanation as to how some of the figures provided have been arrived at. As such, we remain cautious in accepting the projected costs, and cost savings, anticipated.
Furthermore, there are aspects of the Memorandum which are clearly unspecific, and, as such it would be impossible to make any detailed comment on the financial implications for the organisation.

For example, on page 47 of the Memorandum, which deals with 'Taking of Fingerprints at a Place other then a Police Station,' it is stated that "The capital cost of fingerprint readers would probably be met by the Scottish Administration."

Page 32 of the Memorandum summarises the Cost Implications of the Bill, and projects a cost saving to the Police Service of £1.55 million. The majority of this saving derives from a forecast saving of £2 million as a consequence of "Saving Patrol Time from use of Fingerprint Readers."

Although explained further in paragraph 265 of the Memorandum, it is felt that insufficient research has been carried out by The Executive to justify the figures quoted.

5. Are you content that your organisation can met the financial costs associated with the Bill? If not, how do you think these costs should be met?

As above, without an accurate assessment of the projected costs, The Association can make no further comment.

6. Does the Financial Memorandum accurately reflect the margins of uncertainty associated with the estimates and time-scales over which such costs would be expected to rise?

As above, without an accurate assessment of the projected costs, The Association can make no further comment.

Wider Issues
7. If the Bill is part of a wider policy initiative, do you believe that these associated costs are accurately reflected in the Financial Memorandum?

As mentioned previously, it is the view of The Association that insufficient research has been carried out by the Executive in arriving at the cost estimations which appear in the Financial Memorandum. Indeed it is acknowledged within the Memorandum, itself, (paragraph 264) that, “It is not possible to quantify the longer term financial effects with any certainty.”

Whilst it is understood that this phrase specifically refers to the “Taking of fingerprints...,” we would suggest that it could satisfactorily be applied to the other aspects of the Financial Memorandum.
8. Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation or more developed guidance? If so is it possible to quantify these costs?

The Financial Memorandum makes limited reference to 'ongoing costs,' maintenance costs, or replacement of equipment and sundries.

Without sight of what the nature of the 'subordinate legislation' would constitute, it would be difficult to quantify the costs.

As evidenced by the Memorandum, and the cost analyses and projections presented therein, there are difficulties in accurately assessing future costs arising from new legislation.

As such, The Association would be unable to quantify any such costs.

I trust that these comments are of assistance to you.

Yours Sincerely

Tom Buchan
President
Submission from COSLA

Consultation

1. *Did you take part in the consultation exercise for the Bill, if applicable, and, if so did you comment on the financial assumptions made?*

   Yes, COSLA provided a response on behalf of its members councils, which included reference to the financial assumptions associated with the then draft Bill.

   COSLA’s principal financial interest in relation to this Bill relates to its provisions on public processions; in particular, those costs related to community consultation and the administration of public processions. It should be noted that as per question 8 below, the duties on councils to undertake community consultation will be provided for in statutory guidance, rather than in the face of the Bill.

   COSLA’s view is that conducting community consultation would generate substantial financial costs to local authorities; in particular, those local authorities who deal with the highest volume of processions. In addition, the sheer volume of marches during the summer months would make the proposed administrative and co-ordination system unworkable for public processions, without commensurate increased staff resources for those local authorities dealing with the highest volume of processions.

   COSLA accepts that the financial implications of these provisions will not be uniform, but will be greatest for a minority of councils, notably those in west central Scotland.

2. *Did you believe your comments on the financial assumptions have been accurately reflected in the Financial Memorandum?*

   Not in their entirety. COSLA is pleased that the Scottish Executive has acknowledged that there will be costs associated with the new administrative requirements. However, in our view the £200,000 funding is unlikely to be sufficient.

