OFFICIAL REPORT
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Finance and Public Administration Committee

Tuesday 1 November 2022

Session 6

The Scottish Parliament
Pàrlamaid na h-Alba

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FINANCE AND PUBLIC ADMINISTRATION COMMITTEE
27th Meeting 2022, Session 6

CONVENER

*Kenneth Gibson (Cunninghame North) (SNP)

DEPUTY CONVENER

*Daniel Johnson (Edinburgh Southern) (Lab)

COMMITTEE MEMBERS

*Ross Greer (West Scotland) (Green)
*Douglas Lumsden (North East Scotland) (Con)
*John Mason (Glasgow Shettleston) (SNP)
*Liz Smith (Mid Scotland and Fife) (Con)
*Michelle Thomson (Falkirk East) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Emma Congreve (Fraser of Allander Institute)
Ralph Roberts (NHS Borders)
Mark Taylor (Audit Scotland)
Hannah Tweed (Health and Social Care Alliance Scotland)

CLERK TO THE COMMITTEE

Joanne McNaughton

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Finance and Public Administration Committee

Tuesday 1 November 2022

[The Convener opened the meeting at 09:16]

National Care Service (Scotland) Bill: Financial Memorandum

The Convener (Kenneth Gibson): Good morning, and welcome to the 27th meeting in 2022 of the Finance and Public Administration Committee. The first item on our agenda is an evidence session on the financial memorandum to the National Care Service (Scotland) Bill.

I welcome to the meeting Mark Taylor, audit director at Audit Scotland; Emma Congreve, knowledge exchange fellow at the Fraser of Allander Institute; Hannah Tweed, senior policy officer at the Health and Social Care Alliance Scotland, which will be referred to throughout this morning's session as the alliance; and Ralph Roberts, chief executive of NHS Borders, NHS Scotland. I thank all the witnesses for joining us and for their written submissions, which we obviously have questions about.

We will move straight to questions. I will kick off with a question for Mark Taylor. I would like an explanation of what you mean by the word "significant". In your submission, you say:

"there is likely to be a significant degree of variation in the treatment of central support service costs and other 'overheads'."

You talk about "significant" this and "significant" that. I would like to better gauge what you are talking about. For example, you refer to

"the significant amount of uncertainty set out in the financial memorandum".

Can you give a bit more information about what you mean by that?

Mark Taylor (Audit Scotland): I will try my best. The starting point is the recognition that, by its nature, a financial memorandum contains a number of estimates. Given that there is a high degree of estimation, particularly in the circumstances of the bill being a framework bill and much still needing to be worked through, we wanted to emphasise the areas that Audit Scotland, the Accounts Commission and the Auditor General for Scotland felt were likely to make an impact on the numbers and spending quoted throughout the memorandum. The word "significant" is used to indicate that the issue matters and that there is the potential for the numbers that are quoted to change as they are developed and worked through.

The Convener: My only concern is about the range of numbers. Obviously, "significant" means different things to different people, so I just wanted to see whether I could pin you down a bit more on that.

Hannah Tweed, in your submission, you suggest that

"the financial memorandum does not provide sufficient detail on funding plans to assure the sector of sufficient investment to see the proposals implemented—particularly given the significant impact of the cost of living crisis on the third and independent sectors, as evidenced by recent work by SCVO."

Obviously, you, too, have significant concerns. If there is a shortfall in relation to what the financial memorandum hopes to deliver, do you have any idea of what that shortfall might be?

Hannah Tweed (Health and Social Care Alliance Scotland): I cannot give figures on that off the top of my head. We understand that the financial memorandum responds to a framework bill, but the key concern that we have heard from across our membership is that, even within that context, there is very little detail on which of the costings that are provided acknowledge the role of the third sector and the varied and deep services and provisions, including volunteering work, that it provides. The alliance and our membership have real concerns about the lack of acknowledgement of investment in that sphere, as well as in relation to the various extremely complicated movements proposed between health and social care boards.

The Convener: You were asked:

"If applicable, do you believe your comments on the financial assumptions have been accurately reflected in the financial memorandum"?

I found it interesting that you basically said that you did not believe that they had been. However, the Fraser of Allander Institute took the view that the

"analysis provided by the Scottish Government is reasoned and logical."

Will Emma Congreve explain the institute's thinking on that?

