Consultation

Did you take part in either of the Scottish Government consultation exercises which preceded the Bill and, if so, did you comment on the financial assumptions made?

COSLA, which is the representative voice for all 32 Scottish local authorities, responded to the consultation that preceded the Bill, including commenting on the financial assumptions. COSLA supports the policy intent of the Bill and has also worked with Scottish Government officers over a prolonged period to try and understand the financial implications for local authorities from the requirements of the Bill.

Do you believe your comments on the financial assumptions have been accurately reflected in the FM?

COSLA is of the view that not all the issues raised as concerns have been addressed by the Financial Memorandum (FM).

Did you have sufficient time to contribute to the consultation exercise?

COSLA needed to collate responses from 32 local authorities and therefore the time allowed was challenging. This was exacerbated by the lack of detail in the Bill requiring much of the data to be indicative and underpinned by a number of assumptions. There is still a lack of detail in many areas.

Costs

If the Bill has any financial implications for your organisation, do you believe that these have been accurately reflected in the FM? If not, please provide details?

COSLA is of the view that there are several areas covered by the Bill for which the financial assumptions made are not robust enough and therefore the financial implications for local authorities may not be accurately reflected. Examples of these areas as set out below.

GIRFEC – Named Person

The duties placed on councils will have a financial impact, primarily the cost of training teaching staff and undertaking the new duties as Named Person. Although transitional funding is included in the FM, there is also anticipated to be on-going costs which have not been built into the FM and which cannot be met from within existing resources.

Training

The costs for the initial 2 days training seems reasonable, however the suggestion that the on-going training can be absorbed into CPD is unrealistic. Such on-going
training will displace other training on CPD days and actually require additional time on a regular basis. In order to complete the training it will require a degree of backfilling and this will be substantial given numbers of staff involved, particularly in education services. In primary schools it is likely that the best placed person to be the Named Person will be the head teacher, but the class teacher will certainly require to have a role in the process and be involved with the Named Person in delivering that role. This will have training costs and as noted above it is viewed that this will displace other training on CPD days and will therefore require an element of backfilling. There should also be an additional allowance for each authority to cover other related costs incurred e.g. venue costs, travel and subsistence.

**Staff Costs**
The calculation of the first year’s additional costs at 3.5 hours for 10% of all children appears to be reasonable, although the complex nature of the role needs to be recognised and this assumption tested against experience. However the assumption at paragraph 52 that some form of system change will accommodate these costs for years 2 onwards is speculative and basically assumes that £7.8m can be saved from elsewhere in the system to accommodate this. COSLA is of the view that the £7.8m cost identified for staff time should be funded on a recurring basis. By not passing the funding on to local government, the Government are affectively taking the savings which this policy may deliver centrally. This stops local government from reinvesting the savings in other service areas, which in our view actively works against the policy initiative around Early Years and Preventative work as supported and encouraged by the early years Collaborative.

In relation to paragraph 52, it is equally likely that the early intervention approach of the Named Person will increase awareness of more children who will require additional support. It is not the experience of some local authorities that implementing GIRFEC is reducing the number of meetings or administration.

**Administrative Costs**
For the same reasons identified above the costs identified of £1.95m should be funded on a recurring basis.

The FM assumptions regarding the lack of on-going additional funding for staff and administrative costs for local authorities is inconsistent with the assumptions identified at paragraphs 60 and 61 of the FM which sees on-going recurring costs for the NHS. Whilst we understand that NHS and local government are different and will have different financial pressures, we question why the NHS is being funded on an on-going basis while, as we have identified, local government is not.

**Early Learning and Childcare**
COSLA supports the expansion of early learning and childcare as proposed in the Bill. Whilst COSLA is more comfortable with the robustness of the cost estimates for the extension of the early learning and childcare, as local authorities have indicated they they are broadly happy that they are an accurate assessment of implementation costs, the data has been provided on the assumption that the 600 hours is delivered in as practical a way as possible and without the additional requirement of more flexibility for parents. COSLA has worked closely with Scottish Government in trying
to identify the appropriate costs for the expansion of early learning and childcare provisions of the Act. COSLA sought costs from each local authority and these identified the least cost option and the most cost option for the implementation of the 600 hours by one of the five suggested models identified in the consultation document on the Bill i.e. without offering flexibility to parents. This therefore provided a range of costs for each local authority to implement the extension to the early learning and childcare provisions by the method best suited locally. There is more difficulty in estimating costs in relation to offering greater choice and a range of options, particularly if that range of options is prescriptive. This is an area where the robustness of the assumptions on costs needs monitoring as the policy is implemented. Flexibility can be introduced gradually in future years, although it is important for Scottish Government to understand that local authorities can only introduction this increased flexibility within the overall resources made available by Scottish Government.

