

# **FINANCE COMMITTEE**

Tuesday 6 October 2009

Session 3

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## FINANCE COMMITTEE

23<sup>rd</sup> Meeting 2009, Session 3

### CONVENER

\*Andrew Welsh (Angus) (SNP)

### DEPUTY CONVENER

\*Jackie Baillie (Dumbarton) (Lab)

### COMMITTEE MEMBERS

Derek Brownlee (South of Scotland) (Con)

\*Linda Fabiani (Central Scotland) (SNP)

\*Joe FitzPatrick (Dundee West) (SNP)

\*James Kelly (Glasgow Rutherglen) (Lab)

\*Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD)

\*David Whitton (Strathkelvin and Bearsden) (Lab)

### COMMITTEE SUBSTITUTES

\*Gavin Brown (Lothians) (Con)

Kenneth Gibson (Cunninghame North) (SNP)

Lewis Macdonald (Aberdeen Central) (Lab)

Liam McArthur (Orkney) (LD)

\*attended

### THE FOLLOWING GAVE EVIDENCE:

Nikki Brown (Scottish Government Culture, External Affairs and Tourism Directorate)

Martin Docherty (West Dunbartonshire Council for Voluntary Services)

Anne Houston (Children 1<sup>st</sup>)

Mike Neilson (Scottish Government)

Shane Rankin (Scottish Government Primary and Community Care Directorate)

Carolyn Roberts (Scottish Association for Mental Health)

### CLERK TO THE COMMITTEE

Dr James Johnston

### SENIOR ASSISTANT CLERK

Mark Brough

### ASSISTANT CLERK

Allan Campbell

### LOCATION

Committee Room 1



## Scottish Parliament

### Finance Committee

*Tuesday 6 October 2009*

[THE CONVENER *opened the meeting at 14:00*]

### Interests

**The Convener (Andrew Welsh):** Good afternoon and welcome to the 23<sup>rd</sup> meeting of the Finance Committee in 2009, in the third session of the Scottish Parliament.

We have received apologies from Derek Brownlee. I welcome Gavin Brown, who is attending as the Conservative party substitute. As this is the first meeting that Gavin Brown has attended in this capacity, I ask him if he has any relevant interests to declare.

**Gavin Brown (Lothians) (Con):** I have nothing to declare.

**The Convener:** Thank you.

I congratulate Derek Brownlee and his wife on the birth of their daughter, weighing 7lb 1oz. I am happy to report that mother and daughter are doing fine, so that is some good news to start with.

I ask members, witnesses and the public to turn off their mobile phones and pagers.

## Public Services Reform (Scotland) Bill: Stage 1

14:01

**The Convener:** Agenda item 2 is the continuation of evidence taking on the Public Services Reform (Scotland) Bill at stage 1. I welcome to the committee Martin Docherty, policy and research officer at West Dunbartonshire Council for Voluntary Services; Anne Houston, chief executive of Children 1<sup>st</sup>; and Carolyn Roberts, research and influence manager at the Scottish Association for Mental Health.

I will start by asking a general question. We have heard a range of evidence over the past five weeks on whether the bill as it stands will indeed reform public services. It would be useful for the committee if you commented on whether the bill has the potential to reform the public services that are used by the people you represent.

**Carolyn Roberts (Scottish Association for Mental Health):** The bill has the potential to reform public services. Our submission outlined a number of concerns with the bill, which have been reflected by some of the other organisations from which you have taken evidence. We welcome much of what the bill proposes in respect of reducing the burden of scrutiny, and we hope that it will do what it aims to do in respect of ensuring that organisations are subject to fewer inspections without there being a reduction in the quality of services that are provided. We have concerns about the order-making powers and particularly about the Mental Welfare Commission for Scotland, which I hope we will have the chance to consider later, and about the context in which voluntary organisations operate, which is different from the context in which statutory services are provided.

**The Convener:** Can you expand further on the context?

**Carolyn Roberts:** Yes. In our submission, we mentioned the context in which SAMH and many other voluntary organisations operate in respect of commissioning services, retendering services, the lack of funding and, indeed, the cuts in funding that we are experiencing. SAMH, along with all voluntary organisations, strives to provide quality services—and we succeed in doing so—but when we lose funding it makes it more difficult for us to meet quality standards that are set by scrutiny organisations.

**Anne Houston (Children 1<sup>st</sup>):** Broadly, Children 1<sup>st</sup> also welcomes the overall aims and principles of the bill. Like SAMH, we expressed a number of concerns in our consultation response. Our two

major concerns are first, the fact that the Commissioner for Children and Young People in Scotland appears in schedule 3 of the bill, and secondly, the issue that Carolyn Roberts mentioned around commissioning and procurement and how that fits within the new body social care and social work improvement Scotland. Our concern is that the same level of scrutiny and enforcement should apply from the commissioning stage to the inspection and scrutiny of the services that are delivered, because the process has a significant impact on service users from the commissioning stage onwards.

**The Convener:** I think we will come back to that subject in questioning. Mr Docherty, do you wish to comment?

**Martin Docherty (West Dunbartonshire Council for Voluntary Services):** I agree with Carolyn Roberts and Anne Houston that the theory of the bill is good and welcome, but the issue is how it is implemented through local authorities and community planning partnerships and whether other voluntary organisations will have equal access to the procurement and contracting process. It is about the voluntary sector being equal to public authorities; it is not about saying that the voluntary sector is any better or worse than public authorities. We need to have a level playing field when it comes to accessing contracts. That has not been the experience of many of our user groups.

**Linda Fabiani (Central Scotland) (SNP):** My question leads on from that. Martin Docherty's submission refers to volunteering, commissioning and procurement and so on, and states that real public sector reform would be reliant on the

"Recognition of community and volunteering involvement in service delivery ... Acceptance of complexity of relationships in service delivery ... Robust political leadership for change ... Incentives to deliver ... censure mechanisms".

Will you expand on some of that? It strikes me that although we have heard that things have been improving over the past few years in relation to community planning partnerships, we have not yet achieved parity of esteem or parity of treatment of the voluntary sector in the provision of services.

**Martin Docherty:** The picture is patchy in different parts of the country. As a third sector interface, we have had support from the present and previous local administrations in promoting the voluntary sector and the work that it does in our area. Nevertheless, I assume from what I hear from other areas that the approach there is not as robust or proactive as it is now becoming in West Dunbartonshire. It has taken a long time to get to that point; there has been a lot of cross-party support to try to move the process forward. That has just been our luck. I do not want to speak out

of turn, but things could not have got any worse. We had robust support at different levels from across the political spectrum and things are now slowly improving. Given what I hear, I can only assume that things are not improving at the same rate in the rest of the country.

**Linda Fabiani:** Who do you think the robust political leadership has to come from in the first instance?

**Martin Docherty:** In community planning, political leadership definitely needs to come from community planning boards themselves. It is not party-political leadership but managerial political leadership that provides the focus that is needed to deliver the outcomes that people require.

**Linda Fabiani:** Do those who provide that robust political leadership recognise that there is parity of service among the volunteer organisations and the directly employed council services?

**Martin Docherty:** You have hit the nail on the head. It is about recognising the employees in voluntary organisations, not necessarily the work that is undertaken by volunteers who are on management committees and who have fundamental responsibility for financial decisions. I do not think that there is parity in that at the moment—sometimes I do not think that those volunteers have parity with their own members of staff either.

