



AUDIT COMMITTEE

AGENDA

4th Meeting, 2003 (Session 1)

Tuesday 18th February 2003

The Committee will meet at 1.40 pm in Committee Room 1 to consider the following agenda items:

1. **Item in private:** The Committee will decide whether to take agenda item 8 in private.
2. **Meeting with the House of Commons Committee of Public Accounts:** The Convener will report on the recent meeting with members of the House of Commons Committee of Public Accounts.
3. **Overview of the 2001/02 Water Authority Audits:** The Committee will consider a response from the Scottish Executive on the report by the Auditor General for Scotland entitled 'Overview of the 2001/02 Water Authority Audits' (AGS/2002/7).
4. **Overview of Further Education Colleges in Scotland 2000/01:** The Committee will consider a further response from the Scottish Executive to its report entitled 'Overview of Further Education Colleges in Scotland 2000/01' (SP Paper 657).
5. **Scottish Executive Progress Report on Audit Committee Recommendations:** The Committee will consider a report from the Scottish Executive outlining progress made on implementing the recommendations of the Audit Committee during the first session of the Scottish Parliament from 1999 to 2003.
6. **Dealing with Offending by Young People:** The Committee will take evidence from:

Cllr Tommy Williams, Convener of the Community and Family Care Policy Board, Renfrewshire Council;

Mr David Crawford, Director of Social Work, Renfrewshire Council;

Mr Douglas Hamilton, Research and Policy Officer, Barnardo's Scotland;

Mr Joe Connolly, Depute Director, NCH Scotland;

Mr Paul Carberry, Assistant Director, Criminal Justice Services, NCH Scotland;

Ms Susan Matheson, Chief Executive, SACRO;

Mr Keith Simpson, Head of Service Development, SACRO;

on its inquiry into the report by the Auditor General for Scotland entitled 'Dealing with Offending by Young People' (AGS/2002/8).

7. **Dealing with Offending by Young People (in private):** The Committee will consider the evidence taken at agenda item 6 and further arrangements for the inquiry.
8. **External Committee Research:** The Committee will consider a report commissioned from University College London on external research.

Shelagh McKinlay
Clerk to the Audit Committee
Room 2.1, Committee Chambers
Ext. 0131 348 5390
Email: shelagh.mckinlay@scottish.parliament.uk

The papers for this meeting are as follows:

Agenda Item 3

Response from the Scottish Executive on Overview of 2001/02 Water Authority Audits AU/03/04/1

Agenda Item 4

Response from the Scottish Executive on Overview of FE Colleges 2000/01 AU/03/04/2

Agenda Item 5

Report from the Scottish Executive on implementation of Audit Committee recommendations 1999/2003 AU/03/04/3

Agenda Item 6

Report by the Auditor General entitled 'Dealing with Offending by Young People' – *members are reminded to bring their copy* AGS/2002/8

Written Statement from CoSLA AU/03/04/4

Written Statement from Barnardo's Scotland AU/03/04/5

Written Statement from NCH Scotland AU/03/04/6

Written Statement from SACRO AU/03/04/7

Agenda Item 7

Written Evidence from the Airborne Initiative Scotland Ltd AU/03/04/8

Written Evidence from APEX Scotland AU/03/04/9

Written Evidence from Clackmannanshire Council AU/03/04/10

Written Evidence from Glasgow City Council AU/03/04/11

Briefing Paper PRIVATE PAPER

Agenda Item 8

Paper from the Clerk PRIVATE PAPER

External Research report PRIVATE PAPER



SCOTTISH EXECUTIVE

Environment Group

Shelagh McKinlay
Clerk to the Committee
Audit Committee
Room 2.1
Committee Chambers
The Scottish Parliament
EDINBURGH
EH99 1SP

Water Services Unit

Victoria Quay
Edinburgh EH6 6QQ

Telephone: 0131-244 0246

Fax: 0131-244 0259

Andrew.Scott2@scotland.gsi.gov.uk

<http://www.scotland.gov.uk>

Your ref:

Our ref:

11 February 2003

Dear Ms McKinlay

OVERVIEW OF THE 2001-02 WATER AUTHORITY AUDITS

Thank you for your letter of 15 January 2003 addressed to John Graham regarding the above report published recently by the Auditor General for Scotland. I am replying on John's behalf as he is out of the office until Thursday 13 February. I have answered the questions raised by the Audit Committee in the order and under the titles in which you raised them.

Regulatory and accountability arrangements in the water sector:

Scottish Water was created on 1 April 2002 and assumed all the assets and liabilities of the former three Water Authorities. Scottish Water is, as were the previous Authorities, a Public Corporation reporting to Parliament through its Board and through Scottish Ministers. In accordance with the Public Finance and Accountability (Scotland) Act 2000, Jon Hargreaves, Chief Executive, was appointed as Accountable Officer on 25 June 2002, on behalf of the Principal Accountable Officer.

The reorganisation of the water industry did not change the Executive's responsibilities. This reorganisation was a significant step in achieving the Executive's goal of improving services, drinking water quality and the environment at an affordable price for both customers and taxpayers.

Reorganisation costs and efficiency targets:

The costs that are directly attributable to the merger and dissolution of the former Water Authorities amount to £5million of which £3.2million was funded by way of grant from Scottish Ministers. These costs exclude those associated with voluntary severance schemes.

As your committee will appreciate, the reorganisation and modernisation of the business is on-going and is necessary if Scottish Water is to get closer to achieving levels of efficiency demonstrated by its counterparts in England and Wales. For the period 2002-03 to 2005-06, a budget of £200m has been allocated. This must cover the costs of severance schemes and "transformation" projects (including any associated capital expenditure).



Much of the efficiency savings will be derived from operating a water industry with fewer, but better trained staff. Over the past few years, staff numbers have been reducing. The figures are as follows:

Year *	Water Services	Waste Water Services	Other	Total
1999-00	3549	2505	184	6238
2000-01	3472	2456	196	6124
2001-02	3094	2365	189	5648

* Average staff numbers throughout the year. Source: Water Authority Annual Reports and Accounts

The modernisation of the water industry is centred upon the improvement of services, protecting public health and safeguarding Scotland's environment. This will be achieved through substantial investment in Scotland's water and waste water assets and the delivery of improvements in operational practices within Scottish Water. The Scottish Executive and Scottish Water's three independent regulators (Water Industry Commissioner for Scotland, Scottish Environment Protection Agency and Drinking Water Quality Regulator) will monitor the benefits of this investment. They will report regularly on progress.

The level of outstanding debt:

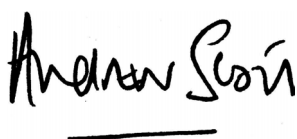
Scottish Water currently collects its income in two ways. For non-domestic customers charges are billed and collected directly. Charges for domestic customers are collected via Local Authorities. These arrangements have been in place since 1 April 1996 when the three former Water Authorities were created.

For non-domestic customers, Scottish Water actively pursues customers for payment such that levels of non-payment are broadly comparable with UK averages.

Collection rates for water and sewerage charges by local authorities are presently generally poorer than for comparable water companies in England and Wales. In an effort to improve efficiency Scottish Water is presently working with local authorities to encourage the adoption of best practice and the adoption of service level agreements.

I hope the details given above answer the questions raised by the Audit Committee. Should you require further details I should be happy to provide more information.

Yours sincerely



ANDREW SCOTT
Head of Water Services Unit



SCOTTISH EXECUTIVE

Enterprise & Lifelong Learning Department
E W Frizzell CB, Head of Department

Meridian Court
5 Cadogan Street
Glasgow G2 6AT

Andrew Welsh MSP
Convenor, Audit Committee
Room 2.6
Scottish Parliament Headquarters
EDINBURGH
EH99 1SP

Telephone: 0141-242 5700
Fax: 0141-242 5477
Eddie.Frizzell@scotland.gsi.gov.uk
<http://www.scotland.gov.uk>

Your ref:
Our ref:

February 2003

AUDIT COMMITTEE 7TH REPORT 2002; “OVERVIEW OF FURTHER EDUCATION COLLEGES IN SCOTLAND 2000-01”

Thank you for your letter of 27th January. I am sorry to hear that the Committee were concerned by the nature and tone of our initial response.

Funding for the FE sector has increased by 50% over the 1998 baseline. As a result of SR 2002 spending on the sector will reach some £0.5 billion by 2005-06. In December 2002, Ministers agreed an additional £16m to be spent in this financial year to improve financial security throughout the sector, to assist compliance with disability legislation, and to support other local priorities that have been identified during strategic planning.

I attach further information as requested.

E W FRIZZELL

AUDIT COMMITTEE 7TH REPORT: “OVERVIEW OF FURTHER EDUCATION COLLEGES IN SCOTLAND 2000-01”

SCOTTISH EXECUTIVE RESPONSE TO PRINCIPAL RECOMMENDATIONS

This is the response of the Enterprise and Lifelong Learning Department (ELLD) of the Scottish Executive to the letter received from the Audit Committee requesting further information on its 7th Report 2002: “Overview of Further Education Colleges in Scotland 2000-01”.

The relevant recommendations are listed below, with the further information requested.

RESPONSE TO RECOMMENDATIONS

3. Even within its 10-year recovery plan, Inverness College cannot state with confidence that its financial targets will continue to be met. We believe that this highlights the fundamental weakness of a recovery plan of such long duration. We recommend that the Funding Council work with Inverness College in particular, and other colleges as necessary, to agree shorter timescales for achieving sustainable financial balance. (Paragraph 27)

- Initial Response by Department

Inverness College has made considerable progress in terms of its financial recovery and has benefited from the £1.084 million that it received as its share of the £7 million. There is confidence that financial recovery can be achieved by the financial year 2008-09. The Council is shortly to embark on a campaign for financial security in the FE sector. This will involve defining what is meant by financial security, establishing targets and taking steps to ensure that the vast majority of colleges achieve financial security by 2006. Decisions on college recovery plans are for SFEFC and the college concerned, with no direct ELLD involvement in individual cases.

- Audit Committee Response

The Committee requests further information on what is meant by the statement “the Council is shortly to embark on a campaign for financial security in the FE sector.” The Committee would like to know what is meant by a “campaign”, when precisely this work is about to start and when it is anticipated that agreement will have been secured on the definition of “financial security”. (The Committee notes the evidence given on this concept by Mr McClure during the inquiry). The response states that the campaign aims to ensure that the “vast majority” of colleges achieve financial security by 2006. The Committee would be grateful for information on which colleges will achieve financial security and when and which colleges it is anticipated may not achieve financial security by this time.

During the enquiry witnesses from Inverness College expressed reservations about the sustainability of financial recovery beyond the next two to three years. Given this evidence the Committee would like further information on the grounds for the Department and SFEFC’s confidence that Inverness College can achieve financial recovery by 2008-09.

Finally, the Committee understands why ELLD would not normally become involved in the development or detailed monitoring in individual college recovery plans. However, the Committee would welcome further information on the nature and extent of ELLD’s role in monitoring the financial health of the sector and ensuring that timetables for recovery are adhered to.

• FURTHER INFORMATION

The aim of the campaign, in line with the recommendations of the Audit Committee is to shorten the timescales for all colleges achieving financial security. This was launched by SFEFC on 20 December 2002 through the issuing of guidance (FE/54/02) to all FE colleges (copy attached). This set out the Council's strategy for achieving financial security, and included the definition of financial security approved by the Council on 5 December 2002

Definition of financial security:

- Colleges are basically 'in/out' operations in the sense that their function is to convert income into provision and not to accumulate surpluses, except at a modest prudential level. Accordingly, a college that is financially secure is one that, on a continuing basis, is able to generate operating surpluses reliably and as planned, and through that accumulate a reasonable level of financial reserves. The college must also generate sufficient cash to finance its operations and meet its liabilities; regular operating surpluses would ensure this.
- It is important, however, to distinguish between the reported financial position, which may include significant one-off items, and the underlying position which excludes such items. The latter is a truer statement of the fundamental financial health of a college. Just as a good underlying state of financial health can be disguised by adverse one-off items, so can an apparently good result disguise an unsustainable underlying position.
- The board and senior management team of a college must ensure therefore that, over the medium to long-term, their college's costs are less than its income and that the college has sufficient liquid assets. Where funding is tight, this inevitably means ensuring that the scale of operations can be afforded and, if necessary, reducing the scale so that it can.
- Also, over time, the college's asset-base needs to be renewed so as to maintain its productive capacity, and most colleges will wish to undertake development activities to ensure that the college's long-term viability is safeguarded or enhanced. Such development activities may include, for example, estate projects, curriculum developments and staffing and management restructuring exercises.
- As to reserves and accumulated deficits, colleges should distinguish between deficits arising from pension provisions and deficits arising from overspending on recurrent operational expenditure. Accumulated deficits arising from the latter cause should be eliminated as quickly as possible to ensure that a healthy cash position is maintained. Deficits arising from pension provisions, however, do not directly threaten a college's financial health. A college can remain financially secure while maintaining a pensions deficit provided it can meet the other requirements of financial security, namely, reliable operating surpluses and adequate cash.

The campaign for financial security has five strategic elements as follows:

Target

- Analysis of colleges' most recent set of financial forecasts (2003-2006) by SFEFC indicates that all colleges should be capable of achieving financial security by the end of financial year 2005-06. The Council considers this to be a challenging but realistic target in the context of a foreseeable planning horizon i.e. the current spending review period, which is 2003-04 to 2005-06.

- Given the variety of starting points, that target will not be achieved uniformly nor, in several cases, easily: 16 colleges are financially secure (see below - position i), 13 colleges are well on their way to achieving this (see below - position ii), and 13 colleges are planning appropriate action to bring about the required improvement (see below - position iii).
- The Council is monitoring progress against this target and is focussing its attention on those colleges that are at risk or show signs of not achieving the target.

Benchmarking support

- To assist the campaign, SFEFC is funding a sector-wide benchmarking exercise to enable colleges to compare their costs in detail with each other on a robust and consistent basis. It has been agreed with the Association of Scottish Colleges (ASC) to set up a joint short-term working group to establish this process. SFEFC will also build on the joint work in the development of financial performance indicators, currently being undertaken between the sector and the Council, due to be completed by **September 2003**. This will be a continuing exercise.

Financial management support

- Colleges need to enhance their strategic financial management capability. SFEFC relaunched the finance managers' network in November 2002, and will fund a full-time post for a fixed period to support the group.
- There is scope to improve financial and other management information systems in colleges. While core systems are generally adequate for operational purposes, there are problems with integration of key systems and their usefulness in strategic management. This has potentially very significant resource and other management implications. Therefore, it has been agreed to establish a second joint group with ASC to define the issues that need to be addressed in more precise terms, and to consider options as to how this might be undertaken.

Recovery planning support

- The campaign for financial security is the primary focus of the ongoing work of the Financial Appraisal and Monitoring Service (FAMS) and by the recently established FE Development Directorate (FEDD)
- The financial health monitoring framework is being refined in order to align it more closely with the strategy for financial security. SFEFC is currently consulting colleges on the revised model. The effectiveness of the campaign will be monitored through scrutiny of individual colleges.

Grant support

- The fifth element of the campaign is the provision of selective grant support. In December 2002, the Executive allocated £16m for financial security, compliance with disability legislation and modernisation. SFEFC increased this by £10m, giving a total of £26m. This additional funding is being released to individual colleges on the basis of proposals from each college. Colleges are in one of three positions (i) those which have already achieved financial security; (ii) those which will achieve it relatively easily in the target period; and (iii) those which face significant challenges in achieving it.

Position (i)

Colleges which are already financially secure (that is, they achieved an operating surplus – excluding significant one-off-items – in 2001-02) will provide SFEFC with:

- an outline projection to 2005-06 showing how the underlying position of operating surplus will be maintained over the period including use of any of this allocation;
- a commentary explaining the key issues and assumptions in the projection;
- confirmation by the Chair of the board of management and the Principal that the college shares and is committed to the objective of at least maintaining financial security as defined;
- an outline of the expenditure needed to meet the requirements of the Special Education Needs and Disabilities Act 2001 by 1 September 2003 and by 1 September 2005; the college's plans to finance the necessary expenditure over the period; and its specific proposals for the use of this allocation;
- where these first two priorities will be achieved, an outline of the college's plans to tackle its other priorities.

Position (ii)

Colleges which made an underlying operating deficit in 2001-02 (excluding one-off items) but which expect to achieve an operating surplus in the period to 2005-06 will provide SFEFC with essentially the same information as position (i) colleges as far as it is relevant. They will give greater attention to the first three items and the response to the first item must set out clearly and convincingly how the college will achieve an underlying position of operating surplus and subsequently maintain it.

Position (iii)

Colleges which made an underlying operating deficit in 2001-02 and/or face serious challenges in achieving and/or maintaining financial security by 2005-06 will prepare for SFEFC:

- a rigorous analysis of the main underlying factors which are adversely effecting their income and expenditure account;
- an action plan to tackle these factors to achieve financial security by a date to be agreed with the Council;
- a statement of how the allocation will be used to implement the plan;
- confirmation by the chair of the board of management and the principal that the college shares and is committed to the objective of at least maintaining financial security as defined.
- These colleges have been contacted directly by the Council to ensure that they take appropriate action without delay. 14 colleges are implementing recovery plans agreed with the Council. The Council will expect these plans to be accelerated with the aid of the funding support now provided.

These proposals are to be submitted to SFEFC by 28 February 2003.

Inverness College

The Auditor General in his 1999/2000 Overview of Further Education Colleges in Scotland notes that 'SFEFC consider that the college should recover its accumulated deficit in a period not exceeding nine years from the end of 2000/01.

As reported to the Committee at its meeting of 25th June 2002, the College has made significant progress in closing loss making subsidiaries and staff restructuring, resulting in 40 staff leaving the organisation. This has allowed it to start making operating surpluses. These initiatives, along with

the £1.084 million provided in February 2002 have allowed the College to accelerate financial recovery by one year. Therefore, the expected period of recovery has shortened to between 6 and 8 years from July 2001, i.e. not later than the year ended July 2009. As stated above, analysis of colleges' most recent set of financial forecasts (2003-2006) suggests that all colleges should be capable of being financially secure by the end of financial year 2005-06, Inverness College is in position (ii) and should be financially secure by the 31 July 2006 deadline.

SFEFC and ELLD

SFEFC was established in 1999, and has a statutory duty to "secure adequate and efficient provision of further education in Scotland". This provision is delivered through FE colleges, which are autonomous and self-governing companies, with individual management boards. SFEFC are responsible for ensuring that colleges are financially secure, and able to deliver an effective service. Their activity includes detailed and ongoing discussion with individual Colleges about recovery plans and timescales. ELLD monitors this process. Through regular meetings with SFEFC, the Department ensures that any proposed actions are consistent with their statutory duty, and Ministerial guidance. This monitoring is at a high level, ensuring that the Council has realistic plans in place to ensure financial recovery across the whole sector, rather than focussing on individual colleges. Although individual colleges may be discussed at these meetings, to ensure that appropriate action is identified and timescales are realistic and achievable, SFEFC is responsible for liaising with individual colleges, and detailed monitoring of progress. The Department does not become involved with financial allocations to individual colleges or courses.

