

**SUPPORTING PEOPLE:
SERVICE REVIEW & BUDGET CHANGE
IMPACT MONITORING**

**ANALYTICAL REPORT ON FIRST SET OF
RETURNS FROM OCTOBER 2005**

April 2006

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1. Introduction

This is an analysis of the first set of *Supporting People* Service Review and Budget Change Impact Monitoring Template returns from local authorities. These returns have been analysed by the Analytical Services Division (ASD) of the Scottish Executive Development Department. The report gives a short background to the Service Review process before moving onto detailed consideration of the particular sections of the template.

1.1 The Service Review Process

Prior to 2003-04, housing support services were financed via a number of funding streams that included Housing Benefit, Special Needs Allowance Package and the Resettlement Grant. The *Supporting People* (SP) Programme was introduced in April 2003 as an integrated policy and funding framework for housing support services to provide good quality client-focused services, enabling vulnerable people to live independently in the community in all types of accommodation and tenure.

Local authorities are currently required to review all their SP services, a process to be completed by the next Spending Review. Service Reviews are part of ongoing contract/service level agreements (SLA) monitoring, enabling local authorities to obtain in-depth information about the services they grant fund, assess their strategic fit and ensure good quality, value-for-money services.

Service Reviews involve a three stage approach:

- 1) The first stage is largely a desktop review by the local authority, using existing information sources to identify areas of strength and weakness in a provider's performance. If a full contract/SLA is to be entered into with no substantial changes to the terms of the interim contract/SLA, the review process is complete.
- 2) If the first stage identifies the need to make changes to the contract/SLA that might be beneficial to the service user or provider,¹ the second stage of the review

¹ Such changes might involve, for example, identifying in the first stage:

- Services that require decommissioning and reprovisioning;

is taken forward. This is a more in-depth review involving dialogue between local authority, service users and providers.

- 3) A third stage review to explore alternative options should be taken forward where: there is evidence of breach of contract/SLA; it is necessary to consider withdrawing funding; or, the service no longer has strategic relevance.

Supporting People Service Review and Budget Change Impact Monitoring Templates were sent by the Scottish Executive to local authorities on 16th August 2005 and for return by the end of October 2005. Eight local authorities returned their templates by the deadline, with an additional 22 arriving before this report was completed (*Table 1*):

Table 1: Submitted Service Review Templates for Analysis

Status	Local Authorities
Submitted on time	8
Submitted after deadline	22
Not received	2

This report is therefore based on the 30 templates that have been received.

The analysis proved challenging for a number of reasons. Not all returns provided all the information requested, partly due to incomplete Service Reviews, although in some returns sections were left blank with no reason given. There also appeared to be discrepancies in information provided, in that it at times appeared contradictory, and in places differed from information held centrally. Equally, data provided were not always comparable across authorities because of recording differences. Finally, 22 authorities missed the original deadline set for template returns. Because of these difficulties, the overall analysis lacks detail in a number of areas, and cannot be considered necessarily robust. With this caveat in mind, key findings are set out below on:

- budget changes
- charging income
- coordination costs
- under-spending of, and shortfalls in, *Supporting People* funding

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- Areas of concern which could result in changes being made to the contract/SLA or to the funding arrangements;
 - Services that no longer meet the local authority's strategic priorities.

- changes in service capacity
- pipeline funding
- efficiency savings and budget changes
- impact on jobs
- impact on providers

It remains to be seen whether the difficulties local authorities had in providing all the information requested represents a problem with the template or the timing of the exercise, with Service Reviews still ongoing. Even at this stage, however, we would suggest that the template could be usefully reworked to encourage more structured responses in some areas or, at least, provide more specific guidance on its completion.

2. *Supporting People Grants*

In order to make sense of the impact of new SP funding arrangements, completed templates have, on occasions within this report, been divided into three groups for analysis.

- **Group 1** authority figures suggest an **increase** of more than 5% in their SP grant between 2004-05 and 2007-08. **Ten** authorities received an increase of this kind.
- **Group 2** authority figures suggest that SP funding **neither increases nor decreases** by more than 5% between 2004-05 and 2007-08.² This was the position in **five** authorities.
- **Group 3** authority figures suggest a **decrease** of more than 5% in their SP grants between 2004-05 and 2007-08. **Fifteen** authorities recorded decreasing grants at this level.

