Local Government Committee

26th Meeting, 2002

Tuesday 29 October 2002

The Committee will meet at 1.30 pm in Committee Room 2

1. **Items in private**: The Committee will consider whether to take items 3 and 6 in private.

2. **Budget Process 2003-04**: The Committee will take evidence from—
   
   Councillor John Pentland, Finance Spokesperson, COSLA;  
   Norie Williamson, Director of Finance, COSLA;  
   Brenda Campbell, Head of Finance, COSLA.

3. **Budget Process 2003-04**: The Committee will consider lines of questioning for the Minister for Finance and Public Services.

4. **Budget Process 2003-04**: The Committee will take evidence from—
   
   Mr Andy Kerr, MSP, Minister for Finance and Public Services, Scottish Executive;  
   Christie Smith, Head of Local Government Finance & Performance Division;  
   Neil Rennick, Head of Local Government Expenditure & Distribution Branch.

5. **Mental Health (Scotland) Bill**: The Committee will take evidence on the general principles of the Bill at Stage 1 from—
   
   Mike Sawyer, Head of Social Work Service, Fife Council;  
   Kate Thomson, Project Manager, Mental Health, Fife Council;  
   Kate Mil liken, Co-ordinator, Fife Advocacy;  
   John Dow, Chairperson, Fife Advocacy;  
   Fiona Palin, Social Work Manager, Aberdeen City Council;  
   Jonathan Belford, Principal Accountant, Aberdeen City Council;  
   Mrs Mary Mulligan, MSP, Deputy Minister for Health and Community Care;  
   Jim Brown, Head of Public Health Division, Scottish Executive;  
   Colin McKay, Team Leader, Mental Health Bill Team, Scottish Executive;  
   Ian Turner, Policy Officer, Mental Health Bill Team, Scottish Executive.
6. **Local Government in Scotland Bill:** The Committee will consider details relating to the appointment of an adviser for its consideration of the Bill at Stage 2.

Eugene Windsor  
Clerk to the Committee  
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e mail: eugene.windsor@scottish.parliament.uk

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The following papers are attached for this meeting:

**Agenda item 2**  
Submission from COSLA

**Agenda Item 4**  
Memorandum from Mr Andy Kerr, MSP, Minister for Finance and Public Services

**Agenda Item 5**  
Submission from Fife Council  
Submission from Fife Advocacy  
Submission from Aberdeen City Council

**Agenda Item 6**  
Local Government in Scotland Bill: Details relating to the appointment of an adviser [PRIVATE]
SPENDING REVIEW 2002: OBSERVATIONS

Introduction

On 12 September 2002 the Scottish Executive announced the outcome of its deliberations on the Spending Review 2002 exercise. These were high level announcements giving all Scotland totals for local government. At the time of that announcement, COSLA indicated that interpretation of the figures needed to be treated with caution until further clarification on the detail and assumptions underpinning the calculations was made available.

Since then a number of details on the settlement figures have emerged. Clarification on a number of aspects, however, remains outstanding. This report provides a summary of the position as known in mid-October. This, however, still needs to be regarded as an interim assessment until full clarification of the figures is received.

COSLA’s Approach to the Spending Review Exercise

COSLA recognised that the Spending Review process is relatively new within central government with it first being undertaken on a comprehensive basis in 1998 and more recently in 2000. A number of lessons can, therefore, be learned from previous experience. Bearing this in mind, COSLA approached the Spending Review exercise with the following broad aims:

- To more effectively co-ordinate political and officer statements within local government;
- To make a submission to the Scottish Executive within a timescale whereby it could be fully discussed and taken into account in Spending Review deliberations;
- To engage with the Scottish Executive on a partnership basis;
- To put in place a more appropriate balance between national and local priorities;
- To ensure appropriate funding of core service provision;
- To minimise the level of non-discretionary expenditure within settlement calculations; and
- To ensure timely announcements of all local government related resources.

This report provides a commentary on the basis of the Spending Review process and announcements, then assesses whether those broad aims have been met.
Process

In terms of preparation for the Spending Review, COSLA’s objective was to take a proactive stance in putting the local government case to Ministers. A particular issue was to press for discussions on the Spending Review to be viewed by Ministers as part of the bigger picture of building and developing a strong relationship between COSLA and the Scottish Executive in which there can be open dialogue and a shared understanding of spending pressures and priorities.

COSLA’s submission to the Spending Review 2002 entitled “Investing in Scotland’s Public Services” was submitted in April. That submission provided comment on a strategic vision for public services; the need for investment in public services; the process for undertaking the Spending Review exercise; and the costing of core local government services. Beyond that detailed written submission, COSLA pressed in the May/June period for a series of meetings between the Spokespersons and the portfolio Ministers.

COSLA also negotiated that in line with the development of an open relationship, the local government settlement should not be announced without prior discussion with COSLA so that we were left to react to it on the day; there should be no surprises. Equally, the commitment from COSLA was to agree to share the terms of our likely response with the Scottish Executive. A private meeting took place between the Office-Bearers and the Minister for Finance & Public Services the day before the announcement and the terms of COSLA’s press position were shared with the Executive’s press office.

On the day of the announcement, the Minister for Finance & Public Services agreed to meet all Leaders to discuss the settlement following his statement to Parliament.

Beyond the main local government announcement it is understood that local government will have access to provision which exists within other programmes of the Scottish Budget, e.g. care home fees, strategic waste fund, delayed discharge, health improvement, transport initiatives. It will be essential that full discussion takes place with local government prior to making decisions on the allocation of these resources. To assist in councils’ preparation of budgets on a strategic basis and assessment locally of the impact of the settlement, it will be essential that the Scottish Executive confirms this detail as a matter of priority. The point has been made to the Executive that the announcement of LGF resources should all be made at the same time and not as a drip feed approach over a lengthy period.