The campaign for financial security involved discussions between ELLD and SFEFC officials about the proposed methodology for the allocation of funds prior to approval by the SFEFC to ensure that it was fit for purpose.

4. We recommend that the Funding Council work with Colleges to develop explicit agreements on when and how the results of the Council's management review will be realised. (Paragraph 31)

- Initial Response by Department

The key issue is to ensure that colleges integrate and embed their action plans into their strategic management and planning. Specific action has been taken in giving guidance on improving performance in specialised areas, such as finance and estates. Guidance for Boards of Management to improve the standard of corporate governance is also in preparation. The overall direction of strategic planning, which incorporates marketing, is addressed through the area mapping exercise which is dealt with in the response to the next recommendation.

- *Parliamentary Audit Committee Response*

The response does not make it clear whether or not this recommendation has been accepted. The Committee would therefore be grateful if the recommendation could be directly addressed in a further response. The response should set out clearly whether the explicit agreements referred to in the recommendation are to be developed and if not, why not.

- **FURTHER INFORMATION**

Whilst the Department accepts in principle that there should be specific agreement on when and how results will be achieved, in practice this is achieved through the annual strategic plans for individual colleges and approved by their management boards, and submitted to the Funding Council. In order to provide the Committee with a fuller response to this question, the content and status of the Management Review and subsequent follow-up are outlined below.

When established in 1999 the Council was asked by Ministers to undertake a review of the management of Scottish further education colleges. Consultants were engaged and carried out fieldwork looking in detail at management practices at twelve colleges. Subsequently, under the auspices of a steering group chaired by a Council member, the Council published its report, *The Way Ahead: Management review of Scottish further education colleges* in September 2000. The report looked at management in colleges from seven different perspectives: corporate governance; strategic planning; marketing; quality assurance, human resource management; financial management and estate management.

For each of the seven functions, the report set out areas of good practice, key processes in developing good practice and key areas for development in that particular function. In addition, there was also a series of challenge questions in each of the seven areas with separate sets of questions in each area for boards of management and for college principals. Colleges were required to prepare Management Action Plans (MAPs) by 31 March 2001 based on their responses to the challenge questions taking account of the good practice identified in the review. The assessment and provision of feed-back on the MAPs at a sector level, as well as individually, was carried out using consultants and concluded towards the end of 2001.

Ownership of the MAPs resides with the colleges' boards of management who have direct responsibility for taking them forward. The broad aim was that in the medium-term, (ie two to three years ahead) colleges using their MAPs would make the necessary changes to their strategies, structures and processes in order to embed good practice where that was required. Thus, while feedback was provided to colleges, the MAPs were not formally approved or signed-off by the Council hence there was no specific timetable for the implementation of MAPs other than the broad principle of embedding.

This approach reflects, in principle, the autonomy and self-governing status of colleges as well as, in practice, the fact that MAPs would be individual reflecting the different strengths and weaknesses of colleges.

It is 15 months since SFEFC provided feedback to colleges on their MAPs, which were themselves submitted by colleges to SFEFC by 31 March 2001. Although it is important that college boards take ownership of the plans and oversee the process of embedding good practice at the local level, SFEFC will formally request that colleges provide an update on progress with implementation of their MAPs as at 31 July 2003 via Operational Plans

As part of its action plan the Council has worked with the sector to address common sector wide issues in specific areas as follows:

corporate governance

- development of a comprehensive guide for members of boards of management in conjunction with ASC and SFEU. A training programme will be developed to assist colleges in using the guide and benefiting from it. Timescale summer/autumn 2003

strategic planning

- see comments with regard to area mapping recommendation 5

financial management

- see action being taken in relation to campaign for financial security recommendation 3

estate management

- guidance has already been provided to colleges on estate strategy and business planning and further guidance is at an advanced stage of preparation – see answer to question 6.

In addition, the outcome of the Executive's consultation on and review of governance and accountability in the FE sector will be published in March 2003. This will include an action plan which will drive improvements in corporate governance.

Taking all of this together the management review established a baseline assessment of the quality and effectiveness of management in each college and a platform and practical mechanisms for identifying and addressing development needs.

5. We call on the Funding Council to both publish a step by step programme, with appropriate timescales, for the implementation of the mapping process and to ensure that the geographical and industry sector exercises are properly co-ordinated. Completion of these projects will form the basis for strategic planning by Colleges. (Paragraph 40)

- Initial Response by Department

The overall objective of the mapping processes is to encourage significant long-term strategic change. It is not in itself an implementation plan. The Council can publish a timetable of its meetings with colleges and the agreed deadlines for colleges in each area to respond, but progress in each area will have differing timescales according to what is proposed, for example estates proposals, curriculum portfolio reviews. This process is a key aspect of “informing” planning, but “completion of projects” does not and cannot form the basis for strategic planning.

- *Parliamentary Audit Committee Response*

The Departments response appears to misunderstand the Committee’s recommendation. In Particular the phrase ‘completion of projects’ appears to have been misinterpreted. For the avoidance of doubt this recommendation reflects the evidence considered by the Committee that the mapping exercises form the basis for strategic planning by Colleges.

Strategic planning undertaken by colleges should in turn lead to ‘real’ and quantifiable changes in the way Colleges are managed and in the provision of their service. The Committee appreciates that it may be too early to determine the detail of how individual colleges management, organisation and service provision will change. The Committee further appreciates that there will be differing approaches and differing timescales in different area dependent on the results of the mapping exercise and other factors. However, the Committee continues to believe that greater focus and urgency is required in using the results of the mapping process to achieve the changes necessary if colleges are to achieve sustainable financial health. The Committee appreciates that responding to this recommendation will involve providing information on the different plans and likely timescales for each area.

Furthermore the Committee would be grateful if the Department could directly address the issue of co-ordination of the geographical and industry sector exercise setting out how the two initiatives fit together.

- **FURTHER INFORMATION**

Area mapping programme

The primary purpose of the geographical and industry mapping exercise is to provide information which will enable SFEFC to lead strategic planning processes across colleges and so increase the adequacy and efficiency of the sector.

Between September and December 2002 SFEFC met with the colleges in each area covered by the Pidea reports. They also held meetings with the colleges in the Highlands and Islands, Dunbartonshire and Glasgow to discuss progress on the previously agreed action plans. All of the meetings were chaired by the Chief Executive of SFEFC.

The objective of the meetings was to discuss the findings in the area reports, and to secure agreement from the colleges on future action. The following points of context were made at each of the meetings:

- The funding for FE over the period of the next funding settlement (2003-04 to 2005-06) allows only limited growth. During this period the sector will address the scope for improving efficiency and effectiveness.
- The area mapping reports provide a starting point to address the need and demand for FE in each area. The Council will use the reports as benchmark information, and intends to repeat the exercise on a regular basis.
- The area boundaries of the reports are not rigid or exclusive. Partnership working between colleges and with other stakeholders will continue across areas, and may prove to be equally effective at achieving more adequate and efficient provision.
- The aim of the area mapping is to improve the adequacy and efficiency of further education, one element of which may be collaboration or merger. Any collaboration must deliver demonstrable and sustainable business benefit for the colleges and the FE sector.
- In the delivery phase, the Council's will act as facilitator between colleges and also with other key stakeholders.

Over the next two years, SFEFC will provide strategic development funds to support the process. Initially £50K per area is available to help colleges to agree priorities and actions. Following this the Council is looking for projects from each area which can make a significant difference to the efficiency and effectiveness of the FE sector. The funding available per area will be in the region of £0.5 to £1M. The Council expects the colleges to involve local partners appropriately, particularly the LECs and local authorities.

Response from the colleges to area mapping action planning

Colleges have responded well to the area mapping agenda. Colleges in all areas agreed to develop action plans, which would identify their collective priorities for the area and outline how they wanted to use the initial offer of funding (up to £50K per area) to develop substantive proposals. The main proposals are for collaborative curriculum development, shared services, overcoming local access problems, partnership working at regional level, and strategic marketing.

The Council's objective has been to get the colleges to submit proposals which identify a small number of key priorities and the actions they need to take in the short term ie to March 2003. These proposals have to be linked to the key issues in the area mapping reports and subsequent discussions at area meetings. It has been emphasised that these should be action-focused with clear outcomes, costings and timescale.

Co-ordination of geographical and industry sector mapping

The Council's programme for area geographical and industry sector mapping fit very well together and are co-ordinated by the same team in the Council's executive. They both seek to assist the Council in carrying out its statutory duty to "secure adequate and efficient provision of further education in Scotland", one from the aspect of learners and the other industry needs.

The geographical mapping exercise explores how adequate and efficient FE provision is in a specific geographic areas (such as 'Fife') that any potential student living in that area might reasonably access. The industry sector mapping exercise however, explores how adequate and efficient the provision is for a specific sector across the whole country (such as 'construction'). This reflects the fact that, for reasons of efficiency in meeting demand, students may have to travel further than their immediate locality to access some specific courses, particularly at more advanced levels. However the Council still needs to satisfy itself that the national provision for that sector overall is adequate and efficient.

The Area Mapping is now complete, but the industry mapping exercise has been delayed, due to contractual difficulties. The Council will continue to explore industry sector mapping jointly with the respective industry (including sector skills councils), relevant colleges and other stakeholders (such as Scottish Enterprise/HIE).

The Council requires colleges to take account of the outcomes of the geographical and the industry mapping in their strategic plans. The Council's Strategic Development Fund supports the mapping process and the subsequent implementation of action by colleges in response. The Council has increased the available funds for this in 2002-03 and hopes to do so in 2003-04, subject to available resources.

A summary of area mapping progress in each area is attached as Appendix 1

6. We call on the Funding Council to publish timescales for the finalisation and implementation of the new Estates Funding Model. (Paragraph 47)

- Initial Response by Department

A circular letter outlining the Council's policy framework for capital funding, was issued in August 2002. A more comprehensive letter will be issued by the end of December 2002, together with supplementary guidance to colleges on the development of affordable and viable business plans.

- *Parliamentary Audit Committee Response*

Again, the response does not make it clear whether this recommendation has been accepted or not. A fuller and more direct response to the Committee's recommendation is requested.

- **FURTHER INFORMATION**

This recommendation is accepted. The new Estates Funding Model was approved by SFEFC in September 2002. A circular letter that will announce the Council's revised capital funding policy, and set out the criteria to assess capital proposals, will be issued by mid-February 2003. A copy of the circular letter will be forwarded to the Committee when it is issued. In addition, the Council has been developing comprehensive guidance to enable colleges to assess the efficiency of their existing estates and to work out how much future space they will require to deliver their curriculum. The Council have also been developing detailed guidance to help colleges assess the financial impact of major capital developments on their business cases, under a range of different long-term planning scenarios, in order to identify affordable solutions. This guidance will be made available with the circular letter.

The Council has agreed that the main priority for its capital funding is Greater Glasgow. That is in recognition of the scale and depth of colleges' estate problems in that area. It has also agreed that colleges in Lanarkshire, Renfrewshire, and Ayrshire have high priority needs. SFEFC are working with the relevant colleges to help them develop and implement capital investment plans that address the infrastructure needs of further education in those areas, over the next 5-10 years. This is being taken forward in conjunction with the area mapping exercise (see response to Recommendation 5 above).

Summary of area mapping progress in each area

CENTRAL

The Central area mapping meeting took place on 18 September 2002 with Clackmannan and Falkirk colleges. The issues discussed included:

- the potential for the two colleges to work more closely together, but also the need to look at the wider context of FE provision in the central belt in collaboration with West Lothian and Cumbernauld colleges;
- the colleges' current estates strategies; and
- problems of limited transport routes in the Forth Valley.

The two colleges agreed to discuss the issues raised at the meeting with their respective boards and to write to the Council outlining their plans to scope and develop strategic change. The colleges have set up a joint steering group with representatives from both boards and management teams and the group has begun to develop a joint proposal. Council staff are working closely with the colleges' group on the development of this. **The Chief Executive will visit both college boards in February 2003.**

EDINBURGH AND LoTHIANS

The Edinburgh and Lothians area mapping meeting took place on 14 October 2002 with Edinburgh's Telford, Jewel and Esk Valley, Oatridge, Stevenson, and West Lothian colleges. The discussion highlighted the existing informal collaborative activity between the colleges through the Edinburgh and Lothians Colleges Group over the last three to four years, and the need to develop a more strategic approach to collaboration in the future. The national roles of Oatridge and Newbattle Abbey colleges were also acknowledged.

Following the consultation meeting the Edinburgh and Lothians colleges submitted four bids to the Strategic Development Fund, which were discussed by the Council's Strategic Development Committee in December 2002. These were for:

- the development of a strategic framework for collaboration;
- a feasibility study for shared services;
- a feasibility study for collaboration in curriculum design and delivery; and
- a management development programme for college boards.

The Council offered the Edinburgh and Lothians Colleges Group up to £72,750, plus an additional element for project management, to proceed with the shared service provision and curriculum collaboration projects. Both these projects link well with the outcomes of the Edinburgh and Lothians area mapping report and should help the colleges to move towards more structured and strategic collaboration in the future. **The colleges anticipate that both projects will be completed by June 2003.**

FIFE

The Fife area mapping meeting took place on 29 October 2002 with Elmwood, Fife, Glenrothes and Lauder Colleges. The issues discussed included:

- the influence of the transport network in Fife on the pattern of participation;
- collaboration with colleges outside, and with other public, private and voluntary sector organisations;
- the importance of positive engagement with college staff in collaboration; and
- estates needs.

There has already been some significant strategic collaboration between the colleges in Fife, particularly Fife and Glenrothes, and this was acknowledged by the Pieda area report for Fife. The specialist role of Elmwood College, as a national provider of land-based training and education, means that it is also looking at national issues for this sector, and the college is leading a project to look at curriculum collaboration with other land-based colleges.

The Fife colleges have now submitted an outline proposal to explore opportunities for joint working between all four colleges. This will be a detailed study of the demand for and supply of education and training in Fife, including travel-to-study patterns. The study will allow the colleges to assess how best to collaborate over curriculum issues. The colleges will complete the work by **June 2003**, and then run a strategic planning workshop for senior staff of the four colleges. SFEFC have requested a more detailed specification and costings for this proposal, to link the study to more specific outcomes, to be submitted by end Feb 2003.

The colleges are also developing individual projects which will contribute to the overall development of area-based working. Lauder and Fife colleges are working up a joint proposal to address the skills issues in the local construction industry; Glenrothes and Fife colleges are looking at ways to further develop their curriculum and management links.

LANARKSHIRE

The Lanarkshire area mapping meeting took place on 23 September 2002 with Coatbridge, Cumbernauld, Motherwell and South Lanarkshire Colleges. Bell College also attended the meeting, for information (Bell had been a college in the FE sector when the data used by Pieda was analysed). The issues discussed included:

- transport links
- estates
- school links
- learning partnerships, and
- demographics.

The principals of the four FE colleges have submitted a plan for further research into the issues discussed at the area mapping meeting. The purpose of the project is to produce an agreed agenda for future development by constructing a costed and prioritised area plan for Lanarkshire. The project has the following five strands:

- update the area mapping exercise to reflect the current situation;
- develop geographical mapping in order to clarify and address issues of estates and transport associated with distance from college and accessibility;

- analyse levels of community and other education provided in the local area in dialogue with providers in order to determine a clearer picture of the colleges' role in the local areas;
- analyse trends and developments in the local labour market; and
- analyse patterns of progression to HE in order to determine a strategy which is cost-effective, yet attractive to the students.

A project manager will oversee each phase using consultants commissioned by the colleges, and then submit his report in April 03. The project has received approval for funding of £50K, conditional on minor amendment to the proposal.

WEST

The West area mapping meeting took place on 2 October 2002 with James Watt, Ayr, Kilmarnock, Reid Kerr and Cardonald Colleges. The issues discussed included:

- economic strategy
- partnerships
- estates and
- transport and patterns of participation.

The principals and key senior staff have met several times since the area mapping meeting. Though there is not a history of collaboration in the West area, the colleges have shown a commitment to work together to address the outcomes of the Pidea report. There was initially some discussion about the benefit of the colleges splitting into two sub-groupings, as per Pidea's suggestion, however the colleges have decided there is a greater benefit to all if they remain as one group during the action plan phase.

The colleges submitted an outline proposal in **January 2003**. The colleges have prioritised areas of activity which they feel will contribute to the effectiveness of the colleges across their operational areas and they intend to focus on the following three strands:

- marketing - to produce a west of Scotland marketing plan;
- income development – sharing expertise and resources to benefit the profile of FE provision in the West and the colleges collectively; and
- staff development - sharing resources and expertise to add value.

Cross-college working groups will undertake the action planning. The principals will continue to play a key role in leading these groups and in preparing the final report and recommendations. It is intended that the outcomes from the planning stage will address the issue of low participation in the West area and support the future sustained inclusion of underrepresented groups. This will place the colleges in a better position to further address the needs of the area in the future.

SOUTH

The South area mapping meeting took place on 23 October 2002 with Borders, Barony, and Dumfries and Galloway Colleges. The issues discussed included:

- collaboration and the social inclusion agenda;
- flexible delivery; and
- the possible future shape of FE provision in the south of Scotland.

The principals of the colleges have met several times to explore potential collaboration opportunities to address the outcomes of the Pidea mapping work and have submitted an outline proposal to the Council. Given the dispersed nature of the communities which the colleges serve and the distances between the three colleges, the colleges have decided to focus on an initiative which seeks to fully use the power of ICT to improve the effectiveness and flexibility of curriculum delivery and to improve the efficiency of business operations. The colleges are proposing a feasibility study to explore this initiative further, which will address three key strands:

- improving access to FE in rural communities through developing approaches to delivery using ICT and other flexible means such as developing a shared intranet;
- using ICT to improve business and support operations such as developing a shared intranet; and
- exploring opportunities for shared services including staff development, internal auditing and payroll.

The Council has requested more detailed information on costings, project management arrangements and the time-scale involved, which the colleges will submit by end Feb 2003.

TAYSIDE

The Tayside area mapping meeting took place on 11 November 2002 with Dundee, Angus and Perth Colleges. There is already a high level of inter-college collaboration in the area. The colleges are well advanced in their planning, and have already jointly identified several key priorities for collaboration which focus on:

- maximising resources available in the region for effective curriculum delivery;
- developing more effective partnerships at regional level; and
- strategic marketing of FE in the region.

The colleges submitted a proposal to take forward joint activity through a Tayside Colleges Curriculum Conference. SFEFC have received a more detailed specification and spend profile by end Jan 2003 (report received) so that spending can be considered.

NORTH EAST

The North East area mapping meeting took place on 20 November 2002 with Aberdeen and Banff and Buchan Colleges. There is not a history of strategic collaboration between the two colleges, although the colleges do co-operate at an operational level as opportunities arise. The colleges felt that collaboration over estates would not be feasible given the distance between the colleges. They agreed that there was scope to look at joint approaches to developing effective outreach, but they felt that the cost benefits of any future joint ventures would need to be clearly understood before they would commit to action.