**Jackie Baillie (Dumbarton) (Lab):** I want to develop Linda Fabiani's point. I seek your view on what implementation is reliant on. In quoting your submission, Linda Fabiani stopped tantalisingly short of the "Reviewing local government" bullet point. Can I entice you to expand on that?

**Martin Docherty:** Was that about reorganisation of local government? Everyone cowers under the table.

**Jackie Baillie:** You did not say "reorganisation."

**Martin Docherty:** We were trying to say that local government has to recognise the cross-boundary work that it can do not only with other public bodies but with voluntary organisations throughout the country. If moneys are not infinite, work has to be outcome and focus led. The volunteers on the ground whom we work with on a daily basis want moneys to be used in the best way possible. They are not really interested in who delivers that. I say that from a voluntary sector perspective. We do not want to say that we are the best thing. We acknowledge that we are not but, like everyone else, we can provide good and bad things in relation to public service.

**Jackie Baillie:** I will turn to the more general subject of order-making powers, which was touched on earlier. We have taken a lot of

evidence on section 2 and schedule 3. Are the proposed order-making powers proportionate to the job at hand?

**Anne Houston:** Children 1<sup>st</sup> is concerned with Scotland's Commissioner for Children and Young People, because that is the body that most relates to the people with whom we work. A huge amount of work went into the consultations on setting up the commissioner's office. Not only was that a long and involved process, most important, it involved direct consultation with children and young people.

One of the things that children and young people said loudly during that process was that SCCYP had to be a completely independent body. We know not only from the children and young people with whom we work but through running ChildLine that children are not often inclined to come to organisations that are seen to be Government or establishment, however that might be described from a child's perspective. Hence, the commissioner's independence was vital. One of our concerns about SCCYP appearing in schedule 3 is the potential for that body to be changed radically without any recourse to the children and young people to whom, as far as we are concerned, the body belongs.

**Carolyn Roberts:** I agree. SAMH is particularly concerned about the Mental Welfare Commission for Scotland. As you know, earlier this year, it was announced that the commission would be merged with other bodies. That came out of nowhere, as far as we could see—there had been no consultation or discussion—and that context makes us anxious about the commission appearing in schedule 3. As far as we can see, its role could be substantially amended or it could be abolished without consultation, discussion or the opportunity for people who trust it as an independent body that is genuinely interested in securing their rights to influence the outcome.

We are also concerned about the Scottish Human Rights Commission appearing in the list for similar reasons.

**Jackie Baillie:** The proposals on the Mental Welfare Commission were withdrawn and we anticipate that they will reappear at stage 2. Can you enlighten us on the direction of travel?

**Carolyn Roberts:** I am not sure about that. We expect some amendments to be proposed at stage 2 and we await them with interest. We responded to the consultation on the commission, expressing the concerns that I have just set out.

**James Kelly (Glasgow Rutherglen) (Lab):** I will ask about the scrutiny proposals, specifically those on user focus. We heard from Professor Crerar that an important aspect of the bill is that it will place a duty of user focus on bodies. However, other witnesses, including the Law Society of

Scotland, have said that that is not appropriate for certain public bodies. I am interested in the witnesses' views on that. In particular, I am interested in what Carolyn Roberts has to say on the Law Society's position that the Mental Welfare Commission should not be included in the user focus proposals.

14:15

**Carolyn Roberts:** We welcome the proposal for a user focus duty. Service users should clearly be at the heart of service scrutiny. Services are provided for their users, who should have the opportunity to influence and be part of scrutiny and to influence the services themselves.

I am aware of the Law Society's concerns, particularly in relation to the Mental Welfare Commission, but our view is that the commission has a duty to have a focus on service users and that, by and large, it already fulfils that duty. It works well with the people who use it. In general, we hear good feedback from people who have asked the commission for help. I do not see a contradiction.

Our response to the separate consultation on the commission's governance emphasises the need for users to continue to be involved in the commission's day-to-day operations.

**Anne Houston:** The aim of the bill and of the merger of scrutiny bodies is to improve outcomes for service users, whoever they are. I would go as far as to say that, without consulting, it would be difficult to establish what those outcomes are and whether the organisations meet service users' needs, so we welcome the inclusion of the user focus duty in the bill. At times, perhaps, we all need a bit of help to remember to take users as seriously as all the other people who are consulted in the scrutiny process.

**Martin Docherty:** The user focus duty is welcome. It concerns me that any public body would not want such a duty. Many users of mental health services are also volunteers in local organisations, and I would be concerned if they were unable to influence those organisations' design and scrutiny processes.

**Joe FitzPatrick (Dundee West) (SNP):** I want to return to the order-making powers and find out what the concerns are. If it was clear that the powers could be used only to improve the exercise of public functions and that such changes could be made only with full statutory consultation and a proper parliamentary process, would that alleviate the concerns? Is the problem the lack of clarity, given that, perhaps rightly, people always assume the worst?

**Anne Houston:** In a way, that goes back to the previous question about consultation with important stakeholders. My understanding is that there would be consultation with stakeholder representatives—that is, with representative organisations—rather than with stakeholders themselves, and that there would be limited debate and discussion in the Parliament. The Parliament might not have a full debate on something that could involve a major change to an important body that was set up through a detailed consultation process.

I suppose the answer is that it would depend. I cannot anticipate at the moment how that would—

**Joe FitzPatrick:** If it was clear that stakeholders would be consulted, would that go some way to alleviating concerns?

**Anne Houston:** To be honest, it would depend on what else surrounded that.

**Carolyn Roberts:** I agree. Our concern is that there is not always agreement about what improvement is. A measure might be intended to improve something, but not everyone will see it as an improvement. As Anne Houston said, without having a specific proposal in front of us, it is difficult to give a definitive view. The order-making powers cause a lot of people quite legitimate concerns.

**Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD):** I assume that no member of the panel had an opportunity to give the Government their views before the bill was published. Were any of you consulted?

**Carolyn Roberts:** No.

**Martin Docherty:** No.

**Jeremy Purvis:** If you had been consulted, would you have said that the order-making powers should not be included in the bill?

**Carolyn Roberts:** We would probably have said something similar to what we say in our submission. We would have expressed the view that the order-making powers seem to provide ministers with a lot of power to effect a great deal of change—possibly quite significant change—without being subject to the kind of scrutiny that might be expected.

**Anne Houston:** I find that quite difficult to answer. The question feels hypothetical, so it is hard to know how it might have been presented in a way that could have produced a clear yes or no. Our perspective at Children 1<sup>st</sup> is inevitably quite specific to the effect of the bill on Scotland's Commissioner for Children and Young People, which deals with our area of work. I have made quite clear what our view is. To be honest, I find it hard to answer that question.

**Jeremy Purvis:** It is worth noting that the commissioners did not find it difficult to answer that question. They told the committee that they would have said that such order-making powers should not appear in the bill.

My next question is on the possible inclusion of the Mental Welfare Commission for Scotland. In July, John Swinney told us that our committee would be informed separately of the results of the consultation over the summer. An annex to his letter includes a position paper from the mental health division team, which states:

"The Finance Committee will be informed of this work to enable it to separately take evidence on the matters referred to above."

However, the committee has not been provided with that information. Has the consultation on the inclusion of the Mental Welfare Commission been concluded?

