



The Scottish Parliament

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Dear Lord Sutherland

INDEPENDENT FUNDING REVIEW OF FREE PERSONAL CARE

Thank you for your letter of the 8 October 2007 drawing the Audit Committee's attention to your independent funding review of free personal care and giving the Audit Committee the opportunity to offer views on the key issues the review should consider.

The Audit Committee considered your letter at its meeting on 24 October 2007 and agreed that I would reply to your letter, offering the Committee's views.

As you will be aware the Session 2 Audit Committee considered the issue of free personal and nursing care in its '*2nd report 2005, Report on Community Care*'. The report is available on the Scottish Parliament website at the following address: <http://www.scottish.parliament.uk/business/committees/audit/reports-05/aur05-02-01.htm>

The major areas of concern highlighted in the report related to weaknesses in the financial estimates surrounding the policy and a lack of robust evaluation of the costs of the policy once implemented. The Committee would like to draw your attention to the main recommendations in the report:

- The Committee considered that the short timescale for the introduction of free personal care, coupled with the lack of robust information, was likely to have undermined SEHD's ability to cost the policy accurately;

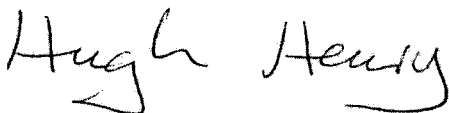
- In particular, SEHD was not able to show local authority spending on care either prior to or after implementation of the policy, so the costs of the policy remained unclear;
- SEHD undertook no systematic risk assessment on the consequences of preparing inaccurate estimates. Projection of a range of estimates would have been better than a single estimate given the uncertainty involved.
- The Committee recommended that SEHD should review the cost of implementation of the policy, ensure that future cost projections were based on updated demographic information and that accurate information was available about numbers receiving the service and so that financial allocations to councils could be matched with need.
- The Committee also expressed a number of concerns regarding whether sufficient progress was being made on joint working between government departments and local authorities.

The Session 3 Audit Committee also highlighted a number of issues that may have significant budgetary implications in relation to the provision of free personal and nursing care. The Committee was particularly concerned about the potential implications of the opinion of Lord McPhail in the *Petition of Argyll & Bute Council against Judicial Review of Decision of the Scottish Public Services Ombudsman* ([2007] CSOH 168). The Committee was also concerned about the financial implications of the on-going dispute in a number of authorities over who should pay for preparation of meals and whether this should be considered as part of free personal care. In addition, members noted the projected growth in the Scottish population along with the projected increase in life expectancy and the potential impact this may have on the growth in care needs. Clearly this will result in an increase in the costs of this policy.

The Audit Committee will further consider the issues surrounding free personal care with the publication of the Auditor General for Scotland's Report on Free Personal and Nursing Care in January 2008. Audit Scotland outlined the scope of their study at the Committee meeting on 24 October and re-iterated their intention that this study should also inform and complement your own review of the subject.

I hope this response will prove useful and offer the Committee's thanks to you for giving the Committee the opportunity to contribute to the review. We look forward to the publication of your findings in due course.

Yours sincerely



Hugh Henry MSP
Convener Audit Committee