They agreed to consider the scope for joint action and have now sent in an initial proposal for a study to scope the provision of computer-based learning for the region, and a longer term programme to invest in learning infrastructure, on-line materials development, and staff training. The strategic justification for this proposal and the links to the issues raised by the area report need to be more fully developed, and we have asked for a more detailed specification and information on the initial project costs.

Progress in other areas not covered by the Pidea reports

HIGHLANDS AND ISLANDS

Council staff first met with Inverness, North Highland, Moray, Shetland, Orkney, and Lews Castle colleges in January 2002 and agreed an action plan which included a commitment to look at:

- curriculum review and flexible delivery;
- marketing of FE; and
- building relationships with Highlands and Islands Enterprise.

After some initial delays the colleges started to work with Highlands and Islands Enterprise on ways to take this forward, but progress has been slow. The Chief Executive held another meeting with the colleges in December 2002 and asked them to account for the lack of progress and to clarify what priorities for joint action would be by end Jan 2003 (report received).

The colleges have found it difficult to overcome the geographical logistics of working together, and also to agree a common agenda that they can all sign up to. Several of the colleges in the area are dealing with serious financial and management issues, which has meant that the wider area agenda has taken a lower priority. There have been some recent encouraging developments in the area however, in particular a developing agenda with Highlands and Islands Enterprise to look at more strategic use of the learning centre infrastructure in the area, and to develop better links with industry.

The colleges confirmed that there are common agendas and issues around which they could usefully pool resources and strengths. Two main issues were identified:

- sourcing all of the required management skills and administrative support systems. There is scope to look at taking advantage of some of the umbrella services developed through UHIMI

and applying this to FE. This might include data management, student registration, and finance. There may also be scope to achieve efficiencies more generally outwith the UHIMI processes.

- improving equality of access across the region. All agencies delivering in the region struggle with this issue. There is scope to create multi-agency approaches to exploit resources more effectively, involving the LECs, private providers, schools and community education as well as joint college solutions. One strand of this should be shared approaches to the management and use of learning centre infrastructure. Another aspect could be finding ways to achieve sufficient mass to deal with volatility of demand and small class sizes in some subject areas. This could also result in more effective focus on specific industry needs in the region.

The colleges agreed to develop priorities and projects around these themes and to send in an **action plan by 14 February 2003**. Council staff are working with them on the development of this.

DUNBARTONSHIRE

The consultation meeting with the Dunbartonshire colleges (Clydebank, Anniesland and Cumbernauld) took place on 13 December 2002. It provided an opportunity to revisit the outcomes of the mapping exercise which reported in June 2002, consider the progress that had been made in moving forward the agreed agenda, and to look at future activities and planning for provision in Dunbartonshire.

Following the 2002 mapping report the three colleges had embarked on a collaborative project to provide a learner-centred 'gateway' across the area. It aimed to bring together FE providers and Community Education to work in partnership to tackle under-participation. The Local Economic Forum is now closely involved in the project, which means there is alignment with the area's economic development priorities.

Key points raised in the meeting included:

- the need to raise the profile and value of post-school education in the area: this would involve a major cultural shift;
- the need to work in collaboration with other key partners, not just FE providers, to take the area agenda forward; and
- the scope for further mapping of the colleges' provision in Argyll and the area's participation levels (this was not reflected in the area mapping report and was considered significant).

In addition the colleges once again acknowledged the need to review their individual estate strategies. Any potential for collaboration on estate projects (ie engineering and construction) will only be obvious once these reviews have been completed. The Council is currently supporting Anniesland and Clydebank colleges to undertake such a review.

The colleges have agreed to work together, and with other partners as appropriate, to provide an updated report on the development of FE in the Dunbartonshire area. The colleges will then be better informed to decide how best to continue to make FE in Dunbartonshire more effective and efficient. The colleges were offered access to the strategic development fund and support from Council staff to take this forward.

The colleges agreed to respond to the Council by the **end of January 2003 with an action plan**.

GLASGOW

The consultation meeting with the Glasgow colleges was held on 13 December 2002. The Principals of all ten Glasgow colleges attended, plus six of the Glasgow Chairs of Boards of Management and other senior management staff of the colleges.

The purpose of the meeting was to review the progress in area-based strategic planning and collaboration in Glasgow and to consider what might be required to move forward the vision for FE provision in Glasgow.

There was general agreement that there have been considerable achievements in inter-college collaboration since the Glasgow Colleges Group has been operating. However, several principals emphasised the difference in roles and missions of the Glasgow colleges.

The Council acknowledged the valuable contribution made by individual institutions but emphasised that the pace of strategic change had been slow and there was not a shared understanding of adequate and efficient provision in Glasgow. There needs to be consensus on the broad shape and rationale for provision. One model might be that of the centre and periphery, with the more specialist colleges located in the city centre and an outer ring of community colleges with a clear responsibility for their local communities but also with some centres of excellence located there. However the Council is prepared to discuss other models if the colleges feel they would be more effective and efficient. A broad consensus is required before the Council can consider any major estates or strategic proposals.

The colleges agreed to work with the Council to increase the pace of change and strategic development in Glasgow. This will involve gaining support from other stakeholders. The Principals agreed to meet to move the agenda forward.

The group will report back to SFEFC by the end of February 2003 with initial agreement on a high level model for future provision of FE in Glasgow. They will also identify and agree a process to move this forward with appropriate milestones. Resources will be available from the Council's strategic development fund to facilitate this process. The Council agreed to convene another consultation meeting with all Glasgow colleges in March to review progress.

AUDIT COMMITTEE

Subject: Scottish Executive Progress Report on Audit Committee Recommendations

Meeting No: 4th Meeting

Meeting Date: 18 February 2002

Author: Note by the Clerk

Introduction

Guidance issued by the Scottish Ministers requires the Scottish Executive to provide an annual report to the Audit Committee covering all accepted Audit Committee recommendations which have not been “signed off”. That is an update on all recommendations except those that have been fully implemented and the Committee informed that the action is complete.

This is the first such report that the Committee has received. As such the Executive have indicated that they would be pleased to have comments from the Committee on the format and frequency of the report and how it might usefully be developed.

Change Implemented Following Committee Recommendations

The Executive report highlights the changes in practice and procedures implemented following inquiry and recommendation by the Committee. Some of the more significant developments include:

- The introduction of priority based dispatch for ambulance services in Scotland following the Committee’s recommendation that the case for such a system be evaluated;
- A new requirement for Accountable Officers to ensure that risks are explicitly identified, assessed and systems put in place to manage them. This followed a recommendation by the Committee in connection with its consideration of the Auditor General for Scotland’s (AGS) report on the New Scottish Parliament Building.
- The introduction of a new protocol for “escalating intervention” by Executive staff when an NHS Board starts to experience financial difficulties. This system was introduced following the Committee’s recommendation that Executive monitoring systems be strengthened following its inquiry into the AGS report on the financial problems in NHS Tayside.
- A fundamental and wide ranging review of Governance and Accountability in the Further Education sector was carried out in response to the Committee’s inquiry into Governance and Financial Management at Moray College (2001).

Possible Outstanding Issues

Members may of course wish to comment on the progress against recommendations reported in the Executive's paper. In addition there are a number of Committee recommendations which do not feature in the Executive's report. In some instances (e.g. in relation to the Committee's first report in 2000) the Executive have made clear that progress on the remaining recommendations has already been brought to the attention of the Committee in other ways. However there are some other Committee recommendations which are not reported on here and the reasons for this are not explicit in the Executive's paper. For example:

- **2nd Report 1999– The Millenium Threat is Scotland Ready?**

Recommendation: That the Executive build on the positive outcomes of this project, in terms of producing a comprehensive stock-take of IT systems, partnerships between the public and private sectors and updating and testing of national and local contingency arrangements.

Response: The Executive will undertake a review of the Year 2000 programme in Scotland, the purpose of which is to:

- identify lessons learned and benefits gained in areas such as communication, public/private interface and continuity planning in tackling the year 2000 problem; and
- recommend ways in which lessons/benefits can be used in addressing other issues.

Outstanding Issue: The Committee does not appear to have received an update on the outcome of the review.

- **6th Report 2000 – The New Scottish Parliament Building**

Recommendation: For future major capital projects we recommend that the Executive, and other public bodies in Scotland, consider the appointment of independent scrutineers to reinforce project monitoring at critical stages.

Response: A review of civil procurement proposed that for certain large, novel and complex procurements contract monitoring checks should take the form of "gateway reviews" carried out by people with the relevant expertise who are also independent of the specific project. The Office of Government Commerce (OGC) is currently developing procedures to implement this recommendation and the Executive is keeping in touch with these developments.

Outstanding Issue; The Committee does not appear to have been updated as to whether this system has been adopted for public sector projects in Scotland.

The Committee is also invited to comment on whether there are other issues not featured in the Executive's report on which they wish to be updated.

Other issues

Finally, the Committee may wish to comment on which issues it feels might be of particular interest to the successor Audit Committee of the new Parliament.

Recommendations

The Committee is asked to:

- comment on the progress against recommendations reported in the Executive's paper;
- comment on the content , frequency and format of the progress report so that future reports may be developed and improved;
- identify issues on which members wish to receive a progress report but which are not featured in the current paper; and
- highlight issues that they feel may be of particular interest to the successor Audit Committee of the new Parliament.

Shelagh McKinlay
Clerk to the Committee
February 2003



SCOTTISH EXECUTIVE

Finance and Central Services Department

Andrew Welsh MSP
Convener
Scottish Parliament Audit Committee
Scottish Parliament Headquarters
EDINBURGH
EH99 1SP

Dr P S Collings

Principal Finance Officer
Victoria Quay
Edinburgh EH6 6QQ

Telephone: 0131-244 7286
Fax: 0131-244 7524
Peter.collings@scotland.gsi.gov.uk
<http://www.scotland.gov.uk>

Your ref:
Our ref:

27 January 2003

Dear Mr Welsh

PROGRESS REPORT ON AUDIT COMMITTEE RECOMMENDATIONS

Guidance issued by the Scottish Ministers requires the Scottish Executive to provide an annual progress report to the Audit Committee covering all accepted Audit Committee recommendations which have not been "signed off" ie the recommendation has been fully implemented and the Committee has been formally notified.

The enclosed progress report is the first such report since the inception of the Parliament and covers all relevant Audit Committee reports published before the end of 2002, except those relating to the 5th Report 2002 on Public Accounts and the Overview of Further Education Colleges in Scotland 2000/01. There have been no developments on the Public Accounts recommendation in relation to the accounting treatment of PPP/PFI contracts further to my letter of 31 October. Similarly the formal response to the Report on the Overview of Further Education Colleges in Scotland 2000/01 submitted to the Committee at the end of November reflects the current state of play.

Yours

P. S. Collings

Dr P S COLLINGS
Principal Finance Officer

**PROGRESS REPORT ON AUDIT COMMITTEE RECOMMENDATIONS:
JANUARY 2003**

1ST REPORT 2000: SCOTTISH FURTHER EDUCATION COLLEGES: MANAGING THE COSTS

Recommendation: Report on development of benchmarking, of performance indicators including a "Balanced Scorecard", and plans to improve college costing systems.

Joint group being established to commission a piece of research on Benchmarking. Tender expected to be let by late Spring 2003. Financial Performance Indicators will be rolled out by end March 2003.

The remaining recommendations were updated in the context of subsequent Audit Committee reports and formal responses.

2ND REPORT 2000: THE PRIVATE FINANCE CONTRACT TO COMPLETE AND OPERATE THE A74(M)/M74 MOTORWAY IN SCOTLAND

Recommendation: The Scottish Executive's Finance Department should review the discount rate to be used for evaluating future private finance projects in Scotland.

The Treasury review of the discount rate used in appraisals, with which the Scottish Executive was associated, was published on 16 January 2003 in the context of a revised Green Book. Officials are considering the implications for appraisals in Scotland, and will shortly be making recommendations to Ministers.

Recommendation: Departments and other public bodies should explore whether at least some of the project management skills and financial disciplines which are said to flow from the involvement of external financiers could be procured directly.

The Executive has strengthened and is continuing to expand its Financial Partnership Unit (within Finance Group). We shall, however, continue to complement our internal resources, when necessary, with external financial advice. The Executive's Procurement and Commercial Services Division has recently completed an exercise to draw up a list of selected financial consultants. Departments will in future be able to refer to this list to buy in any necessary financial advice quickly and economically.

3RD REPORT 2000: THE SCOTTISH AMBULANCE SERVICE: A SERVICE FOR LIFE

The progress report below follows on from the previous reports the Department has submitted to the Committee, which were considered on 14 November 2000, 6 March 2001 and 4 September 2001. Additionally, on 15 April 2002, the Minister for Health and Community Care wrote to the Convenor of the Audit Committee to inform him of the Department's approval of the Ambulance Service's Full Business Cases for operations (control) room changes and the implementation of priority based dispatch.

Recommendation: Resource allocation in the Scottish Ambulance Service should reflect the current variations in performance across Scotland and also be linked to the respective health needs in different areas of the country. Specific plans with quantified targets should be reported to the Audit Committee by December 2000.

The Executive has provided the Scottish Ambulance Service with an allocation of £108.783 million for 2002-03, an increase of 7.4% on 2001-02. The indicative allocation for 2003-04 provides a further uplift of 7.4%. This represents an unprecedented level of investment and reflects the Executive's support for the Service's modernisation agenda.

Across Scotland these increased resources will support the improvement of the Service's operations rooms functions, the roll-out of priority based dispatch, the conversion of a number of part-time ambulance stations to full-time and the introduction of dedicated non-emergency transport services for dialysis patients. These developments will require the Service to employ 200 additional staff and train a further 130 technicians each year over the next 3 years to become paramedics.

The Ambulance Service's Divisional Managers continually monitor their Divisions' workloads to ensure that resources match demand. New mapping and vehicle location systems - integral to the success of the of the priority based dispatch system which is currently being rolled out across the country - greatly enhances the ability of ambulance controls to track the whereabouts of available ambulances at all times thereby ensuring that the most appropriate vehicle is dispatched to those in greatest need. Strategic deployment of ambulances - positioning vehicles at or near areas where it can be predicted emergency calls will originate from - is another way of ensuring a fast response.

The Ambulance Service is aiming to have priority based dispatch implemented across mainland Scotland by 2004-05. It is estimated that the target of reaching 75% of Category A - life-threatening - calls within 8 minutes will be achieved across mainland Scotland by 2007-08. Figure 12/6 shows the Service's timetable for implementation of priority based dispatch. Figure 12/3 shows the projected progress of each area in reaching the 75% target following the implementation of priority based dispatch. The Service has modelled the expected demand levels and resources required to determine how the 200 additional staff should be deployed into different parts of Scotland for the 75% target to be achieved.

Recommendation: The Scottish Ambulance Service and the NHS in Scotland should carry out a thorough and robust evaluation of the case for a system of priority based dispatch and report the results to the Audit Committee by December 2000.

The evaluation was carried out and the results and progress have been reported to the Audit Committee in the papers detailed above. The roll-out of the system began in August 2002. Please refer to Figure 12/6 (attached) for the implementation timetable.

Recommendation: Records of time taken for activation, time spent at the scene and time spent at hospital should be examined systematically with a view to identifying efficiencies.

As confirmed in the report considered by the Audit Committee on 14 November 2000, the Service continues to be committed to monitoring systematically the overall incident service time across Scotland. The turnaround time of ambulances at hospitals is an area to which the

Service has been paying particular attention. The Service has more recently placed some local managers into those hospital accident and emergency departments where the problems with turnaround times have been most acute. This is leading to a marked reduction to this element of the overall incident service time in these areas.

Recommendation: The Scottish Ambulance Service should develop specific goals for health gains and put these in their next health improvement plan.

The Service's Performance Assessment Framework covers a range of performance indicators including clinical indicators for chest pain, trauma, paediatric care, diabetic care and chronic obstructive pulmonary disease. The Performance Assessment Framework is included in the Service's Health Plan (which, once finished, will be available on the Ambulance Service's website www.scottishambulance.com).

Recommendation: The Scottish Ambulance Service should improve their management and use of patient care information to enhance the effectiveness of service planning and provision. A strategy should be set in place to track the complete patient care pathway of emergency ambulance patients.

There has been an improvement in the completion of patient report forms since 2000. The Service is currently developing a "cab-based" computerised system which will enable the cab to become the place of work for the Ambulance Service crews thus improving response times and patient care. Some of the benefits include: the provision of an electronic patient report form; the ability to treat patients with a complex medical history appropriately, through information derived from the Electronic Patient Record, and accessed from the vehicle; and improvement of patient care through the use of telemedicine applications, and producing early warning to A&E Departments to mobilise specialist teams. The Initial Agreement for the Cab Based Terminal Project was received by the Department in December 2002 and is currently being considered.

4TH REPORT 2000: SCOTTISH ENTERPRISE: SKILLSEEKERS TRAINING FOR YOUNG PEOPLE

Recommendation: The level of additionality achieved by the Skillseekers programme should be monitored on a regular basis, targets should be set for improvement in the level of additionality and action should be taken to encourage more employers who are not participants in the Skillseekers programme to provide training to VQ standards.

The first response (January 2001) to the Audit Committee's report set out Scottish Enterprise's plans to commission research into the levels of additionality in Skillseekers. The review was completed later in 2001. Updated information about additionality forms part of Scottish Enterprise's current review of funding contributions, due to be completed in January 2003. Futureskills Scotland data on the Scottish labour market and skills shortages and gaps are also being used to target more employers who are not participants in the Skillseekers programme.

Recommendation: The Scottish Executive should take an active interest in ensuring that Scottish Enterprise fulfils their promises for improving management information and provide the Audit Committee with a report on whether they are fully satisfied that the information is sufficiently accurate by April 2001.

The second response (July 2001) provided the report requested by the Committee and set out the reasons for the Executive's satisfaction with the steps taken by Scottish Enterprise to address weaknesses in management information. It referred to a wider internal audit within Scottish Enterprise of training management information to test action in response to earlier reviews and to provide assurance that Skillseekers data is being continually improved. This review was completed by Price Waterhouse Coopers later in 2001. Action resulting from the review is reviewed regularly by Scottish Enterprise internal audit.

Recommendation: The follow-up survey of trainees leaving Skillseekers should be improved to ensure that the essential information required to analyse the outcomes of training is available to monitor improvement through the use of targets relating to employability.

The first response to the Committee explained Scottish Enterprise's intention to improve the quantity and quality of information on the employment of Skillseekers participants, and to review the data with the Executive. Scottish Enterprise has reviewed the success and methodology of the follow-up survey each year. Because of continued disappointing response rates to the survey, a new survey is being piloted in February 2003, taking into account experience of other surveys undertaken by UK agencies. The results of the pilot will be reviewed by Scottish Enterprise and the Executive in spring 2003.

5TH REPORT 2000: THE AGRICULTURAL BUSINESS IMPROVEMENT SCHEME

Recommendation: We consider it is vital that the Department has in place robust methodology for accurately ascertaining the likely demands for new or revised schemes in the future. We do not think this currently exists and we therefore recommend that the Department re-assess its current method of operation in this area with a view to adopting more reliable market research systems. This should complement the relationship the Department has with the representative organisations rather than be seen as a substitute for it.