   Whilst we cannot predict with certainty the future costs accruing to councils, we would expect it to be higher than the figure allowed for in the Financial Memorandum. Our estimate is that the true costs could be somewhere in the region of £400,000-£750,000. Essentially most of these costs would be consumed by posts specifically created to meet these new demands in the councils dealing with the highest volume of processions. In common with the Executive, we are awaiting the outcome of pilot work in Glasgow, which should help inform us more precisely as to the likely financial impact of these measures. We expect that pilot work to be concluded during this calendar year and will whatever information is currently available with the Committee during our oral evidence session.
COSLA is concerned that Ministers should not assume that procession volumes will decline over time, hence reducing the need for Executive funding for the measures associated with this Bill. We would therefore be concerned if the Executive was to work on the assumption that this funding could be phased out over time as the legislation beds in. Whilst this might be a convenient assumption for Ministers to make, COSLA is concerned that any such approach would leave local authorities having to fund these administrative activities in a context where procession volumes have remained consistent or increased.

We would welcome assurances from Ministers that any funding provided through the Bill will continue until such times that evidence is presented that procession volume – and therefore the costs associated with it – has declined significantly.

3. Did you have sufficient time to contribute to the consultation exercise?

Yes.

Costs

4. If the Bill has any financial implications for your organisation, do you believe that these have been accurately reflected in the Financial Memorandum? If not, please provide details.

The Bill has no direct financial implications for COSLA as an organisation. However, as per question 2 above, we feel that the cost implications of the Bill for our member councils have not been accurately reflected in the Financial Memorandum. In our view, the resources required by local authorities to administer public processions and to conduct community consultation have been under-estimated. In addition, further resources will be required by local authorities to fund risk assessments of public processions and the communication of detailed information on planned marches to the general public within short timescales.

5. Are you content that your organisation can meet the financial costs associated with the Bill? If not, how do you think these costs should be met?

As per above, the Bill has no direct financial implications for COSLA. However, in respect of local authorities, COSLA is not content that the financial costs associated with the Bill can be met from within the existing budgets of those councils most directly affected. COSLA’s view is that these additional costs should be met by the Executive.

6. Does the Financial Memorandum accurately reflect the margins of uncertainty associated with the estimates and the timescales over which such costs would be expected to arise?
As per question above, COSLA would be concerned were Ministers to argue that the costs accruing to local authorities will inevitably decline over time as the wider impact of the Executive’s policies on processions take effect.

**Wider Issues**

7. *If the Bill is part of a wider policy initiative, do you believe that these associated costs are accurately reflected in the Financial Memorandum?*

   There is a wider policy initiative surrounding processions that flows from a review of marches and parades conducted by Sir John Orr during the second part of 2004. However, although some of the Orr recommendations will be taken forward through non-legislative means, COSLA is satisfied that the key funding issues arise from those measures being pursued as part of this Bill.

8. *Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation or more developed guidance? If so, is it possible to quantify these costs?*

   Yes, as per question 1 above, the development of the final guidance for the Bill will most likely entail a financial burden on local authorities through placing a duty on them to conduct satisfactory community consultation. The guidance might also stipulate other areas of the Bill that could potentially have a detrimental financial burden on councils; for example, it has scope to prescribe specific processes for the co-ordination and administration of public processions.

   Presently, it is not possible to accurately quantify costs that might accrue from the above. However, the ongoing pilot study being undertaken by Glasgow City Council may provide a clearer indication of potential costs.
Submission from North Lanarkshire Council

Finance Committee: Police, Public Order and Criminal Justice (Scotland) Bill – Financial Memorandum

I refer to your letter of 17 October 2005, asking the Council to complete a questionnaire on the Financial Memorandum for the Police, Public Order and Criminal Justice (Scotland) Bill.

Attached is a copy of the Council’s response to the questionnaire. I trust that this will assist the Committee’s deliberations.

Yours sincerely

Alistair Crichton
Director of Finance

Consultation
1. Did you take part in the consultation exercise for the Bill, if applicable, and if so did you comment on the financial assumptions made?

North Lanarkshire Council replied in full to the original consultation document. However only operational issues were commented on and no comment was made on the financial implications.

2. Do you believe your comments on the financial assumptions have been accurately reflected in the Financial Memorandum?

Not Applicable.

3. Did you have sufficient time to contribute to the consultation exercise?

Yes.