**The Convener:** Just for clarity, what was that consultation on?

**Jeremy Purvis:** The consultation was on the possibility of amendments at stage 2 to bring the Mental Welfare Commission within the scope of the bill.

**Carolyn Roberts:** The consultation closed about two weeks ago, so I expect that we will see the results of it reasonably soon.

**David Whitton (Strathkelvin and Bearsden) (Lab):** I want to ask Ms Roberts about a couple of points in her submission that intrigue me. The SAMH submission states:

"This would also be a good opportunity to create a central repository of core information for each provider that regulators, local authorities and other government bodies can access."

Will you explain your thinking behind that? Can you give examples of the duplication that causes so many problems?

**Carolyn Roberts:** Our thinking is that the bill presents an opportunity to try to reduce some of that duplication. We are asked for the same information from the Scottish Commission for the Regulation of Care and from local authorities, which require information for the purposes of contract compliance and because we are required to be on an approved provider list for every area in which we provide services. Other funders, such as national health service bodies and Jobcentre Plus, also ask for similar information. By and large, those organisations ask for the same information in a slightly different format. That is a fairly small practical point, but we would be saved quite a lot of hours putting information together if the information was held in a central repository.

**David Whitton:** I guess from the nodding heads of other panel members that their experience is similar.



**Martin Docherty:** Community planning could assist with that process if each community planning partnership across the country agreed on a process that was easier for voluntary organisations to access. There would then be one identified place from which organisations could access information locally. If the issue cannot be dealt with at national level, local partnerships could at least provide one way of dealing with it.

**David Whitton:** Does Ms Houston have any views on that?

**Anne Houston:** I agree with what has been said. Monitoring information is required in many different formats. Given the amount of time that is spent on dealing with such requests rather than on delivering services, it would be helpful if such duplication were reduced significantly.

**David Whitton:** Ms Roberts's submission also states:

"SAMH has serious concerns about the sustainability of charities subsidising public services".

Does that relate to that information-gathering system? Will you explain that a bit more?

**Carolyn Roberts:** That relates more to my initial point about the current funding situation in which many voluntary organisations such as ours find themselves. Voluntary organisations generally struggle to secure full cost recovery in the services that we provide. They regularly find themselves with the choice of either subsidising a service or closing it because the funder is unable or unwilling to provide the full funding.

**The Convener:** Would anyone else like to comment?

**Anne Houston:** From our perspective, the issue is interesting, because we in Children 1<sup>st</sup> have a clear policy, whereby it is our intention, wherever possible, to use voluntary funds to bring added value to services that are funded. However, the purpose of that is to be able to offer innovative new services and provide added value. I agree with what has been said about the importance of it being possible, at least, for voluntary sector staff to have similar salary expectations to those of local authority sector staff who occupy similar posts. The position is slightly different in that we see ourselves not necessarily subsidising services but offering something additional and different. We wish to still be able to do that. That gives us an independence that enables us to speak out on behalf of the service users with whom we work. However, where there is a clear contractual arrangement, we look for the same kind of costs.

**Martin Docherty:** There needs to be clear parity in accessing contracting and procurement, although I would not necessarily agree with what has been said about salary scales, especially

when one is working with volunteers, who often provide public services, or manage large and robust organisations, free of charge. Money is a governance issue and it is for organisations to discuss it internally. I do not think that we should consider the issue in relation to the bill.

**David Whitton:** I have a further point, which relates to Mr Docherty's submission. Under the heading "Organisational Consolidation", you say:

"the experience of the majority of community and volunteering organisations has been negative in aspects of relationships not necessarily with politicians"—

thankfully—

"but with the mechanism of the government bureaucracy across administrations".

I had hoped that if the bill was to do anything at all, it would do away with some of the bureaucracy. I give you a chance to amplify the bullet points that follow that paragraph, which deal with the organisational change that you would like to see.

**Martin Docherty:** We were trying to say that there is a range of skill levels across the sectors that deliver public services. We are glad that the bill is about public service reform as opposed to public sector reform. In that sense, it gives us a great opportunity to tackle the differing skill levels across the spectrum of public service delivery agents. We might need to invest more in improving management skills, because we sometimes find a great deal of duplication as a result of people doing something not necessarily because it is needed, but because they think that it just needs to be done. I might be going out on a limb in saying so, but that wastes a lot of finances and time, and results in money being taken away from front-line services and put into back-room services instead. Skill levels need to be improved across the sectors.

**David Whitton:** I have a final point. In the following paragraph, you say:

"Additional clarity on what a social service is would be welcome".

Will you amplify what you mean by that?

**Martin Docherty:** Elements of chapter 2 of part 4 give the idea that social services are delivered by paid employees, and do not recognise those organisations that are neither incorporated nor formal, but which deliver a range of public services off their own bat and are not seen as active organisations because they do not shout about it. While people outside the local area might not know about them, they still deliver social services.

My fear is that the bill might have a negative impact by introducing a monitoring and evaluation process for such organisations. A similar situation arose around charities regulation, when we found that we had a range of charitable organisations

that should never have been charities in the first place.

14:30

**Gavin Brown:** In his review, Professor Crerar identified five guiding principles of scrutiny: public focus, independence, proportionality, transparency and accountability. Do areas of the bill appear deficient when they are measured against those principles, leaving aside the issues that you have already identified?

**Anne Houston:** I am not sure how clear it is from the bill that bringing together the scrutiny bodies will lead to genuine integration of services, rather than just a merger of back-office functions. If we are to satisfy the principles of accountability and transparency—indeed most of the five principles—it is important that there is true integration, which reduces the potential for confusion among service users about what they can expect from an organisation and brings a shared ethos and culture to organisations.

I have been involved in mergers and I have looked at the research, and it is clear that mergers fail when ethos and culture are not got right, because a great deal of attention has not been paid to them and it is not clear to people what they can expect. We hope that there will be true integration, rather than just a merger in the negative sense of the word.

**Martin Docherty:** I agree. Much in the bill is to be welcomed, but we will know whether it brings about real change only when it is implemented. Our only hope is that any moneys that are saved will be returned to public service, to deliver services on the ground. However, that is completely out of our control.

**Carolyn Roberts:** I agree with the other witnesses. We will be able to judge whether the bill satisfies the Crerar principles when it is implemented. Regulations might shed more light on that. Will service users and stakeholders be involved in developing the outcomes against which bodies will be assessed? We will be looking for answers to such questions.

**The Convener:** What are your views on the case for a single scrutiny body along the lines that Crerar recommended?

**Carolyn Roberts:** We have not taken a position on that; we have focused on the proposals in the bill. We would not necessarily be against the idea of a single scrutiny body, but we would want to consider detailed proposals before reaching a position.

**Martin Docherty:** I do not want to speak for my board of directors, but I think that we would welcome a process that was more robust and that

provided a level playing field for everyone who delivers public services. More duplication would certainly not be welcome.

**Anne Houston:** It would very much depend on what the body looked like and whether there was true integration or just a great many different approaches under one heading. A single body could support the integration of service delivery—I guess that that is where we are all headed—but that would depend on whether the approach was really aimed at integration.

**The Convener:** If the witnesses have no final comments, I draw this part of the meeting to a close. I thank you all for coming and for your expert evidence, which will help the committee.

