



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

FINANCE COMMITTEE

Wednesday 18 September 2013

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FINANCE COMMITTEE

22nd Meeting 2013, Session 4

CONVENER

*Kenneth Gibson (Cunninghame North) (SNP)

DEPUTY CONVENER

*John Mason (Glasgow Shettleston) (SNP)

COMMITTEE MEMBERS

*Gavin Brown (Lothian) (Con)

*Malcolm Chisholm (Edinburgh Northern and Leith) (Lab)

*Jamie Hepburn (Cumbernauld and Kilsyth) (SNP)

*Michael McMahon (Uddingston and Bellshill) (Lab)

Jean Urquhart (Highlands and Islands) (Ind)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Tim Barraclough (Scottish Government)

Jim Carle (NHS Ayrshire and Arran)

Sally Egan (NHS Lothian)

Alistair Gaw (City of Edinburgh Council)

Magnus Inglis (Getting it Right for Every Midlothian Child Partnership)

Scott Mackay (Scottish Government)

Clare Mayo (Royal College of Nursing)

Inez Murray (National Day Nurseries Association)

Phil Raines (Scottish Government)

CLERK TO THE COMMITTEE

James Johnston

LOCATION

Committee Room 3

Scottish Parliament

Finance Committee

Wednesday 18 September 2013

[The Deputy Convener *opened the meeting at 09:37*]

Decision on Taking Business in Private

The Deputy Convener (John Mason): Good morning. I apologise that we are starting a few minutes late, but we are not entirely sure what has happened to the convener. As deputy convener, I will be in the chair in the meantime and, when Kenneth Gibson turns up, he will take over.

Welcome to the 22nd meeting in 2013 of the Finance Committee. I ask everyone present to turn off mobile phones, tablets, electronic devices and anything else that makes a noise. We have received apologies from Jean Urquhart.

Agenda item 1 is a decision on taking business in private. Do members agree to take item 3 in private?

Members *indicated agreement.*

Children and Young People (Scotland) Bill: Financial Memorandum

09:38

The Deputy Convener: Agenda item 2 is to take evidence as part of our scrutiny of the financial memorandum for the Children and Young People (Scotland) Bill. We will hear from two panels of witnesses who have submitted written evidence to the committee, and then put questions to Scottish Government officials. If any of the participants would like to respond to a question or make a point, please indicate to me or to the clerk.

I welcome our first panel of witnesses, who are Alistair Gaw from the City of Edinburgh Council, Magnus Inglis from Midlothian Council, and Inez Murray from the National Day Nurseries Association. The process is that committee members will ask questions. We are aiming for about one hour for the session. Normally, the convener starts but, for a change, we will start with questions from committee members.

Malcolm Chisholm (Edinburgh Northern and Leith) (Lab): There are several interesting aspects of the bill, from a policy and a financial point of view. I will start with kinship care arrangements, which are probably the main concern in the City of Edinburgh Council's submission.

There is a fairly complex underlying policy change. I ask the representative from the City of Edinburgh Council to explain the basis of its concerns. Obviously, the other witnesses can comment, but the City of Edinburgh Council highlighted the issue. I think that, mainly, the council is sceptical about the potential savings that will result from the kinship care changes. It would be helpful if Mr Gaw and others could start by explaining their views on that.

Alistair Gaw (City of Edinburgh Council): I am happy to do that. Obviously, we support kinship care. Whenever a child needs to live with alternative carers because the parents cannot care for them, the first port of call is always the extended family. Those arrangements are made in a number of ways and often do not involve the local authority at all. Nevertheless, when the local authority is involved and, in particular, when a child is looked after with a kinship carer, the local authority has substantial duties and financial commitments.

The concerns that are expressed in our written submission are based on the fact that the assumptions of potential savings—the avoided costs that are set out in table 28 in the financial

memorandum—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. That is based on our experience and on the numbers that we have at present.

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. Our position is consistent with that of the Convention of Scottish Local Authorities, and we want to ensure that, as the bill proceeds, we have the opportunity to ensure that the funding for the measures is realistic.

There are a number of unknowns in relation to the pressures on local authorities on kinship care. In part, that stems from the modelling of the numbers, which is not consistent with our experience. There is also the impact of welfare reform across the United Kingdom, which could have an impact on the benefits that are available to carers. A third issue relates to—sorry, it has gone for a second, but I will come back to that.

We do not think that the estimates in the financial memorandum are consistent with our experience. Before I conclude and allow further questions, I will give one example of that. The overall avoided costs are based on figures for the growth in the number of kinship carers in Scotland from 2007 to 2011. Over that period, the number of looked-after children in kinship care grew by 87 per cent. However, in Edinburgh, the growth was only 29 per cent. Therefore, the model is based on a false premise, because the avoided costs in the financial memorandum are nothing like the costs that we will avoid.

Malcolm Chisholm: Will the avoided costs arise because children will not become looked-after children? Is it the idea that the kinship care order will cost less than the looked-after children arrangements? Is that what the projected savings are based on?

Alistair Gaw: That is right. An assumption is being made that many families who currently have a child who is looked after with kinship carers will seek to have the new kinship care order, which is a private law measure and a variation on an order under section 11 of the Children (Scotland) Act 1995.

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.

09:45

Malcolm Chisholm: That is helpful. I am sure that those policy issues will be taken up by the lead committee. Does anyone else want to comment on the issue?

Inez Murray (National Day Nurseries Association): Kinship care, when it comes to looked-after children, is only relevant to the private, voluntary and independent sector in relation to the funding that will come for two-year-olds.

Malcolm Chisholm: The biggest cost in the bill is the 600 hours of early learning and childcare going through local authorities. In a way, that is the centrepiece of the bill. Are people confident about the estimates around that? What steps will local authorities have to take, as the planners and commissioners, to ensure that the 600 hours is delivered? Put another way, is most of the additional money for extra staffing? If so, is the funding being presented for that adequate?

Magnus Inglis (Getting it Right for Every Midlothian Child Partnership): Midlothian Council has considered how we could deliver the minimum 600 hours through additional early years and childcare provision. The projections that we are looking at are quite different from the figures that are in the financial memorandum. We are still in the early stages yet. We are looking at projections, and we are working out costs with the accountant, but the figures that we are coming out with are substantially lower than the estimates in the bill.

Other complications could emerge but, in the current financial situation, without having absolute certainty that the provision will be funded or by how much it will be funded, local authorities are looking to achieve the best way forward for the provision with the least cost attached for councils.

Inez Murray: The PVI sector provides about 40 per cent of the provision for three to five-year-old children. We provide the flexibility that is required by working parents and those parents who are accessing training prior to going back into the workplace.

Partners are crucial to local authorities. They allow them to meet their statutory requirements in making the provision for three to five-year-olds. As we said in our submission, there is currently a

funding shortfall, which will only increase with the extended hours.

The NDNA did a survey recently. Respondents said that, on average, they were losing £584 per child per year with funding costs. If we extend the provision to 600 hours—which we are already doing in Glasgow—the loss will be in the region of £738 per child per year. We therefore have issues of sustainability.

Malcolm Chisholm: Does Edinburgh have a view on that?

Alistair Gaw: It has been covered by my colleagues.

Malcolm Chisholm: The last area that I wish to ask about, among the headline or salient issues that people are talking about in relation to the bill, is the named person issue. There are policy controversies around that, but what about the cost? I am told that Edinburgh already implements the measure, more or less, but I am not sure whether that is true when it comes to the detail. I wonder whether the cost estimates are accurate or adequate.

Alistair Gaw: Because the provision is largely implemented already, we do not consider it to be a major issue as far as the council is concerned. There are still some concerns about the funding of named persons for under-fives, where the responsibility rests with health visitors—I think that you will hear more evidence on that later this morning—but, because our authority has implemented a lot of the measures already, the three and a half hours provision is viewed as adequate.

We have some concern that the funding is not recurring. The funding for the health service and for health visitors and their training and development is recurring, but that is not the case for local authorities. That has been pointed out already. Colleagues such as Magnus Inglis might wish add something on this. I know that some other councils have concerns that the funding for the named person is not adequate to cover their needs, particularly if they have a longer journey to go on in order to implement getting it right for every child.

There are also some issues that are still to be negotiated with the education unions regarding what the named person approach means overall for job sizing for staff—in particular, for primary headteachers.

Magnus Inglis: There are certainly concerns about how the named person requirement can be implemented in practice within Midlothian. It will be useful to learn from Edinburgh how it has proceeded with it. For example, if the onus is on the education side to provide the named person,

there are significant holidays through the course of the year—in particular, seven weeks during the summer—and we need to look at how we cover them. How do we arrange circumstances so that referrals are handled, there is somebody who can deal with them and they are flagged up to the appropriate person? I can imagine what would happen if you went to teaching unions to say, “Right, we would like you to do this over the summer holidays for however many hours every week.” I am not sure that that would go down well with them.

Malcolm Chisholm: Okay. That is enough information for me. Thank you.

The Convener (Kenneth Gibson): I apologise to our guests and my colleagues for my lateness. I am afraid that I thought that the committee started at our usual time of 10.00. I was just sitting upstairs in my office, scratching myself and waiting to come down. I thank the deputy convener, John Mason, for holding the fort in my absence. Gavin Brown will ask the next questions.

Gavin Brown (Lothian) (Con): I want to go through the written submissions that each of the witnesses has helpfully submitted to the committee. I will start with Alistair Gaw from the City of Edinburgh Council.

Mr Gaw, if I heard you correctly, you said that, in relation to the kinship care element of the bill, Edinburgh’s view is that the savings that are laid out in the financial memorandum are exaggerated. Did I write down correctly what your view is?

Alistair Gaw: Yes.

Gavin Brown: Can you expand on that for the public record? Looking specifically at the memorandum, to what degree are those savings exaggerated: are they out marginally or are they out enormously? It would be helpful to get a rough idea of what sort of figures we are talking about.

Alistair Gaw: The first point is 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.

The main issue has two elements to it. First, as regards savings, 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 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.

There is also a distinction in respect of informal kinship carers—this is fiendishly complicated and I apologise to members. I think that everybody wrestles with the number of different types of kinship carer arrangements that exist, but that is the reality of the landscape that we are working in. Formal kinship carers are carers of children who are looked after by the local authority on a statutory basis, and it is estimated that, across the country, there are about 3,000 such children. There is also an estimate that there are about 16,000 informal kinship care arrangements in the country, where wider families are caring for children—although nobody really knows.

The financial memorandum estimates that between 1.5 and 3.5 per cent of informal kinship carers may come forward for an assessment for a kinship care order. There is no substance to that estimate or reference to where it came from; as far as we can see, it has just come out of the air. We think that many more families who are in informal kinship care arrangements will come forward for an assessment because attached to that assessment is support for those families in the future.

Gavin Brown: You obviously cannot speak for other councils—some of them have submitted evidence—but I assume that you have spoken informally to other councils. Is your sense that Edinburgh is alone in this respect, or do you get a feeling that your view is shared?

Alistair Gaw: If you examine the submissions from other local authorities—Dundee City Council, Falkirk Council and others—you will see that the concerns are consistent.

Magnus Inglis: I agree. The estimated range of 1.5 to 3.5 per cent will depend on the circumstances and the support made available to kinship carers through the order. However, the figure for kinship carers could be many times what is estimated, depending on the circumstances.

Gavin Brown: Mr Gaw, in response to Mr Chisholm's questions, you referred specifically to table 28 in the financial memorandum. I wonder whether you could say more, now or later, about the table—in particular, the bottom two sections of the table on lower and upper estimates for avoided future costs for each of the financial years from 2015-16 to 2019-20.

Let us take 2015-16, just because it is the first one. The lower estimate for avoided future costs touches £3.5 million and the upper estimate is just over £15 million. Is it your view that the lower estimate is more likely, or do you think that that estimate is a little optimistic? I take your point that

you feel that the savings are exaggerated, but I am just trying to get a feel for where you think the savings might lie if we take 2015-16 as the example.

Alistair Gaw: I think that even the lower estimate is potentially exaggerated. The difficulty is that the estimates are not based on any firm evidence.

I have a couple of other reasons for my view of the estimates. I was going to say earlier when my mind went blank that the other issue is that much of how kinship orders will operate will be determined in secondary legislation. We therefore do 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. That is one issue.

In addition, the estimates are premised on the assumption that, if kinship care orders are made and some initial work is completed with families, they will no longer need any on-going support of the type that is provided. However, that is not the case in reality. Even some families who do not have any formal involvement through a legal statutory order—for example, some children are on section 11 orders, which is an informal kinship care arrangement whereby the extended family have parental rights—need quite high levels of support from local authorities, although other families will not need any support. Some of the assumptions on which the estimates are modelled must therefore be looked at more closely.

Gavin Brown: That is helpful. Thank you.

I will move on to the getting it right for every Midlothian child partnership submission. Mr Inglis, you state in your submission that it will be very difficult to find funds and resources to meet the additional duties in the bill, and I think that you have touched on that in your comments here. However, you commented specifically in your submission on having a named person service, presumably for those aged five to 18, over school holiday periods. I guess that that would not apply to those aged zero to five. Can you expand on what you think the difficulties are going to be with that? Have you had any feedback or response from those in charge of the bill about how that might be managed?