Research to assist in the assessment of likely demand for the new Agricultural Business Development Scheme (ABDS) has been commissioned by the Department. The study is due to report shortly. In addition, the Department continues to work closely with key stakeholders, representative organisations and other advisory bodies, gathering valuable data and market intelligence on likely levels of scheme uptake.

Recommendation: We consider that the Department was too reactive in administering ABIS and we endorse the recommendations of the Auditor General that deal with planning and management risk when changes are introduced to grant schemes.

The Department has taken steps to improve its assessment of demand and to ensure that the risk of such an eventuality is taken on board in the design of grant schemes. The recommendations of the Auditor General regarding plans to introduce revisions to grant schemes are acknowledged and will be undertaken should the need arise.

6TH REPORT 2000: THE NEW SCOTTISH PARLIAMENT BUILDING

Recommendation: For future high profile projects we recommend that accountable officers within the Scottish Administration and other public bodies consider carefully their responsibilities to answer to Ministers and to the Parliament for the exercise of their functions. In the interests of good stewardship and public accountability they should, for any major project for which they are accountable, ensure that they are informed and can consider the consequences of the risk of increased costs becoming real as well as the likelihood of this occurring. Where the consequences may be so great as to undermine confidence in the viability or value for money of the project the accountable officer should consider informing Ministers, who may then inform the Parliament.

The formal response referred to arrangements having been made for the recommendation to be brought to the attention of all Accountable Officers. A Finance Guidance Note was issued to Accountable Officers in January 2001 drawing their attention to the Audit Committee's recommendation and reminding them of the requirement to ensure that arrangements for high risk, including high profile cases, take adequate account of the need to report to them, and to Ministers. A similar requirement was included in the section of the Scottish Public Finance Manual providing guidance on the procurement, management and monitoring of major investment projects. The Memorandum issued by the Principal Accountable Officer to Accountable Officers on appointment was also revised and now specifically requires Accountable Officers to ensure that risks, whether to achievement of business objectives, regularity, propriety or value for money, are identified, that their significance is assessed and that systems appropriate to the risks are in place in all relevant areas to manage them.

1ST REPORT 2001: OVERVIEW OF THE NATIONAL HEALTH SERVICE IN SCOTLAND 1999-2000

Recommendation: In view of the reasonably constant level of settlement for negligence claims against the NHS, we consider there may be scope for the Department to reassess the basis on which health bodies reflect claims for negligence in their accounts, thereby possibly freeing up some funds for patient services. We recommend that the Department reviews its approach in this area and reports to us by the end of 2001.

In June 2001, the Department in its formal response to the Committee's Overview Report advised that it would discuss with Audit Scotland what options may be pursued with a view to making changes to the methodology. According to the minutes of the Departmental Audit Committee meeting held on 1st August 2002 (at which Audit Scotland was represented) it was reported that an exercise to compare provisions for negligence claims to actual payments (in 1999-00 and 2000-01) had been completed and that over the two years examined the value of cases settled was 99.7% of the amount previously provided for in annual accounts. (As it is not uncommon for clinical negligence claims, particularly the large claims, to take up to 6 years to settle, total provisions or the movement in provisions and settlements are not comparable in any one year. The exercise carried out here compared the amount settled against the amount provided in earlier years' accounts for that particular claim). The Committee concluded that although there is a wide variation in the way individual NHS bodies handle negligence claims overall the system seems to be working well - especially with a 99.75 hit. It was agreed at the Audit Committee that these variations in assessing the potential value of claims would need to be investigated before any decision to issue guidance on a standardised approach could be made.

Recommendation: We consider that Primary Care payments represent a very significant element of health service expenditure and effective post payment checks are essential. In respect of GP payment reconciliations, we recommend that clear targets are set, against which to monitor performance and that some sort of early warning system is put in place to ensure similar backlogs and delays do not occur in the future. We welcome the news that the Department will shortly bring forward formal proposals for a consistent, unified, post-payment system across the country. We recommend that any such system should include post payment verification practice visits and be included as a matter of urgency. We intend to revisit this issue in future years.

The responsibilities of the CSA and the Primary Care Trusts/Island Health Boards, in making primary care payments, are set out in the Partnership Agreement signed in 2001 by all relevant parties. It includes details of reporting timescales and requires regular review meetings between PCTs and Island NHS Boards and the CSA. The Agreement includes a protocol that describes a comprehensive programme of payment verification work carried out for all four contractor groups, taking account of the validation checks carried out before payments are made in determining the appropriate level of post payment checking. The protocol includes the authority to inspect clinical records or undertake practice visits where necessary, and on a random basis as a deterrent. All of this was reinforced by the issue of NHS HDL(2002)20 "FHS - Payment Verification Procedures" issued in March 2002.

Recommendation: From the evidence taken, it appeared there was no clear estimate of the final extent of the liability to the NHS in Scotland arising from the delay in implementing the European Working Time Directive. For future years we expect the Department to be able to provide an estimate of costs or potential liability associated with any delay in implementing Regulations or Directives. For this year we recommend that the Department firstly details the issues that remain, secondly the estimated total liability, thirdly which Trusts are involved and fourthly the extent to which any liabilities will be covered by the respective health boards.

The Department noted the Committee's recommendation and took account of NHS Scotland's estimate of the amounts involved in respect of the European Working Time Directive in determining allocations for 2001-2002 onwards. As a general principle the Department takes account of known cost pressures, as far as possible, when setting allocations. However, there will always be cost pressures emerging during the year and the NHS is normally expected to manage these within its overall allocation.

2ND REPORT 2001: NATIONAL HEALTH SERVICE BODIES IN TAYSIDE

Recommendation: On the basis of the evidence taken, we conclude that Geoff Scaife, the then Chief Executive of the NHS in Scotland, and the Department failed to ensure that fundamental financial performance and management issues were addressed. We also conclude that annual accountability review meetings between the Department and Tayside NHS organisations failed to address financial issues adequately. We recommend that annual reviews are strengthened by a detailed, structured and effective system of financial management.

A review of the financial position has normally been a part of the accountability review process. Including it as a standard item on the agenda for all NHS Boards has however now strengthened this. The Performance Assessment Framework, although focusing on a range

of clinical and quality standards also includes key financial targets that NHS Bodies are required to achieve.

The Executive meets with all NHS Boards regularly to review their financial position. In addition a protocol for escalating intervention has been introduced which sets out more clearly procedures to be followed when a NHS Board starts to experience financial difficulties. A copy of the protocol is attached as an Annex.

Recommendation: We agree with the conclusion of the Taskforce's report questioning the robustness and ultimate effectiveness of the financial monitoring undertaken by the Department. On the basis of the evidence taken, we do not agree with Mr Scaife's view that the monitoring process had worked well and we therefore recommend that the Department implements more robust systems for monitoring financial performance of NHS bodies.

A number of changes to the financial regime for NHS bodies were made in 2000-2001 and 2001-2002. The changes were required due to the implementation of Resource Accounting and Budgeting within the public sector but also to facilitate a change in working practices following the creation of NHS Boards. The financial monitoring arrangements are one of the major changes that have been implemented. A new financial monitoring system was introduced for 2002-2003, the changes reflect the new requirements of resource accounting and also require NHS Boards to take the lead in co-ordinating financial information for an NHS Board area. Information on the financial performance of NHS Boards is submitted to the Department monthly from May onwards in each financial year. This is reviewed and is regularly reported to the Departmental Management Board.

4TH REPORT 2001: GOVERNANCE AND FINANCIAL MANAGEMENT AT MORAY COLLEGE

Recommendation: The Department should, in conjunction with SFEFC and other appropriate bodies, bring forward recommendations to improve training and induction for members of college boards of management to ensure that members are aware of both their legal responsibilities and duties as members of the board.

The issues of Training and Induction are being addressed in the Review of Governance and Accountability and have featured prominently in the consultation exercise. Options and proposals are currently being considered, based on responses to the consultation paper. Work on the publication of guidance for board members, involving the Scottish Executive, Association of Scottish Colleges and Scottish Further Education Funding Council, is nearing conclusion.

Recommendation: The problems at Moray College were compounded by a lack of sufficient and relevant skills on the board of management and we consider that the need for an appropriate mix of skills must be recognised in nominating college boards of management.

Appointments and Skills Mix are being addressed in the Review of Governance and Accountability and have featured prominently in the consultation exercise.

Recommendation: Where there is clear evidence of misconduct, the SFEFC should ensure that college boards can act before retirement takes place and that the Scottish Public Pensions Agency is appraised of all material information.

SPPA has changed its retirement application procedures and SFEFC and SPPA have agreed arrangements for the exchange of material information.

Recommendation: We recommend that SFEFC and the Department bring forward proposals to ensure that expert advice is available at an early stage to colleges which are underperforming financially.

SFEFC has established the Further Education Development Directorate (FEDD). FEDD creates a bridging facility through which a team of experts with a broad skills and experience-base, drawn from colleges across the sector, can be deployed to help colleges overcome difficulties they may be encountering. FEDD is led by a college principal, seconded part-time, two days per week to SFEFC. It has already undertaken assignments in the sector and is planning others.

Recommendation: We support the Auditor General's suggestion that the Scottish Ministers review governance and accountability in the further education sector and further suggest that consideration is given to extending the powers of SFEFC to allow it to intervene directly where poor governance arrangements exist in further education colleges.

The Review is taking place primarily through an extensive consultation exercise. The closing date for responses to the consultation paper was deferred in response to a number of requests from key organisations. (This was notified to the Audit Committee in the Department's letter of 22 July 2002 to the Convener.) Ministers are currently considering the responses to the consultation paper, with a view to making an announcement in early March 2003.

Recommendation: The events at Moray College should be used in discerning whether there are lessons for other colleges to ensure that similar problems are not allowed to happen in establishments with larger budgets.

In addition to actions already taken (as set out in the Department's initial response to the Audit Committee's Report), consideration is being given to appropriate further action as the Review nears completion.

1ST REPORT 2002: OVERVIEW OF FURTHER EDUCATION COLLEGES IN SCOTLAND 1999-2000

Recommendation: Given the fundamental importance of the condition of college estates to adequate and efficient provision of further education, this situation must be addressed as a matter of urgency by Ministers. We call on the Department to discuss with SFEFC, on conclusion of SFEFC's mapping exercise, ways in which available resources can be matched to the need for improvement in the condition of college estates.

The Mapping Exercise has now been completed. The Council's Chief Executive Officer met all colleges before Christmas 2002 to discuss the area reports and to encourage colleges to

develop action plans in response. All areas are now preparing these plans. Discussions took place, as planned, between the Department and SFEFC prior to the introduction of SFEFC's new capital funding model, which has now taken place.

Recommendation: In addition, we expect that the review we called for in our report into Governance and Financial Management at Moray College will identify where resources can be better allocated with a view to improving governance and management skills.

The Review is taking place primarily through an extensive consultation exercise. The closing date for responses to the consultation paper was deferred in response to a number of requests from key organisations. (This was notified to the Audit Committee in the Department's letter of 22 July 2002 to the Convener.) Ministers are currently considering the responses to the consultation paper, with a view to making an announcement in early March 2003.

Recommendation: We are encouraged by the apparent willingness on the part of the Glasgow colleges to work together in seeking solutions to financial difficulties. Should this process lead to an improvement in the financial health of colleges within the Glasgow area, SFEFC should disseminate examples of good practice with a view to encouraging such joint working in other relevant areas.

Establishment of Further Education Development Directorate (FEDD) by SFEFC. FEDD creates a bridging facility through which a team of experts with a broad skills and experience-base, drawn from colleges across the sector, can be deployed to help colleges overcome difficulties they may be encountering. FEDD is led by a college principal, seconded part-time, two days per week to SFEFC. It has already undertaken assignments in the sector and is planning others.

4TH REPORT 2002: OVERVIEW OF NATIONAL HEALTH SERVICE IN SCOTLAND 2000-2001

Recommendation: It is reasonable to assume that the type of pressures acting upon Grampian University Hospitals NHS Trust are being experienced in other areas. If the pressures in Grampian are scaled up to a national level, it is not difficult to envisage service cost problems, which are not budgeted for in the base budget of NHSScotland. We recommend that the Department investigates this situation and considers whether it is satisfied that Trusts are suitably equipped to meet this challenge.

The Department monitors the financial position of NHS Boards including their constituent Trusts on a monthly basis. Financial pressures within the system are highlighted through this process. The financial pressures within the system are taken into consideration by the Executive when determining the total resources for the Health and Community Care portfolio.

The Department allocates resources to NHS Boards on the basis of the Arbutnott formula. It is then the responsibility of NHS Boards to manage their expenditure within the available resources to provide appropriate and effective patient care.

Recommendation: Despite the extra money made available by the Department in September 2001, the fact is that continuing deficits are forecast for this year, which leads us to conclude that severe underlying pressures remain. We recommend that such

additional funding should only be applied as an exception and that NHS budgets are resourced and managed sufficiently to ensure that budgets are brought into annual balance.

As stated in our initial response, the Department agrees that additional funding to meet deficits should be exceptional. NHS Boards are expected to manage services appropriately within the resources available too them. As stated previously, the Department monitors NHS Boards regularly to ensure that financial targets are being achieved.

The number of trusts in financial deficit was significantly reduced in 2001-2002. Only 3 trusts failed to breakeven taking one year with another in 2001-2002 as compared to 8 trusts in 2000-2001

Recommendation: We recommend that the Department develops systems of reporting to ensure transparency in the use of any non-recurring funds.

It is the Department's view that it should consider the performance of NHS Boards overall and that this will include some elements of income and expenditure, which will be non-recurring. NHS Boards are expected to manage both non-recurring income and expenditure appropriately. However, steps have been taken within the financial planning guidance to separately highlight the use of non-recurring funds. This guidance was issued in December 2002 and financial plans for 2003-2004 onwards will separately highlight the use of non-recurring income and expenditure.

Recommendation: We were surprised to hear that no plan had yet been considered for tackling Grampian University Hospitals NHS Trust's projected accumulated deficit and we call on the Department to identify areas in which such deficits are expected to build up and to begin discussions with the relevant bodies on tackling such expected deficits.

The protocol of escalating intervention sets out how a NHS Board will be dealt with in the event of financial difficulties. All NHS Boards should produce a 5-year financial plan on an annual basis this should be updated regularly and will underpin the service delivery as set out in the local health plans.

All areas currently forecasting financial difficulties have been asked to produce a detailed recovery plan demonstrating how recurring financial balance will be achieved.

Recommendation: We recommend that whatever financial systems are put in place under the new structures within the NHS, there should be transparency in financial management and reporting below the level of the new Boards.

The new financial monitoring system implemented for 2002-2003, whilst requesting information for an NHS Board also requires detailed information for each of the Trusts, as separate statutory bodies, within its area.

Recommendation: We recommend that the Department determines suitable deadlines for the full implementation of the partnership agreements and that it provides these deadlines to the Committee as soon as possible.

A Partnership Agreement between all PCTs and Island NHS Boards and the CSA was finalised in October 2001 and duly signed by all parties. The document also covers the role and relationship with SEHD and NHS Boards. Whilst the Agreement runs for three years, from 2001 - 2004, changes in the NHSS at large and developments within CSA requires that it is subject to regular review and development within that time period.

Recommendation: We recommend that the CSA establish communication with SPGC regarding implementation of the partnership agreements and that it maintains its established dialogue with all contractor groups during the ongoing development of the agreements.

The CSA meets with the SPGC on a regular 6-weekly basis throughout the year. In the course of these meetings the Partnership Agreement, signed by all PCTs, has been discussed. A copy of the Partnership Agreement has been presented to the SPGC for consideration but in its current form the PCT document is not directly transferable to the SPGC. The CSA and SPGC have agreed to pursue a Partnership Agreement during 2003.

Recommendation: We note both the potential financial risks for the CSA in using estimated payments over the timescales involved during the implementation of the new payment system and the cash flow problems for pharmacists resulting from a delay of this sort. It is crucial that the current system is robust enough to handle ongoing development and ensure that similar delays are avoided in future. We therefore recommend that the CSA should extensively consult with pharmacists during the ongoing development of the new computerised payment system within a specific and given timescale set by the Department.

As stated above, CSA meets with SPGC on a regular 6-weekly basis throughout the year. Issues relating to the timing and accuracy of payments are addressed by CSA at these meetings as well as the ongoing development of the payments system. The timeframes for completing any necessary action are agreed between CSA/SPGC and monitored by SEHD.

NHS BOARDS: FINANCIAL MONITORING PROTOCOL

1. Introduction

This annex contains details of how the monitoring process will operate within the Scottish Executive. It sets out the routine, which will be followed for financial monitoring and details the action, which will be taken when a NHS Board is not achieving financial targets.

2. Timetable

Whilst this paper is not about the arrangements for financial planning it assumes that robust financial plans have been submitted prior to the beginning of the financial year in question. For monitoring arrangements to be effective it is of primary importance that financial plans are in place against which to measure the ongoing financial performance of the organisation.

Information from NHS boards will be submitted on 13th working day following the month end. Information will be processed as follows: -

- Issue of data unvalidated within 5 working days of receipt (tables showing financial information) to finance staff and performance managers and MB members.
- Review data and compile into the Scotland wide financial report within 10 working days.
- Data to be circulated to Finance, Performance Management, MB directors.

3. Monitoring Process

Routine

On a monthly basis the following actions should be taken in respect of each NHS Board:

- Finance managers to ensure information is received and complete. (I.e. including supporting narrative and a joint report for the NHS Board)
- Finance Managers to review information and provide commentary highlighting key issues
- Finance managers to contact the health body and discuss any significant issues within the forms.
- Finance managers to meet with each NHS Boards routinely twice a year.

In addition following each year-end finance managers should review the reports from the external auditors to identify any significant control weaknesses or other issues, which may lead to financial difficulties

4. Variances

If the monitoring information indicates that the health body has a financial problem then the following actions should be taken: -

- If the figures state that the NHS Board is going to achieve financial targets but the narrative indicates otherwise. This should be highlighted in the finance manger commentary. The finance manager should also write to the health body indicating that if they believe that financial targets will not be achieved at the year-end then this should be reflected in the numbers.
- If the NHS Board is indicating a significant variance in the achievement of financial targets (+/- 10% of total income or £1m which ever is the lesser) then again this should be highlighted in the finance manager's commentary and should be brought directly to the attention of the head of

division. The finance manager should draft a letter for the head of division to send to the health body asking them to clarify how they intend to address their financial issues. A meeting with the health body should also be set up. If the variance is greater than 10% the director of finance should be involved in the meeting, as should a member of the performance management team.