Costs
4. If the Bill has any financial implications for your organisation, do you believe that these have been accurately reflected in the Financial Memorandum? If not, please provide details.

North Lanarkshire Council is represented on the Strathclyde Police Joint Board. The Council passes all GAE monies received from the Scottish Executive on to the Joint Board.

The Council considers it the responsibility of the Scottish Executive to fund any additional costs resulting from this Bill.

5. Are you content that your organisation can meet the financial costs associated with the Bill? If not, how do you think these costs should be met?
North Lanarkshire Council is represented on the Strathclyde Police Joint Board. The Council passes all GAE monies received from the Scottish Executive on to the Joint Board.

As noted in the reply to question 4 above the Council considers it the responsibility of the Scottish Executive to fund any additional costs resulting from this Bill.

The Bill in section 244 (and 182) highlights the need for an additional officer to be recruited by North Lanarkshire Council to increase the control of Parades and Marches. The total Local Authority cost to the five councils involved is estimated to be £200,000. This additional cost should be fully funded by the Scottish Executive.

In addition to the costs identified in the report, North Lanarkshire Council has raised some additional funding queries in reply to question 6 below.

6. Does the Financial Memorandum accurately reflect the margins of uncertainty associated with the estimates and the timescales over which such costs would be expected to arise?

There are a number of issues with regard to the future costs associated with this Bill on which North Lanarkshire Council consider further clarification is required. See details below:

**Paragraph 191.** Regarding the formation of both the Scottish Police Services Authority and the Scottish Crime and Drug Enforcement Agency. Strathclyde Joint Police Board (SJPB) will be keen to ensure that the ‘adjustments’ to budget which will arise as a result of JPB’s no longer being responsible for forensic services do not result in an overall reduction in budget.

**Paragraph 250.** Regarding amendments to the law on knife control. There may be minimal ongoing costs in terms of Trading Standards Departments work in relation to age restricted products.

**Paragraph 256.** Regarding amendments to the law in relation to fireworks. There may be minimal ongoing costs in terms of Trading Standards Departments work in relation to age restricted products.

**Paragraph 268.** Regarding the supply of mobile fingerprint readers. Paragraph 263 states that the capital cost would probably be met by the Scottish Administration. Paragraph 267 then states that the cost may be spread over 2006/07 and 2007/08 with Chief Constables deciding how many to buy. Clarification needs to be given on where this funding is coming from.

**Paragraph 284.** Regarding Mandatory Drug Testing. The paper states that assessment and treatment costs will be funded directly by the Scottish Administration during the two year pilot stage. However after
that initial stage Local Authorities or Health Boards may be the lead agency.

If Local Authorities are the primary agency the paper states that full ring-fenced funding will be supplied under section 27 of the Social Work (Scotland) Act 1968 for delivery of criminal justice social work services.

It is important that Local Authorities receive clarification on this issue and that the Executive commits to fully fund any potential cost.

**Paragraph 301.** Regarding the proposals re the incentives for providing evidence for use against others. The statement that there are no financial implications for Local Authorities is only correct if there is no Local Authority requirement for support costs (in terms of housing, etc) for those on the witness protection scheme.

Should Local Authorities face associated costs, it is important that the Executive commits to fully fund these.

**Wider Issues**

7. *If the Bill is part of a wider policy initiative, do you believe that these associated costs are accurately reflected in the Financial Memorandum?*

Refer to replies to questions 5 & 6 above.

8. *Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation or more developed guidance? If so, is it possible to quantify these costs?*

It is highly likely that there will be subordinate legislation or more developed guidance issued as a result of this Bill. It is also likely that there will be additional costs associated with this. However, until more detail is available it is not possible to quantify these costs.
Submission from Scottish Police Federation

Thank you for your letter of 17 October 2005 and the opportunity to answer the questionnaire on the above subject. Our answers to the questions we feel we can answer are as follows:-

1. Yes we took part in the consultation exercise for the Bill. We made a number of general points relative to financial implications in relation to Football Banning Orders; Mandatory Drug Testing and knife crime.