This is not to imply that these groups necessarily have identical funding settlements – but this grouping together does allow a consideration of the broad effects of funding changes.

Table 2 shows the percentage change in SP grant allocation over the period 2004-08. In **group 1**, increases in grant vary considerably. Falkirk, for example, records a 11.2% increase over 2004-08, while Orkney reports an increase of 93.0%. Three authorities record a *decreasing* allocation for 2004-05, but an increase of greater than 5% over the entire period. In **group 2**, the picture is relatively stable, in that total and between-year fluctuations do not

² Note that, for three authorities in this group, funding can be seen to vary by more than 5% *between years* but not over the period as a whole.

amount to more than 5% for any authority. In **group 3**, authorities project decreases in grant over the 2004-08 of between 6.7% (South Ayrshire) and 18.4% (West Dunbartonshire), with nine authorities recording a decrease of 14% or higher.

Table 2: Groups for Analysis: Percentage Increase/Decrease in Supporting People Grant

Local Authority	2004-05 to 2005-06	2005-06 to 2006-07	2006-07 to 2007-08	Entire Period 2004-05 to 2007-08
SP Grant Group 1	Change (%)	Change (%)	Change (%)	Increase (%)
Aberdeenshire**	8.8	0.7	2.8	12.6
Clackmannanshire**	0	4.8	18.8	24.5
East Ayrshire	-0.3	4.5	17.7	22.7
Eilean Siar	33.7	20.9	1.4	63.8
Falkirk	1.1	2.0	7.9	11.2
Glasgow City	4.9	1.9	7.8	15.2
Orkney Islands	0	18.2	63.3	93.0
Perth & Kinross**/****	-0.9	1.7	10.8	11.7
Shetland Islands*	-1.0	3.4	13.6	16.3
Stirling	0.6	5.3	17.5	22.4
SP Grant Group 2	Change (%)	Change (%)	Change (%)	Change (%)
Angus ****	-3.2	0.9	3.5	+1.1
Dundee City	1.2	0.7	2.6	+4.6
Inverclyde	-0.9	-3.7	0	-4.5
North Lanarkshire**	-1.5	0.8	3.3	+2.5
West Lothian ****	-2.4	0.2	0.9	-1.3
SP Grant Group 3	Change (%)	Change (%)	Change (%)	Decrease (%)
Aberdeen City ****	-6.6	-3.5	0	-9.9
Argyll and Bute	-7.5	-3.8	-7.8	-18.0
Dumfries & G'way***	-7.8	-3.8	-7.8	-18.2
East Lothian**	-7.5	-3.8	-7.8	-18.0
East Renfrewshire	-6.9	-3.3	-8.9	-7.6
Edinburgh City	-7.4	-3.8	-7.8	-18.0
Fife	-7.6	-6.3	0	-13.4
Highland	-6.3	-8.7	0	-14.5
Midlothian	-7.5	-3.8	-7.8	-18.0
Moray	-7.5	-3.8	-7.8	-18.0
North Ayrshire	-8.1	-10.0	-1.4	-18.0
Renfrewshire	0.5	-4.0	-8.0	-10.8
South Ayrshire**/****	-4.4	-2.4	0	-6.7
South Lanarkshire ****	-0.6	-3.7	0	-7.7
West Dunbartonshire**	-8.0	-3.8	-7.8	-18.4

*The Scottish Executive recorded grant allocation has been used for the period 2004-05 due to a discrepancy in reporting.

** Scottish Executive figures have been used for 2006-07 and 2007-08.

*** Scottish Executive figures have been used for 2005-06, 2006-07 and 2007-08

****Expenditure reported on template in some cases is greater than budget because 2003-04 Pipeline provision was rolled forward to 2004-05 at the same value without being recalculated on a full year basis. Full cost was however paid through SPPL1 claim forms.