Magnus Inglis: It is not so much that there is a difficulty but that arrangements need to be made to provide cover for school holiday periods. One proposal that Midlothian considered was extending the ability of the call centre to deal with referrals through putting in place staff who will deal with them, record their details and put them into the system, which then needs to flag that up as something to be dealt with by somebody. The

question is whether over the holiday period that responsibility falls to a social worker or somebody else. Who takes on the responsibility as named person when the education service is not available because of the school holidays?

As I said, it is not necessarily a difficulty; it is just about finding the resources and staff and making arrangements. Also, in order to provide the named person service when the schools are in, we need to ensure that the relevant information is available. If a referral comes in, they need to have access to appropriate systems. For example, we have a social work system and we are looking at the potential for putting that into schools so that headteachers and so on have access to it. However, that comes with set-up costs, and there must be arrangements to ensure that the information is kept in a secure manner and does not get out. A lot of detail still needs to be worked out for the implementation of the named person service on the ground.

Gavin Brown: Am I right in thinking that you said that the named person will not undertake that role during the school holidays and that there will be a temporary named person arrangement?

10:00

Magnus Inglis: My recollection is that the bill does not specifically say who the named person is intended to be, but it is assumed to be part of the education remit of the council. Given that education staff have substantial holidays, we do not want to be in a situation in which someone calls up in the first week of the summer holidays with information about a child that they are looking to put to the named person and then nothing happens for six or seven weeks. Something has to be in place. That may not mean that the nominated named person changes at that point in time, but somebody needs to step in and fill that role, even if there is no sheet of paper that says that they are the named person for that child during that time.

Gavin Brown: In paragraph 5 of your submission, you say that, when the child turns five, the named person stops being from the NHS and starts being from the school, under the auspices of the council. There does not appear to be any formal budget line or cost set out for that. Is that an easy process, with no costs involved? Alternatively, as you point out, is there likely to be some cost or resource involved in that?

Magnus Inglis: Some work is being done in that regard. There is a pan-Lothian protocol, and information is already shared among local authorities, health boards and so on. At this point, we need to get a bit more information about exactly what will be involved, what information will

be recorded and how that will be transferred from one place to the next. Will it all be recorded on a computer system? Will the information be taken from one computer system to another? Will that work be funded? Information technology staff in the councils and the NHS will need to get that all arranged and ensure that that information can be retained securely.

Gavin Brown: I have a question for the NDNA. We have a letter from the minister dated 12 September. I do not know whether you have seen it.

Inez Murray: I have seen it, but I do not have it with me.

Gavin Brown: I will read out to the part that is relevant to you:

"The Financial Memorandum includes an estimate of £1.2 million for uprating partner provider payments in line with inflation from 2007."

Does that change your submission to this committee?

Inez Murray: I think that that specifically refers to two-year-olds. It does not refer to three to five-year-olds. It refers to the new provision that is being put in place.

Gavin Brown: It does not specifically say what it refers to. You may or may not be right.

Paragraph 14 of your submission says that you believe that

"the assumptions made around early learning and childcare are flawed and therefore the projections will also need reconsideration."

Can you expand on that?

Inez Murray: At present, local authorities give a variety of different levels of funding to partner providers. As I have already stated, partner providers are crucial to the statutory requirements. I am sure that my colleagues who are here will agree that local authorities cannot provide the level of education for three and five-year-olds that is necessary, so they need to partner with the private, voluntary and independent sectors.

At present, 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.

Our feeling is that that is not a sufficient level of funding, when you take into consideration the staffing costs. Nowadays, we are, quite rightly, upskilling our workforce and ensuring that they have an appropriate level of education to care for

and educate these children, which means that our staffing costs are increasing dramatically. Business rates are increasing, as are the costs of rent, resources, utilities, food and consumables. The costs that are inherent in caring for and educating children are rising considerably. Getting the right amount of funding is crucial. In real terms, it is very difficult to look after a child for 600 hours at a rate of £4.09 per hour.

If we look further on, the NDNA's big issue is sustainability. If the funding is so low that it is not worth a business's while to operate, because it is losing money, nurseries will cease to exist or will come out of partnership, which will create concerns for local authorities.

Gavin Brown: Am I right in thinking from paragraph 10 of your submission that you think that the break-even point is £4.51 per child per hour? Your submission does not say that, but you say that there is a shortfall.

Inez Murray: I am sorry; I am a nursery owner from Glasgow. I chair the NDNA's Glasgow network, but I am not the NDNA's chief executive or director of communications, who would normally attend but cannot be here today. In all honesty, I cannot answer your question.

Gavin Brown: That is fair enough. I gave that figure because you said that £4.09 would leave a shortfall of 42p per child per hour. I added together those figures.

Inez Murray: My policy manager is sitting behind me, so she will take notes and come back to the committee.

Gavin Brown: It would be useful and helpful to have the figure confirmed.

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): This is one of the most important bills that the Parliament can consider. We could have an interesting discussion about the policy implications, but we are here only to look at the financial memorandum. Before I get into the nuts and bolts of that, can I take it as our starting perspective that we all welcome the bill and the idea that we will embed children's rights and do more to support the most vulnerable children?

Alistair Gaw: Absolutely.

Inez Murray: Absolutely.

Jamie Hepburn: It is useful to know that we all agree.

In its submission on the financial memorandum, the City of Edinburgh Council says:

"The Council believes that the costs and any savings for Children's Rights, GIRFEC, Early Learning/Childcare and Other Proposals are accurately reflected based on our understanding of the requirements of the legislation."

Is that still the case?

Alistair Gaw: That is the position that the council has taken. We have particular concerns about the modelling of the bill's costs in relation to kinship care, throughcare and aftercare, and about the impact on vulnerable children. However, we have no major issues with the other provisions overall.

Jamie Hepburn: I will put a similar question to the getting it right for every Midlothian child partnership. Your submission says:

"The notes and details of the methodology used to calculate the estimates in the FM are welcomed and have been very useful".

Is that still the case?

Magnus Inglis: Yes. As Alistair Gaw said, there can be concerns about how some figures have been arrived at, but it has been useful to have the information about how many of the figures were calculated.

Gavin Brown mentioned the letter that talks about the change in estimated costs—I believe that they are for the additional childcare hours for looked-after two-year-olds. There has been a fourfold increase in those projected costs—from £1.1 million to £4.5 million—on the basis of negotiations with COSLA. That is quite concerning. 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.

Jamie Hepburn: You are the first person from a local authority whom I have ever heard say that a fourfold increase in an element of local authority funding might be concerning. That is an interesting perspective.

Magnus Inglis: I am referring not to that individual element but to the general application of the point to other elements of the bill.

Jamie Hepburn: So you do not think that the increase is concerning; I presume that you welcome it.

Magnus Inglis: I welcome anything that helps the council to achieve the savings that it needs to achieve.

Jamie Hepburn: I think that we are talking a little at cross-purposes, because the letter has two elements. One aspect applies across the board to three and four-year-olds, whereas the other aspect concerns two-year-olds.

The letter states—I will not necessarily quote it all, but I will get things clear—that the initial financial memorandum put in

“£1.1 million for extending funded early learning and childcare to two year olds who are looked after or subject to a kinship care order.”

The letter goes on to say that the figure will increase by £3.4 million to £4.5 million. I understand that Midlothian welcomes that, but can the other witnesses set out their position? I presume that you also welcome it.

Alistair Gaw: Yes.

Inez Murray: Absolutely. We welcome any funding for the children. As you rightly say, this is all about the children of Scotland.

Jamie Hepburn: Gavin Brown read out another part of the letter and I will read it out again. It states:

“The Financial Memorandum also includes an estimate of £1.2 million for uprating partner provider payments in line with inflation from 2007.”

I presume, Ms Murray, that the £4.09 figure comes from that estimate. However, Gavin Brown did not add that the letter goes on to say:

“We now think this figure should be in the region of £2 million to more accurately reflect the financial pressures on local authorities and partner providers, and this too has been reflected in the Budget.”

The figure has been increased from £1.2 million to £2 million. I presume that you also welcome that.

Inez Murray: Yes.

We would also recommend that, when the money comes to local authorities, it gets to the partner providers in the way that the Government anticipates. We recommend that the bill reintroduces the advisory floor, because that is a very good way of ensuring that the money from the Government that comes through the local authorities goes to the partner providers.

Jamie Hepburn: Clearly, that will be a matter for the lead committee, but it is on the record and I am sure that that committee will pick up on it. However, the fundamental point is that this is a significant increase—

Inez Murray: As long as it is a relevant and robust funding package that is going to meet the needs of the providers to provide the high-quality education that our children require.

Jamie Hepburn: Essentially—you can tell me if I am correct—your point is that the funding increase is welcome, so long as it comes to the partners as appropriate.

Inez Murray: Yes.

Jamie Hepburn: I have one final question. Obviously, I have an interest in the issue as the deputy convener of the Welfare Reform Committee, because it has focused on the matter. Mr Gaw spoke about the challenge of welfare

reform. Could you say a little bit more about how welfare reform interacts with the bill and, specifically, its financial provisions?

Alistair Gaw: I am no expert on welfare reform—

Jamie Hepburn: Neither is the UK Government, but that is another matter.

Alistair Gaw: There is no doubt that if you look at the potential for throughcare and aftercare provision, for example, a lot of the work that we do with young people who leave the care system is about trying to ensure that they are in employment, have decent accommodation and have a chance to get on with their lives. If, for example, what is colloquially known as the bedroom tax affects their income, that could have an impact on their overall level of income.

Similarly, kinship carers may or may not fall into a category that is exempt from these measures. We do not yet know what their position will be, but there are undoubtedly risks for them in some of the potential consequences of welfare reform and how that might impact on their responsibilities. If the same levels of benefits are not available to them as have been in the past, any better-off assessment that a council does will inevitably mean that the council will have to put in more money to top up their income. There are a number of ways in which the interplay between the Department for Work and Pensions and the benefits system, and what we try to do with kinship carers, can have unintended effects.

The Convener: The now-deposed deputy convener has some questions.

John Mason (Glasgow Shettleston) (SNP): Thank you. I waited two years to chair the committee for five minutes, so that was good.

We have covered a lot of ground already. I will come back to Ms Murray on a few of the figures, although I realise that that is maybe not your specialist area.

You suggested that nurseries are losing money. How does that work? Is cross-subsidy taking place? What is happening?

Inez Murray: The survey showed that when we look at the real costs that are involved—this is across the whole of Scotland; also there is funding for two and a half or three hours of education provision for three to five-year-olds, depending on the local authority—the costs are probably subsidised by the daily rate and things that parents have to pay for their child’s place.

10:15

John Mason: So parents or whoever are paying slightly more, in effect to subsidise the lower rate—

Inez Murray: Yes, because of the inherent costs that I talked about.

John Mason: Am I right in saying that, as your numbers increase, the marginal cost per extra child is not great, because you already have your heating, lighting and so on?

Inez Murray: I accept that. That leads me to another point. Some local authority areas will not partner with a high-quality nursery in an area where there is a nursery that is perhaps not of such good quality. Parents then choose to send their children not to the local authority nursery but to the non-partner nursery, because of the quality of provision. Parental choice is an issue. It is important that local authorities partner with good-quality provision.

John Mason: Are the local authorities transparent about how much it costs to have a child in one of their facilities?

Inez Murray: No. It costs far more—

John Mason: You reckon that it costs far more.

Inez Murray: Oh, yes.

John Mason: Is that the feeling of local authorities? Do their facilities cost a lot more than facilities in the private sector cost?

Magnus Inglis: I am not in a position to comment on that, I am afraid.

John Mason: Fair enough. Let me go over some of the ground that we have covered. The NDNA would like a floor, which would be higher than £2.72—perhaps around £4.

Inez Murray: Yes, or as much as—well, we understand that money is tight, but if we want high-quality provision for our three to five-year-olds, in partnership with nurseries, we must have relevant and appropriate funding.

John Mason: Thank you.

I want to ask about looked-after children and throughcare and aftercare. Various figures have come up. It says in the financial memorandum:

“annual support costs have been estimated at an average annual cost of £3,142 per young person”.

However, COSLA suggested a figure of £6,000. I was quite surprised by that. I accept that it is hard to project figures, but when we consider current costs, how can there be such a difference between what the FM says and what COSLA says?

In addition, it says in the FM that the estimated cost of the assessment and application process is £1,042. It seems strange that the assessment should account for half the cost of support. Will you comment on that, Mr Gaw?

Alistair Gaw: I think that the assessment is separate from the provision of services. Edinburgh does not have a particular issue with the levels in the financial memorandum, but some colleagues across the country think that an estimate of overall costs of up to £6,000—I stress “up to”—is more accurate. We are talking about resources to deal with crisis or emergency situations that young people find themselves in and to pay for advice, training and counselling.

Young people’s needs as they leave the care system and become more independent vary enormously, so it is quite misleading to try to put a single figure on that. The figures are very rough averages—you will notice that the phrase “up to” is used quite a lot in the financial memorandum—which is why Edinburgh did not have a particular issue with them.

John Mason: Costs are more predictable for younger children but vary more for the older age group. Is that right?

Alistair Gaw: It is, absolutely. We hugely welcome the fact that there is potential for support of and provision for very vulnerable young people up to the age of 25. It is clear that young adults can go to many other avenues for support without having to go back to the local authority as the corporate parent to support them but, nevertheless, we said in our submission that, although we would not quibble with the figures in the financial memorandum—the potential £200 for emergency payments, the £1,200 for a counselling course or whatever—we think from our experience that more young people would take up the opportunities than the financial memorandum estimates. That is to do with the work that we put in to keep in touch with young people as they become young adults.