Emma Congreve (Fraser of Allander Institute): Yes. This has been tricky to analyse. We took the approach of looking at the costs and benefits of the national care service as a whole but, clearly, for scrutiny of the bill, we are talking just about what is in it, which is limited. We are not here to talk about that, but it is potentially too limited, given the scale of the national care service going forward.

It took us a long time to work through the detail of what is in the financial memorandum relating specifically to what is in the bill, and we required additional information from the Government in order to be able to understand what it had done. We noted that there are some gaps. What comes across most in the financial memorandum is that a large amount of money will need to be spent on the set-up of the national care service, which is what the bill is about, and there is a lot of uncertainty within that number. There is a big range in the recurring costs, even once the NCS has been set up. That is the implication that we got from the financial memorandum.

Once we got the right amount of detail and went through all the costs, we could see how the estimates had been put together and where other evidence had been brought in. We thought that the Government did a reasonable job of being transparent and talking through the range of uncertainties that it knew were there, but it was never going to be able to do a full and proper job, given that the bill has been introduced before a lot of the detail on some of the uncertainties has been worked through.

The Convener: I have been very neglectful this morning. I have not given the apologies from my colleagues John Mason and Ross Greer. They are coming to the meeting, but they have, unfortunately, been held up by train difficulties on their way through from Glasgow. I apologise for not saying that earlier on.

Emma Congreve mentioned a gap. NHS Scotland said in its submission:

"There is no detail about which community and mental health services were included within the financial memorandum."

Therefore, that is a gap that concerns it.

Ralph Roberts (NHS Borders): Before I start, I should be absolutely clear that I am not only chief executive of NHS Borders; I am also chair of the NHS board chief executives group. In a sense, I am also representing that group today.

With regard to the convener's comment, that is one of the fundamental questions around doing a financial referendum for a framework bill. The Government has been clear that the service will be developed through co-design—I understand and welcome that—so an awful lot of the detail is still to be worked through.

We recognise that costs are identified in the financial memorandum for community health and mental health, but we are not absolutely clear about exactly what they relate to. That will need to be worked through once we get into the co-design and understand whether—or what—services are being put into the national care service from a health perspective. There is a different set of questions that are separate from the financial memorandum about whether we think that that is the right thing to do. You might or might not wish to get into those questions but, from the financial memorandum perspective, until we have understood exactly what those services are, how they will be going in, and what the relationship will be between the care boards and the health boards in the way that they work, it is very difficult to get to the detail of the costs. Those costs include not only the current cost of delivering the services but the indirect costs and support costs that are associated with our delivering those services.

To put that in the context of NHS Borders, community health, primary care and mental health account for about 50 per cent of the NHS Borders budget. If, in the future, that money does not come directly to the health board but goes directly to the care board and subsequently those services are commissioned from the health board, that will have a very significant impact on our support structure. How the service releases those costs, whether it can release them or whether, from the point of view of economies of scale, the organisation still needs to retain a significant proportion of them has not been worked through and will need to be worked through.

The Convener: Thank you for that. You say in your submission:

"what could be the most significant"—

that great word again—

"public sector organisational change in recent memory must not be underestimated in both time, unnecessary distractions and increased costs."

What do you mean by "unnecessary distractions"?

Ralph Roberts: There are two points that I would highlight in that respect: first, the impact of organisational change at any point and what it means; and secondly, a recognition of where we currently are. I do not think that anybody would disagree that the fundamental issue is the need to improve social care, outcomes and wellbeing but, in the context of where we are currently are, the focus on organisational change when the organisations in question are under more pressure than they have been at any point in the past two years and the impact on staff of having to engage with the co-design process give us significant concerns at this point. I recognise that the bill describes a process that will take place over the lifetime of this Parliament but, even so, we are talking about an awful lot of organisational focus to understand the implications for staff, buildings et cetera. That is a concern.

The other point is the fundamental question whether organisational change is the right thing to do to improve social care. The financial memorandum makes the point that it does not

include the costs associated with other social care improvements that we need to make, but if I had a proportion of resource to put into social care—if it were my money—would I choose to put it into organisational change or into developing the workforce, standards and so on? I think that I would be very thoughtful when it came to putting the money into organisational change.

The Convener: Thank you.

Emma, I found the Fraser of Allander Institute's analysis quite interesting with regard to table 3 in its submission. You say:

"Decisions relating to the number of Care Boards have not yet been made, and the figures in Table 3 assume 32 are created, one for each local authority area."

