



The Scottish Parliament  
Pàrlamaid na h-Alba

## Finance Committee

### Report on The Financial Memorandum of the Children and Young People (Scotland) Bill

The Committee reports to the Education and Culture Committee as follows—

#### INTRODUCTION

1. The [Children and Young People \(Scotland\) Bill](#) (“the Bill”) was introduced in the Parliament on 17 April 2013.
2. The [Policy Memorandum](#) (PM) states that the Bill’s intention is to make Scotland the best place for children to grow up in by “putting children and young people at the heart of planning and delivery of services and ensuring their rights are respected across the public sector.”<sup>1</sup>
3. Under Standing Orders Rule 9.6, the lead committee at Stage 1 is required, among other things, to consider and report on the Bill’s Financial Memorandum (FM). In doing so, it is required to consider any views submitted to it by the Finance Committee (“the Committee”).
4. Rule 9.3.2 of the Standing Orders sets out the requirements for the FM accompanying a Bill. It states that—

“A Bill shall on introduction be accompanied by a Financial Memorandum which shall set out the best estimates of the administrative, compliance and other costs to which the provisions of the Bill would give rise, best estimates of the timescales over which such costs would be expected to arise, and an indication of the margins of uncertainty in such estimates.”<sup>2</sup>
5. In June 2013, the Committee agreed to seek written evidence on the FM (available at page 36 of the [Explanatory Notes](#)) from a range of organisations potentially affected by the Bill.
6. A total of 24 submissions were received and these can be accessed on the Committee’s website via the following link: [Children and Young People \(Scotland\) Bill - Written Evidence on FM.](#)

<sup>1</sup> [Children and Young People \(Scotland\) Bill. Policy Memorandum, paragraph 2](#)

<sup>2</sup> [Scottish Parliament. Standing Orders \(4th edition, 6th revision, July 2013\), Rule 9.3.2.](#)

7. At its meeting on 18 September 2013 the Committee took evidence on the FM from three separate panels of witnesses and the Official Report of the evidence session can be found on the Parliament's website here: [Finance Committee, Official Report, 18 September 2013](#)

## Overview

8. The FM states that the Bill's primary purpose is to "address the challenges faced by children and young people who experience poor outcomes throughout their lives."<sup>3</sup> A table providing an overview of the Bill's provisions can be found on pages 36 - 38 of the FM.

9. The FM states that "there have been methodological challenges in estimating the costs of some provisions," explaining that "these challenges in large part relate to estimating how the preventative approach set out here will result in future avoided costs."<sup>4</sup>

10. The majority of costs are expected to fall on local authorities. Total costs in the first year of implementation of the Bill's provisions are estimated at £79.1m, peaking at £138.9m in 2016-17 then falling back to £108.9m by 2019-20. However, the Government subsequently informed the Committee, in a [letter from the Minister for Children and Young People](#) dated 12 September 2013, that it intended to provide funding over and above that indicated in the FM in respect of certain provisions within the Bill.

11. The Bill's estimated costs largely relate to two particular proposals, the provision of a "Named Person" for every child in Scotland and the extension of early learning and childcare provision for three and four year olds and some two year olds. Net savings are also anticipated as a result of proposals relating to kinship care, family therapy and counselling services.

12. In written evidence COSLA stated that the Bill was "a complex piece of legislation with significant 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."<sup>5</sup>

13. COSLA further stated that, in its view, there were "several areas" of the Bill for which the Government's assumptions (and therefore the financial implications for local authorities) were "not robust enough."<sup>6</sup>

14. When asked to explain how it had arrived at its assumptions, the Bill team acknowledged "that the availability of base evidence is quite variable across the range of policy areas covered in the Bill."<sup>7</sup> It explained that it had "tried to get the

---

<sup>3</sup> [Children and Young People \(Scotland\) Bill. Financial Memorandum, paragraph 2](#)

<sup>4</sup> [Children and Young People \(Scotland\) Bill. Financial Memorandum, paragraph 4](#)

<sup>5</sup> [COSLA. Written submission, paragraph 26](#)

<sup>6</sup> [COSLA. Written submission, paragraph 4](#)

<sup>7</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2989](#)

best estimates that we could and tested them quite extensively”<sup>8</sup> with COSLA and with other stakeholders. However, it also noted that the best available evidence was “patchy in some places and non-existent in others.”<sup>9</sup> It therefore stated that those estimates “could of course be looked at again in the light of further evidence from authorities and health boards as they prepare for and implement the provisions.”<sup>10</sup>

15. The Bill team went on to explain that it had tested the assumptions relating to different parts of the Bill in different ways and highlighted that, as it had had to estimate averages over Scotland as a whole, “you would not expect every area to fit in with the national average.”<sup>11</sup>

16. COSLA noted that it had received confirmation from the Government that it intended to “fully fund the requirements of the Bill”.<sup>12</sup> However, COSLA also pointed out that the Bill’s implementation period was expected to stretch beyond the current spending review period and beyond the life of the current parliament stating that “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.”<sup>13</sup>

17. When asked by the Committee to confirm that the Government would fully fund the costs of the Bill to local authorities, and whether it would commit to doing so in circumstances where they might exceed those figures in the FM, the Bill Team stated—

“The Government has promised to fully fund the additional costs. The financial memorandum represents our estimate of additional costs as at earlier this year. Of course, more information will come out, now and as we proceed towards implementation of the measures, and the Government is committed to ensuring that additional costs are properly assessed as they arise and are funded as appropriate.”<sup>14</sup>

18. It should be noted that both the Committee and the respondents to its call for evidence were generally supportive of the principles underlying the Bill<sup>15</sup>. Indeed, the Committee’s predecessor in the third session stated in its Report on Preventative Spending—

“The Committee agrees...that the focus for all decision makers, including the Scottish Parliament and the Scottish Government, should be on the more effective implementation of early years policy. The Committee recommends that both the Scottish Government and the Scottish Parliament take the lead

---

<sup>8</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2989](#)

<sup>9</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2993](#)

<sup>10</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2993](#)

<sup>11</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2989](#)

<sup>12</sup> [COSLA. Written submission, paragraph 27](#)

<sup>13</sup> [COSLA. Written submission, paragraph 27](#)

<sup>14</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2988](#)

<sup>15</sup> Gavin Brown MSP dissented from this sentence with regard to the Bill’s “Named Person” provisions.

in delivering a radical step change in the existing approach to early years intervention.”<sup>16</sup>

**19. However, the Committee has a number of concerns in relation to the robustness of the estimates and assumptions upon which the FM is predicated and these are discussed below.**

## GETTING IT RIGHT FOR EVERY CHILD (GIRFEC)

### Named Person Role

20. The Bill formally creates a “Named Person” for every child in Scotland from birth until they leave school and the PM states that he or she “will usually be a practitioner from a health board or an education authority, and someone whose job will mean they are already working with the child.”<sup>17</sup>

### *Costs in Relation to Training*

21. In order to deliver the Named Person role, education and health service staff will require training, creating a requirement to backfill staff while this training takes place.

22. In order to estimate training costs, the FM assumes that the Named Person role for school age children would be undertaken by senior staff within schools (although the Bill itself does not specify that this should be the case). This assumption has implications for the backfilling costs as senior staff have lower frontline teaching commitments. The FM estimates that the total cost of providing *teaching* backfill for two days’ of training to all Head Teachers, Deputy Head Teachers and Principal Teachers in Scotland would total £398,097.