3. Charging Income

Nearly all authorities indicated that they had identified additional monies from charging in 2004-05 and most anticipated generating additional charging income in future years. However, income from charging was limited. The Scottish Executive makes an assumption that local authorities will raise 20% of their total SP income from charging, but no local authority reported generating this proportion of income from this source or anticipated doing so in future, and there were no clear indications of a general trend towards increasing the proportion of charging income over the period. Annual income generated from charging ranged from 0-5.6% of total SP funding, with a majority (19) reporting a figure of less than 1% in 2004-05.

The template also asks about income carried forward from a previous year over the period 2004-08. Most authorities (26) indicated that there would be some carry over in at least one year over the period. Of the four authorities indicating no carry-forward, two were island authorities (Orkney and Shetland). Perhaps not surprisingly, most authorities in grant group 3 indicated limited ability to carry income forward in the period after 2005-06.

4. Coordination Costs

Most authorities spent or propose to spend less than 5% of their annual SP income on lead officer/SP coordination costs, with only 4 authorities spending more than this proportion in 2004-05 and beyond. However, these costs did vary considerably across authorities. For example, one authority spent approximately one-sixth of its SP expenditure in the period 2005-08 on coordination, while another reported spending less than 1% for each year on this for the same period. Island authorities spent the highest proportion of grant on coordination costs, which suggests that authority size may be a key factor.

5. Grant Aided Expenditure

An important issue for the Scottish Executive is how much allocated Grant Aided Expenditure (GAE) is being spent by authorities on SP central administration costs. In 2005-06, most authorities (21) reported spending less on SP costs than is provided to them through GAE; a few authorities (three) spent more. More authorities reported overspending in the previous year (12 authorities). *Table 3* illustrates the percentage of allocated GAE that

authorities spend on central SP administration costs.³ Figures in bold indicate apparent overspending of allotted GAE income.

Table 3: Percentage of SE GAE used on SP Central Administration Costs

Local Authority	<i>Percentage of SE GAE used on SP Central Administration Costs</i>			
	2004-05	2005-06	2006-07	2007-08
Aberdeen City	70.3	59.6	No figures	No figures
Aberdeenshire	77.8	54.1	No figures	No figures
Angus	97.2	70.7	No figures	No figures
Argyll and Bute	239.2	121.0	127.9	No figures
Clackmannanshire	94.9	64.3	No figures	No figures
Dumfries and Galloway	160.0	No figures	No figures	No figures
Dundee City	97.5	66.5	68.6	69.9
East Ayrshire	101.0	64.8	No figures	No figures
East Lothian	66.0	60.2	No figures	No figures
East Renfrewshire	No figures	100	No figures	No figures
Edinburgh City	264.4	152.4	138.1	127.1
Eilean Siar	100	100	100	100
Falkirk	100	100	100	100
Fife	86.8	56.9	57.8	59.1
Glasgow City	102.6	85.9	No figures	No figures
Highland	114.1	75.0	76.5	78.4
Inverclyde	192.7	139.8	146.0	150.2
Midlothian	No figures	No figures	No figures	No figures
Moray	88.7	49.3	No figures	No figures
North Ayrshire	107.2	81.2	82.6	84.2
North Lanarkshire	107.3	33.7	No figures	No figures
Orkney Islands	68.1	68.9	69.5	70.5
Perth and Kinross	57.1	17.9	No figures	No figures
Renfrewshire	100	84.0	71.3	70.9
Shetland Islands	88.6	65.8	64.7	64.7
South Ayrshire	102.7	78.0	No figures	No figures
South Lanarkshire	135.0	91.6	91.1	90.6
Stirling	107.0	68.0	69.2	70.8
West Dunbartonshire	No figures	No figures	No figures	No figures
West Lothian	97.3	72.0	No figures	No figures

6. Underspend of / Shortfall in Total SP Funding

Information on underspends of and apparent shortfalls in total SP funding have also been drawn from the returns (*Table 4*). *Supporting People* grant is cash limited, but local authorities may transfer funding from other budgets to off-set any additional costs in maintaining housing support services.

³ Discrepancies between authority and Scottish Executive figures - possibly because GAE is not ring-fenced and authorities can spend the grant elsewhere – mean that Scottish Executive data were used for this table.