Does it seem efficient to you to go from 32 local authorities to 32 care boards? What impact would that have on delivering what the bill is ultimately setting out to do, which is to ensure high and consistent quality of care across Scotland?

Emma Congreve: We were looking at the matter in terms of whether the way in which those figures had been put together in the financial memorandum made sense. If you had to come up with an assumption, that would seem to be a reasonable one to make at this stage. It is clear that the Scottish Government needs to work through a lot more detail to understand what it believes to be the right framework. For example, I believe that it has stated very clearly that it has a lot of work to do in order to come forward with a programme business case.

Replacing what was there before with 32 care boards might not seem the most efficient use of money, but you would expect the Government to be considering the matter from an appraisal point of view and looking at the range of factors that it believes are important in meeting the national care service's aim of providing consistent and higher-quality care. We do not really have a view on how many care boards that will mean.

The Convener: Do you have a view on that, Mark?

Mark Taylor: At the moment, the financial memorandum provides a range of assumptions and indicative costs, and we are a long way from the decision point with regard to how all that should work. Colleagues have talked about some of those themes already, but I think that such decisions cannot be made in isolation from the affected sectors, whether that is local government or the health service. Given the scale of activity in health boards—as has already been illustrated by NHS Borders—and in the individual councils that are affected, a lot of careful thought will have to be given to how all of this will work from a whole-system perspective.

Having a full and wide-ranging discussion about the different models for where care boards should sit and how they should map against existing geographies will therefore be important. The Auditor General and the Accounts Commission do not have a view on what the right solution is, but it is important for such discussions to take place in partnership with the people who are tasked with providing and managing the services. We are a long way from being able to provide a view on that.

09:30

The Convener: Your response to question 7 talks about the volatility of inflation and about costs that have not yet been assessed. You also say that the

"variability of cost of staff harmonisation/rationalisation highlighted in paragraph 54 is not reflected in the range quoted."

You use the word "significant" in saying:

"In our view there is likely to be significant uncertainty about the cost of harmonisation that goes beyond the extent of services and staff groups involved."

What range would be more realistic than the range that has been quoted?

Mark Taylor: It is difficult for us to come up with a figure—we are not in a position to do that. As colleagues have said previously, the financial memorandum identifies areas of cost that have significant uncertainty, and it does not provide figures in relation to those costs. We included in our submission a range of those costs, from VAT, which has been talked about before, and from items such as staff harmonisation, potential changes to capital investment and maintenance, and the health and social care information scheme.

The financial memorandum contains narrative about each of those things, but no numbers are attached. Those items are all in addition to the numbers that are quoted in the document.

The Convener: Hannah Tweed was nodding while Mark Taylor spoke. Your submission quotes paragraph 56 of the financial memorandum, which says:

"It is not anticipated that the establishment of the NCS and care boards, and the transfer of functions to those bodies, will have any financial implications for any other public bodies, businesses or third sector organisations, or for individuals."

You disagree with that.

Hannah Tweed: There are areas in which the majority of the cost will land with colleagues in health and social care partnerships and in the national health service, but there are also key actions that the financial memorandum does not

cover that will have an impact on the third sector if they go ahead.

To give an example, some of our members welcome proposals on care records, which could reduce the trauma that people experience from repeating stories ad infinitum and could reduce complexities and inefficiencies in accessing care. There is nothing to indicate the on-going training costs of accommodating access to care records for third sector providers of services and support, for unpaid carers and for people who access services. If the care records system is to be citizen focused, to enable people to have ownership of their own data records and to be flexible enough to allow digital and non-digital access, as is best practice, we will need relevant software access, equipment and training, which must be on-going, because people could start to need access to care records after the transition period that the bill outlines.

That issue needs to be considered. It might not involve a substantial cost as a proportion of everything else that is being talked about but, for people who deliver and access services, it really matters. Such detail needs to be considered if the approach is to be sustainable and is to reflect the complexity of who delivers and accesses services in the social care environment. Does that make sense?

The Convener: Yes, it does. I will follow on from that and move things on a wee bit. Your submission says:

"The ALLIANCE ... supports Volunteer Scotland's calls to ensure that volunteers—while a valuable asset to the health and social care landscape—are not expected to substitute for paid care provision."

Is there any indication that that is being considered?