It is clear that good practice in what we would like to promote across the country is really good engagement, particularly for young people who do not have any extended family, so that they have somewhere to fall back on and they can go out, make a mistake, come back and get support. Those services are critical for their long-term health benefits and for long-term positive outcomes, which can, of course, save the taxpayer a huge amount of money.

John Mason: Okay. Your answer is good.

In comparison with the level of support that somebody receives, the £1,000 for dealing with an application seems quite heavy, but perhaps that

figure also varies significantly from place to place and from person to person.

Alistair Gaw: Will you point to the part of the financial memorandum to which you are referring, please, Mr Mason, as I am not completely sure of that?

John Mason: I refer to table 19 on page 63 and paragraph 101, which refers to

“estimated application/process costs at £1,042 (based on average caseloads and average worker salaries).”

It jumped out at me that, if we are spending half as much on assessing somebody as we are on supporting them, it would be better if we just gave them £1,000.

Alistair Gaw: If a young person is going through the care leaving process, they will have a pathway plan and there will be an assessment. All that work is done, and it is an iterative process. They do not have to come back in and get a completely new assessment with a whole load of administration around that. The way in which those figures are separated out does not make a lot of sense to me, either.

John Mason: Okay. Thanks very much.

Magnus Inglis: I was not sure whether that was the cost of the throughcare and aftercare teams divided by the number of young people whom they support. I agree with Alistair Gaw and John Mason. The figure seems very high. There is not a formal application process involved that would cost that amount of money. My speculation was therefore that that was the cost of those teams divided by the number of children whom they support.

John Mason: Thanks very much. [*Interruption.*]

The Convener: It is good that the children next door in the crèche are so keen to make a contribution to our deliberations.

Jamie Hepburn has a wee supplementary question.

Jamie Hepburn: I do not have a question, convener, although I thank you for allowing me the chance to ask one. It occurred to me that I should have declared an interest in questioning Ms Murray, as my children attend a nursery that is in partnership with the local authority. I thought that I should put that on the record.

The Convener: Thank you for that.

I will wind up with some questions, as committee members have exhausted theirs. I usually kick off the questions, but decided to let the committee charge ahead, for obvious reasons. That was interesting, as committee members often complain that I take all the juicy questions and

they have the ones that are left over. There has been a wee bit of a reversal of roles.

I want to get clarification from Ms Murray of issues that came up in the NDNA submission. Obviously, we have discussed much of that. Paragraph 9 of that submission talks about the advisory floor. It says:

“uprating this figure is inappropriate and forms a weak basis for estimating future costs.”

However, the appendix, which talks about directing “sufficient funding to nurseries”, says:

“One option might be to reintroduce an advisory floor minimum level of funding and review this annually—in some local authorities funding ... has remained static since the advisory floor was removed several years ago.”

Will you clarify exactly what your position is on the advisory floor?

Inez Murray: The advisory floor that we recommended would be introduced so that all local authorities would know what was there for children. Money is now coming through grant-aided expenditure and is not being distributed equally among providers. Was the second bit of the question about the advisory floor?

The Convener: The submission says that uprating the advisory floor

“is inappropriate and forms a weak basis for estimating future costs”,

but it goes on to say that perhaps it should be reintroduced. I am wondering why there is a contradiction in saying that it is

“inappropriate and forms a weak basis for estimating future costs”,

and then saying that it should perhaps be introduced but reviewed annually.

Inez Murray: That refers, I think, to what the advisory floor was previously and the fact that the figure of £4.09 is based on the advisory floor that was discontinued.

The Convener: Okay.

Although the figure is supposedly £4.09 a child, given that staff ratios are moving from 1:10 to 1:8, that will mean £32.72 per hour, because there will be one member of staff looking after eight children. It is not a one-to-one service. We were all thinking, “£4 an hour?”, but looking at the issue from that perspective puts a different complexion on things.

In paragraph 15 of your submission, you say:

“We are not confident that partner providers of early learning and childcare can meet the costs associated with the Bill unless measures are taken ... to ensure sufficient funding is allocated to local authorities and actually reaches providers in the form of a viable hourly rate”.

Can you provide us with details of how much that should be? If the Government is to increase funding, what would a viable hourly rate be?

Inez Murray: What we are saying is that the £4.09 plus the 42p that Gavin Brown mentioned makes it a much more viable unit. As ever, we would accept as much money as possible—everyone does. You say that the staff ratio is 1:10 or 1:8 but, as has been discussed, there are different elements of cost that have to be taken into account.

If we want our children to grow up in such a way that we do not incur the costs of care later on in life that we have had to meet, all the research shows that good-quality early years education from the ages of three to five is the best way to go, because it gives children the stability of a good start in life. Naturally, the more funding that we have in place, the better the provision that we can make. The level of qualification of the staff is crucial in that regard.

The Convener: We would all fully agree with that; the issue is that funding is always limited and that, when it comes to what you have suggested, we have to strike a balance between the public purse and—

Inez Murray: Absolutely; I am sorry to interrupt.

The Convener: Not at all.

Inez Murray: The most important thing is that the funding that the Parliament decides on is delivered to the partner providers equally and fairly.

The Convener: So, are you suggesting that the figure of £4.51 that you have mentioned would be a reasonable amount if it were updated annually, to take account of inflation?

Inez Murray: I suppose that I would have to say yes to that. I have not done figures on the back of that but, compared with the £2.72 that I receive at the moment, that would make a huge difference.

The Convener: Of course—comparatively, it would be almost like a lottery win.

Incidentally, why is there such variation?

Inez Murray: In Glasgow, it is because we are contracted to provide 600 hours. The funding was not upped at all because of a lack of money, but we were told to provide 600 hours.

The Convener: You are expected to provide an extra 125 hours for nothing.

Inez Murray: I think that we included the average figure in our submission. The advisory floor would even that out and make things fairer.

The Convener: It would at least ensure that you were resourced for those extra 125 hours.

I have one more question. Paragraph 17 of your submission is quite interesting. In it, you say:

“There is presently an inequity in the number of hours of preschool education to which a child is entitled, depending on their birthdate.”

You say that the report “An Equal Start”

“highlighted that this can mean a funding gap to families of £1,000 per child, depending on their birthdate.”

Can you tell us a bit more about that?

Inez Murray: That is because the cut-off date for a child to be able to go to school is 28 February. A child can go to school if they reach school age before that date.

The other issue is that the local authorities will not pay for the extra—I am sorry, but I am not getting this right; I will need to rethink what I am saying.

The Convener: Sure—take your time.

Inez Murray: The fact is that a child who goes into nursery school in May will not get any funding for that last term; they will not get funding until the following August.

We are talking about nursery-age children, at pre-school, not school-age children. The children who are three after that, or before that, get extra terms of funding. Does that make sense?

10:30

The Convener: Yes—so, because of the fairly arbitrary—

Inez Murray: It is just an age-related thing. That is what happens in most local authorities—they do not get funding until the term following the child’s third birthday.

The Convener: You feel that that should be addressed, I am sure.

Inez Murray: It is an issue.

The Convener: It seems somewhat unjust to me—although all my children were born in the summer months, and my youngest is 15.

Mr Inglis, you say in paragraph 6 of your submission:

“The Bill will require more midwives, health visitors, teachers and school administration staff, childcare staff, family counsellors etc.”

However, you do not specify how many for a local authority such as Midlothian. We will be producing a report, with some recommendations to the minister, so we want to tie down some of the figures. If Midlothian had robust information on that, we could perhaps extrapolate some data across Scotland. What figures do you have for your local authority?

Magnus Inglis: I am just checking.

The Convener: I was quoting from paragraph 6, about halfway down.

Magnus Inglis: I did some estimates based on the additional hours that would be needed for a named person in the teaching or education role. In Midlothian, that would work out as about 2.2 full-time-equivalent teaching posts. That is based on a very rough estimate. I see that I have taken out the figure for additional administrative support, and I do not have the figures for the other roles in front of me. I also considered the numbers of additional support assistants for administration in primary and secondary schools—but I do not have a note of those with me, unfortunately.

The Convener: It would be good if you could provide us with any of that information.

In paragraph 11, you talk about the

“resources to meet the additional duties of the Bill.”

You state:

“This may be most severe regarding the additional hours of childcare/early learning which, based on the figures in FM, are estimated at up to £1.8 million per year for Midlothian Council.”

You say “up to £1.8 million”. How close to £1.8 million are we talking about? Over how many years? Is that something that would go on for one, two, three or four years, or is it a permanent additional burden on the council?

Magnus Inglis: I looked at the estimated costs of the provision in the bill across the whole of Scotland, and I then considered the population of Scotland from zero to five years, as well as the population of Midlothian from zero to five years. I then worked out the figures between them. On that basis, the costs provided in the financial memorandum extrapolated to Midlothian Council would be £1.3 million in 2014-15, £1.7 million in 2015-16 and £1.8 million in 2016-17, and they would then level out at £1.6 million per year thereafter.

The Convener: Thank you for providing that clarification.

In paragraph 9, you say:

“It is noted that the FM has an extremely wide range of estimates, with the savings in the upper estimate coming in at up to nine times that of the lower estimate.”

What impact do such differentials have on the council’s ability to plan ahead?

Magnus Inglis: All local authorities are currently under significant financial pressure; Midlothian Council is by no means alone in that. We are looking to achieve savings. We have achieved savings of £13.5 million over the past three years, and we are looking to achieve similar savings in

the near future. It will depend on how funding for the provisions in the bill is arranged. If the actual cost of delivering the measures on the ground comes out at the top level of the estimates in the financial memorandum, there will be a significant funding shortfall for Midlothian Council, which would be unsustainable in the long term.

The Convener: You talk about a significant shortfall. What are we talking about?

Magnus Inglis: If the estimates of the savings vary by up to nine times—in the letter that was released recently, the funding was quadrupled and, by extension, so were the expected costs—the costs for the council could easily be another £1 million a year. The costs for the additional early learning and childcare are estimated to be £1.8 million a year, but if that comes out as the wrong figure, and the amount is significantly more than that, it would be a massive financial commitment for the council.

The Convener: Obviously, the Scottish Government has to consider the estimates that it has produced when it is drafting the legislation. However, it seems that your local authority is not completely au fait with its own estimates. How do we square the circle if a local authority does not know exactly how much implementation will cost? How can we expect the Scottish Government to cover all the bases in estimating the cost for all of Scotland?

Magnus Inglis: I completely agree: it is impossible for the Scottish Government to come up with exact figures. To return to some of the earlier comments, we do not know until we deliver the implementation how much it will cost.

For example, 1.5 per cent to 3.5 per cent of current informal kinship carers will come forward and claim under the new kinship care order. When word of what is available and what is supported goes round kinship carers throughout Scotland, the scheme could become very popular and a significant proportion of people could come forward. It is very difficult for local authorities and community planning partnerships to estimate what the costs will be, and it is equally difficult for the Scottish Government to do so.

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 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?

The Convener: Would you be looking for some kind of contingency funding for the first two or

three years, in case there are costs that no one has foreseen or the costs are significantly higher than you or the Scottish Government have considered?

Magnus Inglis: That would be a prudent step. The budgetary and financial pressures on local authorities are significant. As we have mentioned, the bill is welcome and contains a lot of good work, but we do not want to have started providing services or changed the way in which we deliver things before we discover that there is a shortfall in funding because we have been too successful.

It could be some years before some of the savings from the prevention agenda are realised, so there is currently a short-term, transition period in which we have to fund what we are currently doing for all the people who are already involved in the system, while also funding the preventative steps such as the additional hours for early learning and childcare.

However, until that period has passed and we have reaped the benefits of those prevention measures, there is a big funding requirement.

The Convener: Mr Gaw, much of your submission relates to areas that colleagues—one of whom represents Edinburgh and one of whom represents Lothian, including Edinburgh—have covered. We have discussed kinship care, throughcare and aftercare in detail. Your submission also raises wider issues. On those, will you say a wee bit about the impact of training costs on City of Edinburgh Council?

Alistair Gaw: With regard to GIRFEC in particular, and the named person—

The Convener: With regard to the whole bill. We are looking at the financial memorandum as it relates to the entire bill.

Alistair Gaw: Yes. We do not see training costs as a major concern; we are much more concerned about whether the modelling of the costs around kinship care, throughcare and aftercare is realistic, as we think that there may be unintended consequences.

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. A completely different approach has been taken in respect of health visitors, and there is recurring money for health boards to ensure that health visitors maintain their skills. We see that as a bit of an inconsistency.

The Convener: Is that something that irks the council? I was going to ask you about it.

Alistair Gaw: Overall, if it is implemented properly, the bill has the potential to be revolutionary in shifting the balance of care and supporting early intervention and prevention, and training is part of that. 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.

The Convener: I am going to wind up the session in a moment, but do any of our guests have any further points that they feel the committee has not covered and that they wish to touch on?

Magnus Inglis: One query that I have is about the statement in the Scottish Parliament information centre briefing on the financial memorandum that COSLA has confirmed that the Government has confirmed that the bill will be fully funded. Alistair Gaw mentioned that issue previously. However, there is still a degree of uncertainty among local authorities, and certainly in Midlothian Council, about exactly what funding will be forthcoming to support the bill. We are doing a lot of work on how early years care and childcare will be put in place and on the costs involved in that, but we are trying to do so without quite knowing how much money we will get. From our perspective, it would certainly be useful to know how much money we will get, so that we can say how we will allocate it and provide the final details on how we will proceed. I am not sure whether the same applies in Edinburgh.

