

PUBLIC BODIES (JOINT WORKING) (SCOTLAND) BILL
FINANCIAL MEMORANDUM
FINANCE COMMITTEE QUESTIONNAIRE

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This questionnaire is being sent to those organisations that have an interest in, or which may be affected by, the Public Bodies (Joint Working) (Scotland) Bill's Financial Memorandum (FM) (page 20 of the *Explanatory Notes*).

In addition to the questions below, please add any other comments you may have which would assist the Finance Committee's scrutiny of the FM.

| Question Number | Suggest Response |
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| Consultation | |
| 1&2 | <p>Did you take part in either of the Scottish Government consultation exercises which preceded the Bill and, if so, did you comment on the financial assumptions made?</p> <p>Do you believe your comments on the financial assumptions have been accurately reflected in the FM?</p> |
| | <p>Falkirk Council commented on the consultation, however, there was a lack of specific financial assumptions in the consultation and there was a lack of clarity about how the costs associated with implementing any new requirements would be funded. There are now more specific assumptions laid out in the FM but it is acknowledged that there is considerable uncertainty around the estimates.</p> |
| 3 | <p>Did you have sufficient time to contribute to the consultation exercise?</p> <p>Yes</p> |
| Costs | |
| 4 | <p>If the Bill has any financial implications for your organisation, do you believe that these have been accurately reflected in the FM? If not, please provide details?</p> |
| | <p>Partly. In respect of Clinical Negligence and Other Risks Insurance, the FM notes that the costs of obtaining indemnity from the market might be prohibitive but makes no mention of the additional costs that might arise from the extension of the scheme.</p> |
| | <p>Do you consider that the estimated costs and savings set out in the FM and projected over 15 years for each service are reasonable and accurate?</p> |
| 5 | <p>Most of the estimated costs and savings are based on information which is currently available however patterns and trends can be highly volatile and so we would urge consideration caution around these figures. In particular we would suggest that:-</p> <ul style="list-style-type: none"> • The estimated costs of providing a linked patient/client level health and social care data set and information system in our view are seriously under estimated. Despite significant investment nationally and locally a solution to the challenge of providing a linked information system is still no in sight. • The potential efficiency savings of between £138m and £157m arising from combined effect of Anticipatory Care Plans, reducing delayed discharge and reducing variations lack sufficient detail to enable reliance to be placed on these figures. |

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| 6 | <p>If relevant, are you content that your organisation can meet the financial costs associated with the Bill which your organisation will incur? If not, how do you think these costs should be met?</p> |
| | <p>In view of the comments in relation to question 5, particularly those relating to anticipated efficiencies, Falkirk Council will have some concerns about how the costs associated with the Bill would be met.</p> <p>In respect of recurring costs, there is no specific mention of additional funds being made available. This could only be accommodated by re-directing or reprioritising existing resources. In the current climate of limited resources and increasing demand, it is important that any costs arising from implementing new requirements are met by the Scottish Government.</p> |
| 7 | <p>Does the FM accurately reflect the margins of uncertainty associated with the estimates and the timescales over which such costs would be expected to arise?</p> |
| | <p>Paragraph 35 of the FM notes that there is considerable uncertainty around these estimates and that the eventual outcome and phasing will be dependent on local decisions taken by partners on resource allocation and utilisation through strategic plans. The extent to which anticipated efficiencies can be relied upon is also of concern. Under the circumstances, it would give partners greater comfort if there was an undertaking to review costs in the light of experience, with an undertaking that any increase would be fully funded by the Scottish Government. This is particularly true in the case of VAT where there is a presumption that a VAT cost neutral solution will be found but a potential additional costs of £32m per annum is anticipated if such a solution is not found.</p> |
| <p>Wider Issues</p> | |
| 8&9 | <p>Do you believe that the FM reasonably captures costs associated with the Bill? If not, which other costs might be incurred and by whom?</p> <p>Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation? If so, is it possible to quantify these costs?</p> |
| | <p>The costs identified by the FM are wide ranging but other costs may become apparent through experience. Also, paragraph 119, assumes that no staff will transfer under the body corporate model and there would therefore be no harmonisation costs. However, paragraph 117 notes that partners may nonetheless choose in time to transfer some staff between each other and the cost risk of harmonisation is contingent on future decisions to transfer staff. Paragraph 78 also confirms that should Scottish Ministers decide at a future point to extend the remit of the body Corporate to have employment and contracting powers, the VAT status of the body corporate is less clear and potentially £32m per annum could be at risk.</p> |