Table 4: Authority Underspends and Shortfalls, 2004-5 to 2007-8

<i>Number of authorities</i>	2004-05	2005-06	2006-07	2007-08
<i>Indicating a shortfall*</i>	4	5	7	8
<i>Indicating an underspend</i>	25	21	6	4
<i>On budget</i>	1	3	1	1
<i>Providing no figures</i>	0	1	16	17

** i.e. Total SP funding will not cover the full cost of housing support services*

Four authorities indicated a shortfall in 2004-05, i.e. that expenditure on housing support services exceeded their cash-limited SP grants. These numbers show a slight increase over the reporting period, rising to eight authorities in 2007-08. However, in just four authorities - Aberdeen City, Fife, Renfrewshire and Stirling - did any shortfall equal or exceed 5% in any year. In total, 16 authorities will require cover from other budgets to meet shortfalls in at least one financial year over the 2004-08 period.

Twenty-five authorities indicated an underspend in 2004-05. It is possible that this funding may be being rolled forward to offset budget pressures in future years. Certainly, the number of authorities anticipating underspends drops to just four authorities in 2007-08. However, it is difficult to draw conclusions about spending over the long-term, as 17 authorities provided no figures for the period 2006-08.

Perhaps not surprisingly, there appeared to be a pattern in responses by grant group. Grant group 1 authorities (increasing SP grant of more than 5%) were very unlikely to report shortfalls. Group 2 authorities (grant neither increasing nor decreasing by more than 5%) were more likely to report shortfalls, but reported a higher number of annual underspends. In grant group 3, however, where funding decreases by more than 5%, there was a relatively even split between recording underspends and shortfalls, with the shortfalls occurring particularly in the latter two reporting years of the period.

7. Service Capacity

Information from the narrative sections of the template, on the impact of funding changes on service capacity suggest a mixed picture of some limited growth, some contraction in services, and some services being maintained at the same levels over the period. Although there was a widely shared view that the demand for services was likely to continue to exceed capacity and available funding for growth, the extent of the problem proved difficult to

gauge: authorities with decreases in SP grant tended not to provide detailed information citing incomplete Service Reviews, or indicated reductions in rather general terms. Eight authorities reported actual or very likely reductions in service capacity, but it was unclear whether reductions would impact upon particular client groups or types of providers (local authority or external). There was some limited evidence that visiting support hours had been reduced, while numbers of accommodation places had increased slightly. *Table 5* provides outline information from the narrative sections of the template.⁴

Table 5: Authority Comments on Capacity Reductions

	Number of authorities
Some reductions (actual or likely)	8
No reductions in capacity anticipated	8
Services remodelled leading to some cuts, but improved services	3
Not yet known	8
Other responses	3

Most of the authorities reporting no anticipated reductions in capacity were from grant group 1 (increasing SP funding by more than 5% over the 2004-08 period). However, even in this group, there were a few comments about increasing budgetary pressures.

Of the eight authorities indicating actual or likely cuts, only three provided detailed information on capacity reductions as requested and, as a result, only a general indication of reporting by authorities on this key question can be given. Some authorities provided ‘holding’ responses, as they waited for the outcomes of Service Reviews, or to identify alternative funding streams. Authorities that were able to be more specific included South Ayrshire, which described non-acceptable service reductions for the following client groups that could not be avoided by budget transfers or efficiency savings:

- 76 homeless services / prevention clients – 153 hours;
- 56 older people clients -170 hours;

⁴ Visiting support was cited more frequently than accommodation services as at risk of cuts, but evidence on this was not conclusive.

- 19 mental health clients – 170 hours;⁵ and
- 14 learning disability clients – 442 hours.

The authority described a range of likely impacts that might stem from these reductions, including delayed discharge from institutional care; earlier admissions to institutional care; greater likelihood of repeat homelessness; increased rent arrears/evictions; poorer quality of life for individuals/social exclusion; and, greater difficulties for accessing appropriate services.

Still other authorities from grant group 3, while indicating that efforts were being made to maintain current capacity, warned that future capacity was being threatened by budgetary pressures. A number commented that new clients might be unable to access SP related services even though existing service users would not see a significant decline in levels of service provision. Where authorities with a decreased grant were maintaining services, it was pointed out that this required considerable effort.