Hannah Tweed: That is not explicit in the bill but, functionally, the pressures under which systems and people have been operating, particularly in the past two to two and a half years, have meant an increasing reliance on unpaid carers and community support. I defer to my colleagues at the table, but it will not surprise anyone in the room to hear that the system is under extreme pressure.

I am hesitant about a system that would rely on the unpaid provision of care without proper support for those persons and without their agreement and wish to do that. That is not to denigrate the significant impact of unpaid carers—quite the contrary—and, similarly, of volunteers. It is worth tracking how that shift develops, particularly with regard to the pressures that the workforce is under and the loss of people from the social care workforce that we are seeing. What patterns are emerging? How will that affect the costings? How will that affect preventative spend and investment?

The Convener: I will let colleagues come in in a minute or two. Although I have given you quite a barrage of questions, there are huge areas that we have not touched on. I will ask one more question to Ralph Roberts, Mark Taylor and Emma Congreve, and then I will open up the session. Ralph, the potential for efficiency savings has been spoken about but, in your written submission, you said that

"it would be difficult to find additional efficiency savings".

If those cannot be found, must the Scottish Government make a commitment to meet the cost, or should the cost be shared? Do you hope that efficiency savings can somehow be found? If so, where could they possibly be found?

Ralph Roberts: The first point is that organisations should continue to look for efficiency savings at all times, and we will continue to do that. I do not need to tell the committee where we are as a set of organisations with regard to public sector finance and that, therefore, there is a need to find efficiencies anyway. At the end of that process, there will be a choice about whether those efficiency savings address the underlying gaps in budgets or whether they are available for reinvestment in other services, such as the development of the national care service.

The second point is that we need to be careful about how we describe the potential for efficiency savings associated with specific proposals in the bill and the ability to actually then drive efficiency savings. For example, the financial memorandum quotes figures for the impact of breaks for carers, which we absolutely support as valuable and important, and it rightly references the fact that a lack of breaks has a knock-on impact on the rest of the system, whether that is in social care or in health, because people have to go into hospital who probably would not have needed to had unpaid carers been able to get breaks. However, the financial memorandum goes on to assume that that resource will be released from the health budget, but we must be careful about making that assumption.

Those costs are embedded in the cost of running hospitals, and we have a huge backlog in care, so the more likely reality is that the spare capacity will be taken up with other activity to address the backlog of care. Not least, we must recognise that some systems are running at 90 to 95 per cent occupancy or more, and most efficient health systems would run much closer to 80 per cent. Although breaks for carers would be a good thing in delivering improved outcomes, we must be careful about assuming that efficiency from that will be released and therefore available to help to

fund that ambition, which is a perfectly reasonable one. I hope that that helps.

The Convener: It does—thank you.

Mark, you commented that paragraph 51 of the financial memorandum

"provides details of the components of core management costs assessed, but the subsequent analysis does not provide any information against these headings."

What level of cost could we be talking about?

Mark Taylor: I will first clarify, or correct, our comment on paragraph 51. We recognise that the subsequent table, which is table 8, provides that analysis at a high level against those cost headings. The point that we wanted to make—on reflection, we have not made it as clearly as we might have done—is about the level of detail that underpins that and exactly what the basis is for the make-up of the costs. Again, it is difficult to put numbers on such things.

The overriding judgment that we made in our comments was that a range of costs has been set out and there is a degree of analysis underpinning those costs, but that there is a range of additional areas, which are likely to add to those costs, that have yet to be assessed. Numbers have been put on those individual areas, but there is significant uncertainty around each of the areas of additional cost that have been identified and, in a number of those areas, the costs are likely to accumulate.

What we do not know and cannot tell is how that affects the overall assessment of the amount involved. That is important, because part of the job of the Government—and of Parliament and Audit Scotland—is to help with that assessment of affordability and sustainability. In embarking on the bill and the policy, the Government needs to have an overall sense of what the cost is likely to be and, at the moment, we feel that the cost is likely to be understated. It also needs to know how that cost will sit alongside the cost of other commitments on social security and funding for the health service in a very challenging fiscal environment—I do not need to share the details of that with members.

We recognise the process that we are going through and that it is part of the wider financial planning that needs to take place, but we need to get greater visibility as soon as possible. There needs to be an overall sense of what we are taking on from a cost perspective and how that sits alongside the wider financial environment that the Government faces.

The Convener: We are not looking for specific pounds, shillings and pence costs at this stage, but we are looking to see whether the parameters are correct and whether the best estimates have been delivered in the financial memorandum.