With regard capital costs, the FM highlights the very limited basis of the assumptions, and costs to individual local authorities will depend on local circumstances and current pre-school estate. This is an area where close monitoring of the actual costs against the costs identified in the FM is recommended.

Corporate Parenting
COSLA has long been an advocate of corporate parenting and has been an enthusiastic supporter of publications such as ‘These are our Bairns’. This section of the Bill is important as for the first time it will set out a legal definition of what it means to be a corporate parent.

It is, however, important to note that any formalised definition of corporate parenting will have practical resource challenges in terms of on-going training/briefing sessions to ensure organisational wide commitment for councils and other community planning partners.

Extending Throughtcare and Aftercare Support
COSLA is supportive of the policy intent of the extension of aftercare provision to young people that have previously been looked after, although the full extent of the impacts of this policy and any potential funding gap as a result will not be known until the secondary regulations are in force.

COSLA has less certainty over the accuracy of the costings of this aspect of the Bill due to the difficulties for local authorities in estimating the financial impact. In particular, we are not convinced that the Scottish Government have accurately assessed the average annual cost of support, estimated at £3142 per young person in the FM. This figure includes an estimate that the average cost for travel would be £400 per year; that emergency payments up to £200 per year could be payable and that payments to outside agencies (such as for third sector support) would be around £1500. It also includes an estimate of staffing costs required to support the young person. From discussions with local authorities we believe that these costs underestimate the actual cost of supporting a young person who has left care; it is important for the Committee to realise that there is variation in the opinion as to the
costs involved, which will depend on the assumptions made, but from experience a figure nearer £6,000 per person is considered more realistic by some local authorities. In particular we are aware that some local authorities have indicated a concern that travel costs are not realistic and do not factor in cost of travel particularly in rural areas.

Another key concern that COSLA has on this issue is that we have no way of knowing what the impact of the extensive welfare reform programme currently underway will be on this group of young people, so there is every possibility that the numbers seeking assistance may not fall as much as expected. Early indications of the impact of welfare reform show significant increases of presentations in many local authorities for this service.

Counselling Services
The move towards early intervention is welcomed by COSLA, provided it does not represent a duplication of other provisions within the Bill. However, the key point which we have made in our submission to the Education Committee is that this section should not specify counselling service over and above other support that could be provided to families. Counselling is a specific form of support, and would not be appropriate in all situations. We have argued that this section should be amended to remove its specific reference to counselling and replace it with a more general reference to support service.

In terms of the financial memorandum, COSLA has concerns that the potential estimated cost for provision of counselling is underestimated. Current experience is that commissioning parenting capacity assessments from third sector organisations is an average of £2,500 per assessment. There appears to be no substance behind the estimated avoided costs and the margin for error would be significant. In addition, there is no provision in the FM to invest new funding in this key service area that currently has limited extent and availability.

Kinship Care
COSLA would welcome a mechanism that provides families with a better alternative to formal care and it is our hope that kinship care orders are a success and provide an alternative for some families. It has also been well discussed over the last few years that the growth in kinship care and the corresponding increase in kinship care allowances have put pressure on local government finance. By transferring parental rights to carers, the orders should allow families to better access other financial benefits from the DWP.