While there was no clear indication of particular client groups being impacted upon disproportionately by service reductions, homelessness legislation was cited by a number of authorities as a concern for future planning and provision. The Abolition of Priority Need in 2012, in particular, was cited as a challenge for future capacity planning. Similarly, authorities stated that increasing demands for services for older people and people with mental health problems was likely to be especially problematic.

Greater detail across authorities was provided on **service capacity growth**. Reported growth ranged across client groups, with the key beneficiaries being the largest SP client groups - older people, people with learning disabilities, and homeless people, although individual authorities differed in terms of which groups were current priorities. *Table 6 (overleaf)* records the numbers of authorities reporting actual and likely growth in services, by key client groups.

Older people service growth appeared to be being directed towards both standard sheltered housing provision and more specialist housing support, with higher levels of support and a

⁵ It is not clear whether the number of hours in this case is a weekly total.

greater use of technology: ‘very sheltered’ and ‘very supported’ accommodation were mentioned by a number of authorities as areas for growth.

Table 6: Numbers of Authorities Reporting Actual and Likely Growth in Services by Client Group

	Actual Growth in Services	Likely Growth in Services
Older people	10	4
Learning disability	7	4
Women’s refuge	5	0
Homeless people	4	6
Mental health	3	2
Substance misuse	2	2
Young people	2	1
Physical disability	2	1

There was growth too for services aimed at clients with learning disabilities, although the numbers supported tended to be lower. A number of authorities noted the ongoing demand for services for clients that had moved from hospital settings into the community. And some new services were flagged for clients with more complex or multiple needs – clients with learning disability and physical disabilities or mental health problems. Homelessness services were also highlighted by authorities as a growth area. Glasgow cited over 1000 clients who had moved into the community following the closure of three hostels, and who were now receiving support there. New projects elsewhere included an outreach project to prevent homelessness, and a family support project. Finally, accommodation and support for women with experience of domestic violence was flagged by five authorities as a current area for service growth with mainly new, rather than expanded, services.

Most authorities were able to be specific about the **total average number of accommodation places and visiting support hours per week**, for the period 2004-06. *Table 7 (overleaf)*⁶ indicates the following about **accommodation places**:

- Of 26 authorities reporting on accommodation places, 8 reported an increase in places, 6 report a decrease and 12 reported no change.

⁶ Data for 2006-08 were only provided by a small number of authorities. *Table 7*, therefore, concentrates on the first two years of the period in order to provide meaningful cross-authority figures.

- Across authorities in general, changes in numbers of places (both increases and decreases) appeared to be small. Only one authority recorded a percentage decrease of more than 1% (90 places), while just four reported a percentage increase of more than 1%.
- In total across authorities, it would appear that 78 places have been gained over the 2004-06 period. This cannot be taken as a necessarily reliable cross-Scotland picture, however, since it only covers 26 authorities.

Table 7: Service Capacity Changes 2004-06

Local Authority	Percentage change in number of accommodation places 2004-06	Actual change in the number of accommodation places 2004-06	Percentage change in average hours per week of visiting support 2004-06	Actual change in average hours per week of visiting support 2004-06
Aberdeen City	1.2	41	-20.8	-982
Aberdeenshire	0.7	17	No figures	No figures
Angus	No figures	No figures	No figures	No figures
Argyll and Bute	16.3	99	6.3	1134
Clackmannanshire	0	0	24.2	501
Dumfries/G'way	No figures	No figures	No figures	No figures
Dundee	-2.1	-90	0	0
East Ayrshire	0.1	1	*	*
East Lothian	-0.2*	-1*	0	0
East Renfrewshire	0	0	-7.6	-214
Edinburgh	-0.1	-5	0.9	190
Eilean Siar	1.1	2	0	0
Falkirk	0	0	0	0
Fife	0	0	0	0
Glasgow	No figures	No figures	No figures	No figures
Highland	-0.6	-10	-3.6	-485
Inverclyde	3.6	26	6.3	140
Midlothian	0	0	10.9	681
Moray	0	0	0	0
North Ayrshire	0.8	8	-13.1	-1710
North Lanarkshire	0	0	-0.2	-71
Orkney	0	0	-23.0	-29
Perth and Kinross	-0.8	-10	17.9	578
Renfrewshire	-0.5	-24	**	**
Shetland	0	0	0	0
South Ayrshire	0	0	*	*
South Lanarkshire	1.0	24	-2.5	-533
Stirling	0	0	0	0
W Dunbartonshire	0	0	-1.9	-387
West Lothian	No figures	No figures	No figures	No figures