2. We believe the Financial Memorandum is a significant improvement over previous ones relating to police work. Our comments have been addressed and subject to the comments below we are content with the work that has been done.

3. In terms of the consultation exercise for the Bill we had sufficient time to consult and respond. However, the time to consider the Bill itself was extremely short and given that it covers a wide range of issues we do not think that sufficient time was allowed for this part of the process.

4. The Scottish Police Federation does not have access to police force accounts nor does it have a role in activity accounting but it does represent operational police officers who have a practical idea of how new initiatives will impact on them and their workload and consequently budgets. In relation to Mandatory Drug Testing; Football Banning Orders; Knife and Fireworks related crime we believe the Memorandum, with the detail of the proposals available, has made a fair attempt to estimate costs and that this is all that could have been done in the circumstances. In all cases, we believe the new legislation, new offences and new powers will heighten attention to these matters and activity and prosecutions could rise as a result.

We have some concerns that in relation to the taking of fingerprints at a place other than a police station, that the estimate of savings is too high.

In a number of areas, further details of the actual proposals and ultimately real experience will be required to establish actual costs. We believe a review of costs should be undertaken after a period of time.

I trust this information will be of value to you.

Yours sincerely

Joe Grant
General Secretary
Submission from Scottish Retail Consortium

Consultation
1. Did you take part in the consultation exercise for the Bill, if applicable, and if so did you comment on the financial assumptions made?


2. Do you believe your comments on the financial assumptions have been accurately reflected in the Financial Memorandum?

See below.

3. Did you have sufficient time to contribute to the consultation exercise?

Yes

Costs
4. If the Bill has any financial implications for your organisation, do you believe that these have been accurately reflected in the Financial Memorandum? If not, please provide details.

They have been reflected to a certain extent, however, the key concern for our members relates to the definition of a non-domestic knife.

5. Are you content that your organisation can meet the financial costs associated with the Bill? If not, how do you think these costs should be met?

It is extremely difficult to realistically judge the likely costs associated with the Bill. However the SRC has estimated that over 3,000 of our members sell knives, and if each retailer had to implement the following actions the additional operational cost of such requirements would be substantial.

Proposed conditions attached to the sale of non-domestic knives as suggested within Scottish Executive Consultation ‘Tackling Knife Crime’:

- Retailers to keep records of those to whom they sell non-domestic knives;
- Retailers to obtain photographic evidence of the purchaser's identification;
- Retailers to regulate the display of knives on the licensed premises e.g. blacked out windows; locked cases;
- Retailers required to obtain a statement from e.g. a Justice of the Peace, Member or Parliament or professional person, confirming purchaser's ID;
- Retailers required to record transactions on CCTV;
• Retailers required to record a description of the type of knife sold; or ID numbers or other means to identify merchandise with a shop "marker".

6. Does the Financial Memorandum accurately reflect the margins of uncertainty associated with the estimates and the timescales over which such costs would be expected to arise?

See above and response to question 4.

Wider Issues
7. If the Bill is part of a wider policy initiative, do you believe that these associated costs are accurately reflected in the Financial Memorandum?

It is extremely difficult to realistically estimate the costs of the Bill as it relates to the issue of licensing the sale of knives.

8. Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation or more developed guidance? If so, is it possible to quantify these costs?

It is impossible to estimate these at this time.
Submission from South Lanarkshire Council

I am writing in response to your letter of 17 October 2005, requesting views on the above Memorandum. Our response to the questions posed in your letter are set out below.

1. Did you take part in the consultation exercise for the Bill, if applicable, and if so did you comment on the financial assumptions made?

   Yes. South Lanarkshire Council submitted comments on the Bill on 12 May 2005. With regard to the financial assumptions, we noted the proposal to make changes to the way the SDEA is funded, so that all funding for the Agency is provided 50/50 by Scottish Ministers and Police Authorities. We expressed the view that we would prefer the local authority aspect of this transfer of funding responsibility to be achieved through a specific grant arrangement rather than an adjustment to RSG.