Alistair Gaw: As my colleague Magnus Inglis said, it would be prudent to have some contingency for the bill, and that would be my plea. We fully support the measures in the bill and we think that it absolutely heads in the right direction, but the reality is that there has been enormous difficulty in trying to model the costs of the measures, particularly those on looked-after children. We do not think that the estimated costs are robust. If the money comes out of the GAE in the next spending review, there will be major problems for us. It is important that, as COSLA has asked, we maintain an overview and ensure that, as the measures unfold and we get the details of the secondary legislation, sufficient resource is in place to enable the objectives of the bill to be met.

The Convener: Ms Murray, do you have any further points?

Inez Murray: No—I just stress how important it is to get it right.

The Convener: If we recall that the bill's primary purpose is to

“address the challenges faced by children and young people who experience poor outcomes throughout their lives”.

it is clear that we have to get it right. Mr Inglis makes a good point that I was going to raise directly with the bill team—I had noted that in the SPICe briefing.

I thank the witnesses for responding so well to our questions, and I thank members for their questions. We will now have a five-minute suspension to allow for the changeover of witnesses.

10:42

Meeting suspended.

10:47

On resuming—

The Convener: We continue our scrutiny of the financial memorandum for the Children and Young People (Scotland) Bill. I welcome our second panel of witnesses, who are Jim Carle of NHS Ayrshire and Arran, Sally Egan of NHS Lothian, and Clare Mayo of the Royal College of Nursing. We will go straight to questions. As usual, the first question will be from me. Normally, I ask a question of a specific witness—sometimes the whole panel—so if other panel members wish to add anything, please feel free to do so.

As I am an Ayrshire MSP, my first question is for Mr Carle. In paragraph 4 of your submission, you state:

“the financial implications were not well represented or discussed at the events”

that your colleagues attended. In paragraph 11, you say:

“The expressed views suggest that NHS Boards will not be able to meet the financial costs incurred by the Bill.”

Will you elaborate a wee bit on that?

Jim Carle (NHS Ayrshire and Arran): In the process that we went through, people were entirely focused on health and social care integration and the consequences of the new bill. We had lots of interesting discussion, but very little information was provided at the meetings to outline the financial implications or, indeed, how those implications were to be assessed.

We very much welcome the bill and have no issues with its content. We also welcome the support that has been given to the GIRFEC process in reaching full implementation. However, we are concerned that, to achieve not just the letter of the bill but the cultural change that we hope for, we will need to invest more heavily in early intervention and prevention.

We believe that the current system is effective, but if midwives and health visitors, in taking up the role of named person, are truly to capture the needs of individual families, it will require a significant amount of their time; we estimate about five hours per family, depending on the nature of the family and the nature of the intervention that is required. Our concern is that we do not have the necessary numbers of staff to meet current demand and 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.

We are confident that savings will be made through integration of systems. Alignment of our systems locally with the systems of local authorities and so on will achieve savings, but they will not be apparent within midwifery services or health visitor services; 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.

The Convener: NHS Ayrshire and Arran covers about a third of a million people, so it offers quite a good snapshot of Scotland and we could possibly extrapolate from it to a reasonable extent. What additional health visiting staff would you require? What additional support staff would you require? What resource would you need to make this bill work in Ayrshire and Arran?

Jim Carle: I would love to be in a position to give you accurate figures on that—

The Convener: Ballpark figures would help. Would you need £1 million? Perhaps £10 million? Anything that you can give us would help the committee in its deliberations.

Jim Carle: We made some crude estimates of the additional health visiting staff and midwives that we would need and came up with a figure of about 10 additional midwives and 15 to 20 additional health visitors, at a cost of £21 an hour. The bill, I think, says £19.40—

The Convener: It says £19.04, actually.

Jim Carle: Yes—that is the estimated average across Scotland, which is perfectly appropriate and reasonable, given the figures that the Government had to work with. In Ayrshire and Arran, most of our health visiting staff are in the higher pay bands and the higher age groups, and we are conscious that that will make a significant difference to organisations that are as large as ours.

The Convener: Ms Egan, what is the position in Lothian, which is a much larger health board? Do you agree with what has been said?

Sally Egan (NHS Lothian): We have done quite a bit of financial modelling in relation to the early years change fund and in response to the implications of the bill. Across Lothian, we have just short of 50,000 children under five and around 9,500 to 10,000 children in the making in the midwifery case loads. We modelled on that assumption.

I was on the GIRFEC working group that informed the financial memorandum from a health perspective, and we considered the additionality for midwifery at the various stages in the child's development, pre-birth and post-birth. Based on those assumptions, we came to the conclusion that the sum would be around £21 an hour. The £19.04 that the financial memorandum group came up with was based on a midpoint—band 6—health visitor and midwifery grading.

We looked at our age profile across the workforce and reckoned that, if we costed on that basis, we would be facing incremental drift very quickly, because most of our staff are fairly high up the increment scale. Therefore, our costings are based on the midpoint plus two incremental points above that, which brought us to the figure of £21. Factoring in our known birth rate and health visiting case loads, we concluded that we would need an additional 49 health visitors and 20 midwives. Again, as with Jim Carle's figures, those calculations are fairly crude. They are based on a lot of discussion with staff on the front line and on what we know from our early implementation of GIRFEC in Edinburgh.

Edinburgh was a learning partner and is probably a bit further down the road of taking on the named person approach in health visiting. That requires additional work, so we spoke to a lot of people before we worked out the financial implications.

The Convener: In paragraph 29 of your submission you say:

"We do not think we can meet these costs".

You go on to say:

"Nor do we think there is the capacity within the Health Visiting workforce in Scotland to respond within the timeline".

It is not only about money, but the people who deliver the service.

Sally Egan: Yes—it is about human resources.

There is a general feeling in Scotland that we have not developed our health visiting workforce to meet the growing needs and demands of our population of vulnerable children. I was chief nurse in Edinburgh for a number of years, and I know that health visitors in Lothian were having to support more and more high-level child protection work, which in their opinion meant that the

universal services did not get the attention that they would have liked them to have had. Health visitors were having to prioritise.

I cannot speak for other health boards, but in Lothian we recognised the issue some five to seven years ago and we have tried to grow our health visiting workforce and the infrastructure to support it. For example, we normally fully fund and train six health visitors through the Queen Margaret University postgraduate training programme, but this year we are training 12 health visitors. That is really in response to projections on retirement across Lothian. We have an ageing workforce and we need to attract young and enthusiastic people into nursing and midwifery.

We have started to grow the number of health visitors who graduate from Queen Margaret University. We cannot guarantee that we will keep them in NHS Lothian—they are free to take up jobs elsewhere—but we are trying to make the job as attractive as possible by ensuring that the support infrastructure is in place.

We also invested significantly to enable health visitors to take on the 27 to 30-month review this year. We are further investing to enable them to support the assessment of looked-after children this year. However, even that additionality will not be enough to enable full implementation of the named person approach in the timeline that is envisaged.

The Convener: The RCN says in paragraph 7 of its submission that health visiting would require another 355 whole-time equivalent posts to deliver what is envisaged in the bill. Paragraph 15 states:

"Nearly half (45%) of the NHS Scotland health visiting workforce is aged 50 or above."

There are clearly concerns about staff capacity. Ms Mayo, how confident are you that we will be able to recruit the additional people who are needed to carry out the work, if we assume that the funding is put in place to pay them?

Clare Mayo (Royal College of Nursing): If action is taken rapidly and funding is put in place, we can do it. However, there are two issues. First, on getting it right for every child and the named person approach in the bill, it is great that the Scottish Government costed the additional hours, with the committee's help, but our concern is that the costings do not take into account the normal workforce planning allowances. If we were to factor in the additional 22.5 per cent that the Scottish Government agrees is needed to cover annual leave, maternity leave and so on, the required number of additional whole-time equivalent posts would be closer to 450.

Secondly, the ageing workforce gives us an additional issue, as Sally Egan said. Additional

posts are required to implement the bill, and additional posts are required to replace the existing workforce as many staff retire.

Our concern is that there are different approaches to health visitor training across Scotland. We would like the Cabinet Secretary for Health and Wellbeing to take action and to commission NHS Education for Scotland to develop health visiting programmes rapidly with national funding, so that training is consistent throughout Scotland.

NHS Lothian has led the way, but in other health board areas people are expected to do health visitor training on a bursary, with no guarantee of a job at the end of the training, rather than being seconded to do the training on a salary. There needs to be equity of educational provision throughout Scotland, with equity of terms and conditions in how people can undertake those education opportunities. That needs to happen now.

11:00

The Convener: On additional staffing, it is clear that Scotland is not uniform—some areas will have severe pressure and others will have less pressure. What should the Scottish Government do to address geographic issues?

Clare Mayo: The Scottish Government is undertaking a number of pieces of work under the chairmanship of Rosemary Lyness, who is NHS Lanarkshire's director of nursing. A significant review of capacity is going on. We need to find out the number of health visitors across Scotland—the Information Services Division is doing that work.

Work is also going on on robust workforce planning and case loads, which are weighted according to need, geography, rurality and the significant deprivation issues that many areas face. Once we have robust ways of deciding how many health visitors we need and where we need them, every health board will be in a position to look closely at its particular needs, with the support of robust evidence-based approaches.

The Convener: My next question is to whoever wishes to answer, although it relates to Ms Mayo's submission. Earlier, local government colleagues expressed concern that the financial memorandum considered training only in the NHS and not in local authorities. The RCN's submission says that

"office space, travel expenses, administrative support and consumables"

are not included, and that

"Paragraph 55 of the Financial Memorandum makes the case for administrative support in schools",

but

"The same administrative support for the Named Person approach and developing and implementing a Child's Plan is required in the NHS."

It is odd that funding for training in local government and for administrative support in the NHS seems to be lacking. I have no doubt that we will put that to the bill team, who will follow the current witnesses. What is the impact of the requirement for additional resources?

Clare Mayo: The financial memorandum allocates a one-off sum to NHS Education for Scotland to develop a training package. We feel that more detail behind that is needed. NHS Education for Scotland needs to come up with a proper costed education and training strategy, which might last a number of years. National resources are needed, but no provision is made for face-to-face training or the cost of delivering that training across Scotland.

We have asked for a properly costed education and development plan to be behind the sum that is to go to NHS Education for Scotland, and for the wider team to be included in the training programme. The success of getting it right for every child, as it has been implemented, is that it is a multiprofessional, multi-agency approach for every child and family. Delivery of the training in that way is powerful.

We should not divide off the health service and say, "There's the health bit." We should look at everybody who is involved in a child's plan and everybody who is involved as a named person—that includes the wider teams and not just those who play the named person roles. The wider training for the whole of the workforce who are involved with children needs to be looked at and costed robustly.

Sally Egan: I support everything that Clare Mayo said. Various things are going on locally, but the question is whether that training is sufficient for the future role. Given the wider implications of being a named person under the bill, we will need to up our game on training. We need to make our staff really aware of the importance of information sharing and we need to support our information-sharing processes but, at the moment, we do not have the infrastructure to do that. How staff handle data and share information is an important part of the training.

For NHS Lothian, we have a Lothian and Borders partners group, and we are trying to develop training modules across the partners so that there is some consistency. 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.

Another part of our work in Lothian and Borders is that our GIRFEC development manager—she works for the five local authorities in our area, the two health boards and the police—will work with Queen Margaret University on the postgraduate health visitor course to ensure that the newly qualified health visitors have an understanding of what the named person role entails. That aspect is not really covered in any depth in the current curriculum, because it was not part of the previous review. So, as well as working with NES, we need to work with higher education institutions to ensure that our courses cover the named person role as part of the core competences.

Jim Carle: I fully endorse what my colleagues have said, so I would not want to repeat it. However, I just note that the bill's costings for the health sector are predicated mainly on the named person function, which will require significant investment in terms of information and developing appropriate systems to take it forward. In NHS Ayrshire and Arran, we have developed Ayrshare, which is an online system that allows the development of a single child's plan and the single chronology under GIRFEC. The system is inputted to by, and shared jointly with, our local authority colleagues, and it will eventually be widened.

There will also be significant costs for the health sector from implementing the bill's provisions for looked-after and accommodated children. If the health sector is to perform fully its function for that group of children, that will involve additional costs because we must make far more robust and effective the initial health needs assessment for looked-after and accommodated children. We will also have to develop systems by which we can support our local authority colleagues in deciding on the most effective place for the children and young people. We want to ensure that those places are as close to children's homes as possible.

There are therefore a number of issues in the bill that might not have an obvious impact on the health sector but which we believe will have impacts over time. I support strongly the view that we need joint training on implementing the bill's provisions. Further, we must take on board the burden for effective monitoring and evaluation of the different systems and the costs that will be associated with that, although it is extremely difficult to say at this point in time what those costs will be. We would argue for keeping under review, for at least the next two to three years, the financial implications of the bill's implementation so that we can feed back much more accurate information to committees such as this, which would give you a sound basis on which to make decisions for the future.

We strongly feel, though, that we are not in a position to tell you what the additional burden will be. We are clear that we will make savings, but there will also be costs. The task is to strike the right balance between savings and the requirements for additional investment.

The Convener: Thank you for that. I open up the session to committee colleagues, and the first to ask questions will be Malcolm Chisholm, followed by Jamie Hepburn.