* - apparent discrepancy in figures

** - service users rather than hours reported by this authority

These data suggest that most authorities have, in terms of the current and short-term positions, been able to manage any pressures on the numbers of accommodation places successfully. This does not mean, however, that in future years the number of accommodation places will not decrease, as there is currently insufficient evidence on this.

A similar consideration of the change in average hours per week of **visiting support** was also conducted. Of 22 authorities providing useable data, eight reported a decrease in the actual average number of hours, eight reported no change, and six reported an increase, as follows:

- Actual hours lost ranged from -29 in Orkney to -1710 in North Ayrshire.
- There was wide variation in the percentage change figures for those with decreasing hours, ranging from -0.2% to -23.0%, although the latter percentage represents a relatively small number of hours.
- Actual hours gained ranged from 140 in Inverclyde to 1134 in Argyll and Bute.
- A wide variation was also apparent in the percentage change for those with increasing hours, from 0.9% in Edinburgh to 24.2% in Clackmannanshire.
- However, only 6 authorities reported changes of +/-10%.
- The cross Scotland total number of hours lost per week was 1187. This cannot be taken as a necessarily reliable cross-Scotland picture, however, since it only covers 22 authorities.

To summarize all the service capacity analysis, then, what emerged from limited data was a mixed picture of some limited growth in capacity from a relatively small number of authorities, with various client groups benefiting, and some evidence of service reductions – again, from a relatively small number of authorities. Key SP client groups appeared to be the biggest beneficiaries of growth, but it was difficult to identify which client groups were being impacted by service reductions. There was no evidence of a widespread shedding of accommodation places, and only limited evidence of sizeable decreases in visiting support hours across a small number of authorities, but authorities did warn that budgetary pressures were likely to make reductions in service capacity inevitable in the longer term: even those who had benefited from increasing grants noted that increasing demand would mean that any growth in service was likely to be limited.

8. Pipeline

Twenty-six local authority returns reported a Pipeline claim in 2004-05. The percentage of Pipeline claims that contributed to total SP income over this period ranged from 0.1% to 10.5%. Although the Scottish Executive had a role in confirming which Pipeline projects met

the eligibility criteria, projects had to be submitted to Treasury for formal approval and funding. In the end only projects meeting the criteria and scheduled to open in 2003-04 received such funding. It was always made clear that funding for other projects with later start dates was subject to Treasury approval, and funding being made available by them, but expectations may have arisen locally that weren't fulfilled. Across authorities, approximately 157 'approved' Pipeline projects were reported with 95 opening and 62 not opening by 2007-08. However, some authorities failed to provide sufficient information, which makes these totals tentative. Thirty-three of these projects were located in Renfrewshire, so the cross-Scotland picture excluding that authority looks rather different: just 29 projects that have not gone ahead.

Further, it is difficult to be clear about where any impact would be felt, as 48 projects were not described in sufficient detail to allow us to consider which client groups might be affected. However, where information was provided for Pipeline projects not going ahead, it would appear that five particular client groups have been negatively affected:

- people with learning and/or physical disabilities;
- women subjected to domestic abuse;
- older people;
- homeless people; and
- people with mental health problems.

Of particular concern in three local authorities was the loss of Pipeline for service users with mental health problems, although only limited information was provided. Dumfries and Galloway reported that two projects due to open after 1st April 2005 would have no SP funding, Glasgow reported that two projects were not being recommended for funding and Angus commented that a Pipeline project for mental health clients had been abandoned.

Ninety-five projects have already opened or are still scheduled to open before 2007-08, albeit for 60 of them, only with diversions from other budgets. The effects of these diversions are not yet clear, but local authorities have signalled that they are likely to be challenging. Nevertheless, it would appear that the majority of Pipeline projects will open, delivering over 500 additional accommodation places. Older people, people with learning disabilities and

homeless people appear to have gained the most places, although information provided on this was not comprehensive.