23. The FM states that health boards would incur “similar costs”<sup>18</sup> to those incurred by local authorities for school-age children for children aged between 0 and 5. It estimates that the development of training materials would cost approximately £300,000 in 2014-15 and that backfill costs covering two days’ training for all midwives, health visitors and public health nurses would result in a total cost of £1,088,949 (based on an estimated average hourly rate of £19.04).

24. In written evidence, the RCN suggested that staff other than those listed in the FM would also require training, stating that “the figures must reflect the needs of the wider team of staff nurses, nursery nurses, health care support workers and administrative staff who will also require protected time for training.”<sup>19</sup> Similarly, the City of Edinburgh Council stated that it “would expect staff other than teachers to also require training which will incur additional costs.”<sup>20</sup>

25. The FM assumes that the costs detailed above relating to training for both local authority and health board staff would be one-off costs falling in 2015-16. Whilst it acknowledges that such training would also be required in future years, it states that

---

<sup>16</sup> [Scottish Parliament Finance Committee. 1st Report, 2011 \(Session 4\), paragraph 36](#)

<sup>17</sup> [Children and Young People \(Scotland\) Bill. Policy Memorandum, paragraph 68](#)

<sup>18</sup> [Children and Young People \(Scotland\) Bill. Financial Memorandum, paragraph 58](#)

<sup>19</sup> [Royal College of Nursing Scotland. Written submission, paragraph 4](#)

<sup>20</sup> [City of Edinburgh Council. Written submission, paragraph 25](#)

“going forward this training will then form part of standard Continued Professional Development (CPD), and be absorbed as part of the on-going training requirements of these organisations.”<sup>21</sup>

26. However, some respondents questioned this assumption in written evidence with COSLA, for example, stating that “the suggestion that the on-going training can be absorbed into CPD is unrealistic”<sup>22</sup> as it would displace other training on CPD days and require additional time.

27. In oral evidence, the City of Edinburgh Council stated—

“The one training issue that arises for the council is that funding to train the named person on GIRFEC is focused purely on education staff and, in addition, is not recurring; there is an assumption that it will be absorbed into overall continuous professional development activity across the council after the first year.”<sup>23</sup>

28. The RCN stated that “NHS Education for Scotland needs to come up with a proper costed education and training strategy, which might last a number of years.”<sup>24</sup>

29. NHS Lothian stated “the big issue for us is backfill, which has a cost implication, for freeing up staff to undertake the training, especially as we do not have the people to backfill with. Again, it is not just about the money, but about having capacity within the system.”<sup>25</sup>

30. When asked whether the FM’s assumption that the costs of training backfill within the NHS was likely to be subsumed after one year, NHS Lothian responded—

“there will always be on-going training costs, as we have staff turnover. Perhaps the training will not be as intensive as the initial training, depending on how the bill pans out and what is required. We try to build training costs into our workforce planning as part of NHS Lothian’s financial plan, but I do not think that the training costs will go away. We will always have to do multi-agency training, and I think that it will be in a menu of wider training.”<sup>26</sup>

31. Commenting on the evidence, the Bill Team explained its assumption was that a specific roll-out of training would be required in the first year. It then stated, “for every year thereafter, we assume that - and we have tested this with a number of stakeholders - it will be integrated into existing continuing professional development, as is the case with training for additional support for learning needs under the Education (Additional Support for Learning) (Scotland) Act 2004.”<sup>27</sup>

32. The Bill Team went on to describe how it expected that existing CPD courses for education staff would need to change in order to integrate the way in which the

---

<sup>21</sup> [Children and Young People \(Scotland\) Bill. Financial Memorandum, paragraph 48](#)

<sup>22</sup> [COSLA. Written submission, paragraph 6](#)

<sup>23</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2967](#)

<sup>24</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2974](#)

<sup>25</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2974](#)

<sup>26</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2985](#)

<sup>27</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 3001](#)

Named Person should work rather than the training being undertaken in addition to their existing CPD. (3002) It also commented with regard to NHS staff, “it is not as though a lot of this is new; there should already be a significant awareness of GIRFEC and its issues.”<sup>28</sup>

33. When questioned about evidence submitted to the lead committee by the Association of Headteachers and Deputies in Scotland which stated “we are unconvinced that the training costs identified are adequate for successful implementation of this legislation,”<sup>29</sup> the Bill Team suggested that it would “go back to people who had implemented GIRFEC” noting that the City of Edinburgh Council had implemented the approach and “did not seem to have issues about a recurring significant additional cost”.<sup>30</sup> It went on to suggest “I imagine that a national body is required to reflect the diversity of views that come forward, some of which are from folk who do not necessarily know how the GIRFEC training will be put into practice. Other views come from people who have had experience in implementing GIRFEC, so they can say how it works.”<sup>31</sup>

**34. The Committee notes that there were a number of concerns from witnesses with regard to the training costs in relation to the formal creation of “Named Persons”. The Committee invites the lead committee to raise the following issues with the Cabinet Secretary—**

- **That staff other than those listed in the FM may require training and costs have not been provided for this;**
- **To provide details of the consultation with stakeholders on integrating training within existing CPD courses;**
- **COSLA’s view that the suggestion that on-going training can be absorbed into CPD is unrealistic;**
- **Whether, given the evidence received by the Finance Committee, the Government remains content that the training costs identified in the FM are adequate.**

*Costs for Local Authorities in Relation to the Delivery of Named Person Duties*

35. With regard to local authorities, the FM notes that “there will be costs in carrying out these duties as part of a system change.”<sup>32</sup> It assumes that additional costs would be non-recurring (once the system has “bedded in”), suggesting that the additional hours would be accommodated through efficiency savings. It predicts that such costs would be incurred by schools in relation to an estimated 10% of children and young people who would require additional support from local authority services over and above that already provided (estimated at an additional 3.5 hours per year).

36. The FM estimates that this would amount to a total additional cost in teacher staffing time in the first year of £7,814,691 before giving examples of the efficiencies

---

<sup>28</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2997](#)

<sup>29</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 3004](#)

<sup>30</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 3005](#)

<sup>31</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 3005](#)

<sup>32</sup> [Children and Young People \(Scotland\) Bill. Financial Memorandum, paragraph 51](#)

and benefits that have arisen from the adaptation of the GIRFEC approach by certain local authorities, including Highland and Fife in paragraphs 53 - 54. The Committee notes, however, that the FM does not provide any details of the financial savings arising from these efficiencies.

37. The costings are based on the assumption that 10% of school age children would require an additional 3.5 hours of support per year. It should be noted that the costings would vary considerably should the actual number of hours differ from the 3.5 hours assumed. The FM does not appear to provide any indication of the margins of uncertainty in respect of these estimates as required by Rule 9.3.2 of the Standing Orders (although in relation to some other provisions within the Bill, ranges of costs based on alternative assumptions have been provided).

