

# **COMMUNITY JUSTICE (SCOTLAND) BILL**

## **[AS AMENDED AT STAGE 2]**

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### **SUPPLEMENTARY FINANCIAL MEMORANDUM**

#### **INTRODUCTION**

1. As required under Rule 9.7.8B of the Parliament's Standing Orders, this Supplementary Financial Memorandum is published to accompany the Community Justice (Scotland) Bill (introduced in the Scottish Parliament on 7 May 2015) as amended at Stage 2.
2. The Memorandum has been prepared by the Scottish Government. It does not form part of the Bill and has not been endorsed by the Parliament. It should be read in conjunction with the original Financial Memorandum published to accompany the Bill as introduced.
3. The purpose of this Supplementary Financial Memorandum is to set out the expected costs associated with the new and amended provisions included in the Bill following Stage 2 amendments. The majority of amendments do not substantially alter the assumptions in the original Financial Memorandum. This document addresses those amendments where there may be a future additional cost. Section 1(1)(e) was introduced as an amendment at Stage 2 to introduce a further strand to the definition of community justice.

#### **STAGE 2 AMENDMENTS WHICH WILL RESULT IN ADDITIONAL COSTS**

##### **General services for persons identified as at serious risk of first-time offending**

4. An amendment agreed at Stage 2 by the Justice Committee, introduced new section 1(1)(e) to broaden the definition of community justice to include designing, managing and arranging general services for persons identified as at serious risk of first time offending.
5. As a first step in determining how this provision is to be implemented and how the cost is to be estimated, the Scottish Government will engage in discussion with stakeholders including experts in the field of risk management. The discussion would aim to consider who may be covered by this amendment and how they may be identified.
6. The provision also refers to the designing, managing and arranging of general services. General services are currently defined in the Bill as services and support provided to people generally, including services and support in relation to—

- Housing
- Employment
- Education

- Looked-after children
- Alcohol and drug dependency
- Physical and emotional childhood and adolescent trauma.

7. These are services which already exist and are provided to people generally. The amendment requires, amongst other things, that the community justice partners plan these services – not provide them. Accordingly, it would be reasonable to assume that those who currently provide these services (local authorities, charities, Health Boards etc.) would continue to do so and within existing resource allocation. The likely implication for central and local government would be that in responding to this amendment, they would make use of the funding they have already allocated for areas such as early years, education, youth justice, tackling unemployment, substance misuse and community policing.

8. With regard to identifying those at serious risk of first-time offending, some further work would be required to clarify and agree with stakeholders what is meant by “serious”. Evidence shows that the best opportunity to identify people at risk of offending may be early detection in childhood. Post-childhood, identification may involve making assumptions or creating a list of identifiable factors, and then screening the whole population based on those. However, this may not be feasible given that there does not appear to be any accepted typology of adult-onset offending.

9. Another option might be to define the screening process as comprising of referrals from a number of recognised sources, such as medical practitioners (e.g. local GPs); the police; or social workers – indeed, self-referral might also be included. Given that all of these sources already exist and are accessible to the whole population, then it would be reasonable to assume that there would be no additional cost.

10. There may be consequential costs for the Scottish Government arising from this amendment in terms of higher costs for the preparation of the new National Strategy and the new National Performance Framework; and for the new national body Community Justice Scotland in terms of additional analytical work and engagement. However, until greater clarity can be obtained on the implications for policy in implementing the amendment and the practicalities associated with it, the consequential costs can neither be identified nor quantified. Once clarity is obtained, appropriate costing will be carried out and estimates provided.

## **UPDATE ON ESTIMATED COSTS**

### **Pension fund liability**

11. In paragraph 94 of the Financial Memorandum which accompanied the Bill at Introduction, the Scottish Government indicated that further information was being collated on the cessation value of the pension fund liability from the five pension fund providers who collect pension contributions from the Community Justice Authorities (CJAs) to pay into the Local Government Pension Scheme. An undertaking was given that the Scottish Government would provide an update to Parliament during Stage 1. It was also noted that the estimate of £2.5

million was likely to be an under-estimate, given that it relied on an existing 2014 triennial actuarial valuation, which was the best information available at that time.

12. On 8 September 2015, the Minister for Community Safety and Legal Affairs wrote to the Finance Committee to advise that the initial estimated shortfall of £2.5 million had been superseded by an indicative 2017 triennial valuation of £4.5 million. The increased estimate was largely due to a higher final contribution being required from the CJAs given that they would no longer be contributing to the pension fund.

13. The pension liability figures will continue to be estimates due to uncertainty in public sector pension performance, and in CJA staffing and deferred member levels. The estimate of £4.5 million could therefore be subject to an increase or decrease, depending on circumstances. The Scottish Government understands that finalised figures will be available in late 2016/17.

*This document relates to the Community Justice (Scotland) Bill as amended at Stage 2 (SP Bill 68A)*

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