14:33

*Meeting suspended.*

14:35

*On resuming—*

## **Public Services Reform (Scotland) Bill: Financial Memorandum**

**The Convener:** The next item is evidence from the Scottish Government's bill team on the financial memorandum to the Public Services Reform (Scotland) Bill. I remind the committee that, although other committees are considering the policy of certain areas of the bill at stage 1, the Finance Committee is responsible for examining the entire financial memorandum.

I welcome to the committee Nikki Brown, who is the deputy director of the creative Scotland division of the Scottish Government; Colin Miller, who is from the public bodies policy division; Mike Neilson, who is the director with responsibility for the simplification programme; Shane Rankin, who is head of the scrutiny bodies project team; and David Reid, who is assistant director of finance.

I invite our witnesses to make an opening statement. Who wishes to do so?

**Mike Neilson (Scottish Government):** Thank you, convener. I will be very brief.

The financial memorandum sets out details of the costs and savings that relate directly to the provisions in the bill. We are talking about overall costs of around £10 million and savings of around £13 million in the period to 2013-14; and on-going savings of around £3 million each year after that.

We have tried to ensure that the financial memorandum is consistent across the whole range of bodies and changes, and we are pretty confident about the overall figures that are involved. However, it is worth identifying three general issues. First, we are at different stages in the process of change for the different bodies, so we can be more certain about the figures for some bodies than for others.

Secondly, we cannot be sure at this stage in the process about some of the issues that will have an impact on the financing. Some of the harmonisation costs in relation to staffing, for example, will become clear only when we know which people will be doing what, once the whole business model has been developed.

Thirdly, it is quite difficult to distinguish with certainty between costs and savings that arise directly from the bill, and those that are linked to it. For example, in the context of scrutiny, there is a relationship between the structures for scrutiny on the one hand, and the scope to move to a more streamlined approach to scrutiny on the other. We

would say that some of the gains from a more streamlined approach can be achieved only by making some of the structural changes that are set out in the bill.

Those are general comments; we are happy to take questions.

**The Convener:** Just to give us a flavour of what actually happened in relation to the bodies, what consultation took place with the Scottish Commission for the Regulation of Care and the Social Work Inspection Agency, for example?

**Shane Rankin (Scottish Government Primary and Community Care Directorate):** There was no formal consultation in relation to the provisions around the new social care and social work improvement Scotland body. Much of the impetus for the changes and the creation of the new bodies came from the Government's response to the Crerar review, on which there was extensive consultation and engagement over an extended period. The decision to incorporate the provisions for that new body in the Public Services Reform (Scotland) Bill was made towards the end of last year. We had a very short timescale in which to develop the provisions; and we had, in effect, to draw the care commission and SWIA, and the other bodies, directly into the work on developing the legislation. They were closely involved in that work, and in testing the proposals and the propositions. A number of the bodies also provided secondees to the team, who have worked directly with us since then and continue to engage with us as the work progresses.

**James Kelly:** I want to concentrate on the aspects of the financial memorandum that relate to creative Scotland. As members recall, the memorandum to the original Creative Scotland Bill was an area of concern for the Finance Committee.

First of all, the amended figures for creative Scotland in this financial memorandum set out a range of costs from minimum to maximum. Good accountancy practice dictates that we must be prudent and consider the higher cost scenario. In that scenario, creative Scotland's transition costs would total £4.44 million and savings at the end of 2013 would come to £3.66 million, which would mean that by the end of 2013 the organisation would still not be making any net savings. Some witnesses have criticised the bill's ambitions with regard to savings and might well cite the financial memorandum's provisions on creative Scotland as an example of that. What are your comments on that?

**Nikki Brown (Scottish Government Culture, External Affairs and Tourism Directorate):** As Mr Kelly suggests, the financial memorandum sets out a range of estimates for each component of

the costs that make up the overall transition cost. In line with parliamentary procedures, we have offered a maximum cost as well as a best estimate.

If all the maximum costs come to fruition, the overall transition cost will be around £4.4 million. However, the Government feels that that is quite unlikely to happen. Some of the costs are exclusive: if, for example, more staff are released from the existing organisations than the 30 assumed in these costs, we would expect the costs for voluntary early severance and voluntary early retirement to be higher. However, we would also expect the level of savings made to be higher. As a result, there is an element of uncertainty in relation to the costs of the eventual outturn and the situation and conditions of each affected member of staff, which we will not know about until later. That, in turn, leads to an element of uncertainty about the overall level of savings.

Certain expected savings have not been included in the estimates. We have explained in the financial memorandum that we can quantify some savings from the release of staff duplicating back-office functions; once the two existing organisations come together and duplication is removed, some staff will no longer be required. We have also explained in the financial memorandum that we expect savings to arise from streamlining of processes, but we cannot quantify them at the moment, so they have not been included in the estimated savings. However, we will expect those figures to increase.

**James Kelly:** One of my concerns about the financial memorandum relates to the fact that the costs for voluntary early severance, which you have just referred to, range from £0.5 million to £1.5 million, which is a difference of £1 million. Is the midpoint of that range based on your assumption that 30 staff will be released?

**Nikki Brown:** Yes. The estimates assume that the head count will fall by 30. The cost of those 30—if that is what the figure turns out to be—will depend on the individual situations of those members of staff; for example, their salaries, how long they have to go until retirement, their individual terms and conditions and so on. As a result, there could be a lot of variation per head. For the purposes of the best estimate and the maximum, we have made certain assumptions about the average costs per member of staff and multiplied them. However, the eventual costs will depend on the staff concerned.

14:45

**James Kelly:** So I would be right in saying that, at the upper end of the costs for 30 staff, you are

talking about write-off costs of £50,000 per staff member.

**Nikki Brown:** I do not have not those figures in front of me.

**James Kelly:** I am basing that on £1.5 million being divided by 30, which is obviously £50,000. That seems to be quite high. Maybe you can give the committee some clarification on that in writing.

**Nikki Brown:** Yes—I am happy to write to the committee. I emphasise, though, that the figure that was quoted assumes that all 30 staff who leave the organisation will take voluntary early severance or retirement. Obviously, we expect that staff will be reduced by other means, either through redeployment within the organisation or elsewhere in the public sector. Voluntary early severance or retirement is therefore very much the last resort.

**James Kelly:** Even so, my concern remains that a cost of £50,000 per staff member is on the high side. I want to go to another aspect of staff costs in the financial memorandum, which states that there would be a £166,000 one-off cost for pension costs—staff who left with voluntary early severance payments would have their pension contributions met right up until retirement age. Would that mean that someone of my age, which is 45, who was retiring from Scottish Screen would get another 20 years of pension contributions?

**Nikki Brown:** The conditions that would apply in respect of individual members of staff would depend on their serving conditions.

**James Kelly:** It says in the financial memorandum:

“The estimated cost includes an augmentation cost of £166,000, which is the total one-off payment to the pension scheme on behalf of early leavers to meet their pension contributions until they reach retirement age.”

That indicates to me that anyone leaving under voluntary early severance will have their pension contributions made up until they are 65.

**Nikki Brown:** What the financial memorandum is not saying is that those are the conditions that would apply to a particular departure. It is saying that, if those terms and conditions were required in respect of individual members of staff, that is the estimated average cost. What we are not saying to the committee is that the terms and conditions that actually apply in respect of individual members of staff would lead to an augmentation like that.