38. The costs noted above are only applied in 2016-17, as it is assumed that they would be off-set by savings resulting from the early intervention approach in subsequent years. The FM cites evidence from the Highland Pathfinder evaluation which found tangible benefits as a result of the GIRFEC approach. However, these appear to relate to the GIRFEC approach as a whole, rather than to the Named Person role specifically. Also, they are not presented in financial terms, so it is difficult to assess how they might compare to the costs presented for the Named Person role. A number of local authorities questioned this assumption in written evidence with Scottish Borders Council, for example, stating that in its view—

“additional funding to support the Named Person needs to be available for more than one fiscal year. The Highland Pathfinder showed it took several years to implement the cultural changes required within and across organisations in order to implement GIRFEC. Scottish Borders Council believes funding requires to be available over three consecutive years starting in 2014/15 to ensure the successful establishment of the Named Person role.”<sup>33</sup>

39. Similarly, COSLA commented that: “the assumption...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”.<sup>34</sup> It further stated that it was “not the experience of some local authorities that implementing GIRFEC is reducing the number of meetings or administration.”<sup>35</sup>

40. In response to questioning on this point the Bill Team stated that COSLA had admitted in evidence to the Education and Culture Committee “that the area is difficult and complex, so there is no suggestion that there is an alternate methodology or better way of doing it - COSLA recognises that there is a lot of uncertainty.”<sup>36</sup>

41. The Bill Team then pointed towards its work with areas that have already been implementing GIRFEC such as Highland Council. It noted the evidence from City of Edinburgh Council which was broadly in agreement with it and stated that it had

---

<sup>33</sup> [Scottish Borders Council. Written submission, paragraph 7](#)

<sup>34</sup> [COSLA. Written submission, paragraph 7](#)

<sup>35</sup> [COSLA. Written submission, paragraph 8](#)

<sup>36</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 3003](#)

tested its estimates with other local authorities including Fife, Angus and South Ayrshire. It further pointed out that written evidence had been received from Falkirk, Fife and South Ayrshire Councils and contended that none of them had “necessarily contested the underlying assumption about the way in which the savings kick in relatively quickly.”<sup>37</sup>

42. Whilst the City of Edinburgh Council had explained in oral evidence that, as it had already largely implemented the Named Person provisions, it did not consider it a major issue, it expressed “some concern”<sup>38</sup> that the funding was not recurring.

43. When asked whether it would be willing to review its estimates in the face of opinions contesting its estimates, the Bill Team explained that it had to—

“draw the estimates that we have made from a logical basis. If councils are able to put forward a series of arguments that clearly undermine that basis, as opposed to just saying “We don’t agree”<sup>39</sup> - I think they have to say something a lot more substantive than that - we will want to look back at the assumptions.

A number of the areas are difficult to estimate, so we certainly remain open to having such discussions. We would want to test all suggestions with people who have real experience in implementing GIRFEC, as opposed to people who have a speculative - if I may put it that way - concern about what things might be like in their area and what they think implementation might involve.”<sup>40</sup>

44. It expanded on this point, stating—

“We would not want to change assumptions on financial assessments on the basis of submissions without a good deal of appropriate evidence to demonstrate where the costs are rising...The Government has said that it will fund fully the cost to local authorities. That will have to be kept under review as we implement the provisions. We should get a lot more information as we get closer to the implementation of the bill, not just through the GIRFEC implementation programme board but through developing the regulations. It is a constantly changing picture. Funding decisions will obviously have to depend on the information that is available at the time. That information will move us on from the point at which the financial memorandum was produced.”<sup>41</sup>

**45. The Committee is concerned that the FM does not provide any details at paragraphs 53 and 54 of the financial savings from the benefits of implementing GIRFEC and invites the lead committee to seek this information from Ministers.**

**46. The Committee is surprised that the FM anticipates local authority costs relating to the “Named Person” provisions to be incurred for one year only and**

---

<sup>37</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 3003](#)

<sup>38</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2949](#)

<sup>39</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 3004](#)

<sup>40</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 3004](#)

<sup>41</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 3004](#)



that no net costs are predicted from the second year after implementation onwards, and invites the lead committee to raise this with Ministers.

47. The Committee notes that these efficiency savings would appear to relate to the implementation of GIRFEC as a whole and invites the lead committee to seek clarification as to what savings have been realised specifically in relation to the Named Person role.

48. The Committee is also concerned that no margins of uncertainty appear to have been provided for the assumption that 10% of children and young people would require additional support of 3.5 hours per year and invites the lead committee to seek this information from Ministers.

#### *Costs for Health Boards in Relation to the Delivery of Named Persons Duties*

49. With regard to the NHS, the FM states that the functions of a Named Person “will require some additional activity for midwives, health visitors and public health nurses.”<sup>42</sup> The estimates as to how much additional time would be required are based on the assumption that 80% of children would require “marginal support”, 2% would have complex needs and would already be receiving significant support (thereby incurring no additional costs in relation to the named person), with 18% having emerging or significant needs resulting in an additional 10 hours support per child per year, reducing to between three and eight hours as the system beds in. These costings assume that the preventative approach will result in reducing resource requirements over time (falling from £16.3m in 2016-17 to £10.8m by 2019-20). In the case of the NHS, the costs are assumed to be ongoing (in contrast to the approach taken for local authority costs) as they are not expected to be fully offset by efficiency savings.

50. The FM also estimates that a further £1,949,519 would be required during the first year only for “additional administrative support” costs arising to local authorities from the “handling of any additional information sharing between the Named Person and other practitioners...as well as administration relating to the Child’s Plan”<sup>43</sup>. As noted by the RCN in written evidence, the FM adopts a different approach with regard to NHS staff, whom it does not consider would require additional administrative support.

51. In written evidence, NHS Lothian stated that it estimated that the actual cost of the Named Person service would be greater than was stated in the FM. It also suggested that additional recruitment would be required in order to fully deliver the role and that the assumed hourly rate of £19.04 for midwives and health visitors on which the estimated costs were based was an underestimate which should be “more in the region of £21 per hour.”<sup>44</sup>

52. The RCN expressed concerns relating to the FM’s expected rapid reduction in additional hours required to address the needs of children with emerging or significant concerns, stating “if the approach is effective there may be a small reduction over time, but currently health visitors have no capacity to engage

---

<sup>42</sup> [Children and Young People \(Scotland\) Bill. Financial Memorandum, paragraph 59](#)

<sup>43</sup> [Children and Young People \(Scotland\) Bill. Financial Memorandum, paragraph 55](#)

<sup>44</sup> [NHS Lothian. Written submission, paragraph 28](#)

effectively with families and communities in a way that models the preventative approach.”<sup>45</sup>

53. In oral evidence, the RCN expanded on this point, stating that it was—

“based on an assumption that by 2018-19 some children will be being born into families with whom the named person is familiar, which will lead to a significant reduction in additional work. We think that that considerably overstates the efficiencies that will be achieved in that way. Another assumption is that less time will be spent dealing with families who are in crisis. It is a huge assumption that within two years there will be far fewer families in crisis. There will be families in crisis for many years to come.”<sup>46</sup>

54. Whilst NHS Lothian expressed confidence that the approach would achieve savings, it stated that “they are more likely to occur in services for later in the life course. To truly change the culture and achieve the savings later in the life course, we think that we need to invest more heavily in midwifery services and health visitor services.”<sup>47</sup>