Malcolm Chisholm: It will probably be only one question, because most of what I was going to ask about has been covered. I was particularly interested in the costs of the named person role, and Mr Carle gave a comprehensive answer on that.

However, I am also interested in two of the RCN's policy proposals, which might have financial implications. In fact, that is certainly the case for the health visitor proposal. The RCN has strongly emphasised that the named person should always be a health visitor and believes that there should be a statutory entitlement to universal health visiting services, which I find an attractive proposal. I am also interested in NHS Lothian's discussion about health visitors and midwives, so my question is perhaps more for NHS Lothian and Sally Egan. Is your choice in that regard a policy or financial one? Would it make any difference financially whether the named person was a health visitor or a midwife?

In the interests of saving time, I will roll it all up in one question to the RCN. Obviously, you have a big focus in your initial submissions to this bill and to the Public Bodies (Joint Working) (Scotland) Bill on your concern about two legislative proposals that are likely to lead to two different approaches to the planning, delivery and governance of integrated care. Again, I suppose that we should not stray too much into the wider policy implications, but I am interested in whether you think there are financial consequences of that policy decision. I suppose that that is two questions.

First, I am interested in hearing from Sally Egan on NHS Lothian's view on midwives, as distinct from health visitors.

Sally Egan: Within NHS Lothian, we have agreed that the midwife will be the named person for the mother and for the unborn child. The child does not have legal status until it is born, but our midwives are—and have been for a number of years—very involved in early detection around vulnerability and child protection, so we are not starting from scratch with our midwives.

We have also refreshed the maternity framework in Scotland and we have a policy on reducing antenatal inequalities, so the role of the

midwife is recognised within the GIRFEC policy context, as you know. We have been training our midwives to take on the named person role, but with a recognition that there will be co-ordination, an administration support function and so on.

We see the midwife being the named person up until the child is born and then until the 10th day after they are born. Obviously, when the baby is born they may come out of hospital very quickly after birth, but the baby could go to a neonatal unit, so there are a lot of discussions going on about who the named person would be for children who are not discharged home with the mother. Within our universal pathway, the midwife would hand over to the health visitor around the 10th day, but where there was vulnerability, they would start planning together for that child's needs and that family's needs as early as possible with a recognition that that would involve people other than the midwife.

One of the things that we are trying to do is to embed some of the earlier recommendations in "Health for all children", which was about midwives and health visitors working more proactively together during the antenatal period. That work has started.

Within our pathway, we see the midwife taking on the named person role, provided that they have the infrastructure to support them. We would not see them taking on the lead professional role. We have not spoken about that role and it is not within the legislation. However, the midwife would certainly take on the named person co-ordinating role because they would be looking after the mother and the unborn child. On the 10th day, we see the health visitor taking over. Currently, we have a model in which a qualified registered nurse or health visitor would see a child and family at least four times in the home setting, unless there were reasons why they could not gain access, so we see the health visitor as being the one who takes over the named person role.

For our teenage pregnant population, where they are part of the family nurse partnership programme, we see the family nurse as being the named person for that family. We also see that the health visitors and the family nurses cannot do it all, so there will be support from a mix of other professionals. We have a lot of that at present—support from nursery nurses, children and family centres and so on. Increasingly, our health visitors have staff nurses specialising in children and early years within their skill-mix establishment, but essentially we see the named person role being taken by the midwife, health visitor and FNP nurse in the main for that prebirth to preschool population.

Clare Mayo: As Mr Chisholm said, we believe that the bill should clearly state that the named

person for the under-fives—following on from the midwife—should be a health visitor. That really confirms what is already happening in practice, but the statutory entitlement to a universal service will give consistency across Scotland. It will have financial implications, but we believe that it is necessary in order to deliver the named person service that matches the vision in getting it right for every child.

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.

11:15

On the policy question about the bill going through Parliament at the same time as the Public Bodies (Joint Working) (Scotland) Bill, there appear to be anomalies between the two bills. However, we are greatly reassured that the Local Government and Regeneration Committee is examining the two bills side by side. We hope that, as a result of consideration being given to the governance processes in the children's services planning part of the bill, and the similar issues on joint working in the Public Bodies (Joint Working) (Scotland) Bill, the two bills will work in a way that does not have negative financial consequences and the two sets of planning proposals will blend coherently. It is important that the committees that are responsible for those bills ensure that that is the case.

Malcolm Chisholm: If your favourite model was adopted, irrespective of whether it is good in policy terms, would that provide cost savings—or is that not really the main point?

Clare Mayo: That is not really the main point although, whichever model is proposed, it needs to be effective from a financial point of view as well as a governance and service delivery point of view.

Jamie Hepburn: I have not looked at the bill in great detail, but it is probably fair to say from the coverage that it has been fairly controversial, perhaps more because it is misunderstood than anything else.

Today, we are hearing concerns about the financial implications. Is it not the point that, as Sally Egan said, we are not starting from scratch? Given that midwives and health visitors have a role in the early part of a child's life, there is already a de facto named person. That perhaps reflects the point that Ms Mayo made. The approach already happens in practice because, I

presume, when need is identified, midwives and health visitors can then contact social work or other agencies as needed.

From a policy perspective and—this is important for this committee—a financial perspective, is the national health service not ideally placed to help to deliver the role of named person?

Sally Egan: Sorry, but I did not catch the last part of your question.

Jamie Hepburn: Is not the NHS well placed to deliver the role, not only from a policy perspective but from a financial perspective, which is the perspective that the committee is interested in?

Jim Carle: I agree 100 per cent that the NHS is in the ideal place to capture some of the information. If we truly wish to implement GIRFEC and the bill, we need to be able to intervene where it is appropriate to do so and as early as possible in the life course. That means considering the needs of the unborn child and the mother. For example, foetal alcohol spectrum disorders are entirely preventable and have a huge cost to Scotland as a nation. We know that, if we intervene early enough, we can do an awful lot to prevent issues for some unborn children. If there is a need to discuss substance misuse or mental health issues with mums, capturing that as early as possible within the life course is the most effective approach. The early identification of such issues is absolutely critical. I do not see another agency that is in a position to do that and to work with parents at that early stage.

Jamie Hepburn: I presume that that is a shared perspective.

Clare Mayo: Absolutely.

Sally Egan: Yes, I absolutely support Jim Carle's comments. Health visitors are ideally placed to do that but, over the years—I speak from 20 years' experience of managing health visitors prior to my current job—their case loads and case mix have changed significantly. We have spoken about the named person and we have heard that the financial modelling is based on an assumption that 20 per cent of children have additional need. However, in health visitors' case loads in Lothian, on average, about 5 per cent of children are classed as having what we call cause for concern or child protection issues. Currently, health visitors spend a large proportion of their time with those families, liaising with social work and attending case conferences and core group meetings. There is a recognition that another 15 per cent of children have additional needs, and perhaps their needs are not being met as effectively and intervention is not as early as we would like. That means that some of those children could end up being in the cause for concern or child protection bracket.

It is a case of looking at things holistically and looking at the whole pathway for children. Our modelling has been based on the assumption that health visitors are doing a lot of work at the moment, but the bill is asking for more than that. If we look at things in the wider context of the early years framework, there has to be more early intervention. The size of an average health visitor case load ranges from 250 to 350 nought to five-year-olds. How can the health visitor be the named person for that number of children, whose ratio of need extends from the highly vulnerable end—the additional needs end—to the universal end? How can health visitors be all things to all people, given their case loads?

Clare Mayo: I think that that lies at the heart of the issue, which is why we are so keen, at this point in time, to put the spotlight on the health visiting service and to say that the system does not have sufficient capacity. The bill represents a great opportunity for Scotland to grow the health visiting workforce so that it can deliver the named person service and provide universal assessment and support to every family. That opportunity must be seized now.

Jamie Hepburn: I have a final question, which is specifically for Ms Egan. It is on an entirely different area of the bill—the duty that it will place on public bodies to report on the steps that they have taken to further the United Nations Convention on the Rights of the Child—which you address in paragraph 35 of your submission. It is important to put on record what you say:

“NHS Lothian recognises that undertaking more robust assessments will result in unidentified needs having to be met. While NHS Lothian staff agree with this in principle, it is expected that additional resources will be required to implement the plans. Lothian has a diverse population with around 19% of the population from ethnic minority backgrounds, and in Edinburgh it is much higher at around 26%. Although not all of these children and young people will have additional needs, there will be a number who will require interpreters (consultations take much longer), who may be socially isolated and have increased mental health needs. Therefore additional resources will be needed to ensure that these children and young people's needs are identified and met that have not been outlined in the current Financial Memorandum.”

However, the fact that Lothian—particularly Edinburgh—has a diverse population and may have groups of young people who require interpreters has not come about as a consequence of the bill, so the question is: what happens at the moment? I presume that interpreters are provided.

Sally Egan: That does happen, but we need to prioritise. Getting interpretation services is a huge burden, particularly in antenatal care, when women need know what is happening, particularly during labour. The bill and the financial memorandum outline what has to happen for

GIRFEC and the named person to be implemented, but we in NHS Lothian have been trying to address the growing requirement to meet the needs of our early years population, which is a highly diverse population. The same is true of additional learning in schools—we need to work out how we can meet the needs of children in that context.

We must recognise the issue. It is not associated with the bill per se, but it is something that we feel very strongly about. Our parent groups, which we consulted on the bill, felt that we had to get across the point about our minority ethnic population. We have a very high population of people from Poland and eastern Europe, as you know, but we have all sorts of other populations, too.

Jamie Hepburn: You say that the issue is not related to the bill, but in your submission you said that it was related to the bill. That clarification is helpful.

Sally Egan: As a consequence, we need to ensure that account is taken of those populations when the named person proposal is implemented.

Jamie Hepburn: Of course—I do not doubt that, but my point is that the circumstances that you identify in your submission do not arise as a consequence of the bill. You have agreed with that, which is helpful.

Gavin Brown: The largest cost that will fall on the NHS as a consequence of the bill is the cost of health visitors and public health nurses for what the financial memorandum refers to as the 20 per cent of children about whom there will be emerging or significant concerns. In 2016-17, which I suppose will be the first full year of implementation, £10 million of the £16 million cost to the NHS is attributed to health visitors and public health nurses for that cohort. The cost is shown as £10.2 million in 2016-17, but two years later, in 2018-19, it has fallen to £5.3 million. That is a drop of almost—but not quite—50 per cent in a two-year period. Is that credible?

Clare Mayo: Our written submission states that if the approach is effective there may be a small reduction over time, but that health visitors currently have little capacity to engage effectively with families and communities in a way that models the preventative approach.

As we have just heard from Sally Egan, most health visiting time is tied up in working with the families who need the most support. Health visitors do not currently have the capacity to undertake the preventative approach that is at the heart of the getting it right for every child agenda. The development of a child's plan requires significant time and co-ordination, and at the centre is a relationship with a child and their

family. Meetings need to be arranged, for example, and such demands are not going to reduce year on year at the rate that the modelling in the financial memorandum suggests. If we are going to make a real—and lasting—difference to families, that additional health visiting capacity needs to be sustained.

Sally Egan: I agree with Clare Mayo. I do not think that the cost will reduce significantly, because every year another 10,000 kids are born or come into Lothian, with the same percentage ratios for those who have vulnerabilities and additional needs.

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.

I am the chair of the Scottish child health commissioners group, and I am also a member of the group—to which Clare Mayo referred—that Rosemary Lyness is about to kick off in Scotland to address various workstreams. The general consensus among the child health commissioners and the public health nursing advisory group is that the financial model in that part of the bill is a bit off-course. We will not see a difference that quickly.

Jim Carle: I fully support what has been said. The presumption that such a reduction in funding will be appropriate at that time in the process is flawed. We need to accept that we have to take what is very much a generational approach to try to turn the situation around. We will not see—if I can put it rather crudely—better parents until we have been undertaking the process for 10 to 15 years or thereabouts. At that point, we may be turning the situation around entirely, which we anticipate being able to do.

Where we are struggling is that we do not anticipate that the reduction in the percentage of families who require intensive intervention will come into play until much later in the life course. We are looking at seven years, perhaps, before we see any great impact. If we look at the birth pattern of the average family in Scotland, we see that most children, from the oldest to the youngest, happen to be born within a seven-year period, and we have to accept that the need for intervention in families will remain for a significant period of time.

Gavin Brown: Can you clarify the two figures that you mentioned, Mr Carle? You talked about 10 to 15 years, and towards the end of your answer you mentioned seven years. What will

happen in 10 or 15 years that will not happen in seven years? Is it just a gradual process, or is there something significant about the seven years?

Jim Carle: It is a gradual process, but we expect to see individual families turning around and being healthier—if I can put it that way—within a seven-year period because that roughly corresponds with the birth profile that we are dealing with. When I was talking about a 15-year approach, I was thinking about the timescale in which the young people who are born today, for example, will be heading towards parenthood. We hope that early intervention will mean that people are better parents in future.

Gavin Brown: That is helpful.

11:30

Clare Mayo: I will make a couple of specific points. The figures in paragraph 60 of the financial memorandum are 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.

Table 11 gives estimated additional midwife, health visitor and public health nurse hours for the coming years. However, a new 27 to 30-month check is being introduced, to identify toddlers who need additional support, and to reflect the new approach the figure for three-year-olds needs to remain at 10 hours for each year until the cohort of children who are in the zero to one age group in 2016-17 reach the age of three. That would reflect that we are picking up toddlers with additional needs now. Table 11 shows a fairly steep reduction in hours over the next four years, but we question those assumptions.