Also, COSLA recognises that the Local Government Committee has requested the Scottish Executive to produce a document which brings together not only information about the funding of local government but also information about each of the services delivered by local government, level of spending in these services and information about outcomes from these services. COSLA has, therefore, promoted that in due course a “local government budget” should be prepared which brings together not only resources from the local government programme, but also resources allocated from other departmental programme areas.
Activity to date on the local government settlement has provided useful insight into the future development of COSLA’s relationship with the Scottish Executive which can be built into on-going discussions on service allocations and policies.

Settlement Figures

Table 1 below gives the headline settlement figures announced by the Scottish Executive.

<table>
<thead>
<tr>
<th></th>
<th>2002/03 £m</th>
<th>2003/04 £m</th>
<th>2004/05 £m</th>
<th>2005/06 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>6,751</td>
<td>7,337</td>
<td>7,692</td>
<td>8,077</td>
</tr>
<tr>
<td>Year on Year Increase</td>
<td>585</td>
<td>355</td>
<td>385</td>
<td></td>
</tr>
<tr>
<td>% Increase</td>
<td>8.7%</td>
<td>4.8%</td>
<td>5.0%</td>
<td></td>
</tr>
<tr>
<td><strong>Capital</strong></td>
<td>357</td>
<td>416</td>
<td>424</td>
<td>433</td>
</tr>
<tr>
<td>Year on Year Increase</td>
<td>59</td>
<td>8</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>% Increase</td>
<td>16.7%</td>
<td>1.8%</td>
<td>2.3%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Local Government</strong></td>
<td>7,110</td>
<td>7,755</td>
<td>8,118</td>
<td>8,512</td>
</tr>
<tr>
<td>Total ME</td>
<td>21,098</td>
<td>22,854</td>
<td>24,210</td>
<td>25,857</td>
</tr>
<tr>
<td><strong>LG % of Total ME</strong></td>
<td>33.7%</td>
<td>33.9%</td>
<td>33.5%</td>
<td>33.0%</td>
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</tbody>
</table>

There are a number of positive outcomes from the announcements:

- The mainstreaming of Better Neighbourhoods Services Fund resources;
- Quality of Life resources being built into the base;
- Full recognition of COSLA’s estimate of increased national insurance costs next year.

It is important, however, to place the headline increases outlined in table 1 in context. COSLA has compared these figures and subsequent detail received from the Scottish Executive on the assumptions underpinning its calculations with the costings which underpinned COSLA’s Spending Review submission.

As a part of the Spending Review process, COSLA with the assistance of Directors of Finance and professional associations submitted local government’s assessment of the costs of maintaining core service provision and funding known policy initiatives and commitments. Those costings did not reflect possible costs of any new policies or
priorities which may result from the Spending Review. The costings also did not include an assessment of burdens and pressures which were difficult to quantify, e.g. job evaluation, property etc repairs, etc. In many respects, therefore, the costings within COSLA’s submission could be regarded as a conservative assessment of the costs and pressures to be faced by local government.

The costings were discussed in detail at officer level with the Scottish Executive where local government representatives opened up the books to the detail of the assumptions. During that process, therefore, local government has been fully open and transparent. Despite requests, however, the Scottish Executive has not similarly opened up the detail of its Spending Review costings.

On the basis of information which has been provided by the Scottish Executive, however, a comparison has been undertaken of the Scottish Executive’s figures with the costings which underpinned COSLA’s Spending Review submission. The following table summarises the outcome of that costing comparison.

<table>
<thead>
<tr>
<th></th>
<th>2003/04</th>
<th></th>
<th>2004/05</th>
<th></th>
<th>2005/06</th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>%</td>
<td>£m</td>
<td>%</td>
<td>£m</td>
<td>%</td>
</tr>
<tr>
<td><strong>Headline year on year increase</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>585</td>
<td>8.7</td>
<td>355</td>
<td>4.8</td>
<td>385</td>
<td>5.0</td>
</tr>
<tr>
<td><strong>Less:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allocations targeted by Scottish Executive</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SR 2000 (Annex A)</td>
<td>291</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SR 2002 (Annex B)</td>
<td>166</td>
<td>246</td>
<td>262</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>457</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allocations not targeted</td>
<td>128</td>
<td>109</td>
<td>123</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Less:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pressures not specifically recognised in Scottish Executive’s calculations</td>
<td>87</td>
<td>77</td>
<td>73</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pressures recognised, but under provided in Scottish Executive’s calculations</td>
<td>85</td>
<td>48</td>
<td>73</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision for Pay and Prices</td>
<td>119</td>
<td>117</td>
<td>121</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>291</td>
<td>242</td>
<td>267</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Underlying year on year movement</strong></td>
<td>-163</td>
<td>-2.4</td>
<td>-134</td>
<td>-1.8</td>
<td>-144</td>
<td>-1.9</td>
</tr>
</tbody>
</table>

It is clear from that table, therefore, that the Executive’s Spending Review calculations direct resources to initiatives at the expense of core local government services. In total over the three years core services are being under-funded by some £440m. This under-funding combined with the Scottish Executive’s central direction on the use of resources indicates the prospect of very difficult budget decisions for councils.

It will be essential that delivery of the resources targeted by the Scottish Executive is handled in a flexible manner. There can be no suggestion of an obligation being placed on councils to necessarily spend resources on the identified areas and to the sums allocated. To facilitate this, COSLA would promote the agreement and introduction of
strategically framed council outcome agreements to provide local flexibility to councils to deliver these priorities on a best value basis.

COSLA has previously expressed concerns over the high level of non-discretionary expenditure in local government allocations. It is essential that a joint commitment is made to identify such funding both within and outwith the main LGF settlement and an agreement put in place to reduce this to a mutually agreed level over an appropriate time period.