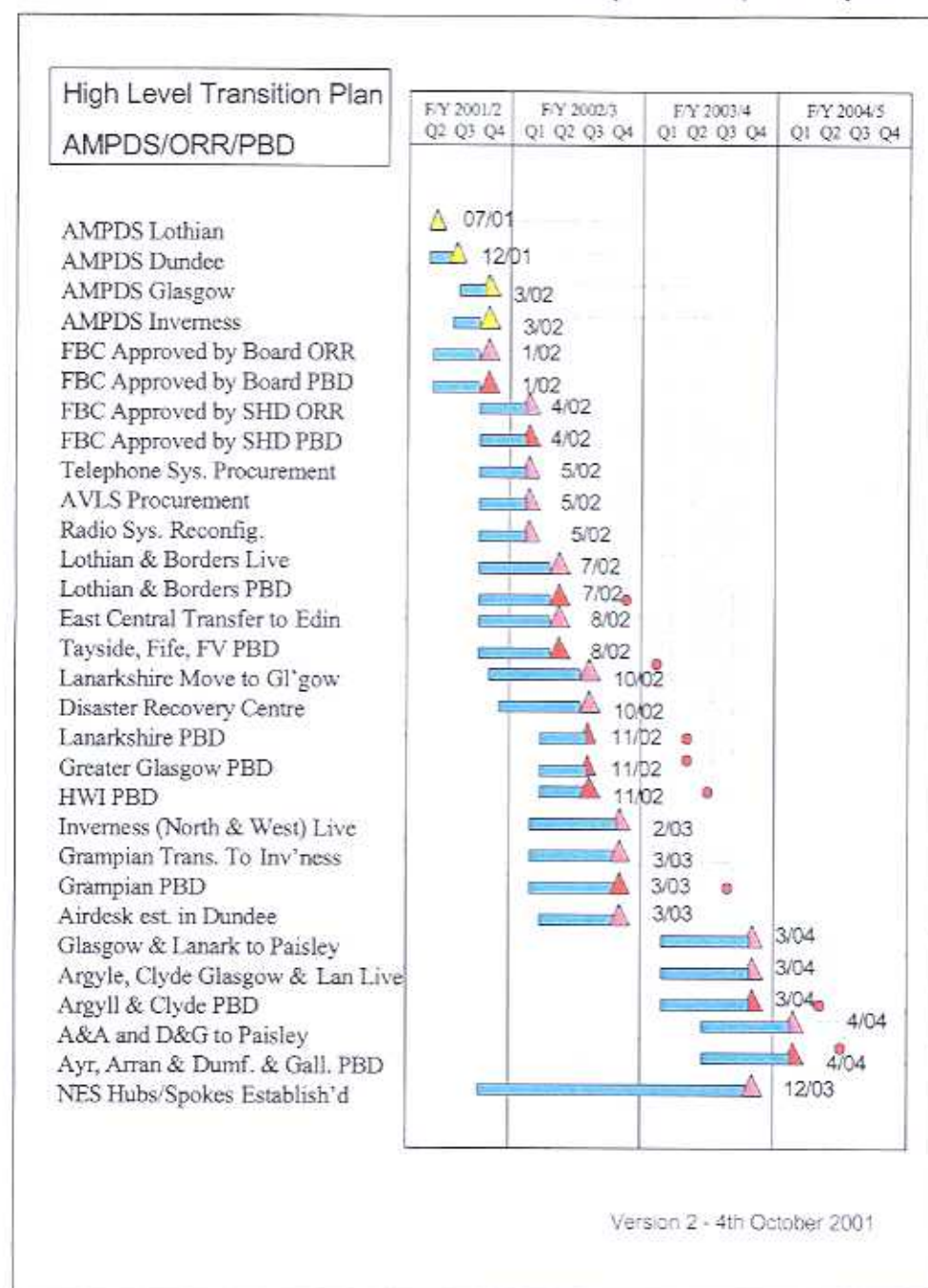
- At the meeting the NHS Board should be asked to produce a recovery plan. The plan should contain specific actions with responsibility allocated to named individuals. NHS Boards will be given one month to produce the initial draft of the plan. If the initial draft is satisfactory a further two months will be allowed to finalise the plan.
- If, once the recovery plan is implemented, the financial position of the health body does not improve or show signs of improvement within two months then a further meeting will be held with the NHS Board. The meeting will include the Director of Finance and the Director of Performance Management. In most cases the Chief Executive will also be involved.
- If the plan is not satisfactory then an independent assessment of the financial position should be requested. The NHS Board should be asked to commission this assessment but the Executive should be consulted on the terms of reference. The independent assessment should normally be carried out within two months of the request. The SEHD should receive a copy of this assessment
- Future action will be dependent on the outcome of the independent review.
- The NHS Board body will be given three months from the acceptance of the plan to act on the recommendations of the independent review. Key Milestones and targets will be agreed as part of the plan. The NHS Board should keep progress under review during that period, and should decide what additional action needs to be taken if progress falls short of target. The Scottish Executive should be kept informed of progress on a regular basis. If no action is evident at the end of three months then the Scottish Executive will discuss with the NHS Board the need for temporary support through perhaps secondments from elsewhere in the health service. If this action still fails to move the health body towards achieving its financial targets then a temporary management team will be appointed by the SEHD

5. Other Issues

The performance management team will be copied in on all correspondence in relation to financial issues and should be invited to attend meetings with the health bodies.

All meetings should be recorded with a list of action points allocated to responsible individuals.

Figure 12/6, Dependencies between Operations Room and Priority Based Dispatch Projects



164. Some stakeholders have queried why AMPDS (and by implication priority based dispatch) could not be implemented much earlier - across all eight existing operations rooms so that more patients could benefit sooner from it. As summarised above, AMPDS could not be *practically and economically* implemented across all eight operations rooms. The detailed issues are set out in Annex 6.
165. With regard to linkage with NHS 24, the Service has been undertaking joint planning with NHS 24 for many months. Each agency is planning and collaborating in developing the respective roll-out strategies and the more detailed operational aspects of the protocols for transferring calls between the agencies.

Figure 12/3, Migration Strategy, Roll-Out Timetable, PBD Start and Performance Profile

NHS Board	Note*	Estimated Performance: % of Emergency/ Category A responses within 8 minutes.																							
		2002/03				2003/04				2004/05				2005/06				2006/07				2007/08			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Lothian	49%	PBD			55				60				65				70				73				75
Borders	51%	PBD			55				60				65				70				73				75
Tayside	60%	PBD			65								70				70				73				75
Fife	55%	PBD			60				65				65				70				73				75
Forth Valley	43%	PBD			50				55				60				65				70				75
Highland	56%				55				60				65				70				73				75
Greater Glasgow	50%				50				55				60				65				70				75
Lanarkshire	29%				35				45				50				55				60				75
Grampian	52%				55				60				65				70				73				75
(starts PBD 2002/03q4)																									
Argyll and Clyde	41%				45				50				55				60				65				75
(starts PBD 2003/04q4)																									
Dumfries and Galloway	58%				60								60				65				70				75
Ayrshire and Arran	45%				45				50				55				60				65				75
Scotland	48%				51								61				67				71				75

Note* Current performance within 8 minutes. Each NHS Board area has different starting point for performance. Up to 65%, every 5% point improvement would take circa 6 months; to move from 65% to 70% would take circa one year. To move from 70% to 75% would take circa 2 years. These are conservative estimates. Assumed that growth in demand would be funded.

The relationship between performance and time is curvilinear (like the relationship between performance and expenditure) - it takes longer to extract improvement at the top end of the performance scale.



COSLA Submission to Audit Committee of the Scottish Parliament

Auditor General Accounts Commission Performance Audit Report Dealing with Offending by Young People.

1. Local authorities recognise the impact youth crime and disorder, including that by young people with patterns of serious and persistent offending, has on the quality of life for victims, neighbourhoods, and the wider community. Their commitment to tackling youth crime effectively and the audit report is welcomed for its analysis of progress and identification of areas for improvement. It further recognises that the cases of youth crime are complex and that as youth unemployment has declined there is a need to develop informed understanding of the complex range of issues which influence youth crime.
2. The audit report describes the Commission's findings on service provision and practice with respect to young offenders. Its recommendations will assist the work of local youth justice steering groups, many of whom have been highly innovative and proactive since their formation following the publication of the youth crime review. The report's consideration of the role and functioning of these groups may help achieve greater consistency in their focus and impact, whilst still leaving scope for models which best reflect local needs and circumstances.
3. The report highlights the fact that a relatively small number of young people are responsible for a significant proportion of youth offending. This group require highly specialised, intensive and by implication relatively costly programmes of intervention. This needs to be firmly located in a context of a wider community safety, prevention and intervention strategy for tackling youth crime, backed up by the availability of a better range of youth and children's services across a wide spectrum encompassing sport, leisure and diversionary provision through to specific services and intervention programmes. This wider strategic approach is being developed across Scotland, although the proliferation of funding streams seen in the last three years has made co-ordination of activity difficult.
4. It needs to be emphasised that many young people who offend have multiple problems and needs, and their offending behaviour may be only one way in which this manifests itself. Care therefore needs to be taken when building up specific youth crime services and programmes that this is not at the expense of or isolated from other services for young people, some of which also require investment and development.
5. The Audit Scotland report highlights the point made in the "For Scotland's Children" report that there is a substantial and growing gap (estimated at £120m nationally) between funding for children's services and the actual level of spend by local authorities, spending which probably actually under-represents the real level of need.
6. Specialised services can be important in working with and complementing youth justice services and programmes. For example drugs services for young people which are generally at a relatively early stage of development, and child and adolescent psychiatry services which in most areas are subject to service shortfall and waiting lists.
7. In terms of the resourcing of youth justice services, local authorities welcome the funding that has been made available in the last three years and particularly welcomes the availability of resources to tackle both serious and persistent offending and to promote early interventions with younger children. However the manner in which additional funding has been released in the last year has at times been an impediment to proper strategic planning and service development because of the timing of allocations, and the way the funding has been split into different streams under various sub-headings.

8. For example, in January 2003 specific non-recurring funding was announced for training in assessment frameworks and for computer hardware and software with the expectation that these would be fully deployed by the end of the financial year. Such short-term and short-notice initiatives mitigate against the considered and strategic approach local authorities are urged to apply, and places unrealistic expectations on the local authorities and their partners who have to balance service and practice development with a need to ensure continuity in services already under significant pressure.
9. As regards practice in youth justice work, COSLA accepts that in many areas this suffered from provision being patchy and methodology which was inconsistent and often ineffective. There is no doubt that the specific funding allocated to youth crime services has enabled the development of a wider range of services and programmes which intervene with young people in trouble in a far more focused way that seeks to confront, challenge and change their behaviour. This can be improved further through more specialised training and the wider application of more rigorous assessment and interventions frameworks, and through the implementation of the recently issued National Standards for Scotland's Youth Justice Services.
10. COSLA agrees with the report's finding that the time taken to reach decisions on children and young adults who have offended is often too long. Research tells us that the interventions that are closer in time to the offending behaviour are more likely to be effective and durable. We would emphasise that only part of the process is within the control of local authority services. Whilst some progress can be achieved by improvements in practice and the functioning of existing systems, closing the gap between incident and response requires major initiatives targeting the services with key responsibilities to children's hearing and criminal justice systems.
11. We believe that the current level of resourcing and staffing of the Scottish Children's Reporter Administration needs to be reviewed. Over the last decade the level of referrals to the children's hearing system for care and protection reasons has steadily risen and is now outstripping referrals for offence reasons. This work is highly complex, and the staffing and general resourcing of the children's hearing system has not in our view kept pace with these increased demands. We would stress the need for an overall strengthening of the children's hearing system and not any specialist division within it or separating out of referrals to other systems. As noted earlier, children and young people who offend almost invariably have other care, welfare and sometimes treatment needs which must be reflected in coherent assessment, intervention and access to services.
12. Similarly, we believe there is a need to review the current resourcing of the adult criminal justice system overall, but in this case there is a need to look at the whole range of services within it including the Procurators Fiscal Service, courts and the penal system with respect to the current spend of resources with reference to young people. There may some justification for looking at a separation by way of a specific youth justice system up to the age of 21.
13. Social work staff receive requests for background reports on young offenders from the Children's Reporter Administration and the courts. Clearly, the ability to respond quickly and effectively in assessing and reporting depends on the availability of sufficient staff to undertake these duties. COSLA welcomes the recent recognition of the serious difficulties councils are experiencing in recruiting and retaining qualified staff, particularly children and family social workers. We welcome the national initiatives that have been implemented to begin to address this shortfall, but would emphasise that this is not just an issue of tackling vacancies in current posts but one of whether the overall investment in children's services properly reflects the increased demand and complexity of the tasks local authorities and their partners are charged with.
14. Finally, we share the report's concern about the variations in decision making. This needs to be addressed by co-ordinated action at both local and national level. We are keen to see the more widespread use of police warnings with reference to a nationally agreed framework, diversionary schemes linked to the children's hearing and adult criminal justice systems, and the development of national information systems that will highlight patterns in decision-making and outcomes for young people who come into contact with them.

February 2003

Barnardo's Scotland

Evidence to Scottish Parliament - Audit Committee 18th February 2003 Dealing with Offending by Young People

Over the past few months there have been numerous reports, inquiries and action plans on the issue of youth justice. The consistent messages from all of these discussions are that the current system faces a range of pressures and that all agencies involved need to work together to address these issues. In order to meet these challenges it is vitally important that we turn our attention to what we know works from both research and practice. The debate should not be about 'hard' or 'soft' options. Rather it is the responsibility of all those who have an interest to focus attention on ensuring 'effective' options.

Barnardo's Scotland provides a wide range of youth justice services throughout Scotland.

- *Freagarrach* in Falkirk and Stirling, *CHOSI* in Motherwell and *New Directions* in Aberdeen and Aberdeenshire work with persistent young offenders with the aim of reducing offending and preventing these young people from progressing in to the adult criminal justice system. These projects have demonstrated that well resourced, community-based programmes can not only reduce offending rates by 50 to 80% but are also a far cheaper option than the alternatives of residential school, secure accommodation or custody.
- The *Possilpark Befriending Service* in Glasgow matches adult volunteers with young people who have been involved in the Children's Hearing system or are at risk of offending.
- Early intervention work is carried out at *Matrix* in Falkirk, Stirling and Clackmannanshire. *Matrix* works with young children identified as at risk of developing offending and anti-social behaviour.
- Three projects - *Bridge* in Dundee, *Lighthouse* in Edinburgh and *Highland Link* in Inverness - have developed specialised work with young people who have sexually concerning behaviour. These projects work with young people who have committed offences or are identified at risk of doing so.

All of these services are delivered in partnership with local authorities and other agencies involved in the youth justice system. Independent evaluations of services such as *Freagarrach* and *Matrix* have demonstrated the positive impact that appropriate and effective community based services can have. The benefits of these services, in terms of cost and success rates, are highlighted in the Auditor General's report.

A feature of all Barnardo's work in this area is the desire to maintain children and young people within the Children's Hearing System. Our experience has demonstrated that more effective outcomes can be achieved by addressing the needs of the whole child through the hearings process. It is not the system itself that is failing children and young people. Problems result from the lack of resources in terms of social work support and appropriate community based services that can be accessed.

The Auditor General's report draws attention to the relatively small number of young people who commit a disproportionately high number of offences. Barnardo's work at *CHOSI*, *Freagarrach* and *New Directions* is focussed on this particular group.

Let us not forget that these young offenders are children who themselves have been victims of offending, rejection, abuse and neglect. If we are to effectively address youth crime we need to challenge behaviour and address the circumstances associated with it. In the recent Scottish crime survey, 50% of young people aged 12 to 15 had been a victim of at least one incident or crime during the previous year. At *Freagarrach*, 90% of the young people attending have experienced serious loss or rejection in their lives; 25% have been in some sort of care; and 65% had experienced violence or abuse either themselves, or within their family.

Custodial sentences are inappropriate for all but the most dangerous young offenders. They simply do not work. The Auditor General's report shows that 60% of young people who have been in custody will re-offend within two years. On the other hand, figures collected by Grampian police reveal that local initiatives, including Barnardo's New Directions Project, have been instrumental in a fall in youth crime statistics of 12.8% on the last year.

The programmes provided by *Freagarrach*, *New Directions* and *CHOSI* are no soft option. Like others delivered by a number of voluntary and statutory agencies, they are in fact tough on crime. All programmes are individually tailored to address the deeds and the needs of young people but all have a clear objective, namely to ensure that each young person examines their behaviour in detail, recognises the consequences, and takes responsibility for both past and future actions. They are compelled to examine the impact their offending behaviour has had on their victims - and on themselves, their family and the community. Whenever possible they are supported in making amends. By remaining in the community, young offenders are assisted in re-engaging with education or employment. The role of parents and carers are crucial in all our services and this is particularly so with those working with young offenders. Parents and carers invariably feel they have tried everything and/or have given up while some can recognise possible underlying problems but are not sure what to do to resolve them. Many parents are struggling with their own needs to such an extent that they have neither the energy nor ability to deal effectively with their offending son/daughter. They need support too.

By removing young offenders from the community we merely temporarily take them out of circulation and expect them to return without having had the opportunity to address their offending. What's more, the important links that could support them in developing and maintaining a crime free life-style will have been severed and lost.

The Auditor General's report is a welcome addition to the current debate and the recommendations provide a solid basis for taking forward action in relation to youth crime. Key issues around decision making, service provision and staffing will determine the future of improving performance in dealing with young people who offend. It is now essential that action is taken to support these recommendations.

Douglas Hamilton
Research and Policy Officer
Barnardo's Scotland

Tel: 0131 334 9893
Email: douglas.hamilton@barnardos.org.uk



**‘Dealing with offending by young people’
Audit Scotland 2002**

**NCH Scotland’s statement of evidence for the
18 February meeting of the Audit Committee of
the Scottish Parliament**

**Attending:
Joe Connolly, Depute Director NCH Scotland, and
Paul Carberry, Assistant Director, NCH Scotland.**

1. NCH Scotland is the largest provider of services for young people who offend in Scotland. We provide a range of programmes and services across the courts and the hearing system for children and young people in trouble. Most of these children are boys, who form the vast majority of young people referred to the hearings and courts for offending. Our programmes target children and young people whose offending is serious or persistent and who are at high risk of early entry to the adult courts and to custody. All of our work is subject to annual quality assurance and has clear aims and outcomes. We can provide evidence of the effectiveness of our work, in terms of reduced offending, and in relation to the improved welfare of the young person.
2. NCH Scotland is in substantial agreement with the report by Audit Scotland on the strengths and weaknesses of the system for dealing with young offenders. We are particularly in agreement on the question of the variations in service provision for young people across the country; and also the need for more informed and uniform decision-making and proper resourcing.
3. There is an imbalance in the amount of resources tied up either processes or in ineffective or unnecessary disposals. The Hearing system has been compared unfavourably to the court system in relation to time and effectiveness. It is important to note that the study established clearly that the Children's Hearing System is both cheaper and faster than the adult courts in dealing with cases. There is also evidence that the courts are less or certainly no more successful than the Hearings at curbing persistent offending and that early entry to the adult court system confirms many young people in criminal lifestyles and habits which are very hard to break. The chaotic lives of many of these young people accelerate them towards custody, which has been demonstrated to confirm and deepen criminality. This makes working towards an offence-free future much more difficult than if the young person had been contained in the community.
4. The important question across both systems therefore is what can and should be done to both:
 - stop the young person from offending, and
 - go on to make a positive social and economic contribution to society?