55. NHS Lothian went on to suggest that the estimated savings set out in the FM might be realised over a longer time scale stating, “perhaps in 10 to 15 years, when we have been really effective with our early intervention and with our adult programmes to address substance misuse et cetera, we will see a changing picture, and health visitors will need to do less. However, the assumption is a bit flawed and the more we have discussed it following the publication of the policy memorandum, the more we have picked up that view from our peers throughout Scotland.”<sup>48</sup>

56. When questioned by the Committee on its predictions that the costs to the NHS of working with the 20% of children with significant issues would reduce from £10.2m in 2016-17 to £5.3m in 2018-19, the Bill Team explained its belief that “that will be a reflection of the impact of early intervention and the intensive work that will be put in at the start of the roll-out of the named person role. For example, the zero to one-year-olds will receive quite intensive support in 2016-17, but we estimate that by 2019-20 they will not require as much intensive support. That is reflected in the tapering of the costs.”<sup>49</sup>

57. In response to further questioning on this point from the Committee, the Bill team defended its predictions, explaining that as the figures contained in the FM related to additional hours spent with such children, it “would expect that to bear some fruit in the following year...as those kids become one-year olds.”<sup>50</sup> When asked why it anticipated a reduction in the amount of time that would require to be spent with new-borns in this category, from an average of ten to eight hours within two years of implementation, it explained that its expectation was that, as the role “gets bedded-in over time” and as midwives have a more active role pre-birth,

---

<sup>45</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2981](#)

<sup>46</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2983](#)

<sup>47</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2970](#)

<sup>48</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2982](#)

<sup>49</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2998](#)

<sup>50</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2991](#)

savings would develop and such “intensive involvement”<sup>51</sup> would no longer be required.

58. The Bill Team went on to explain that “the impact of getting in early is in ensuring that the problems - this is the whole principle of having the named person - that people would not necessarily have spotted previously can be recognised and addressed quickly. We would expect that impact to be reflected pretty immediately. On average, we would expect to see benefits for those kids in successive years as they get older.”<sup>52</sup>

59. Pointing towards the evidence from the Highland pathfinder initiative, the Bill Team stated “We tested our assumptions in areas that have gone very far forward with GIRFEC, such as Highland, which has developed it in pathfinder. We believe that our assumptions are reasonable. We tested them with managers who are responsible for taking forward the implementation of GIRFEC across NHS boards. The feedback that we got from them is that they are not unreasonable assumptions.”<sup>53</sup>

60. When asked for further examples of bodies on which its estimates were based, the Bill Team referred to NHS managers with responsibility for the implementation of GIRFEC. It went on to acknowledge, in response to the point that evidence from the NHS witnesses appeared to contradict this position, that there would be contrary views on what was a complex issue before stating—

“I come back to talking about the basis on which we drew the estimates, which was largely the experience of those areas that have pioneered GIRFEC, and assumptions on the way in which early intervention would kick in. I have not heard evidence today that specifically challenges that; the earlier witnesses just said that they would see gains being developed during seven or 15 years, which was one of the expressions used earlier. I would find that surprising for an individual child’s life. We tested those assumptions out with a specific group that was responsible for implementing GIRFEC. That is the basis on which we have derived those costs.”<sup>54</sup>

61. NHS Lothian stated in oral evidence that in order for its health visitors to truly capture the needs of individual families, “it will require a significant amount of their time; we estimate about five hours per family”.<sup>55</sup> It went on to express concerns that it was not sufficiently staffed to meet current demand and predicted , “we think that we will, as we improve our intervention in early years, require more staff in order to be more effective in that intervention.”<sup>56</sup> Referring to investment in aspects of the health visitor system, it went on to state that “even that additionality will not be enough to enable full implementation of the named person approach in the timeline that is envisaged.”<sup>57</sup>

---

<sup>51</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2991](#)

<sup>52</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2999](#)

<sup>53</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2999](#)

<sup>54</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 3001](#)

<sup>55</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2969](#)

<sup>56</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2970](#)

<sup>57</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2972](#)

62. Highlighting the importance of adequate resourcing in order to achieve the Bill's aims, the RCN stated in oral evidence—

“Proper resourcing is absolutely essential because if we are raising expectations with families to the effect that they will have the support of a named midwife, health visitor or teacher, we have to put in place the resources to support the professionals who deliver that service, or we are setting them up to fail. That is why the resources behind the bill are so important.”<sup>58</sup>

63. When questioned on this point, the Bill team explained that, as health boards will be at different stages of implementation—

“it is difficult to be able to say exactly how health boards will move forward on this, the areas where significant expansion might be needed in the number of health visitors and the areas where, because they have already implemented the named person service to a significant extent, changeover might not be as major an issue as it will be for others.”<sup>59</sup>

64. The Bill team further stated that the Government was “engaging with stakeholders to get a sense of the issues or problems that might be emerging” and that it had set up a programme board to monitor implementation and feed back information, including “where the problems are emerging and, indeed, what the resource implications are going to be.”<sup>60</sup>

**65. The Committee is concerned about the extent of the disparity between the evidence from health bodies and the Bill team in relation to the estimated costs and savings to health boards arising from the delivery of the Named Person role. In particular, the Committee invites the lead committee to seek the following information from Ministers—**

- **The view of NHS Lothian that the assumed hourly rate for midwives and health visitors should be in the region of £21 per hour;**
- **A detailed explanation as to why the time horizons for the savings to be made from preventative measures are much shorter in the FM than that predicted by many of the health professionals who gave evidence to the Committee;**
- **A detailed breakdown of the financial savings which have been made by those NHS bodies who have begun to implement GIRFEC and against which the bill team tested the assumptions in the FM;**
- **Details of the extent to which the Named Person role is already being implemented in different areas and how/whether this will be taken into account in the funding provided for implementation.**

---

<sup>58</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2978](#)

<sup>59</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2998](#)

<sup>60</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2997](#)

## EARLY LEARNING/CHILDCARE

66. The most costly of the Bill's proposals are the plans relating to early learning and childcare. The Bill proposes to increase the statutory provision of pre-school education from the current 475 hours per year to 600 hours per year for 3 and 4 year olds and for 2 year olds who are (or have been since turning 2) looked after or subject to a kinship care order. The estimated costs, which fall solely to local authorities, peak at £108.1m in 2016-17, falling back to £96.2m in 2018-19.

67. On 12 September 2013, the [Minister for Children and Young People wrote to the Convener of the Finance Committee](#) outlining plans to increase funding in respect of the extension of early learning and childcare provision. The letter set out plans to increase funding by £4.2m per year. The additional funding relates to the costs of providing early learning/childcare to two year olds who are looked after or subject to a kinship care order (additional £3.4m), and to the costs of uprating payments to partner providers (additional £0.8m). However, details of how the revised figures related to the original calculations set out in the FM or why this additional funding is required were not provided.

68. All costs in the FM relate to estimated additional costs over and above the costs currently incurred by local authorities in the delivery of 475 hours of pre-school provision. This section of the FM specifically states that all costs are shown at 2011-12 prices. As the basis for costs elsewhere in the FM is not explicitly stated it is unclear whether this approach has been taken consistently across all aspects of the FM.