2. Do you believe your comments on the financial assumptions have been accurately reflected in the financial memorandum?

   Yes. The decision for the Executive to fund SDEA 100% eliminates our concern with regard to funding arrangements.

3. Did you have sufficient time to contribute to the consultation exercise?

   Yes.

4. If the Bill has any financial implications for your organisation, do you believe that these have been accurately reflected in the Financial Memorandum? If not, please provide details.

   There are several areas where potential costs to local authorities have not been recognised. In the main these relate to indirect support costs of individuals caught up in the criminal justice system – costs associated, for example, with managing child support issues or housing issues.

   - Mandatory Drug Testing and Assessment. The Memorandum states that this has no cost implication for local authorities. However, insofar as the implementation of mandatory testing may uncover cases of drug use which would otherwise have gone undetected, the likelihood that there will be a need for other support services, triggered by the drug use, increases. The Executive’s document “Getting our Priorities Right: Policy and Practice Guidelines for Working with Children and Families Affected by Drug Use” highlights the need for all agencies to be sensitive to the support needs of the dependants of drug users, and to take a holistic view of drug uses’ needs. Any agency receiving a referral following a mandatory drug test has a duty to assess wider support needs – and these may well “draw in” local authority services such as housing and social work.
A further potential cost relates to the danger that the individuals referred to drug treatments will not be at the point where they would seek help of their own accord. They may not therefore comply with treatment requirements – they may, e.g., break appointments, or make very slow progress, etc. This represents an opportunity cost for service providers, who could otherwise target the time and resources on someone more able to take advantage of the supports offered.

- **Amendments to the Law on Knife Crime.** While there are no direct cost implications for the proposals to change the law regarding the purchase and carrying of knives, the likely consequence of the change is that there will be more custodial arrangements made for young people, and if these young people are also carers, the needs of dependants have to be taken into account. Equally, if the length of sentence for knife crime is to be increased, this again has implications for the support needs of dependants. Longer sentences also increase the burden on post-custodial and reintegration services. Finally, if the overall tariff for knife crime is to increase, there is likely to be an increase in the use of community disposals for lesser knife offences and, while these are 100% funded by grants, the additional support costs are not 100% funded.

- **Public Processions.** As the Memorandum notes, the Bill will impact on the manner in which local authorities will carry out their duties with respect to public processions, introducing requirements for local authorities to assess the risks associated with a march – including the insurance position and the organiser’s compliance with any code of conduct previously issued by the council – and to make details of planned marches available to the public. While local authorities are already carrying out these functions, the Bill signals the Executive’s intention to encourage and formalise such activity.

The memorandum estimates a total cost to the local authority sector of £200,000 per annum, comprising the cost of 5 FTE staff plus support costs. SLC enters into the calculation as requiring 1 FTE.

While we would not dispute these assumptions, we believe that the account needs to be taken of the additional burdens on local authorities arising from public consultation, pre-march planning, and possible post-march debriefing. If, as the Memorandum notes, “it is the executive’s intention that more local authority resources should be deployed on this issue”, a more considered investigation of the likely costs is appropriate.

5. **Are you content that your organisation can meet the financial costs associated with the Bill? If not, how do you think these costs should be met?**

Many of the costs outlined above are difficult to quantify and will be experienced as increased demand for mainstream services. Best value
and other efficiency savings have “tuned” mainstream provision to the extent that there is no slack available to meet new demands, and additional pressures will place further stress on hard-pressed services.

6. Does the Financial Memorandum accurately reflect the margins of uncertainty associated with the estimates and the timescales over which such costs would be expected to arise?

No comment.

7. If the Bill is part of a wider policy initiative, do you believe that these associated costs are accurately reflected in the Financial Memorandum?

No comment.

8. Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation or more developed guidance? If so, is it possible to quantify these costs?

As stated in the Memorandum, there is the possibility of subordinate legislation in relation to the policing and management of public processions. As noted above, these may entail additional costs, however it is not possible at this time to quantify them.

I trust these comments are of assistance to you.