Gavin Brown: According to table 11, in 2016-17 a four-year-old will need 10 hours of additional work but by 2017-18 a four-year-old will need only four hours of additional work. That strikes me as an extremely large drop in a single year. What are your views on that?

Sally Egan: Some of this is to do with the idea that if everyone intervenes earlier and more intensive work is done, by the time a two-year-old is four they might need less intensive intervention than might be needed in year 1 of full implementation.

As I said, the working around this was fairly crude and was based on what we knew and what our staff were telling us, which we fed back to the GIRFEC team in the Government. We really do not know—it is an unknown quantity. People need to realise that assumptions are based on the best anecdotal evidence and data—we looked at our numbers at the time—but on-going review will be needed to ensure that we are making a difference.

The early years collaborative has three workstreams, which will look at the periods from pre-birth to a year old, a year to three years old and three years to five years old. There are high-level targets in there. We need to consider whether we are improving outcomes—it is not just about reducing hours. If we are not improving outcomes, we might find that we need more hours. That is a real possibility.

Everything is interrelated. If the health visitors find need that has not previously been identified, they will need resources so that they can support those families. Will we have enough early years provision for children who are not looked after? There will be additionality for looked-after two-year olds, but a child should not have to become looked after to secure additional intervention. It worries health visitors that they might pick up a lot of need for early intervention and then have to intervene without support from other people. It is all tied up with the wider picture about the resources that will be available to help health visitors to deliver the agenda.

Gavin Brown: We have considered the additional hours that might be required; another factor that affects the cost is the hourly rate that applies. The financial memorandum applies an hourly rate of £19.04 for midwives, health visitors and public health nurses. Clare Mayo, do you think that the accurate figure would be £19.04 plus the 22.5 per cent to which you referred in your submission, or should a figure higher than £19.04 apply? What is the official RCN position?

Clare Mayo: I think that the £19.04 was calculated on the basis of the mid-point of the scale, with national insurance added. Given that 47 per cent of the workforce are over 50 and most of them are on the upper end of the pay band, £19.04 per hour does not accurately reflect what the current workforce is paid. Sally Egan said in her submission that that certainly does not reflect what the current Lothian workforce is on. We took into account the fact that we are looking to recruit rapidly a significant number of newly qualified health visitors, which would take the average figure down, and perhaps the mid-point would be reasonable going forward. However, I certainly agree with Sally Egan. The figure does not reflect the salary bill for the current health visiting

workforce, as most of them are at the upper end of the pay spine.

Gavin Brown: Is it fair to say that, in the early years of the policy, taking the mid-point will not be correct, whereas down the line it might be?

Clare Mayo: The £21 an hour figure is more accurate for the current postholders in the health visiting workforce.

Gavin Brown: For clarity, if the £21 an hour figure is accurate, is it the RCN's view that the actual cost is £21 an hour plus 22.5 per cent, or does the £21 encapsulate that?

Clare Mayo: No. The 22.5 per cent is critical, because health visiting hours cannot be bought. Those hours have to be translated into posts. That is what the 22.5 per cent is about: it is about turning hours into posts. That is a separate calculation.

Gavin Brown: I get that, but what I am trying to establish is whether, if we take £21 as the figure, we need to add 22.5 per cent to that to get an accurate reflection of the costs.

Clare Mayo: Yes.

Gavin Brown: Thank you. That is helpful.

I have a final question. Another cost in table 13 is described as "Training backfill". In 2015-16, around £1 million is allocated to training backfill. In 2016-17, there is approximately zero pounds, and the figure is zero pounds for every year after that. The financial memorandum says that training costs will be "subsumed" in future years. Is that a fair assumption, or is it likely that there will be some training costs after the initial year?

Sally Egan: 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.

I think that our Midlothian colleague spoke earlier about the children affected by parental substance misuse training for working with parents who have drug and alcohol problems. I think that it will be part of a wider training package for the whole early years delivery, not specifically for the named person. We are already developing modules through LearnPro that staff in both adult and children's services can use, which will give them the basis of what getting it right for every child is about and what the roles of the named person, the lead professional and so on are.

The Convener: That has exhausted the committee's questions. Are there any further points that the witnesses feel the committee has not covered and on which they wish to comment? You do not have to do so, but please feel free to do so if you want to.

Sally Egan: This is a simple point. In response to your questions to our Midlothian colleague earlier, we have a breakdown of the additionality in midwifery and health visiting by the community health partnerships in Lothian. For Midlothian, the breakdown is an additional six health visitors and two and a half midwives. That might help the committee to get a perspective on what things mean in respect of the staffing population in Midlothian. We have the same information for the other local authorities, which I can give the committee if it wants it.

The Convener: That is very helpful. Does Ms Mayo or Mr Carle wish to add anything?

Jim Carle: I would like to reinforce a couple of points. We are strongly of the view that the situation needs to be kept under review. We would fully accept the need to take on board the burden of ensuring that we have effective monitoring and evaluation systems in place so that we can feed back accurate information to you, but if we are truly to change the culture in Scotland and grasp this opportunity, in which we strongly believe, we need to consider the need for on-going investment in the early years to achieve the outcomes that we are trying to achieve.

Clare Mayo: Similarly, I think that there is a huge opportunity in the Children and Young People (Scotland) Bill to resource a universal health visiting service so that every family in Scotland has a named health visitor who can support people in their roles as new parents. There is a huge opportunity, but it must be properly resourced. I urge the Finance Committee to look carefully at the figures and ensure that there are the resources behind the bill to make a difference for families.

The Convener: Thank you. I do not know whether we can ensure that the resources are there, but we can certainly lobby for them to be there.

Thank you very much. I appreciate the questions from the committee and, most important, of course, the evidence from our witnesses.

There will be another brief suspension of five minutes or so to allow the bill team to get into position.

11:41

Meeting suspended.

11:48

On resuming—

The Convener: We still have a lot to get through today, and colleagues have loads of questions that they are keen to ask. We will therefore get into them more or less straight away.

I welcome our third panel of witnesses on the financial memorandum to the Children and Young People (Scotland) Bill. They are Mr Tim Barraclough, Mr Scott Mackay and Mr Phil Raines, who are from the Scottish Government's bill team. You are all very welcome. I understand that there will be a short opening statement.

Tim Barraclough (Scottish Government): Good morning. The Children and Young People (Scotland) Bill forms part of the Government's programme to meet ministers' ambition to make Scotland the best place in the world to grow up. As members are already well aware, the bill's provisions are many and detailed. The key principles that thread through the bill are early intervention and prevention; the rights of children and young people; putting the child or young person at the centre of services and ensuring that services are designed around them to meet their needs; and the most efficient and effective deployment of public services, focused on achieving outcomes.

The bill builds on the ever-growing body of expertise, knowledge, understanding and experience relating to the wellbeing of children and young people. It is a broad-ranging bill and covers a number of related policy areas, some of which are large and complex. As members know, those include measures around children's rights; the getting it right for every child approach, which is designed to help services to co-operate and collaborate to meet children's needs; a substantial extension of the free provision of early learning and childcare; and a number of measures to provide further support to looked-after children and those in kinship care.

The financial memorandum sets out the Government's best estimates, at the time of the bill's introduction earlier this year, of the costs of all those measures. In formulating the estimates, we drew on evidence from a wide range of stakeholders, who each brought their own different perspectives to the task. Accommodating all that evidence, taking into account the uncertainties that exist and then projecting the future impact of what are complex measures on a national basis—a Scotland-wide basis—meant that we had to make a number of assumptions in developing the estimates. As members have already heard, the

only true test of those assumptions will come with the implementation of the bill's provisions.

As I said, the bill builds on approaches and good practice that have been developed in previous years. Scottish ministers have already made a significant investment in services for children and young people, confident in the long-term benefits—tangible and intangible—that that will bring. Ministers intend to continue with that investment and, as part of the discussions on the funding settlement for future years, they have committed to fully fund the additional costs to local authorities that arise from the bill.

The team are happy to take any questions that members may have on the bill and its financial memorandum.

The Convener: Thank you very much for that opening statement. As is normally the case, I will start with a few questions; I will then open out the session to colleagues.

First, I take you to the SPICe briefing's executive summary, which says:

"The majority of costs (around 90% on average) fall on local authorities. According to COSLA, the Scottish Government has committed to fully funding the requirements of the Bill in respect of their impact on local authorities."

Does that remain the case? In a number of circumstances, costs could go beyond what is in the financial memorandum. Are there contingencies to ensure that what has been stated is indeed the case?

Tim Barraclough: 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.

Scott Mackay (Scottish Government): That will be taken forward as part of the continuing discussions between ministers and local government in negotiating settlements.

The Convener: We received a letter from the minister, Aileen Campbell, who spoke about additional moneys

"for extending funded early learning and childcare to two year olds",

with an additional

"£3.4 million"

giving

"a total of £4.5 million."

There is also

“an estimate of £1.2 million for uprating partner provider payments”,

which will become £2 million.

Why is there such a differential, for example between £1.1 million in the original estimate and £4.5 million? That seems quite a difference.

Scott Mackay: The original estimate sets out our assessment of the additional hours required for looked-after two-year-olds. The letter that you received refers to the overall funding position for looked-after two-year-olds in its entirety.

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.

The Convener: On the methodology, it has been suggested that the basis for many of the assumptions in the financial memorandum is unclear. A number of organisations, including COSLA and individual local authorities, have questioned that.

Can you talk us through how some of the assumptions were derived? As you will have heard from this morning's evidence, there is quite a difference of opinion around how the assumptions will work in reality.

Tim Barraclough: It is fair to say that the availability of base evidence is quite variable across the range of policy areas covered in the bill. We tried to get the best estimates that we could and tested them quite extensively, not only with COSLA but with other stakeholders. We had a series of meetings at which we went through our cost assumptions and tested them against the information that the stakeholders could provide at the time.

Phil Raines (Scottish Government): It might be helpful to pick up on specific assumptions, because we will have arrived at and tested each set of assumptions in different ways. At the end of the day, however, we have to provide a cost estimate, so we use the best information that we have to develop a national picture—and I stress the word “national”. Clearly, given some of the assumptions and costs used in developing national averages, you would not expect every local area to fit exactly with the national average. You heard earlier from Alistair Gaw—I am sure that we will discuss the kinship care order in due course—and although his position might reflect what goes on in Edinburgh we have to take the evidence that suggests what the national picture might be. There is a question about how that funding goes to local areas, but that is a

subsequent issue that I am sure we can also discuss.

The Convener: Why, then, have costs highlighted by the RCN for

“office space, travel expenses, administrative support and consumables”

not been included? Moreover, what consideration has been given to capacity with regard to health visitor numbers, which is an issue that we discussed with the previous panel?

Phil Raines: I guess that there are two sets of issues with regard to the development of health visitor numbers and indeed health visitor capacity: first, our assumptions about additional workloads; and, secondly, our assumptions about current experience. We have to test out those assumptions, particularly in respect of GIRFEC, because, as has often been said at this committee and elsewhere, there is a significant tradition of implementing GIRFEC and therefore experience to draw on.

Traditionally, in many of the calculations for health visitors' administrative costs, those costs are subsumed within their general costs; indeed, that distinction has arisen from the way in which local authority costs are provided. I have to say that with regard to consumables and accommodation I am not sure what sort of costs we would be talking about. However, the key cost with regard to health visitors and the way in which NHS would carry out its GIRFEC duties arises from the staff cost, the relationship that health visitors and midwives will have with individual children and families and the way in which they can relate or co-ordinate any issues that might arise with other professionals, particularly with regard to the 18 to 20 per cent of children with particular concerns.

The Convener: What is your response to NHS Lothian's comment that

“We do not think we can meet these costs within our current financial allocation. Nor do we think there is the capacity within the Health Visiting workforce in Scotland to respond within the timeline”

and that the bill's assumptions in that regard are wholly unrealistic?

Phil Raines: You raise a couple of sets of issues. On the question whether the health board can meet the costs within its existing capacity or financial settlement, the financial memorandum is testament to our view that there is a need for some form of additional capacity and therefore a need to meet certain additional costs. The question of how those costs are to be met will have to be discussed with NHS boards, taking account of the capacity of the current health visitor

workforce and how that might need to expand over time.

We are happy to go through the specific assumptions that underlie the costings in the bill but I can tell the committee that a lot of time and work have gone into devising them and thinking them through. The underlying principle of those assumptions is early intervention—intervening in the life of a child or a family at an early stage when trouble might be starting to happen saves costs further down the line.

I noticed that some of the discussion with the previous panel revolved around table 11. I am happy to go through that, but many of the assumptions around it work on the basis that, if there is more intensive intervention than currently exists with nought to one-year-olds, the same level of intervention will not necessarily be required in the following years, as they get older, because we will have intervened early and taken the necessary steps to prevent problems from arising. We would expect that that early intervention will lead to less time being spent year on year.

12:00

The Convener: Indeed we would, but we would not expect a precipitous reduction. People who work at the coalface and deal with those children say that there will be significant improvements, but that that will happen not over a couple of years or three years but over a much longer period. Their concern is that, given their experience, the figures, in terms of delivering the savings that you are talking about over a short period, are not realistic, and that that would lead, two or three years after the bill has been passed, to significant funding shortfalls.