COSLA’s understanding was that there would be joint service discussions before and to inform the allocation of service resources. These have not taken place and the detail of the Scottish Executive’s assumptions provided in the Annexes demonstrates a breakdown in partnership arrangements.

**Capital**

It is understood that the headline figures in Table 1 take account of adjustments which have been made to previously announced figures to exclude Non-HRA Housing and the Public Transport Fund. The detail behind this has not, however, been clarified and without that, at this stage, it is difficult to comment with any degree of precision on the capital figures announced.

COSLA’s submission to the Spending Review 2002 showed a massive need for capital investment in local government of some £4 billion, this sum excluding education investment being taking forward under PPP arrangements. It needs to be recognised that because of the impact revenue financing costs flowing from investment would have on council tax levels, the capacity of local authorities to address this investment need is seriously constrained. The need could only be significantly addressed by a massive injection of revenue resources by the Scottish Executive.

The system which is currently in place is in essence preventative rather than enabling. It is rules based and is over-complicated. The system also does not through year-end flexibility, carry forward etc. arrangements, adequately recognise the longer term nature of capital investment.

COSLA, therefore, welcomes plans to abolish existing controls and replace these by a system of professionally endorsed prudential safeguards designed for use at a local level. The new system should recognise the diversity of individual councils. These measures must be supported by a firm commitment from central government to provide funding on a sustainable basis sufficient to allow councils to address investment needs.

**Conclusions**

In conclusion, it is appropriate that an initial assessment is made comparing the Spending Review outcome with COSLA’s broad aims for the process.

**Co-ordination of Political and Officer Statements**

Co-operation between COSLA and the professional associations in preparing the Spending Review submission achieved this aim.
**Timescale for COSLA Submission**

This was submitted in April 2002 in time to influence Scottish Executive deliberations.

**Partnership**

Discussions in the lead-up to, and at the time of headline announcements, were an improvement on previous arrangements. It is important, however, that such partnership arrangements continue to develop. Arrangements need to ensure that discussions on priorities and spend are on-going and that the Spending Review period is simply one milestone in a continually developing relationship. However, caution is needed about simply generating activity by having meetings. The series of Ministerial meetings which has taken place and the new relationship with the Scottish Executive must have meaningful outcomes.

It is disappointing that allocation of Scottish Executive resources has taken place without prior discussion with local government. This needs to be addressed as a matter of priority with full local government involvement prior to future announcements of resources and priorities both within the main local government finance settlement and in relation to resources held within other Scottish Executive departmental budgets.

**National v. local priorities**

The targeting of the substantial proportion of the year-on-year increase in resources by the Scottish Executive demonstrates an unhealthy concentration on national priorities. It is essential that resources are made available to local government on a flexible basis. In particular, the Scottish Executive needs to demonstrate a “light touch” on the delivery of Quality of Life resources in order that these may be used to address local priorities.

**Funding of Core Services**

Table 2 within this submission demonstrates that available resources have been targeted by the Scottish Executive at the expense of core service provision; a gap in funding of around £440m. over the three years exists. This will result in very difficult budget decisions for local councils.

**Non-Discretionary Expenditure**

The level of non-discretionary expenditure and its resultant perverse effects and associated bureaucracy continues to be of concern. The Scottish Executive should commit to jointly addressing this with a view to reducing it to a mutually agreed level over an appropriate period.

**Announcement of All Local Government Related Resources**

Considerable detail still remains outstanding on resource allocations. Councils welcome the benefits of three year settlement announcements in providing stability and facilitating a strategic approach to service provision. This must, however, be a consistent policy across the Scottish Executive. Councils will be setting three year budgets in February 2003 and to facilitate this, it is essential that the allocation of all available resources is clarified by the end of the calendar year 2002 at the latest.
### SR 2000 Targetted Allocations

#### 2003/04

<table>
<thead>
<tr>
<th>Description</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modernising the Teaching Profession (McCrone)</td>
<td>128</td>
</tr>
<tr>
<td>Free personal and nursing care</td>
<td>36</td>
</tr>
<tr>
<td>Enhanced concessionary fares scheme</td>
<td>25</td>
</tr>
<tr>
<td>Increased funding for Police Service</td>
<td>23.4</td>
</tr>
<tr>
<td>Care services for Home Based Older People</td>
<td>19</td>
</tr>
<tr>
<td>Better Neighbourhoods Services Fund</td>
<td>10</td>
</tr>
<tr>
<td>School Inclusion</td>
<td>9</td>
</tr>
<tr>
<td>Increased funding for Fire Service</td>
<td>7</td>
</tr>
<tr>
<td>Adult Literacy</td>
<td>5</td>
</tr>
<tr>
<td>Children's Services Development Fund</td>
<td>5</td>
</tr>
<tr>
<td>Carers Services &amp; Respite Care</td>
<td>5</td>
</tr>
<tr>
<td>Services for People with Learning Disabilities</td>
<td>4</td>
</tr>
<tr>
<td>Supporting People</td>
<td>3</td>
</tr>
<tr>
<td>Access to the Countryside</td>
<td>1.8</td>
</tr>
<tr>
<td>DWP Transfer : Preserved Rights &amp; Res Allowance</td>
<td>9.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>291.1</strong></td>
</tr>
</tbody>
</table>

*Source: Annex to A Kerr’s Letter to LG Committee dated 25 April 2002*
### Annex B