69. The FM states that "local authorities will have full flexibility to develop and re-configure services and provision to meet local needs and circumstances" and that the range of approaches will be "reflected in incrementally increasing revenue costs, front loaded in the first three years with capital to adapt or expand accommodation in response to local consultations." It goes on to state that "the main additional costs arising...will be staff costs"<sup>61</sup>. Once the capital costs end in 2017-18, staff costs account for around three-quarters of the total costs.

70. The FM states that "working closely with COSLA and individual local authorities, the additional staff costs associated with a range of patterns of delivery have been estimated."<sup>62</sup> It goes on to note, however, that "the incremental increase in flexibility is more complex to estimate than just additional hours" and points out "that models of flexibility used have been indicative examples developed by local authorities in advance of consultation with local populations"<sup>63</sup> before stating that it had had "sought to mitigate this uncertainty by working closely with COSLA and others on their models and estimates of anticipated costs, and by building in an incremental approach which allows re-configuration of services in response to consultation which is planned and manageable."<sup>64</sup>

---

<sup>61</sup> [Children and Young People \(Scotland\) Bill. Financial Memorandum, paragraph 73](#)

<sup>62</sup> [Children and Young People \(Scotland\) Bill. Financial Memorandum, paragraph 76](#)

<sup>63</sup> [Children and Young People \(Scotland\) Bill. Financial Memorandum, paragraph 76](#)

<sup>64</sup> [Children and Young People \(Scotland\) Bill. Financial Memorandum, paragraph 75](#)

71. The FM further states that “these models are only examples and, therefore, costs are indicative,” as “the final models developed by local authorities will vary according to locally identified need and cannot be anticipated in advance of consultation.”<sup>65</sup> However, it does not provide details of the basis for the costings presented or present any alternative scenarios. It does state, however, that five different models “were analysed for staff implications and costs”<sup>66</sup> although limited detail is provided on these models other than to say that local authorities were asked to cost five different options (reflecting the options set out in the consultation paper, *A Scotland for Children*, paragraph 101). East Renfrewshire Council acknowledged that “it was inevitably going to be a difficult exercise to cost”<sup>67</sup> but also noted that “Given the range of models, it would have been thought that a range of costs per year would also have been determined”.<sup>68</sup>

72. Staff costs increase over time and this appears to be the reflection of an “incremental”<sup>69</sup> approach as more costly, flexible models are introduced over time (or a combination of model is offered). However, it is not clear from the FM what assumptions have been made in respect of implementation, or what effect different implementation options might have on the costs. It is unclear whether the modelling takes into account population projections over the period concerned.

73. In its written submission, GIRFEMCP commented that: “Midlothian Council is in the process of carrying out an options appraisal, including costing, for the increase in early learning and childcare hours and these estimates come in significantly below the figures in the FM (once they have been extrapolated using the population aged under five in Midlothian as a proportion of the Scottish population).”<sup>70</sup> Scottish Borders Council “anticipated that the figures quoted in the FM (based on this council’s proportionate share of the national Grant Aided Expenditure) will be sufficient to cover additional costs”, but noted that it had “not agreed their delivery model so it is difficult to give a definitive response at this stage”.<sup>71</sup> The City of Edinburgh Council stated that the costs for early learning/childcare were “accurately reflected based on our understanding of the requirements of the legislation”<sup>72</sup>, whilst COSLA also noted that: “local authorities have indicated that they are broadly happy that they are an accurate assessment of implementation costs”<sup>73</sup> but cautioned that any requirement for greater flexibility for parents could have implications for delivery costs.

#### *Partner Provider Uprating*

74. The FM notes that “broadly, local authorities secure around 40% of provision through independent, private and third sector partners”<sup>74</sup> and anticipates similar levels of usage in the future. It goes on to estimate the hourly costs for such facilities to be £4.09 per hour per child although this does not appear to reflect actual

---

<sup>65</sup> [Children and Young People \(Scotland\) Bill. Financial Memorandum, paragraph 76](#)

<sup>66</sup> [Children and Young People \(Scotland\) Bill. Financial Memorandum, paragraph 76](#)

<sup>67</sup> [East Renfrewshire Council. Written submission, paragraph 13](#)

<sup>68</sup> [East Renfrewshire Council. Written submission, paragraph 7](#)

<sup>69</sup> [Children and Young People \(Scotland\) Bill. Financial Memorandum, paragraph 76](#)

<sup>70</sup> [Getting it Right for Every Midlothian Child Partnership. Written submission, paragraph 8](#)

<sup>71</sup> [Scottish Borders Council. Written submission, paragraph 4](#)

<sup>72</sup> [City of Edinburgh Council. Written submission, paragraph 9](#)

<sup>73</sup> [COSLA. Written submission, paragraph 11](#)

<sup>74</sup> [Children and Young People \(Scotland\) Bill. Financial Memorandum, paragraph 82](#)

payments to providers at present and the FM refers to a lack of consistency of approach across local authorities. The £4.09 figure is based on a recommended floor level for payments to providers set in 2007, uprated to reflect inflation over the period since 2007. However, the NDNA noted in its written submission that its most recent survey of nurseries had found that: “the mean hourly rate nurseries receive for funded pre-school places from their local authority is £3.28.”<sup>75</sup>

75. In oral evidence the NDNA stated—

“the cost of the service is £4.09 an hour for the 500 hours. Edinburgh is currently being given £3.26 an hour for the 500 hours. Glasgow, which now contractually has to provide 600 hours, receives £2.72 per child. The figure of £4.09 has evidently been based on the advisory floor, which ceased to exist several years ago, with an inflationary link added into it.”<sup>76</sup>

76. Pointing towards increased overheads the NDNA went on to express concerns that these levels of funding would impact on the sustainability of some businesses within the sector. This point had been acknowledged in the FM which stated that the NDNA “and some partner providers have raised the issue of unsustainable funding levels for the majority of partner providers placements, especially if the patterns of placements change to full or half days”.<sup>77</sup>

77. In a letter from the Minister for Children and Young People to the Convener of the Finance Committee on 12 September 2013, the Scottish Government set out its intention to provide £2m rather than £1.2m in respect of the costs of partner provider uprating (Scottish Government, 2013). This appears to reflect a change in assumptions about the levels of payments to partner providers currently in place, although no further details were provided. It is unclear how the Scottish Government would intend to ensure that this additional funding is passed on to partner providers.

78. In response to questioning on this point, the NDNA welcomed the increase but suggested that the Government should take steps to ensure that any additional funding to local authorities in respect of partner provision is distributed to partner providers, suggesting that the reintroduction of the advisory floor would be the recommended way of achieving this. However, it went on to clarify in response to further questioning, that it did not advocate the reintroduction of an advisory floor of £4.09 but that a figure of £4.51 (uprated annually in line with inflation) would be more reasonable on condition that the funds were “delivered to partner providers equally and fairly.”<sup>78</sup>

79. The Bill team, however, explained that the Bill contained no mechanism to ring-fence funding to ensure it was passed on to partner providers by local authorities stating, that at present, “Government policy is not to dictate to local authorities how they should spend their money but to provide money within the overall envelope of their single outcome agreement.”<sup>79</sup> In response to further questioning on this theme it stated that “it is a matter for local authorities between them to arrange for the

---

<sup>75</sup> [National Day Nurseries Association. Written submission, paragraph 10](#)

<sup>76</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2954](#)

<sup>77</sup> [Children and Young People \(Scotland\) Bill. Financial Memorandum, paragraph 82](#)

<sup>78</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2963](#)

<sup>79</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2992](#)

provision of early learning and childcare, so it is not something that we are getting involved in.”<sup>80</sup>

80. When asked to expand on this the Bill team explained that the Government was “putting an obligation on local authorities to ensure that there is provision” for 600 hours of early learning/childcare stating “it is up to local authorities to decide how they will deliver on that obligation, but we expect them to deliver on it properly and we will provide the funding to help them to do that.”<sup>81</sup> It also pointed out that a duty would be placed on local authorities to report on how they had delivered all their children’s services.

