



The Scottish Spending Review 2011, Draft budget 2012-13 and Response to Christie Commission Review of Public Service Delivery : Possible implications for voluntary sector care and support providers

A briefing from Coalition of Care and Support Providers Scotland

The Scottish Spending Review, draft budget and response to Christie Commission were introduced to Parliament on Wednesday 21st September 2011 by Cabinet Secretary for Finance and Sustainable Growth, John Swinney. The full documents can be accessed online at:

<http://www.scotland.gov.uk/Publications/2011/09/21104525/0> and

<http://www.scotland.gov.uk/Publications/2011/09/21104740/0>

The Spending Review contains the Government's spending plans for the next 3 years (2012-13 to 2014-15), while the draft budget contains the details for the financial year 2012-13. The budget will be scrutinised by the Finance committee and subject committees, before being debated by Parliament. However, unlike the last few budget rounds the SNP majority means that it is unlikely that any major changes will be made to the budget. The Bill process is expected to conclude with a final Parliamentary debate in January 2012.

This briefing sets out the key areas of the Spending Review and *draft* budget which might impact on voluntary sector care and support providers. It also provides a summary of the Christie Commission response.

This briefing covers:

- The local government funding settlement
- Change funds for health and care, early years and reoffending
- The health budget

- Funding of Scottish Government departments: third sector
- Funding of Scottish Government departments: care and support
- Other funding and policy commitments
- Public Sector Pay
- Christie Commission Response

Local government funding settlement

As the majority of providers' funding comes from local government, the settlement to local government is likely to be of particular interest. The Scottish Government has proposed a settlement which will keep the local authority funding package at 2011-12 levels next year (£11,477.7 million). This translates in real terms as a cut of 3% for 2012-13. The following year (2013-2014) sees a reduction of 6% in real terms (£11,441.9m) with a further real term reduction of 6.2% in the third year (2014-2015) (£11,702.3m). Local authorities must decide whether to accept this settlement in return for agreeing to a set of targets and priorities laid down by the Scottish Government.

The proposals to which local authorities are being asked to sign up include:

- Continuing the council tax freeze for another year - if they agree, they will receive £70m (as part of the overall funding package). The Government's policy of continuing the council tax freeze over the term of the parliament remains unchanged despite strong opposition from many local authorities (the most vocal being Glasgow City Council) and opposition MSPs
- Maintaining the existing number of police officers for the Spending Review period
- Maintaining teacher numbers in line with pupil numbers and securing places for probationers
- Continued delivery of free personal care
- A continued commitment to working with government towards implementation of the Carers and Young Carers Strategy at local level, including the maintenance of an extra 10,000 weeks respite provision and the ring-fencing of spending on carer support.

The Scottish Government and COSLA will consult on how financial support will be distributed to local authorities. The results of this consultation will be set out in a Scottish Local Government Finance Circular in early December 2011.

Change Funds for health and care, early years and reoffending

In keeping with the Government's programme of renewing public services (see below for more detail on the Christie Commission response), and the focus on preventative spend, local authorities are being asked to focus on greater partnership working and integration of services. To support this process of reform, the Change Fund is continued along with the announcement of two new change funds:

- A continuation of the **Change Fund for older people's services**, currently £70m within the NHS budget, which will increase to £80m/£80m/£70m for the next three years within NHS budgets, supplemented by funding from local authority partners. From 2012-13 onwards, at least 20% of the Change Fund will be dedicated to supporting carers. The challenge for the voluntary sector continues to be in finding ways to influence the decisions on how this fund is spent. Continued reliance on Community Planning Partnerships (CPPs) to support this process may not resolve these difficulties for our sector.
- A new **Early Years and Early Intervention Change Fund**, overseen by the Early Years Taskforce, with funding from the Government of £20m/£45m/£50m over the Spending Review period. In addition, the Government has committed a further contribution of £50m over the parliamentary term through the Sure Start Fund.
- A new **Reducing Reoffending Change Fund**, focusing on third sector providers, with a budget of £1m in each of the 3 years of the Spending Review, included in the Third sector category of the budget. The fund will support innovation and increase the impact and coverage of interventions that help to reduce reoffending.

The Government says these funds will provide over £500m of investment in preventative spending over the Spending Review period. It is not clear how the total of £500 is arrived at, and the Government acknowledges that the figure includes some money previously announced. In addition, a significant portion of the total is meant to come from NHS Boards and local authorities.

Health budget

Health spending will fall slightly in real terms over the Spending Review period by .5% in 2012-2013 and .8% in 2013-2014, and finally 1.7% in 2014-2015 (as compared with 2011-2012 budget figures).