The weaknesses that the Audit Scotland report highlights, in relation to both the effectiveness and the spread of service provision, are therefore very important and must be rectified.

5. Action that we believe needs to be taken:
 - **Mainstreaming** of programmes that are currently provided on a patchy and time limited basis. NCH and other organisations have for more than 10 years provided services that have been externally evaluated and have

clearly demonstrated effectiveness and cost benefits. However, until very recently, these programmes and services remained as isolated projects subject to annual contract and budget negotiation. There is evidence that this is beginning to change but we believe that this process needs to be externally monitored across the country.

- **Make programmes available to both courts and hearings.** Both courts and hearings could share some of the services that have or will be developed for young offenders. For the 14-18/20 year age group it would make sense to have a range of programmes that both courts and hearings could access. These would include intensive supervision, reparation and mediation, and education, training and employment programmes for young people.
- This would enable many young people to be **supervised in the community** rather than placed in residential or secure care, thus moving much needed resources to where they are more effective, and saving secure care for those who can not be safely left in the community.
- **Ending short term imprisonment and unnecessary remand.** The courts must have access to an appropriate range of services for the young offender if we are to stop the unnecessary imprisonment of the 16-21 year age group on remand and for short sentences. It is absolutely wasteful for courts to have to imprison young people for want of a cheaper and more effective alternative. Many young people who are offending are living chaotic and unstable lives. Courts must have bail support services available to them, including bail hostels. Sherrif Summary courts are the source of most sentenced young offenders in custody and therefore of a great part of the costs of prison for this age group. These sentences are only made necessary by the lack of much cheaper and more effective community based alternatives to custody.
- **Pre-sentence and post custody support.** The evidence is that many young people who end up in custody have drug and/or alcohol problems. Therefore they do not turn up to court, or they fail to pay fines or turn up for community service. We provide Arrest Referral services to young people with drug or alcohol problems at the point of arrest and not the point of sentence which is often six months or more later. This immediate response to offending takes six months or longer off the time that the young person will continue with drug related offending before any court hearing. Just as important is **post-custody support**. Young people come out of custody with lots of good intentions but the lack of support, accommodation, work, positive activity and company often mean that they relapse back to drug and alcohol and to criminality. We are developing post custody support from before release alongside economic development and housing agencies in order to ensure that young people do not lapse back into custody for want of work and housing.
- **Training** A much greater spread of skills and experience in working successfully with children and young people who are offending needs to be established. Research and best practice needs to be part of basic training,

and of post qualifying training and awards. Voluntary organisations such as ours often have the most skilled and experienced staff because we have developed specialist work in this area. However, the short term nature of much of our funding means that their access to post qualifying awards is more limited than that of their colleagues in the local authorities. We believe that the skills that our staff possess would enhance post qualifying training and would allow them to develop even further.

- **Joint assessment and work.** Currently many social work departments divide practitioners between either children and family or criminal justice teams. While this division recognises that specialist skills and knowledge are necessary for both areas of work, it tends to marginalise work with children and young people who are offending. Children and family social workers will focus on protection and on meeting need, and often teenage boys who offend are not such high priority as younger children referred for protection from abuse. Their offences as young adults are usually trivial and often don't lead to allocation to a criminal justice social worker. We need to bring the skills and experiences of both sets of workers together. In our view this would ideally be achieved by specialist teams of workers who would work in the gap between children's care and protection and adult criminal justice. However, at a very minimum without organisational change this could be partly achieved through joint assessment protocols and targeted programme provision.
- **Link with work and training and housing support** After a number of years of successfully providing intensive probation programmes, NCH recognised that these programmes on their own were not sufficient. The young people who are most likely to be caught up in offending are also most likely to be poorly educated and to have very low skill or training levels. We are now prioritising the development of programmes that include preparation for work or training and move the young person on out of offending lifestyles into work or training. Additionally, a stable base is essential for a non-offending life and that many young people can't sustain tenancies without support. We are therefore working with housing agencies to provide proper support for tenancies.



SUBMISSION TO THE AUDIT COMMITTEE OF THE SCOTTISH PARLIAMENT IN RESPECT OF ITS INQUIRY INTO THE REPORT BY THE AUDITOR GENERAL FOR SCOTLAND, 'DEALING WITH OFFENDING BY YOUNG PEOPLE' (AGS/2002/8)

SACRO has been working with young people who offend and the victims of their offences in the development and provision of Restorative Justice services since 1996. SACRO is currently contracted by 22 Scottish local authorities to provide such services in their areas. In 7 of these local authority areas the services are complemented by cognitive behavioural, addressing offending programmes. Considerable extension of these services has been made possible in the past year as a result of funding made available by the Scottish Executive. This has brought us into contact with children & families social work services, Childrens' Reporters and police forces throughout Scotland. This contact has made us increasingly aware of the variations in both process and service delivery which has been highlighted in the Auditor General's report. We welcome the report's recommendations and would comment as follows on those which have particular relevance to our own experience (we have not commented on all recommendations).

We note there is virtually no mention of victims or victim needs in the entire audit. Ensuring that resources are used efficiently for the purposes for which they are made available requires that there is a clear understanding of those purposes. We would suggest that any system of justice should include provision to meet the needs of those most directly affected. Resources to meet victim needs do not even register on the pie chart included in the report. The Scottish Executive is making welcome moves to address this. We would strongly suggest that this should be an important aspect of any future audit of dealing with offending by young people.

- (1) Re-offending Data – This recommendation suggests that a system of data collection should be established, to provide information about re-offending rates by young people receiving police warnings. Reliable information about re-offending is necessary as an important means of evaluating the effectiveness of any intervention with young people who offend, but is not currently available. We are in discussion with the Scottish Executive, the Criminal Justice Social Work Development Centre and a number of police forces about this at present and are aware that some local police forces (Central, Grampian and Fife) are currently co-operating to seek to establish such data collection. We believe this subject requires national attention however. (Recommendations 9, 24 & 29 also refer).
- (2) Police Warnings – The Scottish Executive is funding the development of Restorative Cautioning by police forces throughout Scotland. This is a welcome move, which also requires national standards and procedures. It is essential that such standards take account of international research on best practice and how such provision fits with other restorative practices currently being established with Scottish Executive funding. This information can be provided by the recently created national Restorative Justice Consultancy and Training Service.

- (3) & (4) & (8) Time Standards – It is particularly important for maximum effectiveness that Restorative Justice interventions take place as soon as possible after the offence. This is one reason why SACRO RJ services operate principally as an alternative or prior to a Children’s Hearing – to minimise delays. The application of this principle has implications for the choice of referral and assessment procedures in such cases and we believe that this should also be included by TIMG.
- (5) Reporters’ Decision Making – The recommended review should also consider the limited categories currently available to SCRA for recording their decisions, e.g. currently diversion to a Restorative Justice intervention is recorded as “No Action”.
- (6) Risk Assessment Training – Provision for this is also required by relevant voluntary agencies.
- (9) Systems for Transferable Information between Agencies - SACRO is currently undertaking major investment in our data collection systems. National guidance on what data to collate and what can be provided by whom would have been very helpful in this process. Confusion at all levels about implications of recent data protection legislation is also posing a major hindrance in this process.
- (13) Statutory Aftercare for Young People leaving Prison - There is current statutory provision of advice, guidance and assistance to young people over the age of 16 leaving prison, through Section 27(1)(b) of the Social Work (Scotland) Act 1968. Local authorities are required to respond to requests for help from people who have left prison within the previous 12 months but the offender’s participation is entirely voluntary. There is only sporadic evidence of take-up of this service and local authorities have not generally deployed much in the way of resources to it.

The Scottish Executive Justice Department has very recently accepted the recommendations of a Tri-Partite (Executive, SPS and Local Authorities) Working Group on Throughcare of Offenders. It proposes strengthening the statutory throughcare provision for those prisoners serving 4 years or more and that includes compulsory post-release supervision. Any offender serving less than 4 years will, as at present, not be subject to compulsory supervision. That is the great majority of all offenders, including young offenders. The Report recognised that there was a need to give some priority to this large number but rather than include more into the compulsory category, they decided that voluntary aftercare should be better resourced and targeted at three priority groups:

- Serious, high risk offenders
- **Young offenders** (because of their high risk of re-offending)
- Offenders who have demonstrated some motivation to change

This strategy was seen to be more realistic in terms of resources than, for example, extending compulsory supervision down to all serving one year or more as is the case in England and Wales.

Possible Other Options for Young Offenders

1. make all young offenders subject to compulsory statutory supervision on release

2. give special priority to young people who have been “looked after” or been persistent offenders while under 16 when determining priorities for voluntary aftercare for young offenders

Option 1 might well have unintended negative consequences. When compulsory aftercare did exist many years ago there were many problems securing compliance by young people. This was because young people did not welcome this intervention (they felt they had done their time!). Re-introducing it could lead to social workers spending much time chasing reluctant young people who did not want to engage in anything constructive, high breach rates for non-compliance and risk of recall to custody as a result increasing the young offender prison population.

Option 2 is worth considering because there will be so many young offenders eligible for voluntary aftercare and the resources still scarce so that the jam will be spread thin. This option would target those most in need and those perhaps most likely to re-offend.

- (17) Increased Community Programmes – We strongly support this recommendation.
- (20) Registers of Programmes – We strongly support this recommendation.
- (21) The Criminal Justice Social Work Development Centre has recommended that 10-15% of service budgets should be allocated for monitoring and evaluation purposes. This has implications for required levels of financial support.
- (30) Process Resources – Restorative Justice offers a process for dealing with offending by young people, which also provides a service for victim needs and has proven effects on the attitudes and subsequent behaviour of the young person. Dealing with more cases through RJ interventions as an alternative to children’s hearings or court appearances can make a significant impact in achieving a shift in resources from the process of reaching decisions to the provision of services.
- (31) Shift of Resources from Custodial/Residential to Community Based Programmes – We strongly support this recommendation.
- (34) Co-ordination of Funding Initiatives – We strongly support this recommendation.
- (35) Increased availability of trained social workers would be welcomed by SACRO as by local authorities. Their shortage increases pressure on SACRO and other service providers to increase provision of in-service training and establishment of Vocational Qualifications. Such provision can provide a sufficient alternative to social work qualification for much of our staff requirements. It is, however, costly to deliver and such costs are not adequately provided for either in direct Scottish Executive funding or local authority service purchase. Attention to this requirement would reduce pressures arising from current shortages in qualified social workers.

February 2003

THE AIRBORNE INITIATIVE

Challenging offending behaviour

Braidwood House, Braidwood, Carlisle ML8 5NE
E-mail: info@airborne-initiative.co.uk
Internet: www.airborne-initiative.co.uk
Tel: 01555 771 225 Fax: 01555 771 622

13 February 2003

Convener; Andrew Welsh MSP
Audit Committee
Scottish Parliament
EDINBURGH
EH99 1SP

Dear Convener Welsh

DEALING WITH OFFENDING BY YOUNG PEOPLE

The Airborne Initiative works in partnership with the Criminal Justice system to reduce the rates of offending by offering a nine week controlled residential alternative to custody for 18 – 25 year old males involving the learning of cognitive skills, the development of employment potential and focused outdoor challenges delivered by a highly motivated caring team of specially trained staff.

The Initiative is now in its eighth year of operation and has recently moved to new premises in Braidwood by Carlisle that it now owns.

As such we could be deemed as not working within the age range of your enquiry. However, I do believe that a great deal of problems that we come across in the pursuit of running our courses could be lessened by a restructure in the criminal justice system.

My comments that follow are by no means a national issue, however, we have greater difficulties within some areas than others. It could be deemed as a postcode lottery where in our case some authorities/Sheriffdom believe in using alternatives to custody and others less so. There is a widely differing approach in different areas towards preferred options for sentencing from sheriffs. In presentations we have been heartened by the warmth of reception to alternatives from some sentencers and yet others refuse even to discuss them as options. There appears little alignment particularly in our case for this very difficult tariff of offender.

Youth Justice Teams are building on a multi agency approach but this rarely is the case with Criminal Justice Teams. This has the effect of a social worker, trying their best to diagnose the very complex needs of these young men. There are more than social, offending, welfare, health, addictions, employment and housing issues all trying to be addressed by the same team of social workers. The result is that we have a percentage of our course members that arrive ill prepared with long term issues that will be uncovered on our nine week course, but possibly not be able to be dealt with or they are that complex that the young men leave prematurely and will probably be sent to jail as they have breached their probation order.

Patrons: The Rt. Hon. The Baroness Linklater of Butterstone The Rt. Hon. Lord Macfarlane of Bearsden KT FRSE

Board of Directors: Dr. A G Rutherford OBE (Chairman) A F Bell A J Bowman Mrs. A M Boyd N G Campbell Sheriff Principal G L Cox QC
Dr. C G Greig D E Gunn P H Morron MBE LLB Lt Col G R Orpen-Smellie T B Royle FRSE J P Scott BBS Sheriff A V Sheehan MA LLB B Thomson CA

The Airborne Initiative (Scotland) Limited is a company Registered in Scotland No: 149481
Registered Office: 40 Charlotte Square, Edinburgh EH2 4HQ. Scottish Charity Registration No: SCO 23223

Are we setting them up to fail? As an organisation we are making great attempts to address this but it is a mammoth task as we are a national provider having had referrals from 31 of the 32 local authorities.

A suggestion might be as follows:-

Within each authority or grouping of authorities that there is established an assessment centre staffed by "hands on" experts, Criminal Justice Social Workers, health officers (mental, medical and dental), addiction officers, counsellors, behavioural therapists, etc. All the young men and women have to attend this residential centre at the time when the reports are normally being written. This would not be a clinical environment, but would be more homely with a regular active programme going on, while interviews, assessments and reports are carried out until over a differing period of time a true assessment of needs can be made and a programme made out of suggested progress through their probation order, with goals and targets clearly identified. The young people must be part of the process and be fully involved and helped to make the choices that will affect their lives. Confidence building, motivation, team building, problem solving and many other activities can help in the assessment process and also in the teaching and learning process that will follow. At present if a three year order is given there are generally little overall aims, targets and goals built in that show the progression from one stage to the next throughout the whole order.

I would take the liberty to suggest that to reinforce and support any new government initiatives made that they be supervised by the appointments of a Youth Tsar and a Voluntary Sector Tsar. They will be in a position to lend some immediate and "heavyweight" decision making to help support the onward progress of any new structure. Without this it will falter in a short time and increase the bureaucracy.

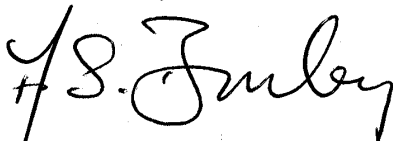
In summary;

- Co-ordinated services offered.
- Assessment Centres to truly assess the real needs of each client without the restrictions of time (days not minutes).
- Appointment of Tsars to oversee the good works and provide weight and decision making to the end design.

Our youth are our future! If they have got it wrong, they need help to learn new ways not to be locked up. A quote from a former trainee at Airborne,
"Why lock up your problems, come here to unlock your potential"...

I hope this helps the process and I would be more than willing to give a presentation of our model of working successfully with a difficult client group and answer any further questions you may have. Please do not hesitate to contact me if you would like to discuss this further.

Yours sincerely



Tony Burley
General Manager

APEX Scotland

Our Ref: BM/MH

12 February 2003

Seán Wixted
Assistant Clerk to the Audit Committee
Room 2.1
Committee Chambers
The Scottish Parliament
George IV Bridge
Edinburgh
EH99 1SP

Dear Mr Wixted

Dealing with Offending by Young People

Apex Scotland is a national voluntary organisation that aims to reduce offending by addressing the employability needs of (ex)offenders and young people at risk and moving them on to a positive outcome such as employment, education or training. Services are delivered from 16 local units and include:

- Employment & Guidance/Supervised Attendance Order/Throughcare - in conjunction with Social Work Criminal Justice
- Prison Based Services
- Various Jobcentre Plus Initiatives
- Scottish Enterprise New Futures Fund
- Local Enterprise Companies contracts

Our average client will be aged 19, offending since the age of 14, with 12 previous convictions on average. They will also have a history of school exclusion and truanting, no educational or vocational qualifications and poor literacy and numeracy skills. Other issues likely to feature in their lives include substance misuse, lack of accommodation and periods of homelessness, lack of family and other support and low self-confidence and expectations.

Between April to December 2002, we received a total of 4254 referrals from which 2762 clients started on our programmes, giving a conversion rate of 62%. The number of clients who completed programmes is 1601 and 562 have achieved positive outcomes to date.

We believe that we achieve best results with clients who attend for an optimum of 7 appointments. For the period outlined above, this equates to 497 clients of whom 235 or 47% progressed to positive outcomes. If we remove prison service and SAO clients, this increases to 66% or 86 clients who achieved positive outcomes from a total of 130.

I

n addition, Apex provides datasets to SCRO to carry out recidivism checks on our clients to allow us to assess the impact of our work on reducing offending. We recently received our first report and will be disseminating the results in the near

future. This covers SAO and community based clients and measures offending rates over 6 month periods before, during and after their time with Apex.

We welcome the Convener's invitation to contribute to the Audit Committee's inquiry into the above report and to respond to the two questions posed:

1. the Auditor General's report highlights strengths and weaknesses in the systems for dealing with young offenders. Could you give the Committee your views on the performance of the system for children / young adults?

It is important to remember that the process for dealing with children/young adults who offend, be it children's hearings or youth courts, is not what will impact on or ultimately reduce their offending behaviour. This was reinforced in the Audit Scotland report which highlighted that 60% of the total spend on youth justice is currently on the process and recommended that the balance should shift towards services.

There is evidence that community based options are more effective than custody or secure accommodation in reducing offending and are also cheaper. Indeed, we know that the number of 16 year olds sent to custody has steadily reduced - from 226 in 1992 to 92 in 2001 - because local authorities, in partnership with the voluntary sector, have developed effective programmes for young people who offend as alternatives.

We must also remember that the majority of our young people are law-abiding, that most offending by young people is relatively minor and that they usually grow out of it. This means that only 1.5% of Scotland's 900,000 young people will ever be referred to the children's reporter for offending and that 60% of that tiny proportion will offend only once. That said, it is also true that a few young people commit a large number of offences: about 40% of all recorded crime is committed by young people, predominantly males aged 16 – 24. Yet males in this age group make up only 12% of the total population. We believe that resources should be directed towards this small number whose offending is persistent and frantic.

The 16 to 24 year old who offends persistently is also the most likely victim of serious crime. The same young person can often be both an offender and a victim because they tend to offend with their peers, often as part of a fight, against other young people.

Research tells us that these young people tend to have a full blown set of problems that sets them apart from others who get into trouble once or twice. As well as involvement in crime at an early age, these include family break-up and experience of residential care, exclusion from school and truanting, health problems and alcohol and drug abuse.