Yours sincerely

Archibald Strang
Executive Director of Finance & IT Resources and Depute Chief Executive
Submission from West Lothian Council

Consultation
1. West Lothian Council took part in the consultation exercise for the Bill.

2. West Lothian Council’s comments on the financial assumptions have been accurately reflected.

3. There was sufficient time for West Lothian Council to contribute to the consultation exercise.

Costs
4. The financial implications set out in paragraph 244 of the Financial Memorandum do not reflect the costs that West Lothian Council will incur in administering public processions. It has been estimated that the costs to this authority to adequately carry out the planning, consultation and enforcement stages will be around £70,000 per annum.

5. West Lothian Council will be severely challenged to meet the financial costs associated with the administration of public processions contained within the Bill based on the resources currently allocated. It is likely that there will be a considerable increase in the workload associated with community consultation and risk assessment and paragraph 243 takes no account of this.

6. The Financial Memorandum only considers the implications on local authorities regarding Orange Order and Republican processions, which are only part of the scope of the Bill. There are two specific examples of the Financial Memorandum being incomplete. Firstly, paragraph 97 states that further guidance on the steps to be followed by local authorities remains outstanding, so there is considerable uncertainty as to what that guidance will lead to. Secondly, there has been no final decision on which statutory agency will have primary responsibility for carrying out the Mandatory Drug Testing and Assessment of Offenders. If the outcome is that the duty falls to local authorities, then the full cost must be recoverable, rather than being within the current arrangements of the Criminal Justice Grant, which would effectively cap the level of funding.

Wider Issues
7. Based upon the examples in 4 to 6 above, the costs associated with the Bill are not accurately reflected in the Financial Memorandum.

8. As stated in 6 above, paragraph 97 states that further guidance on the steps to be followed by local authorities remains outstanding, so there is considerable uncertainty as to what that guidance will lead to.
Finance Committee

25th Meeting 2005 – Tuesday 8 November 2005

Abolition of NHS Prescription Charges (Scotland) Bill: Written Evidence Submissions

Background
1. Members will take evidence today from Colin Fox MSP, the Member responsible for the Abolition of NHS Prescription Charges (Scotland) Bill. Requests for written evidence in the form of the Committee’s standard questionnaire on financial memoranda were sent to the Citizens Advice Scotland, Scottish Pharmaceutical Federation, Royal College of General Practitioners Scotland (RCGPS), Scottish NHS Confederation and the Scottish Executive.

2. Written responses were received from:
   - Citizens Advice Scotland
   - Royal College of General Practitioners Scotland (RCGPS)
   - Scottish Executive

3. These responses are attached.

Recommendation
4. Members are invited to consider the responses received to inform their questioning.

Susan Duffy
Clerk to the Committee
Submission from Citizens Advice Scotland

I am writing in response to your letter of 13 September, addressed to Citizens Advice Scotland's Parliamentary Officer David McNeish.

Due to lack of resources, CAS was unable to respond to the initial consultation on the Bill, although we did submit written comments to the Health Committee and will be appearing before the committee to provide oral evidence on 1 November. Given that we did not respond to the initial consultation, and given that we do not believe we are in a position to comment on the costs associated with the Bill, we have been unable to complete the questionnaire that you issued.

It is probably worth mentioning, however, that some bureaux time and resources are currently utilised in resolving problems for clients arising from the current policy of prescription charges. It is therefore reasonable to assume that the Bill would result in financial savings, rather than financial costs, for the Scottish CAB service.

Many thanks for contacting CAS in relation to this matter.

Lindsay Isaacs
Policy and Public Affairs Co-ordinator
Citizens Advice Scotland
Submission from Royal College of General Practitioners Scotland (RCGPS)

Consultation
1. Did you take part in the consultation exercise for the Bill, if applicable, and if so did you comment on the financial assumptions made?

Yes, only made comments from the point of view of GPs and their patients, no specific comments made on financial assumptions

2. Do you believe your comments on the financial assumptions have been accurately reflected in the Financial Memorandum?

N/A

3. Did you have sufficient time to contribute to the consultation exercise?

Yes

Costs
4. If the Bill has any financial implications for your organisation, do you believe that these have been accurately reflected in the Financial Memorandum? If not, please provide details.