Some specific headings that may be of interest to members include:

- implementation of Scotland's first **National Dementia Strategy** and dementia standards in full, including work to improve post-diagnostic information and support

- specific mention in the context of the integration of health and social care, of establishing integrated approaches to support older people and those with **long term conditions** to remain independent in their own homes or in the community, by a focus across NHS Boards and local authorities on **supported self management**

- investment of £10 million to implement the 26 recommendations of the **Scottish Strategy for Autism**

- funding for the **Self-directed support programme** significantly increases over the initial two years of the Spending Review Period – from the current £2m to £5.5m/£12m/£7m

- an evaluation of The same as you? service review

- funding for the **Care Inspectorate** rises in cash terms marginally: £21.6m/£21.8m/£21.9m

However, the Care Inspectorate budget will drop in real terms, which does not appear to reflect the statement made by Cabinet Secretary Nicola Sturgeon last week regarding additional resources that would be provided to enable the increased frequency of inspections.

Central funding: third sector

Funding to the third sector division of the Scottish Government drops from £24 to £23.5 in each year of the Spending Review, representing a real term reduction of 2%. This funding is earmarked to:

- provide strategic support to encourage effective engagement between third sector and Community Planning Partnerships

- provide business development support that delivers third sector growth, skills development and opening public sector markets
- direct investment in enterprising third sector organizations and the development of new finance models; and
- work across the Scottish Government to identify and exploit opportunities for third sector engagement and to increase the role of the third sector in the transformation of public service delivery

The budget document focuses on enhancing the sector's role in the design and delivery of public services, by encouraging the social enterprise model. It also highlights the sector's role in developing preventative spend programmes, particularly in the areas of employability, care for the elderly and opportunities for young people.

Central funding: care and support

Scottish Government departments dealing with care and support primarily sit within the education and lifelong learning portfolio. The first of this portfolio's listed priorities for the coming year is to "*... continue to focus resources on supporting improved outcomes for children, young people and... users of social care.*"

There will be ongoing investment of £6.8 m in the Early Years Early Action Fund, making additional funding available to the third sector for early years and early intervention activities. An [announcement](#) of the 24 charities receiving the funds was made the day after the budget was delivered.

The Government also indicates it has sought to protect funding provided to the third sector to support children and young people facing the greatest difficulties.

Of note is the continued commitment to delivery of the Early Years Framework, the continued roll-out of Getting it Right for Every Child and the introduction of both Children's Rights and Children's Services Bills.

The Government will continue to work through the SSSC to develop the social services workforce and will work with the Care Inspectorate to develop a new integrated children's services inspection. CCPS sits on the programme board for the latter project.

Other funding and policy commitments

Other relevant funding commitments made in the budget include:

- introducing a new public health levy to tackle the cost problems associated with alcohol and tobacco through a business rates supplement payable by large retailers of both tobacco and alcohol from April 2012.
- Supporting Transitions – this budget line under housing and regeneration sees a very significant reduction from £57.2m to £32.3m in 2012/13, which amounts to a 44% cut. The Government has confirmed that the Housing Voluntary Grant Scheme (HVGS) will remain a distinct part of the Supporting Transitions fund and that HVGS funding will remain unchanged for 2012/13. The deadline for funding applications has since been confirmed as 31st October 2011.

Public Sector Pay

The Government has once again frozen basic pay for 2012-13. The policy of no compulsory redundancies continues, as does the policy of paying the Living Wage, which is set at £7.20. Employees earning less than £21,000 will receive a pay rise of at least £250. Ministers will have no pay rise. Local authorities are not included in this arrangement, as local authority pay policies are held to be a matter for local authorities alone.

The Government will also increase employee pension contributions for NHS, teachers, police and fire schemes.

Renewing Scotland's Public Services – Responding to the Christie Commission

The Government's approach to the Christie Commission's recommendations on reforming public services is built on four pillars:

- a decisive shift towards **prevention**. The Government notes 'the crucial role of the third sector in delivery, because of its specialist expertise, ability to engage with vulnerable groups and flexible and innovative approach.' Specific initiatives include the three change funds noted above.

- greater **integration** of public services at local level driven by better **partnership, collaboration and effective local delivery**. This pillar emphasizes 'place-based partnerships that harness the full spectrum of talents and capacities of public bodies, citizens third sector organizations and local businesses'; aims to shift responsibility and control into the hands of citizens and communities; reiterates the importance of CPPs and Single Outcome Agreements and integration of health and social care, though there is little detail on this point; and mentions initiatives including a community empowerment and renewal bill, which will improve community participation in the design and delivery of public services; and establishing a legal duty to work together and place the child at the centre of service delivery planning for health boards, councils and other agencies irrespective of bureaucratic boundaries.

- greater investment in the people who deliver services through enhanced **workforce development and effective leadership**. This includes developing the skills of the third sector, including leadership development through the Just Enterprise programme. And finally,

- a sharp focus on improving **performance**, through greater **transparency, innovation and use of digital technology**. Of note is the ongoing programme of scrutiny reform, with the aim of finding savings of at least 20% on direct costs of scrutiny between 2011 and 2015, and ensuring complaints-handling becomes more consistent and external scrutiny becomes more proportionate, risk based and better coordinated.

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