**SR 2002 Allocations for Local Government**

<table>
<thead>
<tr>
<th></th>
<th>2003/04</th>
<th>2004/05</th>
<th>2005/06</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Health &amp; Community Care</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Care Home Fees</td>
<td>24</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Preserved Rights</td>
<td>0</td>
<td>-1.4</td>
<td>-4</td>
</tr>
<tr>
<td>Residential Allowance</td>
<td>0</td>
<td>6.4</td>
<td>5.9</td>
</tr>
<tr>
<td>Older People's Services</td>
<td>0</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Mental Health Bill</td>
<td>1.2</td>
<td>13.3</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>25.2</td>
<td>22.3</td>
<td>0.5</td>
</tr>
</tbody>
</table>

| **Education & Young People** |         |         |         |
| Teachers Pay / Modernising the Profession | 11.2    | 96.3    | 55.9    |
| Surestart                     | 4.1     | 11.9    | 15      |
| Childcare Strategy            | 2.5     | 10.5    | 10.9    |
| Youth Work (Community Education) | 0      | 5       | 0       |
| Youth Crime                   | 0       | 3       | 2       |
| Children's Panel              | 0       | 0.1     | 0       |
| Education Disability          | 0       | 8       | 0       |
| Social Work Training          | 0       | 3.3     | 0       |
| Discipline                    | 14      | 2       | 0       |
| Inclusion                     | 0       | 1       | 0       |
| NPAF                          | -1      | 0       | 0       |
| Schools PPP                   | -35     | 5       | 90      |
| **Total**                     | -4.2    | 146.1   | 173.8   |

| **Environment**              |         |         |         |
| Access                       | 0       | 0.9     | 0.7     |
| Waste Management / Fridge Disposal | 4    | 0       | -1.5    |
| **Total**                    | 4       | 0.9     | -0.8    |

| **Transport**               |         |         |         |
| Concessionary Fares         | 10      | 0       | 0       |

| **Justice**                 |         |         |         |
| Police                      | 37      | 52      | 57      |
| Fire                        | 9       | 15      | 14      |
| **Total**                   | 46      | 67      | 71      |

| **Local Government**        |         |         |         |
| Quality of Life             | 50      | 10      | 10      |
| National Insurance          | 32.7    | 0       | 0       |
| **Total**                   | 82.7    | 10      | 10      |

| To Be Confirmed             | 1.7     | 0       | 0       |

| **Total Allocation**        | 165.4   | 246.3   | 262.4   |
MINISTER FOR FINANCE AND PUBLIC SERVICES RESPONSE TO THE LOCAL GOVERNMENT COMMITTEE

Budget process 2003-04 : Local Government Committee Report

During debate on stage 1 of the 2003-04 Budget process, Peter Peacock indicated that we would write to all subject Committees responding to issues raised in their stage 1 reports. My response to these is detailed below, in the same order as that in the Committee's report.

2003-04 allocations

The total local government revenue grant allocation of £7,128m for 2003-04 forms the final year's settlement of the current 3-year period. Firm allocations were announced for each authority from which councils have set their indicative budgets and council tax levels for next year. These allocations will not change other than to incorporate any agreed new cost pressures or policy initiatives for which additional funding will be provided or for transfers of responsibility.

The 2003-04 settlement is also the first of the next 3-year period. As you know, I announced the outcome of the Spending Review process on 12 September 2002, including local government totals for the next three years. This contained an increase in revenue grant support to councils for 2003-04 to £7,337 million, with further increases to over £8 billion by 2005-06.

The next 3-year allocations to individual councils will be announced in December covering the period up to 2005-06. Parliament will have the opportunity to debate final settlement allocations for 2003-04, as set out in the Local Government Finance Order, in January 2003.

I have noted the Committee's comments concerning the difficulty of establishing what are adequate resource allocations for 2003-04. However it should be recognised that many of the key resource allocations were established following joint discussions with local government representatives and other relevant interests, including for McCrone, free personal and nursing care and care home fees.

The overall increases in central grant to local government over the Spending Review 2000 and 2002 periods reflects our commitment to continuing the vital role of local government in the delivery of key public service improvements.

The Committee identified two specific issues arising from its consideration of the 2003-04 revenue budget:
• The first of these is the impact of the increase in National Insurance contributions announced in the Chancellor’s Budget in April. Full provision for these costs is reflected in the Spending Review allocations.

• The second issue is the contribution that local authorities can make to health improvement. I recognise that local government makes both direct and indirect contributions to promoting better health in Scotland, and to this end, the recent allocation of an additional £95m to councils is specifically intended to provide for local initiatives to help young people make healthy choices and to improve the local environment. Local authorities have identified a range of interesting projects and initiatives in support of these aims. As you know, I have confirmed the allocation of an additional £180 million over the next 3 years for quality of life initiatives. Additional funding of £6.6/29/54.9 million is also being provided through the Sure Start and Childcare Strategy initiatives as part of the wider cross-cutting initiatives to improve public health.

**Capital Budget**

I note the Committee's concerns about the level of local government capital expenditure. In the examples highlighted - the schools estate and roads and bridges - we have committed to support additional investment in these areas. A total of £70m in additional support for capital investment in local roads and bridges is included in the single allocation for the current Spending Review period. Capital allocations are not the only means by which the Executive supports local authority capital investment. The local government revenue budget includes support for PPP investment of over £500m mainly on the school estate. This is in addition to the recent announcement by the Education Minister to provide financial support to local authorities for school PPP projects involving capital investment of around £1.5 billion, with more expected following further bids due in September, and the £26.7m made available from the School Buildings Improvement Fund. The new prudential arrangements for local authority capital funding will allow scope for substantial increases in investment in local infrastructure. This shows our commitment to capital investment.

**Partnership with Local Government**

We have a positive and constructive relationship with COSLA which has already yielded significant reforms to the local government finance system in Scotland - including 3-year allocations and council tax figures; the abolition of expenditure guidelines; the development of the new capital prudential system and a reduction in ring-fenced controls.

I meet with COSLA on a quarterly basis covering issues relevant to local government, not just local government finance. Other portfolio Ministers also meet with policy officers from COSLA to discuss various policy issues of mutual interest. Specific discussions have been held between portfolio Ministers and COSLA as part of the Spending Review process.
At officer level, specific joint working arrangements have been established between Scottish Executive officials and local government officers to take forward the details of the new capital system, the next 3-year settlement and the Spending Review.