N/A

5. Are you content that your organisation can meet the financial costs associated with the Bill? If not, how do you think these costs should be met?

N/A

6. Does the Financial Memorandum accurately reflect the margins of uncertainty associated with the estimates and the timescales over which such costs would be expected to arise?

N/A

Wider Issues
7. If the Bill is part of a wider policy initiative, do you believe that these associated costs are accurately reflected in the Financial Memorandum?

N/A

8. Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation or more developed guidance? If so, is it possible to quantify these costs?

Yes, but unable to quantify with any certainty
Submission from the Scottish Executive

You may recall that, before going on leave, I queried the approach to an official with regard to a Bill that the Executive was not supporting. I was advised that this was normal practice. In the circumstances I think it appropriate that I respond by providing edited comments from the Memorandum that my Minister submitted to the Health Committee on 20 January 2005, which set out the Executive’s reasons for opposing the Bill. This is provided below.

The detail in the Memorandum on the consequences of abolishing prescription charges on NHS and other services, is not supported by evidenced research that quantifies the potential costs of patients not collecting their prescriptions on ground of insufficient income. In spite of claims that people on low incomes are adversely affected by prescription charges the consultation responses on this subject offered only anecdotal evidence that this is so. Most respondents said that they did not personally know anyone whose medical condition had worsened as a result of not being able to afford prescribed medicines.

In terms of the financial implications, the Executive’s view is that the proposal has not taken full account of the impact on the NHS of abolishing prescription charges. The sum of £44 million per annum recurring is significant and would undoubtedly impact adversely on health care provision overall. How and where that will impact is not sufficiently addressed in the Bill proposal.

Administrative savings are likely to be minor with, at best, around a £1 million accruing to the centre as a direct offset to the current £44 million headline figure. Dispensed prescription forms would still need to be processed so that community pharmacists could be reimbursed the cost of items dispensed and paid their dispensing fees; counter fraud services would still be needed to follow up instances of possible prescription and contractor fraud; and the NHS Low Income Scheme would continue to offer means-tested help with health costs other than prescription charges e.g. optical and dental charges and hospital travel costs.

And there is also a risk that NHS charge abolition would result in increased costs in the primary care sector through increased prescription volume from patients seeking to obtain prescriptions for items they would previously have bought over the pharmacy counter. This would result in increases on drugs’ bill costs and pharmacists’ dispensing fees, and increased demands on GPs’ time. The Financial Memorandum to the Bill does not address these financial risks.

I hope that this is sufficient and, again, apologies for the delay in responding.

Chris Naldrett
SEHD/Primary Care Division
Finance Committee

25th Meeting 2005, Tuesday 8 November 2005

Scrutiny of Financial Memorandum: Joint Inspection of Children's Services and Inspection of Social Work Services (Scotland) Bill

Background
1. The Joint Inspection of Children’s Services and Inspection of Social Work Services (Scotland) Bill (‘the Bill’) was introduced into the Scottish Parliament on 28 October 2005 and the Education Committee has been designated the lead committee for the Bill at Stage 1.

2. This paper seeks the Committee’s view on the level of scrutiny to be applied to the Financial Memorandum for the Bill.

The Bill
3. The Policy Memorandum states that the Bill’s policy objective is to help support and improve inspection teams and work with children’s services. The Bill will enable inspection teams to work together, to help deliver these improvements to children’s services and inspections. The Bill will help to support the inspection of children’s services at strategic, operational and individual case level. In addition, the Bill will ensure that confidentiality rights for children and their families under ECHR, the Human Rights Act 1998 and the Data Protection Act 1998 are not breached through these changes, and will give the Social Work Inspection Agency a range of powers to inspect social work services.