Phil Raines: I am a bit surprised by that. If you look at table 11, you will see that we have put in an additional 10 hours for the nought to one-year-olds in the first year that is listed, which is 2016-17. That is not the time that every health visitor should be spending on kids with emerging significant concerns at present, but what we expect to be put in additionally. We would expect that to bear some fruit in the following year—2017-18—as those kids become one-year olds. The assumption is that the 10 hours that we invest—on average, because some will require far more intensive work than others—will bear fruit and that such an intensive investment of health visitor time will not be needed as we go forward.

The Convener: In table 11, why do the 10 hours for nought to one-year-olds in 2016-17 and 2017-18 then go down to eight hours? Why is there assumed to be a 20 per cent reduction in need for newborn children?

Phil Raines: We would expect that, as the health visitor role gets bedded in over time and in particular as midwives have a much more active role at the pre-birth stage, savings will develop. As GIRFEC becomes, if I can use the expression, the air that services breathe, which is what all the provisions in the bill aim to ensure, we expect that, over a couple of years, we will not need such intensive involvement from the early stages, although we will still require significant involvement, and that is reflected in the provision of eight hours from 2018-19 onwards.

The Convener: I will allow my colleagues to come in in a minute because they are all keen, but I want first to ask the panel a further question about nursery provision. You will have seen the comments that Inez Murray makes in the National Day Nurseries Association submission, paragraph 15 of which states:

“We are not confident that partner providers of early learning and childcare can meet the costs associated with the Bill unless measures are taken by government to ensure sufficient funding is allocated to local authorities and actually reaches providers in the form of a viable hourly rate for high-quality provision for children.”

You will have heard that some authorities have been quite naughty about passing on funding. What will you do to ensure that the funding is realistic and that it is delivered directly by local authorities to partner nurseries?

Tim Barraclough: The bill does not provide a mechanism for local authorities to pass on funding to partner providers. Ultimately, there are different arrangements in different areas between local authorities and their partner providers. At the moment, Government policy is not to dictate to local authorities exactly how they should spend their money but to provide money within the overall envelope of their single outcome agreement. There is no specific proposal that we can put forward or would have in place to say that there will be some kind of ring fencing that will force local authorities to pass money on to partner providers.

The Convener: Indeed, so you cannot guarantee that what you are trying to achieve through the bill will be achieved. Local authorities might not pass on the money to those who will have to deliver at the sharp end.

Tim Barraclough: We are putting an obligation on local authorities to ensure that there is provision and that the 600 hours of early learning and childcare are available. Again, 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.

The Convener: Without further duties, is it not the case that some local authorities are more likely than others to be—let me try to put this diplomatically—much more supportive of the bill's aims? We might find significant differences in delivery across the country.

Tim Barraclough: Local authorities will also be under a duty to report on how they have delivered all their children's services, so such matters will then become part of public information. I do not think that we are in a position to say what position local authorities might take in implementing the bill. All that we can say is that the bill will require them to undertake a number of duties, including the provision of the early learning and childcare hours, and we expect them to deliver that.

The Convener: I will now open out the discussion to colleagues.

Michael McMahon (Uddingston and Bellshill) (Lab): My question is, similarly, on the assumptions that have been made in the financial memorandum. Mr Barraclough, in your opening comments you said that the only true test of those assumptions will come with implementation. That is a given, as we will not entirely know until then. However, best estimates and educated guesses, as well as evidence from abroad, suggest that investment in prevention involves an initial cost that needs to be met if we are to achieve the desired outcomes that we ultimately want to see. The submissions to the committee and the evidence that I have received from talking to people about their perceptions of the bill suggest that the assumptions that you are working on do not meet with the general concept of preventative spend.

For example, the provision of foster care is currently so far behind the curve that, even if we invest more in that, we will still fall way short of what would be required to achieve the outcomes that you are predicting in the financial memorandum. If the assumptions that you are working on are flawed from the outset, you cannot possibly achieve the predictions that are in the financial memorandum. Is that not the case?

Tim Barraclough: All that I can say is that, as some of the evidence that we have seen says, the Scottish Government has provided the best estimates that were available at the time of the introduction of the bill for the provisions that are in the bill. There are wider issues about whether we can achieve all the policy aims of ministers, but the bill is only one part of a much wider policy programme to deliver better outcomes for children and young people. A range of other measures might need to be undertaken to support what the bill is contributing to achieve.

We went through a rigorous process of finding the best available evidence, which is patchy in some places and non-existent in others. We have made some assumptions on how the measures will play out over time, but 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. These are the best estimates that we could put together at the time.

Michael McMahon: From the evidence that we have received, the best estimates from NHS boards, children's charities, local government bodies and foster care organisations all say that your best estimates are wrong. Somebody is getting it wrong, so why are you right and all those other organisations wrong? Those organisations are looking at good evidence that comes from their experience and from comparable investments in other jurisdictions. Why is it that all those organisations are wrong and your best estimate is right?

Tim Barraclough: I am not saying that all those organisations are wrong. As I said in my opening statement, we received a wide range of submissions from a wide range of stakeholders, some of whom were saying quite different things. We had to make our best judgment on which of those needed to be incorporated into an estimate for the additional costs of the bill and which needed to be thought about or looked at in future in the light of further evidence.

As I said, at the moment we have gathered together evidence—this is not just evidence generated internally within the Scottish Government—from consultation with a number of stakeholders. In particular, with COSLA we had a very intensive going through of all the provisions that relate to local authorities. Some of the evidence that we have seen has suggested that our estimates are as good as they can be in the light of the evidence available.

Scott Mackay: We have taken the steps that we can to test our assumptions with key stakeholders prior to arriving at the figures that we have put in the financial memorandum.

Michael McMahon: Is all the evidence to substantiate your position available?

Tim Barraclough: The financial memorandum sets out where the Government has placed its judgment. Some evidence was gathered from meetings and from the submissions that the Government received as part of the consultation process. Some of that information will be available, but some of it came from sitting down with organisations such as COSLA to work through the estimates.

Phil Raines: I add that it is not as if all this is new. Michael McMahon refers to the approach that has been taken to preventative spend. Some areas of the bill are new. For example, 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. However, there is a lot of experience with GIRFEC, so we can draw on the experience of people who have gone a long way down that road. We therefore understand the kind of savings that will be made, the kind of experience that staff will have in developing GIRFEC and taking it forward and the timescale within which that might take place.

Michael McMahon: It is therefore strange that organisations that are involved in GIRFEC say that your estimates are all wrong.

Phil Raines: Not the City of Edinburgh Council nor Highland Council, which are among the local authorities that have perhaps been taking forward GIRFEC most actively. Authorities that have not taken it forward as actively will obviously have more concerns and more uncertainty about how it might operate in their areas.

The Convener: Jamie Hepburn has a question.

Jamie Hepburn: Actually, convener, you have already covered the area that I wanted to explore, so I have no questions at this time.

The Convener: Okay. John Mason has a question.

John Mason: My questions follow on from what Michael McMahon said. A number of phrases such as “best estimates” and “best guess” were used in the previous answer. This is a major bill and I think that everybody welcomes its intentions. Is it fair to say that we are going into largely unknown territory, for example on kinship care, and that neither you nor the previous witnesses have a great idea of the needs, the costs, the demand or any of that? Is that not basically where we are at?

Phil Raines: If we take the example of kinship care, I am not sure that that is the case. The figures are a best-guess estimate, because it is a new policy area and we do not have any obvious precedents. It is not like the throughcare and aftercare proposals, because in that case we have some understanding of how the system operates now for 19 to 21-year-olds, so we can make some assumptions that can be reasonably tested about how that approach will be applied up to the age of 25 or 26, although there may be differences of opinion about how the policies are applied.

Kinship care is different, but we stand by the logic of the kinship care model and the proxies—if I can use that term—from which we have drawn the estimates. The kinship care order operates 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. The bill tries to do that in three ways. It does it through the kinship care order, which is in effect an existing instrument—a section 11 order under the Children (Scotland) Act 1995 with some modifications—to entice people in kinship care to move across to a less expensive way of achieving permanence for children. The bill also tries to achieve it by diverting children who might be in informal care and children in families where a crisis might be emerging through family counselling measures to avoid them going into care. We have drawn the estimates from the best evidence that is available.

I know that Alistair Gaw and others talked about the assumptions that went into trying to predict the numbers. It is a tricky business to try to work out what the numbers will be, but 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.

We have therefore added to those estimates and suggested that a higher percentage of those people might well come forward. I point out, however, that we have drawn on the available national data and the experience of people who have tried to seek permanence through the existing instruments.

12:15

John Mason: I do not disagree with you, but I have to say that my worries increase whenever you use phrases such as “best available”.

The Convener: How long is a piece of string?

John Mason: Exactly.

You have argued the case for how this will be better for one child, but I think that we are all convinced of that. Our questions are actually more about the number of children who are out there and the number in informal kinship care, and the only impression that I have had from the witnesses we have taken evidence from is that such information is extremely uncertain and very vague. Given that I am past being convinced that there are any certain numbers out there, my next question has to be about the review process that is in place. If a local authority, the local NHS board or whoever finds things to be quite different from what had been expected, how quickly will that be fed through to Government and how quickly will the figures be reviewed?

Phil Raines: It all depends on the different provisions in the bill. With regard to looked-after children, a key element of liaison between the Scottish Government, local government and key stakeholders will be the development of the regulations on this issue. Those regulations will be key to how the kinship care order and throughcare and aftercare are taken forward, because they will set out the types of support that might be available, the timespan over which that support might legitimately be offered and the tests that will apply to people who wish to be considered for the kinship care order or throughcare and aftercare. 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.

As for GIRFEC, the Scottish Government and the relevant team has for years now been very actively engaged in implementing the approach across the country. I am saying this off the top of my head—the figure is certainly in the financial memorandum—but the Scottish Government is putting something like £7.8 million to £8 million into engaging with stakeholders to get a sense of the issues or problems that might be emerging. We have also set up a programme board comprising the Scottish Government and stakeholders to monitor and keep an eye on the assessment of implementation. In short, the mechanisms for feeding back information on how the policy is being put into practice, where the problems are emerging and, indeed, what the resource implications are going to be are already in place, but they are different for different parts of the bill.

John Mason: Mr Raines—I think—said in a previous response that meeting the need for more health visitors was a matter for health boards. Again, I am concerned by the uncertainty over this issue. We have, for example, heard evidence about the number of health visitors that will be needed, adding on cover for holidays and all that kind of thing, and whether they can be trained in time.

Phil Raines: I note, first of all, that these provisions will be implemented by 2016-17 and that we have costed and indeed put together timescales for implementation.

I have two comments on this matter. First of all, this is established practice in the NHS. Chief executive letter 29, I believe, made it very clear that GIRFEC should be implemented across the NHS while health for all children 4—or HALL 4—made it clear that this was to be a very important part of the roles of health visitors and key health staff. It is not as though a lot of this is new; there

should already be a significant awareness of GIRFEC and its issues.

As for calculating what might be required, we can calculate where the gap is and what additionally will be required to take these duties forward. How health boards choose to do that is partly a discussion that they need to have with national Government anyway, but the issue is also how each individual health board can take these things forward. After all, they will all be in different places and starting from different points in implementing GIRFEC. At the moment, therefore, 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.

John Mason: I have a question on staff costs in nurseries. A rate of £4.09 per hour was suggested in evidence, but we heard that Glasgow was paying £2.72 per hour and that the actual costs may be about £4.51 or thereabouts. Is there no involvement from the Government in that? Is how that works left entirely to local authorities so that if, say, nurseries were to close, that would just be one of those things?

Tim Barraclough: At the moment, it is a matter for local authorities between them to arrange for the provision of early learning and childcare, so it is not something that we are getting involved in.

John Mason: Thank you.

Gavin Brown: In the previous evidence session, we focused on the cost to the NHS. We heard evidence from representatives of two health boards and the Royal College of Nursing who, when asked whether the cost estimates were credible, said no. The estimated cost for working with the 20 per cent of children with significant concerns is £10.2 million in 2016-17, dropping to £5.3 million in 2018-19. How did you arrive at a figure that is close to a 50 per cent drop over a two-year period?

Phil Raines: I think that the majority of that will be from the reduction in staff costs, but I need to look at the table in question.

Gavin Brown: It is the bottom line in table 13.

Phil Raines: The most significant reduction is clearly to do with the role of health visitors with the children who have the most needs. The information in table 13 is based on table 11; it is our estimate of the reduction in the number of hours that the health visitors would need to spend with the zero to five-year-olds. We believe 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.

Gavin Brown: The evidence that we heard from health organisations was that that was simply incorrect and that we would not get anywhere like that drop in two years; they suggested that it would take seven years or, in some cases, 10 to 15 years. How did you reach your view that the costs would drop so dramatically and quickly?

Phil Raines: I refer to the answer that I gave the convener earlier, which is that table 11 is based on the assumption that, if there is significantly more intensive support for zero to one-year-olds in year 1 of the roll-out of the bill's provisions, they will not require as much investment, on average, as they become older and become the one-year-olds of the following year and the two-year-olds of the year after that. Clearly, though, some will require quite intensive investment all the way through. However, 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.

It might be true for some children that the intensive intervention in their lives when they are one-year-olds is still going on when they are five or six. However, if that were true for all the children in the 18 to 20 per cent group, that would suggest that the operation of the named person and the whole ethos of early intervention are questionable. As the child gets older, we would expect there to be some gain from intervening in their first couple of years.