A key aim of this joint approach is to ensure a clear understanding both of the resource allocations to local government and how we ensure the delivery of the outcomes we are all seeking.

**Other issues**

I note the Committee’s concerns about Parliament’s involvement in the Budget process and information contained within the local government sections of Budget documents. However, it is important to emphasise that, for the most part, we do not direct local authority spending levels on specific services, which should reflect local priorities and policy choices. It would be a matter of concern if information within budget documents was perceived as undermining this principle, particularly given the Committee’s comments about ring-fencing. However we will continue to work to ensure the transparency of the information within the budget documents.

On ring-fenced grants, I can report that the review of the Excellence Fund (now renamed the National Priorities Action Fund) has now been completed, and £64m will transfer from ring-fenced grant to unhypothecated general grant from next year. Ring-fenced grants will account for a reducing share of total revenue grant to local government over the next 3 years. Other than the Police grant and the Excellence Fund, other specific grants account for less than 1% of total AEF in 2003-04. The specific grants protect a number of vulnerable services, such as local mental health projects and Gaelic medium grants, or transferred grants from UK departments relating to specific costs and responsibilities. However, as I indicated in my response to the Local Government Inquiry report, I am willing to look at each ring-fenced grant on a case-by-case basis alongside the development of local outcome agreements.

I hope that this response is helpful in clarifying the issues raised in the Committee’s report on the Budget process 2003-04.

**Andy Kerr**  
**Minister for Finance and Public Services**
Submission to the Local Government Committee - Mental Health (Scotland) Bill

Introduction

Fife Council Social Work Service fully accepts the need to review mental health legislation in Scotland and the set of principles behind the proposed legislation. The impact of such legislation will be significant and the opportunity to contribute to this process is welcomed.

Since the publication of the Millan Report, Fife has been seeking to review its current mental health service in the light of the proposals and to prepare itself for the changes ahead. The introduction of the Adults with Incapacity legislation has shown the need for careful preparation. When more appropriate legislation is available for the support of people having difficulty in making decisions for themselves, then more referrals are inevitable. There will certainly be an increase in workload for social workers and MHO’s in particular with the introduction of the new legislation.

Fife Mental Health Service

Fife has 3 specialist mental health teams that work alongside the more generic community care teams in the 3 areas of Fife. MHO’s can be based in any of these teams and all contribute to 3 daytime rotas and one out of hours service. Our MHO service is currently working to capacity and is often under considerable pressure. Staff cover 3 district courts and 3 hospital sites. Given the mix of urban and rural living situations in Fife, offering a good quality MHO service is very costly on travelling time. This factor needs to be recognised.

There are currently 34 qualified MHO’s on our list in Fife, but not all of these staff are active MHO’s. Many of our experienced MHO’s have gained promoted posts. The ability of these staff to undertake active duty on a rota has proved difficult. Most try to contribute in a reduced capacity.

In view of the coming changes in legislation and with the support of the Scottish Development Centre, Fife undertook a review of its MHO service in November 2001. The report from this work identified a number of issues that required to be addressed.
1. **Professional Support for MHO's**

It was agreed that more professional support was needed for staff undertaking MHO duties. All MHO's needed to have ready access to professional support from a qualified MHO. As a result, 3 senior practitioner posts have been developed in the 3 areas of Fife.

2. **Maximise Opportunities to Increase MHO Workforce**

Staff could see a growing role for MHO’s and it was agreed that every effort should be made to maximise training opportunities. However, this has been difficult to achieve for a number of reasons. This year is the first time that prospective MHO candidates have had to have a PQ1 qualification to be accepted for training and, although Fife has been supporting PQ1 training, it has proved to be difficult to find candidates able to use the training opportunities. This situation has happened at the same time as the recruitment crisis in social work has begun to affect community care in Fife. Teams have struggled to release staff for training if they are carrying vacancies and the end result has been that less staff this year are undertaking MHO training than in the past 2 years. The service is currently working to capacity and without additional staff there is real concern about our ability to cope with the demands of the new legislation.

3. **Structure for MHO Service**

The current structure of our MHO service was also reviewed and it was agreed that there were 2 possible ways forward. Fife has a commitment to the Joint Future approach and it has been agreed that Social Work mental health teams will be working jointly with Health teams to create Locality Mental Health Teams. This left the question of where the MHO service should sit. Should MHOs be part of these teams or should there be a dedicated MHO service?

There were attractions in providing a dedicated MHO service, as this would have potentially made the organisation of the service much easier and allowed the dedicated team to increase their expert knowledge. However, this seemed to go against the principles of Joint Future, as the rest of the service would be moving to locality teams, joint working and pooled budgets. There was also a strong feeling that MHO’s would have a valuable role within a joint team in changing culture and working practises within these teams and our preferred option at the moment is to keep MHOs within a locality mental health structure.

*The Duty on Local Authorities to Provide Care and Support*

Fife welcomes the recognition given to the crucial importance of local authority functions in the Bill. However, given that most authorities have moved or are moving into a joint working environment, it would have been helpful to see the duty to provide ongoing care and support to people with mental health problems as a shared responsibility. Section 26 does allow authorities to ask health boards and trusts to assist for people who are in
hospital. Both Health and Social Work should have a duty together to offer care and support to people in hospital and in the community.

We would agree with the principle of ‘reciprocity’, as it is important that people being made the subject of compulsory measures of care actually get the support and help that they need. However, there is a danger that this part of the Act will see a move away from investment in prevention and recovery for people in their own localities towards increased use of compulsion.

Without knowing the full effect of the Bill, it is difficult to judge whether the additional resources for local authorities to provide care and support will be enough. It is likely to be of great assistance for the first few years, but the growing numbers of disabled people living in the community may make it difficult for Councils in coming years. We would suggest that financial support for the mental health legislation should be reviewed regularly.