**James Kelly:** Are you saying that that arrangement in relation to pension costs will be judged on a case-by-case basis?

**Nikki Brown:** I am saying that the arrangements governing a particular release will need to be discussed with the trade unions, if a scheme is

brought forward by the existing employers. They have made certain assumptions about the sort of scheme that might be in force, based on the terms and conditions that apply at the moment, but that is not to say that that is the arrangement that will be reached with the unions.

**James Kelly:** So, there is an assumption that the scenario might be that full pension contributions are made. I put it to you, in that case, that it is perhaps not the best use of £166,000 of public money at this time to pay what could be 20 years and more of pension contributions for individuals who leave.

**The Convener:** I suggest that we are looking for a technical answer; otherwise we may verge on a political situation, which would be more for the minister. However, do you wish to respond?

**Nikki Brown:** If the existing employers wish to make a case to the Government to run a scheme, they will need to present a full business case to do so, which will need to demonstrate value for money. The point that Mr Kelly is making would therefore be examined at that time.

**James Kelly:** I will push the point about the range of costs for creative Scotland. The estimated costs for business and information technology systems go from £300,000 to £600,000. Will you give the committee an example of what the assumptions would be on the lower cost of £300,000 and on the higher cost of £600,000?

**Nikki Brown:** The bare minimum would be arrangements that allowed the IT systems of the existing organisations to communicate with each other so that e-mail could flow from one to the other and so that their financial systems were compatible. There are questions about whether that is the best way to start an organisation, and Creative Scotland 2009 Ltd—the limited company that ministers set up to manage the transition—is examining whether that is the best approach or a slightly more sophisticated solution might be found. It might take the view that that would be for the non-departmental public body to assess and tackle when it comes into being.

The range of assumptions that appears in the financial memorandum reflects the fact that it is difficult to quantify which costs would relate to the transition itself and which suggest an element of betterment to the system—an element of business improvement—that would not be considered a transition cost. That is the point that Mike Neilson made. It is not possible to be more specific until CS 2009 completes its work on that.

**Jackie Baillie:** I am tempted to stay on creative Scotland, but I will move on to the care commission. I hear from the witnesses that there has been involvement, consultation and close

working on the financial memorandum, but we have before us a range of concerns that the care commission and SWIA expressed. Was there such close working?

**Shane Rankin:** The easy answer is that the care commission's evidence was written for it by an official who is now on part-time secondment to the project team.

**Jackie Baillie:** Will that be reflected in any changes to your financial memorandum?

**Shane Rankin:** It has been reflected in changes in approach to the project and in the continuing progress in developing business models for the new bodies. The concerns that the seconded official raises with us are addressed as the work goes forward.

**Jackie Baillie:** But the financial memorandum will stay as it is.

**Shane Rankin:** The financial memorandum will stay as it is because it explains the provisions in the bill, not the absolute detail of how the bodies would operate.

**Jackie Baillie:** As I understand it, a lot of experienced staff might leave SWIA rather than become part of social care and social work improvement Scotland. Should any SWIA staff decide not to transfer to the new organisation, will the same generous package as seems to be the case with Scottish Screen—in the case of a 45-year-old, an enhancement of 20 years' pension contributions funded by the public purse—be on offer?

**Shane Rankin:** I was doing the calculation as we discussed the issue and, yes, the figures in the financial memorandum for social care and social work improvement Scotland are broadly the same.

**Jackie Baillie:** Now would be a good time to be working in those organisations.

**Mike Neilson:** The decision on whether to have a voluntary scheme must in both cases be based on a business case. It is suggested that a number of people who work in SWIA might choose to get jobs elsewhere in the Scottish Government, which would be a bare choice and would have no implication. That is separate from a decision to go for a voluntary package if there is one.

**Jackie Baillie:** You are right to cost it. I am simply acknowledging that a person could leave, take the enhancement and get another job somewhere else. I am keen to be clear about what the package involves.

**Shane Rankin:** One of the concerns for the Social Work Inspection Agency is the potential loss of staff before the new body is established, in which case the voluntary severance package is not relevant.

**Jackie Baillie:** So, the package will come into force if staff choose to wait.

**Shane Rankin:** Yes—if the organisation chooses to have a scheme.

**Jackie Baillie:** That is interesting.

I understand from the financial memorandum that your estimates for job evaluation for SCSWIS are £0.89 million to £1.43 million. How did you arrive at those figures?

**Shane Rankin:** Paragraph 527 of the financial memorandum explains that in respect of the terms and conditions that currently apply. It sets out the way in which a job evaluation would conventionally be undertaken and the likely cost of such an exercise, based on the experience of similar-scale exercises.

**Jackie Baillie:** You used a broad band of 3 to 5 per cent, but you will acknowledge that there are cases in which the percentage increase will be higher. The care commission has expressed concern that each 1 per cent increase could mean the addition of £285,000 to the pay bill each year. How robust are the assumptions underlying that 3 to 5 per cent range, given that there have been higher-percentage settlements before?

**Shane Rankin:** The care commission's evidence also acknowledges that the figures are reasonably robust and plausible. The figures could be substantially higher, but they could be lower. It is a question of taking a view on whether the assumptions that were made in the exercise are reasonable. We take the view that they are.

**Jackie Baillie:** Do you think that there is no risk associated with the figures and, therefore, no need for a contingency?

**Shane Rankin:** That is why we have offered the range within the methodology. There is a risk associated with a number of the figures because of the way and the timescale in which they had to be put together. Therefore, we have offered a range in order to be realistic and reasonable about the assumptions and the risks.

**Jackie Baillie:** I have a final question on harmonisation. I understand that you cannot fully outline the harmonisation costs until you have been through each individual case, but what attempt has been made to identify where existing SWIA staff and Her Majesty's Inspectorate of Education staff are currently placed on pay scales? Our understanding from the care commission's submission is that that work has not yet been undertaken, although it is something that you, as the paymaster, should know.

**Shane Rankin:** Yes. That work had not been undertaken when the financial memorandum was put together, which is why it presents a range of

costs. The care commission made that point to us at the time, and made it again in its evidence. The assessment was made on the basis of the extremes of the pay scales. Since the financial memorandum was put together, however, we have worked through all the staff and have arrived at a much more robust figure, which reduces the figure of £738,000 to about £350,000. It has been worked through at that level of detail.

**Joe FitzPatrick:** I want to go back to voluntary early severance. I think you have answered the question, but I ask it for the sake of clarity. Can you confirm that voluntary early severance will not be a first option and that the first option will be redeployment of staff, with some staff leaving through normal retirement?

**Mike Neilson:** VES certainly would not be the first option. There will be natural wastage and redeployment. We now have a redeployment unit in the Scottish Government, the purpose of which is to consider the scope for moving staff from an area in which they do not have a post to elsewhere. A range of activity is being undertaken to ensure that voluntary early severance is at the end of the list, as it were.

**The Convener:** If there is any further information that our witnesses wish to give us on the matter, I ask them please to do so in writing. We have dealt with some complex technical matters. If you wish to submit additional evidence, please do so.

**Jeremy Purvis:** Let us return to creative Scotland and the loss of the Scottish Arts Council's charitable status. The financial memorandum says that that is

"not a transition cost but is included here for completeness."

