

Lord Sutherland of Houndwood  
Chair  
Independent Funding Review of Free Personal Care  
Area 2:ER  
St Andrew's House  
EDINBURGH  
EH1 1DG

**Our Ref:** ceo\admin\sutherland01

**Your Ref:**

**Date:** 9 October 2007

*Dear Stewart,*

### **INDEPENDENT FUNDING REVIEW OF FREE PERSONAL CARE**

Thank you for your letter of 14 September 2007 inviting local authorities to contribute their views on the key issues and evidence which the Independent Funding Review of Free Personal Care should consider to establish a coherent and credible understanding of the financial circumstances and impact of the free personal care policy.

The Council appreciates the extension of the deadline by one day to allow its submission to be discussed earlier today by the Health, Social Care and Housing Committee, which has approved the attached 15 page submission. The covering Committee report is also attached for information.

The largest section in the Council's submission concerns the national under-funding of the Free Personal Care policy. On the best evidence currently available, Councils spent £58.4 million more on FPNC in 2005/06 than the relevant funds received within their local government grant settlements. This is likely to be an underestimate, for reasons explained in paragraph 7 of the submission. The submission goes through this calculation in detail, with annexes showing the breakdown for all 32 Councils. The position for Edinburgh is that the Council spent £12.4 million more than it received in relevant grant in 2005/06 and £14.5 million more in 2006/07.

Comment is also offered on the quality of the available national evidence on expenditure, indicating some issues with the information being collected currently by Audit Scotland.

Councils funded the balance of £58 million from Council Tax and/or diversion from other services. Without doubt, this has added to the financial pressures on local authority social care services. In Edinburgh, as in many other Councils, service eligibility criteria have been tightened in recent years.

The Council is also seriously concerned that the distribution of funding to Councils for FPC at home is seriously flawed, with the distribution formula tracking deprivation rather than those older people with at least moderate wealth who are the main beneficiaries of

the policy. This issue is discussed on pages 7-8 of the submission. Our submission also discusses the issue of food and meal preparation. Edinburgh, for example, receives 14.3% of the Scottish funding for FPNC in care homes but only 7.9% of the total for FPC at home. The distribution of funds for FPC at home has been criticised by the Scottish Parliament's Audit Committee (2005) and Health Committee (2006) and in research last year by Stirling University. The Council has raised the inequities in the current distribution with both Ministers and officials in the Scottish Executive/Scottish Government. We are concerned that an agreement to review the distribution of GAE for all services for older people in time for the 2007 Spending Review local government finance settlement for 2008/11 has been allowed to slip, with the result that the changes in distribution may now not be made until 2011/12.

The Council's submission also discusses the issue of food and meal preparation (on page 6), which also requires funding. While it does not comment on the withdrawal of Attendance Allowance, it is clear that this has created anomalies in that pensioners receiving FPNC in care homes lose their Attendance Allowance entitlement while pensioners receiving FPC at home are still entitled to Attendance Allowance. (There also appears to be an anomaly between Scotland and England where, it is understood, people who receive Free Nursing Care payments in a care home continue to be entitled to Attendance Allowance). It is also worth noting that section 60 of the new Welfare Reform Act 2007 seems to strengthen the UK government's powers to stop payment of Attendance Allowance (and the care component of Disability Living Allowance) to care home residents, via a widening of the definition of a care home, which could also include supported accommodation.

I hope that these comments, and the detailed submission attached, are useful to your Review. I note that it is likely that the Review Group will seek oral evidence from a selection of local authorities and this Council will be happy to contribute further evidence, information or assistance as required.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tom Aitchison', with a large, stylized initial 'T'.

TOM AITCHISON  
Chief Executive