Fife fully supports the need for social work staff to continue to get involved in localities and in GP practices. There have been very useful projects in Fife that have shown the value of this work. It will be important to ensure that the increased workload for Councils does not restrict our involvement in these initiatives. Additional funding for this purpose would be helpful.

Support for Advocacy

It is important that the new Bill makes it a duty on both local authorities and health to ensure that there is an independent advocacy service available, appropriate in size to the population of the area. Fife has already developed an independent advocacy service through MISG, which is valued. Additional resources will be needed if they are to increase their work in Fife.

We understand that an increase in funding for MISG is planned. This would be valued in Fife as MISG funding has allowed for the development of a range of support projects.

We would fully support the need for all service users to be informed about advocacy. In our opinion, however, to make it a duty to provide such a service for everyone with mental health problems, will seriously jeopardise the ability of such a service to make their own decisions about priorities and reduce the independence of the organisation.

There are certain situations where the need for independent advocacy could be protected in legislation. If people are leaving long term hospital care without relatives or friends able to support them in making decisions about their own lives, then there should be a duty to provide independent advocacy. Similarly, the real concerns of service users about the need for compulsory measures of care in the community may be reduced if there was an obligation to demonstrate that all other options had been tried and failed, and that independent advocacy would be provided.
Conclusion

Fife fully supports the aims and principles of this draft Bill, but has real concerns about their ability to provide the support needed. They are particularly concerned that financial resources alone may not provide the extra MHOs required or sufficient care and support to fulfil the obligations placed on them. They would also be concerned to ensure that equal duties and responsibilities were placed on health colleagues to promote a true partnership approach.

Mike Sawyer
Head of Social Work

24th October 2002
WRITTEN EVIDENCE TO LOCAL GOVERNMENT COMMITTEE

Stage 1 evidence – Mental Health (Scotland) Bill

About Fife Advocacy

- Fife Advocacy is an independent voluntary organisation which was set up jointly by Rights Office Fife, Alzheimer Scotland and Scottish Association for Mental Health, in September 1992.

- Fife Advocacy is presently managed by a Volunteer Committee and also includes representatives from Social Work staff (non voting), volunteer advocates and service users.

- Its primary purpose is to provide an independent professional Advocacy service for people with Dementia or Mental Health issues living in Fife. It also has a remit to develop understanding through training and awareness raising with professionals, carers, service users and the public and to promote service user and advocacy involvement in the planning of services.

- In the last ten years funding has continued through Mental Health Specific Grant although this is still granted on a yearly basis.

- The Volunteer Advocacy Project is funded by Lloyds TSB, Nationwide and Allen Lane Foundation. This funding is due to end in March 2003. Health Improvement Plan funding through Fife Health Board provides advocacy for people affected by the re-provisioning process at Stratheden Hospital. Awarded for three years this funding will end in March 2003. Funding is a constant issue for Fife Advocacy and large amounts of time are spent trying to secure realistic and appropriate funding to ensure high quality advocacy input. Ideally funding should be for a minimum of three years.

- Volunteer advocacy is well established within the organisation, with volunteers providing a full range of advocacy and training and awareness raising, individually and in partnership with other staff.
What We Do

Provide independent professional advocacy across Fife to people who have Mental Health problems or Dementia.

What Is Advocacy?

Advocacy is about making sure the views and opinions of people who have Dementia or mental health problems are heard and respected and that they are treated as individuals and valued members of society. It is also about making sure that they have influence over decision making that affect their lives, so that their needs are met and their rights and interests protected.

Fife advocacy welcomes the chance to respond to the Mental Health Bill in relation to advocacy. The new legislation will bring a much-needed update on current mental health legislation and thinking around issues that affect people with mental illnesses.

Fife Advocacy Believes That

- Access to independent advocacy services should not be limited to only those under compulsion.

- The definition of independent advocacy should be clearer. The word ‘advice’ should be removed.

Based on the findings of the Advocacy Development Project, we add the following comments;

NHS and local Authorities must jointly:

*Assess the need for independent advocacy on a continuous basis with local stakeholders, paying particular attention to people and groups disadvantaged by age, race, gender, disability, isolation and poverty.*

By 24/10/02 The Advocacy Strategy Group in Fife will have met twice this year. However there is a joint commitment to have Advocacy Planning Teams involving all stakeholders in place and responsible for developing three year advocacy plans by March 2003. We welcome this.
Provide sufficient long term funding (at least 3 years) to ensure adequate provision.

Fife NHS Board and Fife Council are committed to a joint budget to fund independent advocacy services on a three-year cycle by March 2003. This is in line with Scottish Executive guidelines. We would welcome this development and it would be crucial to providing advocacy for those affected by the Mental Health Bill.

Facilitate timely access to independent advocacy by those who are entitled to it and more generally those who need it.

Fife Advocacy operates with a waiting list. In order to provide sufficient advocacy we require sufficient resources. The new Mental Health Bill will make more demands on an already stretched service. We need to safeguard the wider role of advocacy for those not affected by legislation but also ensure we are able to meet demand under the new legislation.

Ensure the quality of independent advocacy through appropriate monitoring and evaluation.

Fife Advocacy would welcome properly resourced and appropriate monitoring and evaluation.

Tackle shortfalls of the quantity of range in provision (i.e. professional, volunteer, citizen and collective / self) recognising that different types of advocacy are required in different situations.

Fife Council are committed to the development of a strategy to strengthen the voices of those who require advocacy services. We welcome this. Fife Advocacy is also heavily involved with three collective advocacy groups. Although we do not receive funding for this we recognise the valuable role that these organisations have in informing services. Gaps in advocacy in Fife are well recognised. We look forward to working in partnership with Health and Local Authorities to decide how these can be filled. It is vitally important that the role of independent advocacy is understood and promoted. The new Mental Health Bill should enshrine the principles that underpin it.
How Advocacy can make a difference. A real story:

My life was a whole lot different 2 years ago. I ended up in hospital very ill with depression. The doctors put me on a section. They gave me medicine which made me feel very ill. I could hardly lift my head or my hands and arms, or my feet. Some days I was so ill I used to have to crawl on my hands and knees. I could hardly lift food and drink to my mouth.