81. **The Committee would welcome further details from the Government on the rationale underlying the increased funding for partner provider uprating as announced on 12 September 2013 and whether any of the assumptions underlying the FM have been altered in order to arrive at the new figure.**

82. **The Committee is surprised that the funding for uprating partner provider payments is based on the level of an advisory floor from 2007 updated in line with inflation rather than the actual amounts paid by local authorities to partner providers. The NDNA has provided figures which suggest that the nurseries are paid an average of £3.28 rather than £4.09 and that Glasgow pays only £2.72 per hour.**

83. **The Committee invites the lead committee to ask why the 2007 figure is being used to allocate additional funding and whether this means that the Government now supports an advisory floor of £4.09 per hour. Further, the Committee invites the lead committee to question whether the funding being provided is sufficient to enable local authorities to pay this rate and whether this rate is considered to be sustainable.**

84. **The Committee invites the lead committee to ask Ministers whether the funding for partner provider payments will be reduced in future years if some local authorities continue to pay considerably less than £4.09 per hour.**

85. **The Committee recommends that the Government requires local authorities to report annually on spending in relation to pre-school provision, in order that it can ensure that the anticipated levels of investment are being achieved. This should include details of expenditure on partner providers, including hourly rates paid. This information should be published.**

*Additional provision for looked after/kinship care 2 year olds*

86. The FM provides for an additional £1.1m per year to fund the extra provision for two year olds who are looked after or in kinship care. The Minister for Children and Young People subsequently wrote to the Committee stating:

“Following helpful discussions with COSLA we have decided to increase the amount allocated to local government for this priority area by £3.4 million to a total of £4.5 million. This is to reflect the importance we place on the early

---

<sup>80</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2998](#)

<sup>81</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2992](#)



learning and childcare agenda and to integrate monies previously provided to support looked after 2 year olds via the Early Years Change Fund.”<sup>82</sup>

87. Whilst welcoming this increase funding in oral evidence, GIRFEMCP suggested that it was “quite concerning”, stating “if one element of costs can go up fourfold after they have been thought about more, can other elements of costs do the same? If they could, the shortfall would be significant.”<sup>83</sup>

88. When asked to clarify the reasons for this increase, the Bill team explained that the original estimate related to additional hours for looked-after two-year-olds whilst the figure in the letter related to “the overall funding position for looked-after two-year-olds in its entirety.” It went on to explain that—

“At the moment, there is an element of funding that flows to local government through the early years change fund. In arriving at the figure of £4.5 million, ministers sought to address overall costing issues with the provision for looked-after two-year-olds in its entirety, rather than the additional hours that are set out in the financial memorandum.”<sup>84</sup>

**89. The Committee invites the lead committee to seek clarification as to why the £3.4m which appears to have been previously allocated to local authorities through the Early Years Change Fund is now being added to the £1.1m provided for in the FM.**

**90. The Committee also invites the lead committee to seek clarification as to whether the £3.4m represents additional funding, or just a realignment of existing funding.**

**91. The Committee would welcome further detail from the Government on the rationale underlying the increased funding for two years olds as announced on 12 September 2013, and clarification of whether any of the assumptions underlying the FM have been revised in order to arrive at the new figure.**

#### *Capital costs*

92. The FM states that “capital costs will be required to adapt existing provision for additional hours and associated accommodation needs” and that its “estimates are based on Scottish Futures Trust metrics for primary schools” specifying “an allowance of 7.5 square metres per child at a cost of £2,350 per square metre.”<sup>85</sup>

93. In written evidence, East Renfrewshire Council commented, “There is not much detail on how the total capital of £30m per year for 2014-2017 has been determined”<sup>86</sup> and that “the starting point for each authority will be different based on existing capacity, potential development, availability of partnership provider places and model of delivery to implement the flexible 600 hours of provision agreed with

---

<sup>82</sup> [Minister for Children and Young People](#)

<sup>83</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2956](#)

<sup>84</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2989](#)

<sup>85</sup> [Children and Young People \(Scotland\) Bill. Financial Memorandum, paragraph 83](#)

<sup>86</sup> [East Renfrewshire Council. Written submission, paragraph 10](#)

stakeholders. It is therefore difficult to ascertain at a local level if the allocation of this will be sufficient to meet local needs.”<sup>87</sup>

94. When asked to expand upon how the predicted costs had been arrived at, the Bill team stated “we do not have a baseline survey of what infrastructure is currently in place; nor do we know how local authorities will decide to increase capacity” (i.e. whether this would be done through new build or by extending existing buildings). (3006) As its assumptions had not been based on “a thorough and detailed assessment”, the Bill team accepted that “this is one area in which the estimate represents a best guess.”<sup>88</sup>

**95. The Committee notes that the FM states that while the estimate is necessarily limited “it has been tested with a number of local authorities.”<sup>89</sup> The Committee invites the lead committee to seek further details as to how this estimate has been tested.**

## LOOKED AFTER CHILDREN

### *Extending throughcare and aftercare support*

96. The Bill makes provision for local authorities to provide financial support and assistance to eligible care leavers up to and including the age of 25 (rising from the current cut-off age of 21). The FM estimates that the extension of throughcare and aftercare support will result in additional costs to local authorities of £3,871,515 in 2015-16, rising to £4,033,640 in 2016-17 and 2017-18 before falling to £1,777,046 from 2018-19. The numbers eligible (and the resulting costs) decline after the initial increase reflecting the change in eligibility rules.

97. The FM provides a detailed explanation of the methodology used to arrive at these estimates which is based on a number of key assumptions as follows—

- 65% of care leavers aged 19-25 will be granted support.
- Average support costs are £2,100 a year per young person.
- The average cost of dealing with an application is £1,042.
- One-off support of £2,000 will be available to 25% of applicants

98. These assumptions form the basis for the estimated costs. No analysis is presented to indicate the effect that alternative assumptions would have on the costs, despite a number of references to limited data availability. COSLA has raised concerns over the accuracy of the estimates, commenting—

“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

---

<sup>87</sup> [East Renfrewshire Council. Written submission, paragraph 10](#)

<sup>88</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 3006](#)

<sup>89</sup> [Children and Young People \(Scotland\) Bill. Financial Memorandum, paragraph 83](#)

per young person in the FM...from experience a figure nearer £6,000 per person is considered more realistic by some local authorities.”<sup>90</sup>

99. West Dunbartonshire Council also commented in its written submission that the FM’s assumptions relating to throughcare and aftercare were—