4. The Bill provides for the joint inspection of children’s services, by the following inspectorates:
   - Her Majesty’s Inspectorate of Education (HMIE),
   - Social Work Inspection Agency (SWIA),
   - the Scottish Commission for the Regulation of Care (Care Commission)
   - Her Majesty’s Inspector of Constabulary (HMIC),
   - the NHS Quality Improvement Scotland (NHS QIS) and
   - Her Majesty’s Chief Inspector of Prisons for Scotland (HMIP).

5. The Bill also makes provision for Scottish Ministers to appoint any other person or body to inspect children’s services, by Statutory Instrument.

6. The Policy Memorandum states that to enable inspectorates to work jointly for the purpose of inspecting children’s services they need to be able to access and share information concerning individual children while complying with ECHR requirements, the Human Rights Act 1998 and the Data Protection Act 1998. This information is required to enable joint inspection teams to access certain information on individual children from the relevant agencies, and for those agencies to be able to release that information. An example of this would be inspection teams having access to health records of individual children, and being able to discuss these with health professionals. It is stated in the Policy Memorandum that the access of these records would help to deliver a better quality of inspection service.
7. The Financial Memorandum anticipates that costs from the Bill are primarily for providing the legal framework, rather than in relation to authorising and conducting new types of inspection. The Financial Memorandum does not anticipate any additional costs arising specifically from the creation of this framework. The costs have also been provided for in allocations previously agreed between agencies and the Education Department and through budget provisions made in the the Spending Review 2004.

8. Specifically, the Financial Memorandum states the following allocations have been made:

- **£1.5m** has been allocated from the existing budgets of the Education Department to HMIE to establish HMIE Services for Children Unit and to carry out child protection pilots. Recurrent costs will be provided for by the Education Department.
- **£4m** for 2006-07 has been allocated to HMIE from the Spending Review 2004 based on historical costs and in relation to the requirements of implementing the agreed approach to joint inspections.
- **£5.5m** for 2007-08 has been allocated to HMIE from the Spending Review 2004 based on historical costs and in relation to the requirements of implementing the agreed approach to joint inspections.
- **£4m** for 2006-07 and 2007-08 from the existing budgets of the Education Department to the SWIA based on historical costs and in relation to the requirements of implementing performance inspections of local authority social work services and the agencies other strategic priorities.

9. The Presiding Officer has decided that no financial resolution is required for this Bill.

**Recommendation**

10. In conclusion, it seems that the financial implications of the Bill are already covered by the Education Department’s budgets and by the agreed settlement from the Spending Review 2004. In addition, it is stated that the Bill does not create any new inspection activity, and so the costs would have occurred without the Bill being implemented. It is not clear however from the Financial Memorandum, what proportion of these total costs are derived from historical costs, and what additional amount is being provided to implement the Bill.

11. In addition, in terms of Scottish Ministers appointing new inspectors, it is understood from the Bill that this will be a change of legal status, rather than creating additional costs. The Financial Memorandum says that while it could be argued that extra resourcing could be required by agencies to participate in joint inspections, the purpose of the Bill is to enable joint inspections and that these could simplify the process of inspection and that existing inspection activity can be modified. The joint inspections are not intended to duplicate activity currently being undertaken by inspection agencies. As such, there are
no estimates in the Financial Memorandum of any potential extra costs arising from this if it were the case.

12. **Members are asked to agree that the Committee should adopt level one scrutiny for the Bill on the basis of the information contained in the Financial Memorandum, i.e. that it should take no oral evidence on the Financial Memorandum, but should instead seek written comments from relevant organisations (listed below) through its agreed questionnaire and then pass these comments to the lead committee. This will mean that the lead committee will be made aware of any concerns expressed by these organisations as the review is progressing.**

13. Relevant organisations:
   - Her Majesty’s Inspectorate of Education (HMIE),
   - Social Work Inspection Agency (SWIA),
   - the Scottish Commission for the Regulation of Care (Care Commission)
   - Her Majesty’s Inspector of Constabulary (HMIC),
   - the NHS Quality Improvement Scotland (NHS QIS) and
   - Her Majesty’s Chief Inspector of Prisons for Scotland (HMIP).

Kristin Mitchell
November 2005