I used to try to explain how I felt to the staff and to my family. They used to tell me to pull myself together. The staff used to listen, but I got the feeling they were just fed up with me. I felt like I was labelled as a moaner and they thought I was pretending. Underneath, I was very, very scared; terrified because I felt so ill. I used to ask them to change my medication. I felt no one listened.

One day, an advocate came into the ward where I was living. I went and spoke to her. She listened...... she actually listened. I asked her to arrange a meeting with my family and the doctors. She did this and helped me to say what I thought at the meeting. She stood up for me and kept repeating how I felt.

I wanted to have a second opinion on my condition. I felt so bad physically and I was so aware of being ill, that I just wanted to die. The doctor gave me ECT. I told him I did not want ECT but I was on a section and they forced me to have it. He had tried all the medication and none of it worked.

My advocate got a solicitor to come and speak to me. She helped to explain things. I asked again for different medication and it was changed. I started to feel better. The advocate helped me to plan for my release from hospital. She helped me to sort out money and she kept in contact with my relatives, because I needed some support for moving out.

I would not be where I am today without the help of my advocate. I am so much better, but the memories of my time in hospital are so vivid and so scary. I had no control over my body but in my mind, I was aware of everything that was happening to me. I knew I was ill but I didn’t know what I could do about it and being on a section, made me feel powerless, helpless. I felt they could do anything to me. With the help of my advocate I was able to speak up and at last it felt like people were listening even if they didn’t always agree.

I’m home now. I’m no longer on section. I cook and bake and enjoy walks with my dogs. I get the support I need for my health problems. I see my family occasionally and I sometimes still get a visit or phone call from my advocate just to check that everything is OK. I really believe that without my advocate, I would still be in hospital.

If you are lucky enough to get the chance of an advocate to work with you, grab the chance with both hands. It saved me!
ABERDEEN CITY COUNCIL - NEIGHBOURHOOD SERVICES (CENTRAL)
SOCIAL WORK

MENTAL HEALTH (SCOTLAND) BILL

Submission to Local Government Committee 29th October 02

INTRODUCTION

Aberdeen City Council welcomes the Mental Health Bill and its associated documents. We are pleased about the recognition and enhancement of the local authority role within the Bill. We are supportive of the strengthening of service users and carers rights and opportunities to contribute to decisions about care and treatment.

THE LOCAL AUTHORITY FUNCTIONS

Care and Support Services

The Bill proposes enhanced duties for local authorities with regard to the provision of care and support services and the promotion of well being and social development. However, there is no recognition in outlining these duties of Joint Futures, joint commissioning of services, and pooled / aligned budgets. It is our experience that where the local authority is not directly providing services, services are jointly commissioned. Section 26 of the Bill does however allow local authorities to ask Health Boards and NHS Trusts to assist in provision of services required under sections 20 and 21. This is welcomed. It is suggested that duties should be placed on Local Authorities, NHS Boards & Trusts to co-operate in the provision of local services.

The distinction between hospital and community in the provision of care services does not recognise the important role of social workers within the hospital setting. In Aberdeen, social workers based in hospital and in the community, working as multi disciplinary team members’ work with people in hospital and the community. This ensures continuity of care.

The move away from after care to care and support services is welcomed. This recognises the range of services that people need to enable them to live normal and fulfilling lives. Care and support services will include residential accommodation, personal care, and personal and housing support services.

Additional funding to provide care and support services is welcomed. Aberdeen City Council has commissioned a range of supported accommodation for people with mental health problems. Places are over subscribed and it is increasingly difficult to identify suitable resources for people with dual diagnosis, i.e. people with mental
health and addictions problems. The type of residential resource appropriate for this client group costs is £1300 per person per week. Provision of such a service for a group of 6 people could cost £400,000 per annum.

The need to target resources on people with severe and enduring mental health problems can mean that there are not sufficient resources to offer personal support to people with mental health problems. It is important that sufficient funding is available to provide support services which may include befriending initiatives, buddy schemes, self help groups etc.

**Services Designed to Promote Well-Being and Social Development**

Services the local authorities will be required to provide will include social, cultural and recreational activities as well as training and assistance in obtaining and undertaking employment. Whilst welcoming of the extended duties, it is concerning that the resources identified in the financial memorandum will be insufficient to deliver the range of provision for people who have or have had a mental disorder. The statutory basis of the Bill provides for a substantial development in mental health services and it is important that this not be undermined by the inadequacy of resources to meet this challenge.

Aberdeen City Council has recently commissioned a range of employment services, including user led initiatives. Current investment in employment services are £130,000 Employment Support Team, £160,000 Printing & Computer Training Social Enterprises, £40,000 Department of Gardening Services. Considerable more resources are required to develop and support services to ensure they are available to the range of people with mental health problems who wish to explore employment options.

With commitment to projects such as the employment team there is already a build up of momentum and as such it is necessary to seek ways to enhance and develop the service. It is anticipated that funding could be used from these allocations as the extension of duties is clearly covered by this. It would also be assumed that ACC would have the discretion to choose how its funding is allocated, so that should opportunities exist that allow for many to benefit rather than targeting funding to individuals.

The requirements for this type of project are not so difficult to determine as there is a project history upon which to base the future. However the development of new areas of work that will extend the range of services offered as part of care packages make estimating the financial impact difficult and full of estimates.

Commitment to Day Service is considerable with a number of providers and expenditure of approximately £600,000 – this includes funding provided through MISG.