The committee appreciates that. Nevertheless, it is an estimated cost resulting from the bill and the establishment of creative Scotland, the estimated cost of which is £546,400. Where will that come from? If it is not a transition cost, it is not part of the provision for the Government to cover—or is it?

15:00

**Nikki Brown:** The minister takes the view that it is not a transition cost. The charitable status of any public body is up for review at any time—Scottish Screen has already lost its charitable status. The provision that ministers have made gives Scottish Screen extra money to cover that loss. They would consider doing likewise for creative Scotland, if necessary, but they want to see how things pan out. It will be for creative Scotland, the NDPB, to decide whether it wishes to apply for charitable status. If it does, it will have to make the case to the Office of the Scottish

Charity Regulator, as well as to HM Revenue and Customs in respect of tax charitable status.

**Jeremy Purvis:** My question was answered by your reference to the gap that would result from the loss of charitable status. The Government has estimated the cost of any gap that arises between the point at which the Scottish Arts Council is dissolved—when, the Government states, charitable status will definitely be lost—and the point at which OSCR decides whether the new body can become a charity. However, at this stage the Government is not saying that it will cover that cost. Who will pay the £546,000?

**Nikki Brown:** The Government will look to the organisation to cover what it is able to cover. We are making the point that charitable status is not the be-all and end-all. The costs that we have included in the financial memorandum include elements such as the loss of charitable discounts for procurement. The Government is of the view that there are other ways of securing discounts for procurement that may be equivalent to those arising from charitable status.

**Jeremy Purvis:** The Government, however, has not, said that it will cover the gap. That is not stated in the financial memorandum.

**Nikki Brown:** That is right.

**Jeremy Purvis:** If the Government will not cover the gap, will it be covered from grant in aid to the new body?

**Nikki Brown:** I am not in a position to give you any further information at the moment.

**Jeremy Purvis:** Could you come back to the committee with such information? We are talking about £546,000, which is not much less than an entire year's efficiency savings. The direct funding from which that would be taken would otherwise have been used to fund creative bodies.

My second question relates to the 2007-08 and 2008-09 costs that have been incurred. The costs are mentioned in paragraphs 474 and 475 of the financial memorandum, but no figures are attached to them. The financial memorandum states:

"The Scottish Arts Council and Scottish Screen were asked to meet costs incurred in 2007-08 and 2008-09 by the Creative Scotland Transition Team."

I appreciate that the costs are historical and are not connected with the bill, but do you know what they were?

**Nikki Brown:** Yes. The figure appears in table 12, the financial summary for creative Scotland, in the line entitled "CS Transition project & team for 2007/08 & 2008/09". The cost that is given is £672,060.

**Jeremy Purvis:** Is that included in the figure of £3.104 million in the summary of financial implications?

**Nikki Brown:** Yes.

**Jeremy Purvis:** Was it funded from grant in aid, without any Government cover?

**Nikki Brown:** It was funded from efficiencies that the existing organisations had identified.

**Jeremy Purvis:** The financial memorandum states that the bodies will inherit the efficiency savings of £1.824 million that are required in the current financial year. Were the 2007-08 and 2008-09 costs included in the efficiency outturns that had already been established, or were they counted separately?

**Nikki Brown:** They were not an additional efficiency requirement for those organisations; I cannot tell you which particular initiatives they offered against their efficiency target.

**Jeremy Purvis:** But it can be guaranteed that the money was not from grant in aid for creative bodies.

**Nikki Brown:** Absolutely. The organisations are clear that that money did not come from grants to bodies.

**Jeremy Purvis:** Following on from Mr FitzPatrick's point about how creative Scotland will make the estimated savings, I think that I heard that redeployment is, in effect, the first call. My question is perhaps one for the Scottish Government finance directorate: how is the redeployment of staff captured as a saving for a particular body? If 30 staff are redeployed from creative Scotland and a potential saving is highlighted, but those staff are now in another body where they are not necessarily replacing people who have gone—we would have no idea whether that is the case—how is that captured in the costs of other bodies? Is there a mechanism to track that?

**Mike Neilson:** If 10 surplus staff in creative Scotland are redeployed elsewhere in the public sector, I think that we would say that that is a genuine saving for creative Scotland. We would not need to track those individuals, because they would be moving into posts elsewhere in the public sector that are funded by other means.

**Jeremy Purvis:** Yes, but my point is that the financial memorandum presents the bill as having net savings to the Government, but we do not know whether that is the case, because if much of the net saving is predicated on the redeployment of staff, we have no idea whether they will fill vacant or additional posts in other quangos. How can we know that there is a net saving to the Government as a result of the bill?

**Mike Neilson:** In terms of the bill, redeployments of staff are clearly savings. Looking at the broader picture, I do not think that any public sector organisation is currently in the position of taking on staff that it does not need and cannot fund. The presumption is that redeployment is by far the most cost-effective way of handling the situation, because it involves matching a vacancy with somebody who is available and who would otherwise have to be offered voluntary terms, which would cost money. We see redeployment as being by some way more cost effective than voluntary severance.

**Jeremy Purvis:** My point is that we do not know that, because nothing in the bill or the financial memorandum says that any staff who are redeployed will be redeployed to a vacant post. We therefore simply do not know and cannot track whether that is the case. When the financial memorandum says that

“a key premise of taking forward organisational simplification is that changes will deliver financial efficiencies,”

we do not know whether the biggest element of such change in the bill, which is the reduction in staff at creative Scotland, will provide a net saving to Government.

**Mike Neilson:** It is a bit of a theological question, because across Government people have budgets to employ staff to carry out activities and the purpose of redeployment is to move surplus staff in one place to where there is a need for staff. We are relatively comfortable that, if staff are redeployed elsewhere, that represents a genuine saving in that the objectives of creative Scotland, SCSWIS or whatever are being delivered at a lower cost.

**The Convener:** I think that we have taken that as far as we can. If you wish to add to what you have given us, you can take another look at the questions that Jeremy Purvis posed and correspond with us.

**David Whitton:** Did I understand Mr Rankin correctly when he said that the person who had written the care commission's submission, Mr Wiseman, is now part of his project team?

**Shane Rankin:** He is on part-time secondment to the team.

**David Whitton:** That is an interesting appointment to have made. Was Mr Wiseman recruited before or after you saw his submission?

**Shane Rankin:** I think that it was before.

**David Whitton:** Maybe you would not have chosen him after you read the submission.

I make the observation that, at a time when political parties are arguing about extending the

retirement age, we are offering people the chance to retire at 45 on fairly generous terms.

**The Convener:** Do you have a question?

**David Whitton:** Yes. I have questions on Mr Wiseman's submission. I want to return to the harmonisation costs. The care commission had some fairly harsh words. The commission notes that savings of £1.8 million have been identified but goes on to say:

“it is disappointing that (with the exception of reduced management costs), there has been no detailed work on how these savings can be achieved.”

If I picked you up correctly, you said that that detailed work has now been done.

**Shane Rankin:** On harmonisation?

**David Whitton:** Yes.

**Shane Rankin:** Yes.

**David Whitton:** On page 21, the care commission submission talks about job comparison and job evaluation exercises in the care commission, HMIE and SWIA and says:

“the grade mapping appears to be flawed.”

Are we to understand that all the flaws have been taken out of the system now that you have carried out the harmonisation exercise?