The child who is referred to the children's reporter on child protection grounds will often be the same child or young adult who is referred for offending later on. To separate those children who offend from those who have other problems and needs is artificial in terms of understanding and addressing the root causes of crime. We believe that the now-defunct pilot to deal with 16 and 17 year old offenders within

the hearing system is a missed opportunity to prevent these young people from progressing into the adult criminal justice system and to avoid criminalising them unnecessarily in the first place. The whole-person approach of the hearing system is equally as valid for 16 and 17 year olds who offend as it is for 15 year olds.

In any case, 60% of those sent to young offender institutions are sentenced to less than 6 months. This means that they will serve less than 3 months and will not benefit from any programmes to address their behaviour because these are generally reserved for those serving longer.

They will come back to the community without any of their needs having been addressed and sadly, 62% of them will also return to prison within two years of release.

2. what needs to be done to improve the effectiveness of the system?

Increasing the number and range of offending behaviour programmes is by itself not enough: These need to take account of the nature and occurrence of local crime problems and to link in to a wider community safety framework.

A case management approach is also essential to ensure that a young person gets access to the right service at the right time in their life. Services must be targeted appropriately at those young people who offend most persistently and avoid drawing in those who would be unlikely to progress to compulsory measures.

Whilst programmes should be based on "what works" principles and aim to give young people the thinking skills needed to avoid getting involved in offending, it is important also to recognise that positive change will only be sustained if such programmes address a wider range of issues central to the lives of young people. The Audit Scotland report referred to an emerging body of research on "Desistance" or the reasons why young people stop offending. This research suggests that it is more important to develop the skills and opportunities for employment and to strengthen young people's capacity for positive personal relationships.

Programmes and services must be outcome-focussed and providers should be required to demonstrate how they will collect information on numbers of referrals, starters and completers as well as measuring the impact on (re)offending.

We currently work in partnership with the Airborne Initiative and with Glasgow City Council and NCH in the Community Justice and Employment Project. We provide an Employment Development Service as well as aftercare support to Airborne clients. Since December 2000 until October 2002, we worked with 83 Airborne clients of whom 16 failed to complete the programme; 12 were still receiving services from us and 57 completed with the following positive outcomes: 13 (23% gained full time employment' 5 (9%) gained part-time employment; 13 progressed to further training; 7 (12%) progressed to further education and 1 progressed to voluntary work. Therefore 68% of clients who completed the programme achieved a positive outcome. Recidivism checks will be carried out on this sample in due course. Given that these young men are high-tariff offenders, we believe that this is an excellent result.

The Glasgow Community Justice and Employment project provides integrated supervision for young people aged 15 – 21 who are at risk of custody, either immediately or through early entry into the criminal justice system. It was originally funded through H.M. Treasury “Invest to Save” monies and now receives mainstream funding from Glasgow City Council. It began accepting referrals in February 2000 and has been positively evaluated by the Social Work Research Centre, University of Stirling. Between February 2002 and August 2001, 182 young people were referred to the project, 130 to the CJS programme and 52 to the CHS programme. The vast majority of these referrals were at high risk of entering secure accommodation or custody. The average cost of a place at the project is £6,764, which represents significant savings if compared with the costs of custody/secure accommodation and with other intensive community based disposals.

We believe that access to education, employment, accommodation, financial and family support are the key factors that will influence a young person's decision to re-evaluate their life and to stop offending.

I hope the foregoing is helpful. If you require further information please do not hesitate to contact me.

Yours sincerely

Bernadette Monaghan
Director
Apex Scotland

Services to People – Child Care, Pre-fives & Criminal Justice Services

Lime Tree House, Castle Street, Alloa, Scotland, FK10 1EX
Tel: 01259 450000 Fax: 01259 452522

Mr Sean Wixted
Room 2.1
Committee Chambers
The Scottish Parliament
George 1V Bridge
EDINBURGH
EH99 1ST

Contact: Gerry McGeoch
Phone No: 01259 452417
E-Mail Address: gmcgeoch@clacks.gov.uk
Our Ref: G/ef/let/181
Your Ref:
Date: 7th February 2003

Dear Mr Wixted

Further to our recent telephone discussion I can confirm that Clackmannanshire Council broadly welcomes the report dealing with Offending by Young People. Indeed Audit Scotland are to be commended for the breadth and depth of the work they have undertaken in respect of this particular study.

We recognise and understand the impact that offending has on victims and also other members of their families. We believe in dealing with offending by young offenders means:

- Taking prompt action;
- Tackling their offending behaviour together with their problems in areas such as health and education;
- Diverting them away from formal judicial processes where this is appropriate and does not pose a risk to society;
- Ensuring that suitable programmes and services are widely available, adequately resourced and targeted on those at most risk of further offending.

Clackmannanshire Council particularly welcome the recommendation where the Scottish Executive address the apparent inconsistencies between grant aided expenditure and Local Authority spending which was 54% higher than the grant aided expenditure awarded for Social Work Services for children.

Clackmannanshire Council welcome the recommendation that the time intervals that have been set in relation to the Inter Agency Code of Practice and National Standards for processing of Children's Hearing Cases be reviewed.

Services to People – Child Care, Pre-fives & Criminal Justice Services

We believe that the reviewing of this Code of Practice will enable a better focus on reducing the time allowed for each stage of the process whilst maintaining achievable outcomes in respect of the National Standards.

Yours sincerely

Gerry McGeoch
Head of Child Care, Pre-fives
& Criminal Justice Services

Glasgow City Council

Tel No: 0141 287 8831
Our Ref: JE/MF/LS
Your Ref:
Date: 10th February 2003

Fax No: 0141 287 8840

Ms Shelagh McKinlay
Clerk to the Audit Committee
Room 2.1
Committee Chambers,
The Scottish Parliament
George IV Bridge
Edinburgh EH99 1SP

Dear Ms McKinlay

DEALING WITH OFFENDING BY YOUNG PEOPLE

I refer to your letter of 17 January 2003 offering Glasgow City Council the opportunity to submit written evidence to the Committee on the issues set out in the above report by the Auditor General for Scotland. I welcome this invitation and I am pleased to take this opportunity to respond. My comments follow the main themes and issues identified within the report with views from the Glasgow perspective of the performance of the current systems and of what needs to be done to improve matters.

As with previous Scottish Executive policy making in this area the focus of the Auditor General's report remains on those young people who can be defined as either persistent or serious offenders or at risk of becoming so - therefore predominantly those young people already within the Children's Hearing or adult Criminal Justice systems. There is no evidence to show, contrary to popular belief, that numbers of young people in this group are increasing. Instead in the children's system the average number of offences per person is increasing while the population reported on offence grounds is relatively stable. In the adult system, the numbers proceeded against in court has dropped in the 16 to 17 year age group while remaining stable in the 18-20 group.

There are clear questions within the report regarding agency abilities adequately to assess the scale of problems and monitor and evaluate the responses and outcomes of these. This is a particular issue in Glasgow where the numbers of young people, both in absolute terms and relative to national offending levels, are far higher than those facing any other local authority. The need for robust partnerships to monitor, evaluate and share data and best practice are evident from the recommendations. This type of intelligence is essential to facilitate reviews of various parts of the system prior to recommending and implementing any proposed changes.

The new National Standards produced for Youth Justice services provide a definition of "persistent" offending as a young person with 5 offending episodes within a six-month period. Initial rough estimates so far suggest that Glasgow has at least 200+ young people in the Children's system alone who would fall within this category. This compares with between 14 and 59 young people defined as persistent offenders in other authorities.

Glasgow City Council

Glasgow has the highest number of offence referrals to the reporter of any local authority (47 referrals per 1,000 of the population while the Scottish average is 24).

There is no data on under 21-year-olds referred to the Procurator Fiscal from the Police. An estimate of 45,000 reports (17% of total reports) nationally has been made by Audit Scotland. Using this same proportion this would represent at least 9,000 Police referrals to the Procurator Fiscal in Glasgow and Strathkelvin district for 2001/2.

Using Social Work Criminal Justice figures to calculate approximate numbers of convictions we have an estimate of approximately 1,800 SER requests (as a proxy for convictions) made in respect of 16 to 21 year olds. This represents 37% of all adult Criminal Justice requests.

By any standards the scale of the problems facing the City are extensive. However progress under each of the areas identified in the report has been made. There are also clear links between the needs of young people at the higher end of the offending scale and those at an earlier stage but potentially at risk. These have been identified and incorporated into the strategic and developmental work of the Youth Justice Forum.¹

Time taken

Data collection regarding the time standards has proven difficult for agencies to collect. The roll out of the SCRA information system (RAD) should help to more effectively monitor time taken from caution to charge in the Children's Hearing System. Standards require that time from charge to Hearing should take a maximum of 84 days. We would concur that currently the system is too slow and that although there are some good reasons – such as the significant and continuing problem of unfilled social worker posts - there is a need for appropriate standards and targets. However they require to be realistic and achievable, and must be accompanied by action to tackle underlying issues of staffing and information and IT systems.

There are time standards for the provision of SER reports to courts. For Glasgow the most recent figures show that 92% of these are submitted on time. However we note that there is no comprehensive set of time standards in the adult system. On average it takes between 167 and 190 days to process a case from caution/charge to sentence within the adult system. This is without doubt too slow and in the lives of young people involved in offending behaviour this can mean that valuable opportunities to tackle needs and behaviour are lost.

Decision Making

Glasgow's new City wide restorative justice package of services is a unique partnership arrangement involving Strathclyde Police, the Community Safety Partnership, and Council departments that will lead to a change in decision making practices for young people involved in early stage offending. This programme will be closely monitored and evaluated and will therefore provide extensive information on offence referral disposals and outcomes. Further details are provided in summary form as presentation notes in an appendix.

There may be a requirement to look at decision making and procedure between the Courts and Police systems. At present it is difficult to identify the under 21 year population and so difficult to assess or discuss patterns in decision making.

¹ *The Youth Justice Forum in Glasgow is the City's multi-agency team that oversees strategic planning on all matters related to young people and offending.*

Glasgow City Council

All three agencies are concerned with those young people jointly reported and information sharing on this group has been a feature of the Youth Justice Forum in Glasgow. The Youth Justice Forum will require to review this to ensure good practice is being followed.

Training and support is recommended both for social workers - on the quality of SBRs and in the use of risk assessment tools - and for panel members on offending issues. The YLS-CMI risk assessment tool has been introduced in Glasgow and subject to the availability of resources is intended to be rolled out to all teams working with young people involved in offending.

Panel members have invited members of the Youth Justice Forum and from the new services along to their regular training sessions. Ad hoc sessions have been set up between the pilot Youth Justice teams and the Panels in their areas. We believe these linkages should be built on to ensure panels can stay up to date on new developments and current best practice.

Service Provision

The focus here is on programme accreditation, evaluation and information collection as well as standards for service levels and care management. There are areas where progress is being made and where the City can work to improve service provision.

Levels of unallocated and unactioned cases have been identified as an area of concern as are the consistency and implementation of care planning. Staffing shortages have long been a cause for concern within the City and there is an urgent requirement to address these to ensure statutory responsibilities to young people are fulfilled.

The report accepts that community based programmes are at least as effective if not more so, than custody for young people and wants to see an increase in such disposals. The City is currently piloting cognitive behavioural programmes designed specifically to address offending. Funding of voluntary organizations to develop further programmes has recently taken place and will further augment community services for young people. These need to be evaluated properly to disseminate good practice and allow for accreditation as per recommendations.

Ensuring that a comprehensive array of services is available in each area and that these are audited regularly to provide an accurate register is to be one of the challenges for the Youth Justice Forum in Glasgow. A partial audit of services was completed in 2001 but the growth in the field means that this needs to be revisited. This should help with identifying any remaining gaps in service and as an aid to future planning.

A specialist mental health service as per recommendation 22 in the Auditor general's report has been set up in the City and will work to address the needs of young people involved in offending.

Tracking of young people from custodial or residential settings and outcomes for this group is recommendation 24. This is a difficult task but will be aided by closer working linkages and the increased sharing of data between relevant agencies.

Spend

The Scottish Executive agreed that the recommendations dealing with funding and inspection "raise important issues that need careful consideration" but has not as yet agreed to implement these. In our view an unequivocal commitment must be made to change the balance of spend across processing and service delivery and to shift the balance of investment from custodial and residential options to community based responses

Glasgow City Council

In line with policy over the last few years recommendations again concern looking at the cost effectiveness of residential school and secure places. There is also, as has been happening in most areas, a recommendation that resources be shifted to community from residential and custodial services. Additionally it suggests a review of the costs of decision making relative to resources directed at addressing offending. Currently around 60% of resources are spent on the decision making process and 40% on responses.

However the Scottish Executive has also announced that the number of secure places in Scotland is to be increased by 25 places. This could represent a further significant shift of resources to fund provision of very expensive secure care placements for few young people. The funding arrangements for this expansion will entail places costing in excess of £3,000 per week per child. For this amount of money even the most intensive community based programmes would provide a service for ten young people.

The audit report rightly identifies that there is no evidence of the effectiveness of secure care and this gap in knowledge must be filled. Similarly our view is that there is no evidence of increased demand or need for additional secure cases. Detailed analysis of demand for places is appended. We have noted in Glasgow that in particular the provision of high quality, well-designed community based services for young women at risk has been accompanied by a fall in demand from the city for secure places for young women. In terms of the provision of effective responses for children in secure care, our experience of programme delivery is that cognitive programmes delivered to young people following risk and needs assessment in secure care require to be followed up by continued service provision in the community, and it is this element that is decisive in the effectiveness of programmes.

The complexities of funding youth justice services, which straddle both adult and children's systems are well known. While earmarked funding has been received, it is often unclear how sustainable this is. Recommendation 34 makes the point that there should be an effort *"...to incorporate funding into mainstream provision as quickly as possible to put new services on a stable footing"*. In our view this issue is fundamental; the earmarking of funds has been seen as a useful expedient in the context of local authorities spending well over GAE; however the underlying funding pressures are not addressed. As a result the sustainability of investment is jeopardized when such funding is incorporated in main grant.

Staffing

The national shortage of qualified Social Workers is highlighted. The national rate is around 12% for 2001 a rise from 7% the previous year. According to the report Glasgow had a rate of nearly 15%, also an increase from 6% the previous year. This trend is continuing.

We would emphasise that staffing levels particularly within children and family services are particularly worrying. Other authorities are using a range of initiatives to attract workers and increasing opportunities in the voluntary sector have been blamed for increasing difficulties in recruiting and retaining staff. There are some anecdotal suggestions that youth justice work is an attractive option for workers who can then combine children and families work with criminal justice work. The issues of workforce planning across children's services require to be addressed nationally.

Conclusions

Inevitably this report with its focus on children's and adult justice systems is concerned with services at the "heavy end" of youth offending. It is important to reflect the range of preventative work that the Forum has supported and continues to be involved in. Recent discussion with relevant agencies have emphasised prevention as a key strand in effectively addressing youth offending and one that should be given more prominence in future strategic

Glasgow City Council

planning. The scope of the report does not allow discussion of crime prevention, but in Glasgow we consider that the case is compelling in terms of later benefits in crime reduction for investment in high quality services aimed at supporting families and giving children the best start in life; and similar arguments can be made for the value of strong inclusive schools.

Yours sincerely

DAVID J COMLEY
Acting Director of Social Work Services

Glasgow City Council

Appendix: Trends in Demand for Places in Secure Care in Glasgow

The pattern observed in demand from the City of Glasgow is that overall there has been a decline in demand for secure places from children's Hearing cases and an increase in the numbers of children remanded to secure accommodation from the courts.

Glasgow's usage of secure placements in terms of the Criminal Procedure (Scotland) Act has increased. In 2000, there were 43 admissions, of whom 11 (26%) were on remand. In 2001, 18 (45%) out of the 40 admissions were made through the courts (2 of them on sentence). In the first half of 2002, 12 (52%) of 23 admissions were remanded.

Some are remanded for shorter periods before being released on bail, but many are committed for 110 days.

The number of young people serving sentences in secure accommodation has remained fairly steady at 5 or 6 over the past few years. Most had spent long periods on remand in secure units.

There have been no female admissions on remand or sentence since 2000.

Glasgow's secure accommodation procedures require staff to alert the secure screening group to any children or young people under supervision who appear in court or are detained in adult prison settings. The group monitors the welfare of detained young people and will actively seek secure accommodation for them if this is assessed to be in their best interests. There are usually 1 or 2 such young people, but during 2002, there have usually been 4 or 5.

If the trend for more young people to be placed in secure accommodation on remand persists, the availability for admissions is likely to be affected. There may be a need to expand supported bail provision for young people as part of any expansion of close support provision. This can be accommodated in the proposals for well-structured open accommodation presented here.

Glasgow's experience over the past 2 years has been that demand for secure placements under the Children (Scotland) Act has been gradually falling. In 2000, there were 77 referrals to the Secure Screening Group, with only 52 referrals during 2001. In the first half of 2002 the rate has continued to fall.

During 2000 there were periods when Glasgow had up to 10 children "approved and waiting" for secure accommodation. In some cases, such children were not provided with a secure placement at all, and for others there were delays of several weeks. The position during 2001 became less acute, and in the past year there have rarely been more than 2 or 3 children in this position.

A significant change in Glasgow has been the reduction of female admissions to secure accommodation.

It has been Glasgow's experience that other large secure units have readily accepted referrals of Glasgow children through the courts, while very few Children (Scotland) Act 1995 referrals are accommodated. We would therefore propose to ensure places remain available in Kerelaw for such children.

Appropriate Total Number of Secure Places in Scotland

We see no evidence to support significant expansion overall of secure beds, but consider that there is a need for flexible, high quality provision, based on the delivery of programmes and

Glasgow City Council

specialist supports, embedded in a better range of alternative open and community based provision and follow-on supports.