9. Efficiency Savings and Budget Changes

Local authorities appeared relatively clear on whether or not savings had been achieved without adverse impact in 2005-06, and were aware of the need to make savings in future years. Understandably, however, they seemed unable to quantify the impact of such savings in future years until they were further on in reviewing services and understanding the extent to which further efficiencies could be achieved without affecting services adversely.

Table 8: Savings Identified [figures in £m, to three decimal places]

Savings (from 2004-05 budget) (cash + inflation)	2005-06	2006-07	2007-08
Savings on local authority coordination and management overheads	0.361	0.080	0.023
Savings on services operated by local authorities directly	5.570	4.888	4.756
Savings on services operated by external providers	9.772	9.734	9.790
Total savings:	15.703	14.702	14.569
a) savings from closing or remodelling services no longer judged strategically relevant or where any reduction in service capacity is acceptable	5.807	2.236	1.099
b) savings from improved contract values where service capacity outputs are expected to be maintained despite no or incomplete uplift for inflation	6.004	1.276	1.626
c) budget restrictions imposed on providers which will result in adjustments in service capacity not judged desirable & likely to have adverse impacts for service users	5.458	3.299	3.034
Savings re-invested in other services	3.428	3.340	3.515
Total net savings	12.108	9.476	11.054

Savings of £15.7m in 2005-06 have been identified to date by the 30 local authorities returning information (*Table 8, above*. Nb. inconsistencies in the way that the data has been recorded by local authorities means that some figures in this table do not tally in the way they should. Some caution is therefore needed when interpreting the results). While more of these savings have clearly come from external providers than from services directly operated by local authorities, there is no strong evidence that external providers have been treated disproportionately. Further analysis of impact on providers is provided in Section 11 of this report. It will be important, however, to review this closely in the next returns, checking the extent to which external providers agree that the Service Review process has been fair and

transparent, while recognising that imposing the same level of funding reduction on all providers conversely provides no incentive for anyone to improve efficiencies.

Savings identified in local authority coordination and management overheads in administering the programme were marginal, although expenditure on lead officer administration was less than the amount of funding allocated through GAE (which is based on administration costs of 2.5% of overall programme).

About a third of all savings in 2005-06 have so far come from closing or remodelling services no longer judged to be strategically relevant. A further third of all savings came from improved contract values / restricting uplift for inflation, which, taken together, suggests that efficiency improvements are being achieved in the programme. Nineteen authorities reported such improved contract values. However, almost a third of savings relate to budget restrictions where adjustments in service capacity are not thought to be desirable.

10. Impact on jobs

There appears limited evidence that new budgetary arrangements have started to impact upon jobs locally in any significant way. Only three authorities reported that actual cuts of staff had taken place, and for one authority the situation was being managed to some extent by not filling vacant posts. Other authorities did predict sizeable cuts, and still others warned that job cuts were inevitable in coming years. In contrast, approximately one third of authorities reported either no impact on jobs from budgetary changes and even some limited growth.

Only seven out of the 30 authorities reported job cuts. Of these, three reported actual cuts, while the other four authorities predicted job losses. *Actual* job cuts were reported as follows:

- Approximately 50 jobs during 2004-05 (West Dunbartonshire);
- 8.94 FTE posts as a result of de-commissioning through the Service Review process (Aberdeenshire); and,
- 8 jobs due to services closing, with an additional 13 jobs due to ‘non-filling of vacant posts’ (Aberdeen City).

Predicted job losses were as follows (information as provided):

- 210 WTE support/senior support workers (Fife);
- 77 FTE posts (Edinburgh);
- 60 staff members working with adults with learning disabilities and older people (East Renfrewshire); and,
- 27 FTE posts (South Ayrshire).