“speculative and generate an indicative demand that reduces by 1,000 cases by 2019/20. There is clearly a risk that this reduction in demand won’t occur and therefore the costs to local authorities are under-costed. In addition the assumption that the increase in successful applicants will increase to 65% is not evidenced and there is a risk that the success rate could be higher than this – again resulting in costs to local authorities.”<sup>91</sup>

100. Whilst the City of Edinburgh Council’s written evidence stated—

“In relation to throughcare and aftercare the estimates of the numbers taking advantage of the legislation and the number that would cease to receive support as their age increased also differed, with the Council believing the numbers taking advantage to be higher and the number ceasing to be lower.”<sup>92</sup>

101. In oral evidence, the City of Edinburgh Council welcomed the provisions but stated that, whilst it would not quibble with the FM’s estimates of the specific costs relating to aftercare, “we think from our experience that more young people would take up the opportunities than the financial memorandum estimates.”<sup>93</sup>

102. It went on to state “if training, the kinship care measures and throughcare and aftercare are not properly funded, the risk is that money will be diverted from earlier intervention into supporting the other aspects of the bill and, actually, it will become counterproductive. That is my greatest concern.”<sup>94</sup>

103. Falkirk Council suggested that the FM’s estimated costs relating to aftercare were “unrealistic”<sup>95</sup> in its experience and underestimated the likely costs to it of providing such support.

104. The Committee also questioned witnesses on the estimated average cost of processing and assessing throughcare and aftercare applications. The FM estimates this to be £1,042 (almost exactly half of the average estimated costs for the provision of aftercare support of £2,100 per individual per year) and states that this estimate is “based on average caseloads and average worker salaries”<sup>96</sup> without providing any further information.

105. The City of Edinburgh Council explained that care leavers would undergo an iterative process of assessments but stated that “the way in which those figures are

---

<sup>90</sup> [COSLA. Written submission, paragraph 16](#)

<sup>91</sup> [West Dunbartonshire Council. Written submission, paragraph 5](#)

<sup>92</sup> [City of Edinburgh Council. Written submission, paragraph 20](#)

<sup>93</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2960](#)

<sup>94</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2967](#)

<sup>95</sup> [Falkirk Council. Written submission, paragraph 4](#)

<sup>96</sup> [Children and Young People \(Scotland\) Bill. Financial Memorandum, paragraph 101](#)

separated out does not make a lot of sense to me either.”<sup>97</sup> GIRFEMCP also expressed uncertainty about the basis for this figure, which, it stated “seems very high”<sup>98</sup>, before speculating that it might refer to the cost of the throughcare and aftercare teams divided by the number of young people whom they support.

106. The Bill team explained in oral evidence that regulations setting out the types and timescales of support available along with its eligibility criteria had yet to be developed but that the process of developing them would provide an opportunity for local government and other key stakeholders to provide continuing feedback to the Government.

**107. The Committee invites the lead committee to raise the following issues with the Minister—**

- **The view of some local authorities that the demand for throughcare and aftercare support is likely to be higher than indicated in the FM;**
- **Why the administrative costs are nearly half of the support costs;**
- **On what basis the costings for support were arrived at given the lack of detail in the Bill regarding the type and timescale of support to be provided.**

#### *Kinship Care*

108. The FM predicts that the provisions in relation to kinship care will lead to a reduced dependency on formal care (with less formal care providing a less costly model) resulting in estimated gross savings of between £8 and £20m by 2019-20. Transitional costs of £2.6m in 2015-16 are included in the estimates but ongoing costs are not provided as any such costs are assumed to be offset by savings. GIRFEMCP questioned this assumption in its written submission noting that “in some cases the FM offsets...savings in the short term, where in fact it may be many years, and in some cases a generation or longer, before the provision of, and funding for, some services can be reduced.”<sup>99</sup>

109. The FM states that the associated costs “can be broken down into different categories; the cost of formal carers obtaining a kinship care order, the cost of informal carers obtaining a kinship care order; the transitional costs for local authorities; and the avoided costs of formal care.”<sup>100</sup>

110. The FM predicts that from 2017-18 between 6% and 11% of formal carers would apply for kinship care orders. It states that these estimates are based on numbers already applying for section 11 orders under the Children (Scotland) Act 1995 and “assumptions tested with some local authorities.”<sup>101</sup>

111. COSLA, however, stated that “there is a concern...that this new order will not be embraced by families and therefore not free up monies as assumed. The

---

<sup>97</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2961](#)

<sup>98</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2961](#)

<sup>99</sup> [Getting it Right for Every Midlothian Child Partnership. Written submission, paragraph 10](#)

<sup>100</sup> [Children and Young People \(Scotland\) Bill. Financial Memorandum, paragraph 117](#)

<sup>101</sup> [Children and Young People \(Scotland\) Bill. Financial Memorandum, paragraph 119](#)

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.”<sup>102</sup>

112. The City of Edinburgh Council also cast doubt on the assumption that many families who currently have a child who is looked after by kinship carers would wish to seek a new kinship care order, stating—

“That order has to be made attractive to families, but there is no evidence at the moment that it will be particularly attractive to them. We do not think that there is robust evidence that families will move from a position in which their child is looked after and they get a set of resources to support that situation, to the new kinship care order. The underlying financial assumptions in the modelling are not consistent with the experience of the City of Edinburgh Council.”<sup>103</sup>

113. The FM also predicts that between 1.5% and 3.5% of current informal carers would apply for kinship care orders, thereby becoming eligible for a range of support at the expense of the local authority.

114. In oral evidence the City of Edinburgh Council stated that in its view—

“the assumptions of potential savings...are exaggerated. We also think that there are potential additional costs, because the estimate in the memorandum that only between 1.5 and 3.5 per cent of informal kinship carers will come forward for the new kinship care order is an underestimate...Basically, our conclusion is that there is a great deal of financial risk for local authorities. Certainly, the City of Edinburgh Council does not believe that that element of the bill is funded, given the proposals as they stand. I know that it is the Government’s intent to fully fund the bill but, in respect of kinship care, we do not think that that will be the case.”<sup>104</sup>

115. The Council went on to comment that, as far as it could tell, the FM’s estimate that between 1.5% and 3.5% of informal kinship carers might come forward to be assessed for a formal order “has just come out of the air.”<sup>105</sup> In its view, many more families were likely to come forward for an assessment as it could entitle them to future financial support. GIRFEMCP supported this assessment stating that “the figure for kinship carers could be many times what is estimated, depending on the circumstances.”<sup>106</sup>

116. Acknowledging that it was impossible for exact figures to be provided in the FM, GIRFEMCP also suggested that more than 3.5% might come forward and stated—

“The point is that there is a significant risk that the costs will increase beyond what is included in the memorandum and beyond any funding that is provided. How will those costs be met? Will there be an on-going review by the Scottish Government of the costs inherent in the bill, with changes in the funding as we

---

<sup>102</sup> [COSLA. Written submission, paragraph 22](#)

<sup>103</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Cols 2947-2948](#)

<sup>104</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2947](#)

<sup>105</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2951](#)

<sup>106</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2951](#)

move forward? Alternatively, will the charges be fixed early on, with authorities being told, “That is the settlement” and that they will have to provide for any additional costs?”<sup>107</sup>