Children and Young People in Glasgow A Restorative Justice Approach to Youth Crime (Under 16)

**Glasgow City Council Youth Justice
Forum**

BACKGROUND

Youth Crime (Under 16)

- ➔ The impact on the communities in Glasgow
- ➔ The scale of the problem
- ➔ The impact on services
- ➔ Current approaches
- ➔ Proposed new approach

DEMOGRAPHICS

Glasgow has a population of 609,370 of which:

- ➔ 131,416 (21.6%) are under 18 years of age
- ➔ 117,313 (19.3%) are under 16 years of age
- ➔ 30,214 (5%) are in the 12-15 years age group

Source: General Register Office (Scotland)

SCALE OF THE PROBLEM

- ➔ In the year to June 1999 there were 8,498 referrals to the Reporter where it was alleged that a young person (under 16) had committed an offence
- ➔ This would equate to 28% of all children in the 12-15 age group
- ➔ Glasgow accounts for 28% of all offence referrals in Scotland

SCALE OF THE PROBLEM

1,552 young people were placed on Social Work Services Supervision Order in the year 2000

- ➔ 15% for offending behaviour
- ➔ 23% focus of work was inclusive of offences
- ➔ 26% focus of work was a deterioration of and complex behaviour needs
- ➔ 33% for non-attendance at school
- ➔ 3% for school exclusion

SCALE OF THE PROBLEM

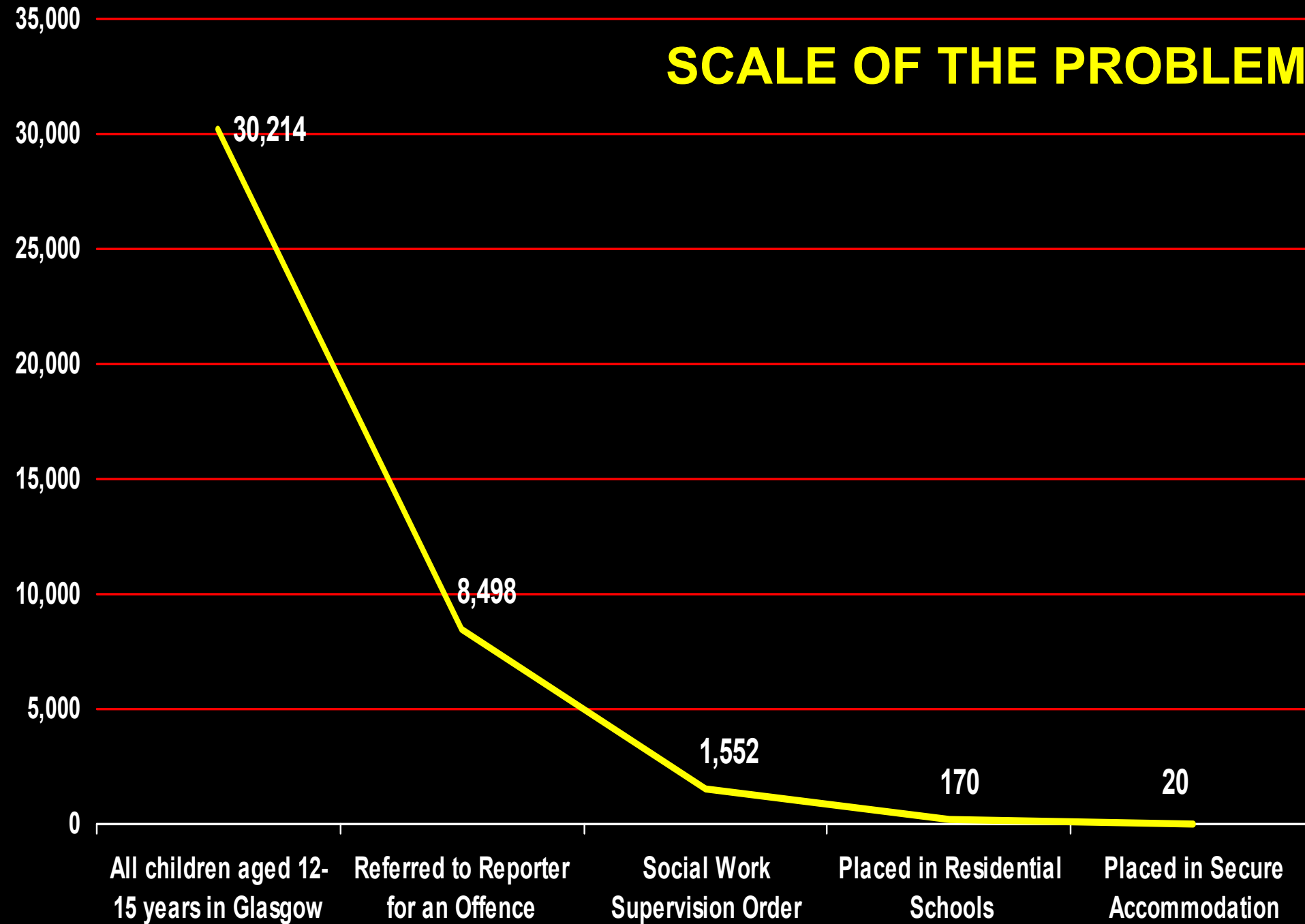
At any one time:

- ➔ 170 young people (under 16) are placed in residential schools - 0.6% of total 12-15 age group
- ➔ 20 young people (under 16) in secure accommodation - 0.07% of total 12-15 age group

Glasgow City has the highest

- ➔ school exclusion rate in Scotland at 109 per 1,000 pupils against the national average of 51 per 1,000
- ➔ absence rates across all stages at 16.5% compared with a national average of 11%

SCALE OF THE PROBLEM



IMPACT OF YOUTH CRIME (UNDER 16) ON COMMUNITIES IN GLASGOW

Young people are viewed within many communities in Glasgow as being responsible for a range of problems:

- ➔ Unruly gangs of young people hanging around/fighting**
- ➔ Too much low level crime/vandalism**
- ➔ Drugs in the area/junkies/addicts**

Source: Glasgow Citizen's Panel, MORI 1999

IMPACT OF YOUTH CRIME (UNDER 16) ON COMMUNITIES IN GLASGOW

The most important issues to be prioritised to improve the quality of life of the people of Glasgow are:

- ➔ Reducing crime
- ➔ Making the City safer
- ➔ Improving services /opportunities for children and young people

The main improvement that could be made to make the neighbourhood a better place to live is:

- ➔ Provide more facilities/amenities for young people/teenagers

Source: Glasgow Citizen's Panel, MORI 2002

COSTS OF YOUTH CRIME

Financial Costs

- ➔ Custodial disposals cost around £1,120 per child per week on residential care in Glasgow
- ➔ At any one time 170 young people (under 16) are placed in residential schools in Glasgow costing the City Council £190,400 per week

This equates to £9,900,800 per year

COSTS OF YOUTH CRIME

Financial Costs

- ➔ Secure accommodation costs around £3,000 per child per week
- ➔ It costs approximately £550 per person per week for prison places
- ➔ In 1999 a total of 417 young people aged 16-20 years received a custodial sentence

COSTS OF YOUTH CRIME

Financial Costs

- ➔ A recent study of vandalism by Glasgow City Council found some of the direct costs of vandalism in Glasgow to be in the region of:

£10 million

COSTS OF YOUTH CRIME

Social Costs

- ➔ Loss of services
- ➔ Disruption to services
- ➔ Psychological impact on individual victims and the wider community
- ➔ Impact on the young person

A RESTORATIVE JUSTICE APPROACH TO YOUTH CRIME (UNDER 16)

Definition of Restorative:

- ➔ Returning something to its original or former condition
- ➔ Anything that restores or revives
- ➔ Restoring, replacing, renovating, reinstating something
- ➔ Making amends

A RESTORATIVE JUSTICE APPROACH TO YOUTH CRIME (UNDER 16)

Why a Restorative Justice approach?

- ➔ Responds directly to young peoples offending behaviour
- ➔ Responds to the feelings of communities and victims
- ➔ Provides children and young people with a pathway out of the Children's Hearing system
- ➔ Can prevent children and young people from becoming repeat offenders

KEY PARTNERS

CORPORATE STEERING GROUP

```
graph TD; CSG[CORPORATE STEERING GROUP] --- SW[Social Work]; CSG --- E[Education]; CSG --- CLS[Culture & Leisure Services]; CSG --- DRS[Development & Regeneration Services]; CSG --- P[Police]; CSG --- R[Reporter];
```

Social Work

Education

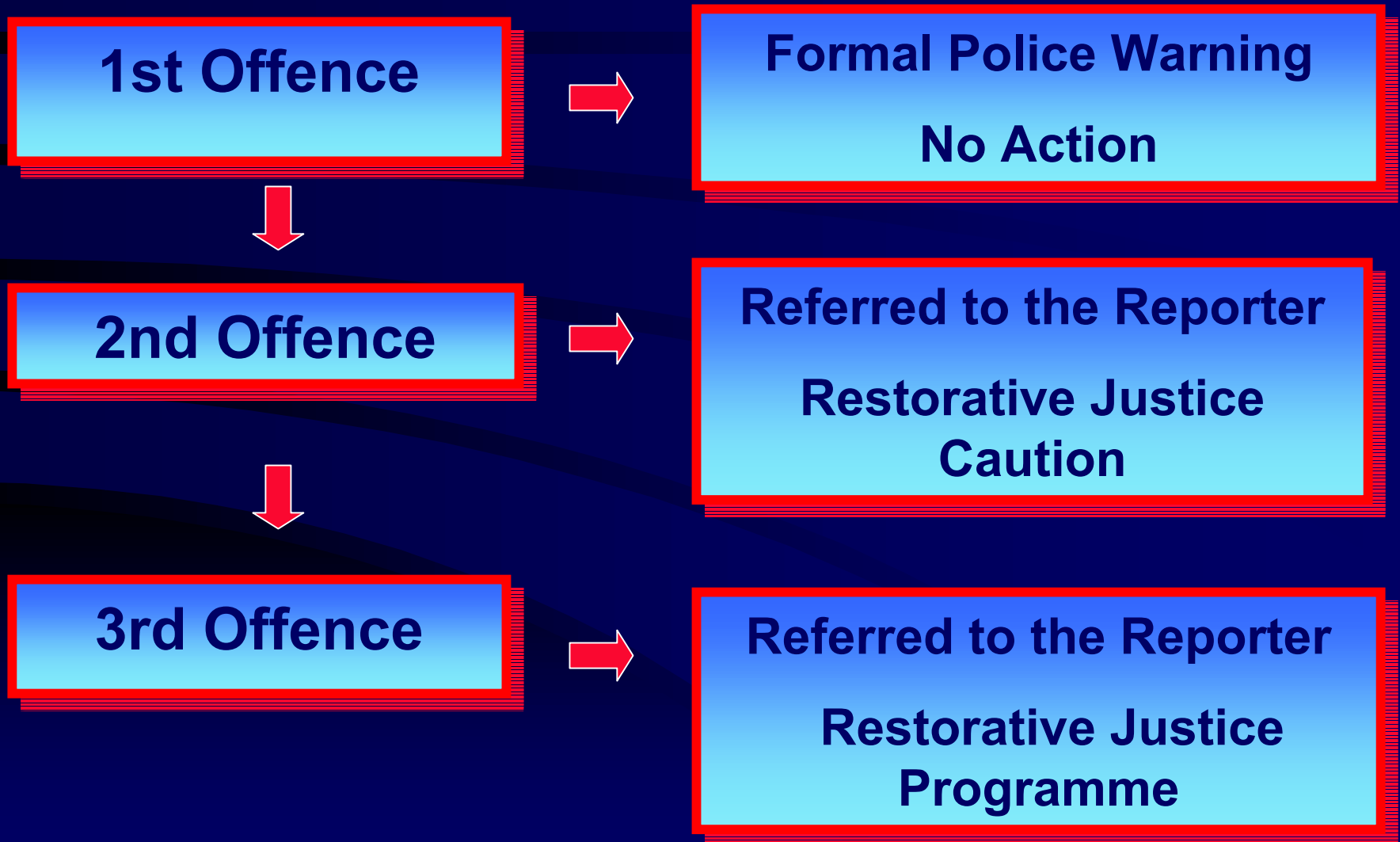
**Culture &
Leisure
Services**

**Development &
Regeneration
Services**

Police

Reporter

A RESTORATIVE JUSTICE APPROACH TO YOUTH CRIME (UNDER 16)



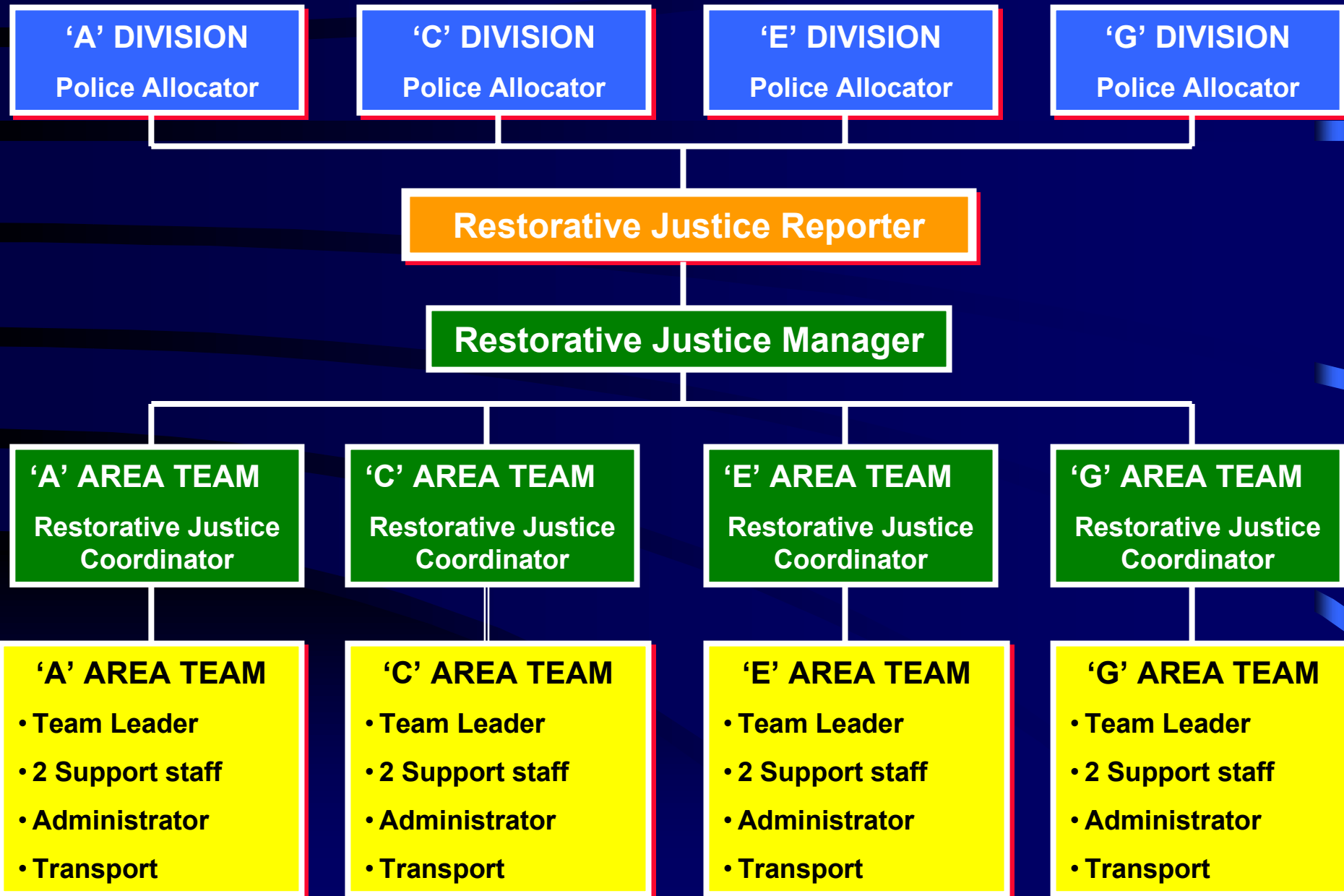
PROGRAMME DEVELOPED ON POLICE DIVISIONAL BASIS



The Sub-division headquarters are:

- 'AB' – Stewart Street
- 'AC' – Cranstonhill
- 'AD' – Partick
- 'CA' – Maryhill
- 'CB' – Saracen
- 'EA' – London Road
- 'EB' – Shettleston
- 'EC' – Baird Street
- 'ED' – Easterhouse
- 'GA' – Govan
- 'GB' – Pollok
- 'GD' – Aikenhead Road
- 'GE' – Gorbals

A CITYWIDE FRAMEWORK



KEY PROGRAMME COMPONENTS

- ➔ Dedicated Reporter
- ➔ Programme Manager
- ➔ Group Workers
- ➔ Restorative Justice Officer
- ➔ Programme Mentor
- ➔ Admin Support
- ➔ Dedicated Transport
- ➔ Specialist training for staff

RESTORATIVE JUSTICE PROGRAMME

Key Elements:

- ➔ Early intervention targeting 12-16 year olds who commit low level crimes
- ➔ Young people referred to programme via the Reporter after their third offence
- ➔ Young person recruited to programme within 4 weeks of offence
- ➔ Programme can be tailored to suit specific issues and types of offending
- ➔ Throughout the programme participants would be assigned a Programme Mentor

KEY PROGRAMME COMPONENTS

- ➔ 2 Programmes running concurrently per month per area
- ➔ 12 young people per programme

WHAT WOULD BE INCLUDED IN THE PROGRAMME?

Programme modules could include:

- ➔ Community reparation projects
- ➔ Individual needs assessment
- ➔ Training and education
- ➔ Skills workshops
- ➔ Mediation
- ➔ Leisure and recreation sessions

WHO WILL PROVIDE PROGRAMME MODULES?

- ➔ Building Services
- ➔ Fire brigade
- ➔ Education Services
- ➔ Cultural & Leisure Services
- ➔ Police
- ➔ Specialist Group Input
- ➔ Specialist Individual Input

Agency	Activity/Type	Activity	Location	Issues Addressed
CLS Youth Services	Group Restorative	Community Reparation Activities	Local Community Facility	<ul style="list-style-type: none"> •Challenging offending behaviour • Reparation and mediation • Building self confidence/self esteem • Preparation for work and training
Building Services	Group	training for work (Special Projects)	Building Services Training Centre Queenslie	<ul style="list-style-type: none"> •Literacy, numeracy & Communication skills • Building self confidence/self esteem • Preparation for work and training
Fire Brigade	Group	training and Awareness Raising	Fire Station	<ul style="list-style-type: none"> • Challenging offending behaviour • Victim awareness • Preparation for work and training
Education	Group	Training on Special Subjects	Local School	<ul style="list-style-type: none"> •Drug, solvent and/or alcohol awareness • Anger management, violence, bullying • Literacy, numeracy & Communication skills • Personal health care
Specialist Input Group	Group	Specialist Training Programme	Various Locations	<ul style="list-style-type: none"> • Challenging offending behaviour • Cognitive skills • Anger management, violence, bullying • Reparation and mediation
Specialist Individual Input	Individual	Counselling & Individual Support	Home Social Work Centre	<ul style="list-style-type: none"> • Anger management, violence, bullying • Working with families • Parenting support • Reparation and mediation
Cultural & Leisure Services	Group	Range of sports and drama	Community Centre Leisure Centre	<ul style="list-style-type: none"> • Mentoring/buddying, involving the community wherever possible • Building self confidence/self esteem • Preparation for work and training
Strathclyde Police	Group	Education & Training Programme	Local Police Station	<ul style="list-style-type: none"> • Challenging offending behaviour • Victim awareness • Drug, solvent and/or alcohol awareness

POST PROGRAMME SUPPORT

- ➔ The Programme Mentor for the young person would continue support for up to 6 weeks after the conclusion of the Programme
- ➔ Core agencies could maintain contact with programme participants to encourage them to continue with new skills and/or activities
- ➔ Youth services could offer continue support through mainstream activities

EVALUATION OF THE PROGRAMME

➔ Inputs

➔ Outcomes

TIMESCALES

- Production of final process
- Staff recruitment
- Training programme
- Presentations in main partner agencies
- Programme Launch
- December 2002
- January 2003
- January/Feb 2003
- Feb/ March 2003
- March 2003