Gavin Brown: The experts from whom we heard said that they would expect gains but that they would be small initially and become larger over time. Do you think that those experts did not understand table 11?

Phil Raines: They may well have understood table 11. We tested our assumptions in areas that have gone very far forward with GIRFEC, such as Highland, which has developed it as a 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.

Gavin Brown: You have taken it up with health boards, but the health boards that spoke to us said that you were wrong. Who are the stakeholders who disagree with what we have heard this morning?

Phil Raines: Those people who are furthest forward in implementing GIRFEC, which are areas such as the Highlands, and those groups that have been most closely associated with the roll-out of GIRFEC within each of the individual health boards—the GIRFEC implementation groups, which I believe are called CEL 29 managers groups.

Gavin Brown: Your view is that Highland would agree with you. Which other key stakeholders would agree with you?

Phil Raines: We suggest that Highland, being the furthest advanced, is the best placed and is experienced enough to be able to comment on whether the assumptions are realistic because it would not be looking at the issue speculatively.

Gavin Brown: Okay, but which other stakeholders would agree with you?

Phil Raines: I have set out the areas that we have spoken to.

Gavin Brown: Just for clarity, was the Highland example based on 100 children?

Phil Raines: Was the Highland example based on 100 children?

Gavin Brown: Yes.

Phil Raines: The Highland example is based on the 2006 to 2009 pathfinder, which was developed and rolled out across the region as a whole.

Gavin Brown: Okay, we will leave that point but, for the sake of clarity, the only stakeholder that you can name that agrees with you is Highland.

Phil Raines: And those managers who are responsible for implementing GIRFEC across NHS boards.

Gavin Brown: Okay, but we heard a contrary view from NHS boards earlier, so where is the evidence from the managers who you describe?

Phil Raines: There will be contrary views about this.

Gavin Brown: That is what I am saying.

Phil Raines: We are drawing on the experience of those people who have implemented GIRFEC or are closely associated with GIRFEC. Other views will come to bear.

Gavin Brown: This is quite important. You are saying to the committee that the views that we heard from NHS boards—the official NHS board

view—are not the same as those of NHS managers.

Phil Raines: I am not sure that what you heard would count as the official NHS view. I imagine that there is a range of different views about implementing GIRFEC because, as has often been pointed out, it is quite a complex area that requires looking at assumptions and, to a large extent, testing it on the way that it has been rolled out by those who, if you will, are pioneering the approach across Scotland.

Gavin Brown: I do not want to dwell on the point, but do you see my issue? This parliamentary committee has received formal written submissions from NHS boards, which we then questioned. In my view, therefore, that is the official NHS view. You are saying to me that you have evidence from others within the NHS who disagree. As a parliamentary committee, we cannot just take the word of someone who says, “This is what other people think.” The process is that we look at the evidence, analyse it and make decisions on it, so my question is this: where is the evidence that supports the view that you have just given?

Phil Raines: 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.

Gavin Brown: I am not satisfied with that response, but I will not dwell on it because we are not getting anywhere.

The other issue that I wanted to focus on was the cost of GIRFEC for local authorities. The Government view is that the cost in additional teacher staffing time in the first year will be £7.84 million but, for every year after that, the cost will be nil—there will be no cost at all for any local authority. How did you reach that conclusion?

Phil Raines: The assumption is that, for the first year, there will need to be a specific roll-out of training around the named person and the child’s plan. The financial memorandum sets out the number of staff that will be involved and the backfilling ratios, as well as the costs for how we think the development of materials might take place, and what have you. 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.

12:30

Some of the training that teachers are required to do annually, such as child protection training, will change significantly when the named person system is in place, because the way in which child protection is dealt with will change significantly. We imagine that, rather than the named person training being added to the existing complement of continuing professional development that local authority staff and, in particular, education staff require, the existing CPD courses will need to change to integrate the way in which the named person system should operate. The named person is not a role that stands separately from what teachers or health visitors do. A lot of it—in fact, the heart of it—is based on the way in which things should be done at present. For example, a lot of it is based on ideas of child protection. So the way in which child protection training is provided should take into account that named person training.

Gavin Brown: Okay, but let us forget about training for a minute and think instead about the implementation of the additional 3.5 hours that will be required for the 10 per cent cohort. You say that that will cost £7.8 million in year 1 but will not cost anything in year 2, and you say that you have tested that with stakeholders.

The stakeholder that has had the most mentions from the Government bill team is COSLA. You have road tested your assumptions with it—I think that the expression that was used was that you have done “intensive” work with COSLA. However, on the issue of staff costs, the COSLA submission says that the assumption that there will be no costs in year 2 is “speculative” and basically assumes that the money

“can be saved from elsewhere in the system to accommodate this.”

The submission continues:

“COSLA is of the view that the ... cost identified for staff time should be funded on a recurring basis.”

It goes on to say:

“It is not the experience of some local authorities that implementing GIRFEC is reducing the number of meetings or administration.”

You have relied heavily on COSLA in reaching your assumptions, but it has reached a polar opposite view from the bill team—COSLA says

that the funding should be recurring, whereas you say that it should be nil.

Phil Raines: I would not say that we relied heavily on COSLA for the assumptions; I think that we said that we had intensive discussion with COSLA about the issue.

We worked with COSLA on whether we could develop a methodology or way of calculating the costs and benefits that arise from GIRFEC. I believe that, in statements to the Education and Culture Committee yesterday, COSLA admitted 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.

I am certain that some of COSLA's members would challenge the basis on which the figures have been derived. We have derived the estimates on the basis of areas that have been implementing GIRFEC. That necessarily means a smaller number of areas. In particular, we have worked with Highland Council and the City of Edinburgh Council. Members will have noticed that Alistair Gaw, who works in an area that has been fairly active in taking forward GIRFEC, did not seem to have significant concerns about the assumptions. We have tested the estimates with other areas such as Fife, Angus and South Ayrshire.

Gavin Brown: Do all those areas agree that the cost will be nil from year 2 onwards?

Scott Mackay: I draw your attention to the written submission from the City of Edinburgh Council, which states:

"The Council believes that the costs for Children's Rights, GIRFEC, Early Learning/Childcare and Other Proposals are accurately reflected based on our understanding of the requirements of the legislation."

Gavin Brown: One council says that, but COSLA, which represents all the councils, takes the polar opposite view. Which other councils say that the cost will be nil, which seems counterintuitive?

Phil Raines: I believe that the committee has received submissions from Falkirk, Fife and South Ayrshire councils. I am not sure whether you have one from Angus Council, but it was one of the councils that we spoke to. Certainly, if memory serves, although I believe that Falkirk might have drawn attention to our estimate with regard to the number of hours per child on average—the 3.5 hour figure—I do not believe that the other three councils necessarily contested the underlying assumption about the way in which the savings kick in relatively quickly.

Gavin Brown: So, you are saying that all the other councils that have submitted evidence think that a cost of zero for year 2 onwards is accurate.

Phil Raines: We would give significant weight to the views of people who have had experience in implementing GIRFEC in the ways that the bill proposes, because they have been at the front line and have seen how GIRFEC works in practice. We would naturally take a line from their experience.

Gavin Brown: If a majority of councils held the opposite view, would you change your assumptions and the funding that would flow through the bill?

Phil Raines: We have 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"—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.

Tim Barraclough: GIRFEC is already being rolled out across the country. As Mr Raines said, there is a GIRFEC implementation programme board, which is monitoring the implementation and trying to assess what is involved. It will get back evidence on how everything is working across the country. 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.

As I said right at the beginning, 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.

The Convener: Thank you. That concludes questions from committee members, but I still have a few to ask.

I will start by following up Gavin Brown's questions. On the one-off costs that Gavin Brown touched on, the Association of Headteachers and Deputies in Scotland said:

"We are unconvinced that the training costs identified are adequate for successful implementation of this legislation."

COSLA commented that the suggestion that the on-going training can be absorbed into continuing professional development is "unrealistic." Those bodies are saying that to go from £7.8 million to zero just cannot happen. Surely the Association of Headteachers and Deputies in Scotland and COSLA are significant bodies.

Phil Raines: We would go back to the people who have implemented GIRFEC. Alistair Gaw did not seem to have issues about a recurring significant additional cost, and the City of Edinburgh Council has taken this approach forward.

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.

The Convener: As Gavin Brown said, it seems counterintuitive that this training can just be squeezed into existing training with absolutely no cost, including materials, time or other expense. I just cannot see how the figure can be zero. If you had said that it was going from £7.8 million down to £2 million or £1 million, people might have thought, "Okay, fair enough", but it is very difficult for me to accept that zero is a realistic sum of money as we go from one year to the next.

Phil Raines: The materials have largely been developed, so I think that we would just be tweaking them in-house—

The Convener: Materials get upgraded and replaced. They do not last for ever. There has to be a budget for that.

Phil Raines: That is true for any training that is being taken forward.

The Convener: A lot of eggs have been put into the Highland basket. I understand that things are working well there, but how can you extrapolate from what is happening in Highland to predict what will happen in Glasgow, where the socioeconomic difficulties are on a much more massive scale? Glasgow has some very deprived communities, and there is not deprivation on the same scale in Highland, so we would expect Glasgow to be much more difficult to tackle.

Phil Raines: That is a fair point, and it is one of the reasons why the assumptions have been

tested in a variety of areas, which represent communities in which the make-up of the population of children and young people is quite different, such as Edinburgh city, Falkirk, Fife and South Ayrshire. We included a mix of rural and urban areas, areas that experience significant deprivation and areas that do not generate the same level of concern. Glasgow might not necessarily be the same, but we tested assumptions in areas that face many of the issues that Glasgow faces in implementing GIRFEC.

The Convener: Capital costs did not come up in evidence this morning, so I will raise the issue before we round off our deliberations. Capital costs have been estimated at £30 million each year over three years. I am always suspicious of such round figures. When people say the estimated cost is £7.8135 million, I think, "Oh, work's been done there", but when they give a figure like £20 million or £30 million I think that they have guessed.

East Renfrewshire Council noted the issue and said in its submission:

"There is not much detail on how the total capital of £30m per year for 2014-2017 has been determined."

Will you give us a wee bit of information about how the capital costs were arrived at?

Tim Barraclough: Yes. The starting point is that there is very little evidence from which we can draw assumptions about the increase that will be needed for infrastructure as a result of the bill.

The capital costs are based on the Scottish Futures Trust metrics that are currently used for the Scotland's schools for the future programme. Our assumption about the additional infrastructure that might be needed is based on those metrics. 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, where that is needed. Will they do so through new build or through additions or adjustments to existing capital assets?

We talked to the people who are responsible for the Scottish Futures Trust initiative, to get a relatively rough-and-ready proxy for the capital infrastructure that might be needed. The primary school metric gives an allowance of 7.5m² per child, at a cost of £2,350 per square metre. If we apply the metric to a new unit for 40 children, we get a cost of about £700,000, but that can vary depending on the size of the unit. If we double demand to 80 children, we are talking about £1.4 million. A sum of £30 million would enable up to 60 new stand-alone units—if that was how local authorities chose to increase capacity—to be provided nationally.

As I said, the assumption is not based on a thorough and detailed assessment, authority by authority, of what currently exists and what authorities might want to put in place. That evidence is simply not available. Therefore, you are probably right, in that this is one area in which the estimate represents a best guess.

The Convener: Will councils bid for the funding or will they have an allocation?

Phil Raines: They will have an allocation.

The Convener: Does the early years change fund come into play in this context?

Tim Barraclough: The element of the early years change fund that relates to provision of childcare for two-year-olds is being transferred across to the overall envelope for early learning and childcare in future years—I think that the minister alluded to that in her letter to the committee.

12:45

The Convener: Thank you for providing that clarification. I have—you will be glad to hear—just one last question.

What further detailed work will be carried out to flesh out the resource implications of the bill? You have talked about reviews in the evidence that you have given us, but what on-going work will be done to ensure that we hone the figures prior to implementation so that we get a much more accurate reflection of what the costs will be from 2016?

Tim Barraclough: It is often easier to come up with more accurate estimates of what provisions will cost once the detail is clearer. As we have developed the bill, people have said that they need more clarity about what it will mean in practice. At the moment, we are going through the process of thinking about what will go in secondary legislation to flesh out the requirements. On the basis of that, we will continue to discuss with all the stakeholders who are affected what it will mean in terms of resourcing for them.

Phil Raines: The work will be different for different parts of the bill. Under GIRFEC, there is already a programme board and it has active monitoring and engagement work under way. That will continue to look at what we might call the implementation requirements and any resource requirements from the bill.

A lot of the work on early learning and childcare will come through the hub of COSLA, but there will be a lot of discussions going on between the relevant teams in the Scottish Government and COSLA—not least on issues such as distribution,

which you raised—and also with the NDNA and other key players about how the funding requirements may start to look over time.

There will also have to be a lot of engagement on looked-after children, again through COSLA but also through the Association of Directors of Social Work and with some of the key stakeholders who have actively engaged in the issues that are involved in things such as the kinship care order, throughcare and aftercare, to see what they might start to look like in practice, not least as part of the development of secondary legislation.

The Convener: I thank the bill team for their robust responses to our questions, and I thank colleagues round the table for their questions.

At the start of the meeting, the committee agreed to take the next item in private. I therefore close the public part of the meeting.

12:47

Meeting continued in private until 12:50.

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