Predicted job cuts data need to be treated with some caution, due to limited information returned, and the possibility that authorities will roll forward funding to make job losses less likely: in other words, it is too early to tell whether job losses will be on this scale. Fife's comment, for example, that it 'would predict that a 14% cut in the programme would equate to the equivalent of 210 WTE support / senior support workers' cannot be seen as a necessarily reliable predictor of future developments. Indeed, at the time of writing, it would appear that actual job losses have only been sizeable in West Dunbartonshire, with 50 jobs cut, although the council itself is unclear whether these are part- or full-time jobs, so even here it is difficult to be definitive about impact locally.

Eight other authorities stated that they were not in a position to comment on the impact on jobs as they did not have the information or Service Reviews were incomplete. However, there were warnings from some of these latter authorities that cuts were likely. Five other authorities left the section on jobs blank.

In contrast to the rather negative picture set out above, six authorities indicated that the new budgetary arrangements had not impacted on jobs while three others described employing additional staff, in part for new Pipeline projects (Angus) and service developments (Perth and Kinross and Stirling).

11. Impact on Providers

Another important question relates to whether external providers were bearing the brunt of any decrease in funding in terms of their provision of accommodation and visiting support services. The proportion of funding relative to that allocated to local authority providers was tracked over the period 2004-05 to 2005-06, where the most reliable information had been provided. The analysis suggested a mixed picture:

- Fourteen authorities reported reductions in the proportion of funding to external providers for accommodation services and visiting support.
- However, 11 authorities reported *increases* in the proportion of funding to external providers for accommodation services. Some of these increases were, however, small and may over the period represent a decrease in real terms. Five authorities reported no change or gave no figures.
- Nine authorities reported *increases* in the proportion of funding to external providers for visiting support. Some of these increases are, however, small and may over the period represent a decrease in real terms. Five authorities reported no change or gave no figures.
- Only in three authorities was the proportion of funding to external providers for accommodation services reduced over the period by 5% or more (Eilean Siar, Perth and Kinross, and West Lothian).
- Similarly, only in three authorities was the proportion of funding to external providers for visiting support reduced over the period by 5% or more (Aberdeenshire, Clackmannanshire and Glasgow).

The overall picture, then, would appear to be one of limited reductions and increases across local authorities. There is no strong evidence, from these data, that local authorities are resolving budgetary pressures by reducing funding to external providers at a greater rate than to their own service provision.

12. Key Points of the Analysis

As is noted throughout this report, this analysis has faced a number of challenges – late returns from authorities, and inconsistent, incomplete or possibly inaccurate information. Because of this, we are not convinced that the report attached offers a necessarily full or accurate picture of the impact of budgetary changes across Scotland. Notwithstanding this, the results of the analysis, in broad terms, are as follows:

- There is only limited evidence of service capacity reductions, although a number of authorities predicted reductions in future years. Some authorities reported that budgetary pressures were already intense and likely to get worse. In contrast, other authorities reported limited service growth.

- Some local authorities have been able to avoid reductions in service capacity by making budgetary diversions. It would appear that social work and community care budgets in particular have been drawn upon to protect SP services and might therefore be impacted on in future years. Other authorities have reported impacts only within SP budgets or no impact on budgets to date.
- Local authorities were able to make savings of approximately £12m in 2005-06, suggesting some success with the Service Review process. Over two thirds of total savings came from remodelling or closing services that were no longer considered appropriate, or from improved contract values.
- There is no strong evidence yet that particular client groups are being disproportionately affected by any service reductions.
- However, there does appear to have been some reduction across Scotland in the number of hours of visiting support provided per week (1187 across 22 authorities).
- There is no strong evidence yet of job cuts across Scotland – only 3 authorities cited actual losses – although a number of authorities warned of losses to come.
- There is no evidence that authorities are increasing the proportion of income raised from charging in order to help meet any budget shortfalls, or that they are planning to do so.
- There is no strong evidence yet that external providers are suffering *disproportionately* from any redistribution of funding by local authorities. However, almost two-thirds of authorities reported that contract values were not being uplifted by inflation.
- Loss of Pipeline funding does appear to have impacted on provision to some extent, with some authorities describing projects not continuing or only proceeding with resources from diverted budgets or via additional external monies. Even where Pipeline projects had been maintained, there were warnings of a funding gap that will need to be addressed and of negative impacts on a variety of vulnerable client groups and related strategies and plans.

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