**Shane Rankin:** A significant flaw has been addressed.

**David Whitton:** Which was?

**Shane Rankin:** The refinement—the exercise to look at all the staff, rather than try to take the extremes. Given that the process is not absolute in any case, it does not give you an absolute answer. You have to conduct the process to get the absolute correct answer. This was about an estimate as to how the process could be conducted, what it would tell you and what the figures might begin to look like, hence the significant ranges that are presented.

**David Whitton:** If my understanding of this is correct, all the grades seem to have gone up, rather than down. Where harmonisation between jobs was taking place, you have gone for the higher salary, as opposed to the lower one.

**Shane Rankin:** No. I do not think that that is the case. I can give you a technical detailed answer in writing if you want one.

**David Whitton:** Yes, I think that we do want one.

**The Convener:** Could you also send us the details of the work that has now been done that you mentioned earlier?

**Shane Rankin:** Sure. I am happy to do that.



**David Whitton:** The care commission submission goes on about the gradings of inspectors within SWIA and HMIE and how they compare to gradings of care commission staff. A care commission person on grade 10—whatever that is—would be a manager who is responsible for 100 staff and a budget of about £5 million. That does not seem to be the same as a person on grade C2—again, whatever that is—so it would be helpful to have some indication of what the grades are.

**Shane Rankin:** The care commission's inspectors—its officers—are responsible for substantial budgets, regions and substantial numbers of staff. Their task is very much a logistical, management task. In HMIE and SWIA, the inspectors are often on significantly higher salaries, but their skills, expertise and responsibilities are essentially professional and involve having an understanding of education and social work and applying that to the inspection and evaluation of education or social work services. That is where the difference lies. The challenge in the development of the body will be in reconciling those two significantly different types of activity into one organisation that will have to create structures where the professional roles are absorbed and retained and the significant management responsibilities are maintained, given the scale of the care commission's responsibilities.

15:15

**David Whitton:** I understand that. The care commission also questioned whether shared services will contribute to the achievement of 5.5 per cent efficiency savings. Are you confident that those savings can be achieved?

**Shane Rankin:** Yes, I am pretty confident that they can be achieved. In the financial memorandum we said that for some bodies such savings could be achieved through

“scale changes, sharing services and simplification, integration and closer collaboration.”

It is fair to say that all those types of efficiency opportunity were identified by the bodies and policy interests that have been working with us to develop the proposals.

The savings that are accruing from changes to scrutiny activity during the past year or two perhaps provide the most powerful illustration of the modesty of the savings that we are talking about. The Accounts Commission, which is co-ordinating local government scrutiny with the major scrutiny bodies, estimates that there has been something like a 25 per cent reduction in corporate-level scrutiny activity, and the Scottish

Housing Regulator reckons that there has been a 50 per cent reduction in scrutiny since 2006.

In relation to the financial contribution from HMIE, the care commission said that the estimate of the cost of child protection inspections looks modest. However, HMIE has worked with the Government to give a new shape to child protection inspections and the resource cost is 40 per cent less than it was in the previous cycle of child protection inspections. There is also further potential in SWIA and HMIE for resources to be released over time. Both organisations are very much involved in supporting self-evaluation in the local authorities with which they work, which is absorbing some of the resource that could be released in due course as self-evaluation becomes robust.

My point is that the scale of those changes indicates the potential impact of much more proportionate and risk-based scrutiny activity and makes the 5.5 per cent estimate look rather modest in the grand scheme of things.

**David Whitton:** You think that 5.5 per cent is modest. Have you been set new targets, which are less modest?

**Shane Rankin:** The financial memorandum addresses needs in relation to the delivery of the provisions in the bill, and the 5.5 per cent estimate belongs in that context. The budget process raises other issues and poses other challenges for existing bodies and in due course will do so for the new bodies.

**David Whitton:** I am sure that the bill team has followed with enlightened interest the evidence that we have received from various witnesses. The scrutiny bodies have come up quite a lot, and commissioners have told us that their organisations should not be covered by the powers that the bill will confer on ministers. Have you factored into your thinking the possibility that part 2 might have to be dropped altogether?

**Mike Neilson:** I will keep to a technical answer to that question. The financial memorandum does not include estimates of savings that might arise from the use of the enabling power. Such matters would be addressed in the explanatory material that would be provided for each case that came forward. Therefore the issue does not affect the financial memorandum.

It is worth saying that, in the context of the on-going budgetary challenge and the need to consider how services can be provided more cost effectively in different areas, the enabling power will potentially be important if legislative barriers to the delivery of a more cost-effective service are identified.

**Gavin Brown:** When the convener asked about the care commission's view that there has not been enough consultation, Mr Rankin used the expression "short timescale", and I think that he used it later in his evidence as well. The Crerar review was debated in the Parliament following its publication in November 2007, which is almost two years ago. Can you explain what you mean by "short timescale"? The bill is not an emergency bill, and we have to get it right, so it concerns me that people are saying that there has been a short timescale.

**Shane Rankin:** The Crerar review was debated in the autumn of 2007. The Government was developing its response a few months before that, and it continued to do so subsequently. It consulted a wide range of stakeholders through a number of action groups that looked at the groups of issues that Crerar raised and what could be done about them. They considered how things could be made more proportionate and particularly how we could reduce the burden of scrutiny on local authorities. That took a number of months and it led the Government to start to consider how we could rationalise the scrutiny bodies and simplify the landscape. That work was undertaken in the middle of last year. A number of options were identified and the Cabinet decided in—I think—November that the rationalisation that is now being developed should go ahead.

The series of discussions and developments within Government and with external stakeholders on the back of Crerar—the debate in the Parliament and so on—led to the Cabinet's consideration of the matter and the proposition that the bodies should be rationalised in the way that is now being brought forward. That brings us up to November or December of last year. With the introduction date of the bill being set for early 2009, there was a short period within which to develop the legislative provisions for the creation of SCSWIS and the health care improvement body.

Consultation on all of that could have happened, but it would have delayed the process for six to nine months. There had been extensive engagement before and since Crerar and as the process went on.

**Gavin Brown:** On a different topic, the financial memorandum includes minimum costs, maximum costs and best-estimate costs for health care improvement Scotland, SCSWIS and creative Scotland. How scientific or otherwise are the best estimates? In some cases, they seem to be a simple midpoint, but in others that is clearly not the case. Can you give me any background on how the best estimates were reached?

**Shane Rankin:** For the care and social work bodies, the best estimates tend to be the midpoint

between the top and the bottom. If there are others that are not midpoints—I am struggling to spot them—it will be because there is more detailed information that tends us in one direction or the other.

**Gavin Brown:** Would that be the same for creative Scotland?

**Nikki Brown:** In the case of creative Scotland, we attempted on a case-by-case basis to consider the most likely outcome for each of the component costs, and that is our best estimate.

**The Convener:** We have had a long and detailed session. Do you have many more questions?

**Gavin Brown:** Just one final question, if that is okay.

**The Convener:** Okay.

**Gavin Brown:** Thank you, convener. My final question is on creative Scotland. I ask for a technical answer as opposed to a political one. As a Parliament, we are faced with tougher budgets as we go forward. I do not want to dwell on minutiae, but it jumped out at me that £25,000 is being set aside for the cost of recruiting a chief executive. How was that figure arrived at?