In the end how successful orders prove to be at reducing payment of kinship care allowances will depend on how attractive the orders are to families. At this point of time it is difficult to project accurately how many families will take out a kinship care order. Uptake will depend on a number of factors such as impact of welfare reform, the support provided by local authorities and the detail of how orders will operate (including eligibility and length and type of support), all of which will only be known when set out in secondary legislation. The interplay of these variables makes it difficult to know for certain whether the financial assumptions made by Government are accurate.
When COSLA discussed with local authorities the financial implications of this aspect of the Bill no national picture emerged, and it is clear that local authorities have found it difficult to evaluate the future impact of the policies. The assumptions relating to estimating the take-up and level of costs per order made by Scottish Government that underpin the figures for this complex area are numerous, increasing considerably the potential for the actual costs to differ from the estimated costs. There is a concern from within Council that this new order will not be embraced by families and therefore not free up monies as assumed. The potential loss of income to families during this period of economic pressure may well play a significant part in decision making by families considering this option. If only a small number of formal and informal kinship carers apply for a kinship care order then it is unlikely that any savings would be achieved in the first few years as the cost of the various elements of support would outweigh any savings. We would reiterate that local authorities will only be able to implement what they are funded to deliver.

With considerable uncertainty over how many families will take up an order, the financial risk facing local government is potentially significant. The exact size of this risk depends on how accurately Scottish Government has modelled the take up of kinship care orders. We therefore believe it is necessary that both COSLA and Scottish Government jointly scrutinise and monitor the spend on this legislation to ensure that local government is, and continues to be, sufficiently resourced to carry out the new duties that will be enacted.

Examples of uncertainty in the assumptions include:

In tables 24 and 25 in the FM there are a range of percentage assumptions as to eligibility and uptake, but it is not clear that these assumptions are robust. At paragraph 125 there is an assumption that of the estimated 15,668 children in informal kinship care only between 1.5% and 3.5% per year would apply for a kinship care order, but there is no rationale for using these figures and, of course, there is a risk that the uptake could be significantly higher than this.

The projected avoided costs shown at table 28 suggest that by 2019/20 a minimum of £10.347m can be saved by reducing the number of formal kinship care arrangements. Of this sum around £4.2m is based on reduced demand on social workers but it is debatable as to whether this would free up transferrable resources. The underlying assumption in relation to the potential for avoided social worker costs is that demand for formal Kinship Care orders continues to rise at recently experienced rates and therefore local authorities would need to spend an additional £4.2m (lower end cost) on additional Social Worker time. This is a very broad assumption as to future demand and also that local authorities would actually be able to afford the projected increased numbers of social workers. An alternative scenario is that existing social workers are diverted from other work.
Do you consider that the estimated costs and savings set out in the FM and projected over 15 years for each service are reasonable and accurate?
The Children and Young People Bill is a complex piece of legislation with significant financial implications for local authorities. The accuracy of the Scottish Government’s analysis and therefore the funding that would be made available depends on a large number of assumptions that will not be fully tested until the Bill is implemented. Councils have concerns over the future financial impact of the policies and that for this reason the financial implications to local authorities require in-depth scrutiny.

If relevant, are you content that your organisation can meet the financial costs associated with the Bill which your organisation will incur? If not, how do you think these costs should be met?
COSLA has gained a confirmation from the Scottish Government that it is the intention to fully fund the requirements of the Bill, but with the implementation stretching beyond both the current spending review period and the end of this current parliament in 2016 then future budgetary decisions would be dependent on the result of several spending reviews. The commitment made by this administration to fully fund the Bill must be honoured in future years by whatever Government is in power and kept under on-going review. We also believe that it will be necessary for both COSLA and Scottish Government to jointly scrutinise and monitor the spending on this legislation, to ensure that local government is and continues to be sufficiently resourced to carry out the new duties that will be enacted.

Does the FM accurately reflect the margins of uncertainty associated with the estimates and the timescales over which such costs would be expected to arise?
In some areas the FM would appear to reflect the margins of uncertainty but others, for example, kinship care, seem more optimistic that savings will cover the costs, particularly in the shorter term.

Wider Issues
Do you believe that the FM reasonably captures costs associated with the Bill? If not, which other costs might be incurred and by whom?
The main issue in overall terms is the financial commitment this Bill brings at a time of declining resources generally and increasing demand for other local authority services. The Committee will want to be confident that the potential benefits of the Bill can be afforded over the long term despite the challenging financial circumstances.
Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation? If so, is it possible to quantify these costs?
This cannot be quantified until work commences on implementing the various parts of the Bill and more is known on the level of flexibility being afforded to the local authority.