117. With regard to its estimates of the numbers it expected to apply for formal kinship care orders, the Bill team stated “it would seem reasonable, given that we are looking at something that is a variation of an existing instrument - a section 11 order - to look at how section 11 orders have been taken up to date. We can derive estimates from that about the number of kinship carers and informal carers who will come forward. The estimates suggest that the numbers are, relatively speaking, quite low.”<sup>108</sup>

118. In relation to the avoided costs resulting from the overall package of kinship care measures, a number of councils expressed concerns relating to the assumptions made in the FM. Falkirk Council noted that: “there is no substance behind the estimated avoided costs [from diverting children from formal kinship care] and the margin for error is significant”.<sup>109</sup> The City of Edinburgh Council noted that—

“There was also a significant difference in the assumptions of value of savings, or avoided costs that would be delivered to the Council as a result of the new legislation. The difference was due to a view, by the Council, that the stated aim of the legislation itself would not lead to the reduction of Looked After Children entering kinship care and therefore the level of savings is significantly over estimated.”<sup>110</sup>

119. When asked whether the FM’s estimate that avoided future costs for 2015-16 would be between £3.5 and £15m, the City of Edinburgh Council replied “I think that even the lower estimate is potentially exaggerated. The difficulty is that the estimates are not based on any firm evidence.”<sup>111</sup>

120. When asked to expand upon its suggestion that savings related to kinship care were exaggerated in the FM, it explained that “it is very difficult to make these kinds of future estimates. We are being asked to accept that the kinship care element of the bill is fully funded on the basis of speculative savings - and they are completely speculative savings - so the bill is not fully funded in that respect”<sup>112</sup>

121. It went on to explain that—

“the council does not believe that the number of looked-after children entering kinship placements will reduce by the levels that are estimated. That is because the modelling that has been done in the financial memorandum is based on the increase in the number of looked-after children in kinship placements between 2007 and 2011 across the country, which grew by 87 per cent. In the City of Edinburgh Council area, the equivalent growth was only 29

---

<sup>107</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2966](#)

<sup>108</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2966](#)

<sup>109</sup> [Falkirk Council. Written submission, paragraph 5](#)

<sup>110</sup> [City of Edinburgh Council. Written submission, paragraph 4](#)

<sup>111</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2952](#)

<sup>112</sup> [Scottish Parliament Finance Committee. Official Report, 18 September 2013, Col 2950](#)

per cent, so, projecting ahead, there is not the same growth for us to make that saving from - it is just not there. That is the biggest number.”<sup>113</sup>

122. Edinburgh Council also pointed out that many of the details of how kinship care orders would work remained to be set out in secondary legislation and that it therefore did “not know what will be available to families, how the orders will operate and what expectations there will be on local authorities around how long families should get support for, the nature of the support and what it might cost.”<sup>114</sup>

123. In response to questioning on this point, the Bill team stated that “the process of developing those regulations will enable feedback to be made, and that feedback will continue as the relevant teams in the Scottish Government work with stakeholders in implementing them.”<sup>115</sup>

124. The Bill team acknowledged the challenges it had faced stating, “there is no real precedent for kinship care, so we are having to give our best guess and make assumptions in working out when the savings kick in”. It went on to state, however, that it “stood by the logic and proxies” from which its estimates had been drawn, explaining that it operated on “the very simple principle that if you can get one child out of kinship care for one year, you can save about £9,000.”<sup>116</sup>

**125. The Committee is again concerned about the significant disparity between the estimates provided in the FM and the views of local authorities.**

**126. The Committee recommends that the lead committee invites the Government to provide further detailed costings of the estimated avoided costs from the diversion of children from formal kinship care.**

## CONCLUSION

**127. The Committee has a number of concerns in relation to some of the costings within this FM and notes that there is a lack of evidence to support the figures provided for some aspects of the Bill. In particular, the Committee makes the general point that the Government needs to develop a more robust methodology for forecasting potential savings from preventative policy initiatives. There is also a need to develop measures to ensure that the actual savings are effectively monitored and reported. The Committee intends to raise this issue as part of its budget scrutiny.**

**128. The Committee recommends that the actual spending and savings arising from this Bill are reported on annually as part of the draft budget.**

---

<sup>113</sup> [Scottish Parliament Finance Committee. \*Official Report\*, 18 September 2013, Cols 2950-51](#)

<sup>114</sup> [Scottish Parliament Finance Committee. \*Official Report\*, 18 September 2013, Col 2952](#)

<sup>115</sup> [Scottish Parliament Finance Committee. \*Official Report\*, 18 September 2013, Col 2997](#)

<sup>116</sup> [Scottish Parliament Finance Committee. \*Official Report\*, 18 September 2013, Col 2995](#)

## ANNEXE A: INDEX OF ORAL EVIDENCE SESSIONS

### 22nd Meeting, 2013 (Session 4) Wednesday 18 September 2013

Alistair Gaw, Head of Support to Children and Young People, City of Edinburgh Council; Magnus Inglis, Performance and Planning Officer, Getting it Right for Every Midlothian Child Partnership; Inez Murray, Chair, National Day Nurseries Association, Glasgow Network; Jim Carle, Child Health Commissioner, NHS Ayrshire & Arran; Sally Egan, Associate Director and Child Health Commissioner, NHS Lothian; Clare Mayo, Policy Advisor, Royal College of Nursing; Tim Barraclough, Deputy Director, Childrens Rights and Wellbeing, Scott MacKay, Finance Business Partner, Education and Lifelong Learning, and Phil Raines, Head of Child Protection and Childrens Legislation Policy, Scottish Government.

## ANNEXE B: INDEX OF WRITTEN EVIDENCE

### Written submissions—

- [City of Edinburgh Council \(159KB pdf\)](#)
- [Coalition of Care and Support Providers in Scotland \(248KB pdf\)](#)
- [COSLA \(299KB pdf\)](#)
- [Dundee City Council \(154KB pdf\)](#)
- [East Ayrshire Council \(148KB pdf\)](#)
- [East Dunbartonshire Council \(228KB pdf\)](#)
- [East Renfrewshire Council \(91KB pdf\)](#)
- [Falkirk Council \(164KB pdf\)](#)
- [Fife Council \(159KB pdf\)](#)
- [Getting it Right for Every Midlothian Child Partnership \(154KB pdf\)](#)
- [National Day Nurseries Association \(219KB pdf\)](#)
- [NHS Ayrshire and Arran \(94KB pdf\)](#)
- [NHS Lothian \(283KB pdf\)](#)
- [North Ayrshire Council \(149KB pdf\)](#)
- [Perth and Kinross Council \(146KB pdf\)](#)
- [Presiding Officer \(148KB pdf\)](#)
- [Royal College of Nursing Scotland \(163KB pdf\)](#)
- [Scotland's Commissioner for Children and Young People \(201KB pdf\)](#)
- [Scottish Borders Council \(158KB pdf\)](#)
- [Scottish Council of Independent Schools \(277KB pdf\)](#)
- [South Ayrshire Council \(139KB pdf\)](#)
- [South Lanarkshire Council \(152KB pdf\)](#)
- [West Dunbartonshire Council \(242KB pdf\)](#)
- [West Lothian Council \(150KB pdf\)](#)

### Correspondence

- [Letter from Aileen Campbell, Minister for Children and Young People, to Convener \(707KB pdf\)](#)