**Nikki Brown:** The figure suggested itself as a likely cost based on similar exercises that have been conducted recently for the recruitment of chief executives of other bodies. It is based on past experience.

**The Convener:** I have been promised two very short questions.

**Jeremy Purvis:** I will be brief. My question is also about creative Scotland. I refer to the section in the financial memorandum entitled "Loss of Scottish Arts Council charitable status". For confirmation, is it correct that the £546,000 that we discussed before is an annual figure?

**Nikki Brown:** Yes.

**Jeremy Purvis:** So we could include that as an additional cost of the bill in table 12. Further on, the financial memorandum states:

"The anticipated reduction of staff numbers, based on having between 20 to 30 fewer staff in post, could mean year-on-year savings of between £800,000 - £1,200,000 per annum."

Is it correct to say that if we factored in those two elements, the measures in the bill could result in costs that are greater than savings?

**Nikki Brown:** I think that ministers will take the line that the loss of charitable status is not a result of the bill.

**Jeremy Purvis:** I think that we are going to speak to the minister.

**The Convener:** Yes.

**Jeremy Purvis:** I shall ask the minister about that.

**The Convener:** You will get your chance next week.

**Jeremy Purvis:** For the record, are you saying that the loss of charitable status as a result of the Scottish Arts Council being dissolved is not the result of the bill?

**Nikki Brown:** Ministers are aware that the charitable status of any public body could be reviewed at any time. We have already seen that with Scottish Screen, as I have said. Hypothetically, the Scottish Arts Council might be next.

**The Convener:** I want to make a correction. I am anxious about the recess, which is next week. The next meeting is on 27 October, when members will get a chance to speak to the minister.

**David Whitton:** I have a brief question. Last week, we received evidence from the Scottish Public Services Ombudsman, who confirmed that the proposed amendments on complaints handling that are outlined in the cabinet secretary's letter to the committee could result in the complaints that his office deals with rising by up to a third. Those provisions are not in the bill at the moment and are therefore not covered by the financial memorandum. Obviously, you know what is in the minister's mind. Have you done any work on the cost implications of those amendments and on the impact on the SPSO in particular?

**Mike Neilson:** We should write to you about that. We are discussing the issue with the ombudsman, but I cannot give an answer to your question now.

**The Convener:** An answer will be forthcoming.

The witnesses have no final comments to make, so I draw the session to a close. I thank them for attending the meeting, and wish them wisdom and success in their work. There will be a short suspension to allow them to leave.

15:28

*Meeting suspended.*

15:30

*On resuming—*

## **Budget Process (Review)**

**The Convener:** Item 3 is to consider a response from the Cabinet Secretary for Finance and Sustainable Growth to the committee's review of the budget process. In particular, this is a follow-up on the issue of the new financial scrutiny unit's access to information. I invite members' comments on the letter.

**Jeremy Purvis:** It is a helpful reply, although I wonder whether I am reading it correctly because, although it seems that the Government is going to consider its response further, we have been given no indication of when it is likely to come back to us. That is not a criticism; I just wonder whether we could get clarification on when that will happen.

**The Convener:** I take your point. We can contact the minister and ask for that. We will keep a watching brief until we get the promised response. If there are no other comments, are members content to delegate authority to officials to liaise with Scottish Government officials on taking forward the various outstanding issues?

**Members indicated agreement.**

## Home Owner and Debtor Protection (Scotland) Bill: Financial Memorandum

15:31

**The Convener:** Item 4 is for the committee to consider its approach to the scrutiny of the financial memorandum to the Home Owner and Debtor Protection (Scotland) Bill. Hard copies of the bill and the clerk's paper have been circulated to members.

It is expected that the lead committee might have a tight timetable for stage 1 scrutiny of the bill. If it is possible to accommodate our scrutiny round our other commitments to meet the lead committee's timetable, it is proposed that we seek oral evidence from the Scottish Government bill team, including the perspective of the Accountant in Bankruptcy, and written evidence from other main parties on which costs might fall; and then produce our report for the lead committee. The clerk's paper suggests the organisations. However, if the timetable for the bill is too tight, it is proposed that we might wish to seek written evidence only and forward that to the lead committee for its consideration.

**Jackie Baillie:** I have no doubt that we all want the bill to be put in place as quickly as possible but, equally, we need to apply a degree of scrutiny to make sure that the financial memorandum's provisions are robust. My preference is that we hold an oral evidence session. Based on the evidence that we get from the Scottish Court Service, the Scottish Legal Aid Board, local authorities and the Council of Mortgage Lenders, if the need arises and if anyone is objecting robustly, could we reserve half an hour to take verbal evidence from one panel of witnesses?

**The Convener:** I hope to be able to accommodate it within the time.

**Dr James Johnston (Clerk):** That will depend on the lead committee's timetable, but if time permits, I see no reason why not.

**The Convener:** We will do our best.

**Linda Fabiani:** Regardless of whether we take written or oral evidence, if we are asking for evidence from the Royal Institute of British Architects, we should also ask for evidence from the Royal Incorporation of Architects in Scotland.

**The Convener:** Is that agreed?

**David Whitton:** Can I just clarify that the written evidence is to be sought from organisations on which costs might fall?

**Linda Fabiani:** I am sorry; I was looking at the wrong bill.

**The Convener:** We all know the feeling, but David Whitton has the floor.

**David Whitton:** There is an organisation in my constituency that might have an interest: the Association of Commercial Attorneys. Its members could work on the issues in the bill but are barred from doing so in courts at the moment by sheriffs principal. They act for people in construction law and so on. I am not sure that the costs of the legislation would fall on them but, in discussions that I have had with the association, it says that they could reduce the costs of appearing in court to face repossession and so on; rather than being represented by a lawyer, people could be represented by one of those guys. Maybe the best thing would be to ask the association to supply written views rather than appear before the committee.

**The Convener:** That would be fine.

**David Whitton:** Okay. I will do that.

**The Convener:** Are we content with the clerk's suggestions about who we should take evidence from, along with the suggested additions? I hope that the timetable will not be too tight, but we will just have to take that as it comes and seek written evidence. Are we content with the proposed approach?

**Members indicated agreement.**

## **Legal Services (Scotland) Bill: Financial Memorandum**

15:35

**The Convener:** Item 5 is for the committee to consider its approach to scrutiny of the financial memorandum to the Legal Services (Scotland) Bill.

Members will see from the clerk's paper that the financial memorandum indicates that the total quantifiable costs and savings arising as a direct result of the bill's provisions are expected to be comparatively small. On that basis, it is proposed that we adopt level 1 scrutiny of the financial memorandum, and that we seek written evidence from the organisations as outlined in the clerk's paper. Is that agreed?

**Linda Fabiani:** I apologise for being a dumpling earlier on, and thank everyone for their politeness in not pointing it out.

I suggest that the Royal Incorporation of Architects in Scotland be invited to submit evidence along with the Royal Institute of British Architects. In the interests of clarity, I should let the committee know that I am an honorary fellow of RIAS.

**The Convener:** Is that agreed?

**Members** *indicated agreement.*

**The Convener:** Are members now content with the proposed approach?

**Members** *indicated agreement.*

**The Convener:** As agreed at a previous meeting, the committee will now move into private session to consider its work programme.

15:36

*Meeting continued in private until 15:47.*



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