With considerable investment being made by ACC in Mental Health services already, it would be welcomed if funding were enhanced to recognise the level of need that is being provided.
Involvement in social, cultural and recreational services are important in maintaining good mental health. To date, it has been difficult for local authorities to fund such services. Services in this area are currently at a low base, and will require considerable resources to establish services.

Aberdeen City council currently funds the community carer scheme, a paid befriender service, where service users are supported to participate in community activities. This service is considerably oversubscribed. A crucial part of the success of this project is support for carers from a social worker. Providing small, person centred services is resource intensive.

**Appointment of Mental Health Officers**

Aberdeen City Council welcomes the fact that Local Authorities retain the responsibility for the appointment and operation of Mental Health Officer Services. There is concern however about attracting people to train as Mental Health Officers when social workers do not receive further remuneration for undertaking this role. Prior to undertaking mental health officer training, social workers are required to have a minimum two year post qualifying experience and gain PQ1 qualification.

The implementation of the Adults with Incapacity Act has increased the workload of mental health officers considerably. No additional resources were available to the authority to increase the complement of mental health officers to meet the demands of this legislation.

Aberdeen City Council’s allocation from the additional 45 fte mental health officers will not therefore meet the need, as social workers currently undertake mental health officer duties in addition to their social work role.

The role of mental health officers has been extended in the new legislation in respect of provision of social circumstances reports for short term and long term detention, and outlining care plans. This is welcome in respect of ensuring appropriate and responsive services for service users, but this in addition to attending to tribunals is resource intensive.

The survey of numbers, activity, deployment and organisation of MHO Services currently being undertaken by the Scottish Executive should assist local authorities in redesigning and quantifying additional duties conferred through additional duties in the Bill.

**ALLOCATIONS FOR SCOTLAND**

It has been duly noted the levels of expenditure that are attributable to the different elements of the Bill, and while we understand there is little likelihood of the figures changing significantly there are significant questions regarding distribution.

If Aberdeen City Council (ACC) is to be duty bound to support both more people and more complex packages of care then how the grant allocation is distributed is vital. Options include GAE indicators, numbers of staff, case load and level of expenditure,
but could also include the level of expenditure / population within NHS Grampian that relates to Aberdeen.

The method of allocation is not clear and this limits some of the comments that can be made. However it is assumed that ACC would in most instances receive an allocation on the basis of GAE indicators. As Mental Health is included within the “Remaining Social Work Services” indicator, and it is based on Total Population, ACC would receive approximately 4.1% of the total funding available.

<table>
<thead>
<tr>
<th>Local Authority Costs</th>
<th>Scotland Allocation</th>
<th>Aberdeen City Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvements in the packages of care to people subject to community based compulsory treatment orders</td>
<td>£2.0m</td>
<td>£82,000</td>
</tr>
<tr>
<td>45 f.t.e. Mental Health Officers</td>
<td>£2.5m</td>
<td>£102,500</td>
</tr>
<tr>
<td>Improved day care and after care facilities</td>
<td>£7.0m</td>
<td>£287,000</td>
</tr>
<tr>
<td>New duties to support advocacy</td>
<td>£1.5m</td>
<td>£61,500</td>
</tr>
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This assumption leads to a further issue, as in expenditure terms ACC spends 6.2% of the quoted £47m and therefore the need to establish the method of allocation will be crucial. This level of expenditure reflects the need for services in the City and can be justified by the fact that the hospital provision for Aberdeenshire and Aberdeen City is located within Aberdeen. This attracts people to the City and as they move on from hospital they relocate to City projects and supports that have been established and operate widely across the City area.

This does suggest that GAE allocations will be insufficient to cover the costs that Aberdeen City will incur and we would require that this be considered prior to allocation decisions being finalised.

If unmet need were to be addressed, it would be helpful if the level of funding for ACC were based on an identification of this rather than merely a population. ACC recognises that the robust information to support this is not available at this time. However, In order to address this, we note with interest that the Scottish Executive are to receive £200,000 for the next five years to research the effectiveness of the Act, and feel that some of this funding could be provided to research the unmet need in the City.

The funding levels, especially in respect of the costs of new care packages, for either those on compulsory treatment orders or not, shows no indications that there will be growth in subsequent years. If ACC were to commit to long term community packages in the first year, in all likelihood there will be a continuing commitment to the original care packages and the added cost of new packages in future years.

This needs to be recognised as a serious issue for Aberdeen. Difficulties are likely to be experienced if growth in service needs takes the expenditure levels above the funding levels, as the demand in other client groups is great, and an under-funded position from the start of implementation would be unacceptable to ACC.
USEFUL CHANGES IN CURRENT FUNDING ARRANGEMENTS

In order to deliver more flexible services from within the total funding available, i.e. across Health and Local Authorities, it is recommended that the basic resourcing of Mental Health be altered between the two sectors. This would help to clearly identify where the funding responsibilities lie within Scotland, as a great deal of the provision in the community is lost in the figures presented because they are shown Net. The key income streams for ACC in this area are Resource Transfer Agreements and Mental Illness Specific Grant. Changes to this, where base funding to Local Authorities was increased and received directly through their grant, would show exactly where services were being provided and who in practice was delivering or commissioning them.

An example of hidden expenditure in Aberdeen would be the fact that there is no recognition of where the NHS Grampian funding is actually being targeted. While ACC spend 6% of the Local Authority funding in Mental Health, because the figures are net of Resource Transfer, the level of community projects in Aberdeen compared with Moray and Aberdeenshire, and funded by the NHS, is not recognised. This in our opinion further distorts the true picture as approximately 70% of the £3.5m Grampian-wide Resource Transfer from NHS Grampian comes to ACC.

COST ESTIMATE UNCERTAINTIES

It is noted with interest the final paragraph of the Financial Memorandum, and ACC would have to question the intentions of the Parliament should any of the factors be found to have an effect on the ‘total pot’.