Cost underpinnings are important, because we are looking at structural changes and there seem to be colossal sums involved. We are not talking about building new headquarters for each of the boards or anything like that, but we are talking about hundreds of millions of pounds, and it is important to know how the figures have been arrived at, how accurate they are and so on. Do we have the best estimates?

Mark Taylor: We are not in a position to say, because of the level of detail that has been provided. There has been a degree of narrative, but a series of numbers are provided without the basis for how those numbers have been established really being demonstrated.

We have done a bit of analysis of some of the staffing costs, which seem reasonable in terms of cost per head. However, it is difficult to get a handle on the rigour of the assessment underpinning the numbers that are expected in particular areas.

In saying that, we recognise that we are at an early stage of the process in relation to the financial memorandum, particularly given the type of bill that this is. As the Government proceeds, it is really important that it keeps Parliament up to date about what the aggregate is and what the components of that aggregate are, and that we find mechanisms to enable that to be scrutinised as decisions are made and things move on.

The closest example to point to—it is not the same, but it is a similar scale of project—is the introduction of social security in Scotland. One thing that we reported on throughout that introduction was that it took a long time for the Government to be able to say with a degree of clarity what the total costs of that change project were. We reported on a number of occasions that there was a need to have much more clarity on that. Even at this stage, although the situation is much clearer, there is still uncertainty about what the overall cost is likely to be.

Those lessons need to be applied in the case of the national care service. The Government needs to be much clearer at a much earlier stage about its financial plans. Of course, there is uncertainty in relation to co-creation and how that will work, but that cannot happen in a vacuum. It needs to be related to some wider underpinning or wider plans about the financial aspects.

The Convener: Emma, you say in your submission:

"The creation of an electronic integrated health and social care record is in the legislation, but no costing has been produced. The reason given is that the work is at a too early stage to estimate costs, but it will be provided in the Programme business case due in Autumn 2022."

We are now in the autumn. Have you been advised as to when those figures will be provided, if they have not been provided already?

Emma Congreve: That point in our submission was based on our conversations with officials. We were informed that the programme business case was under development and that it was hoped that it would be available in autumn 2022, but I am not sure what the position is now.

09:45

The health and social care record is an obvious gap in the financial memorandum, although I note that the bill is not specific on exactly what the programme will be—the details are not there, so it is too early to do any costings. We know how expensive big information technology projects can be, but we know how important they are as well. Given the magnitude of such a change, it feels important to be able to get a good understanding of the potential costs at an early stage. Otherwise, the ambition will potentially be too limited at the start, which will set up the project for difficulties further down the line.

The health and social care record is a good example of our feeling that we are very early in the process. At the moment, we have little understanding of the scale of the costs that will come, not just from the operational set-up of what is in the bill but from the transfer of duties in relation to the on-going costs of providing care, and from the improvements to social care that are envisaged to come through the co-production process. That makes it difficult to be sure that the right scrutiny will take place at the right time.

I agree with Mark Taylor that we need to think about how the costs can be brought forward for scrutiny at appropriate times, so that they can be aired and we can see the workings behind the scenes. So far, I have found that Scottish Government officials have been willing and able to explain what is going on, and they have been transparent when talking us through the programme. It is important to give opportunities to ensure that that process can continue. I am not sure about the best way to do that, but a lot more needs to come under public scrutiny during this parliamentary session as plans are developed.

The Convener: Do you have any fears about slippage in relation to cost? For example, it was indicated that the programme business case would be provided in the autumn, but we have not seen those figures yet, and they might or might not be available. Is it a worry that there might be slippage in cost and that the whole delivery might be delayed?

Emma Congreve: It is a concern with any project of this nature. When you build programme business cases and appraisals, it is important to build in those contingencies.

Over the past year, we have seen some slippage—for example, we thought that statements would come out ahead of the bill's introduction in Parliament, and we were informed that things would be released and that plans were ready to be published, but they were not. Therefore, we have had a squeezed period over the summer since the bill was published. There is a worry that that indicates that things are slipping already.

The Convener: Thank you very much.

I will now open up the session to members. The deputy convener, Daniel Johnson, will be first.

Daniel Johnson (Edinburgh Southern) (Lab): I begin with questions to Emma Congreve and Mark Taylor.

Emma, you have just said that you think that the Government has been transparent, but it strikes me that it has been transparent only after you asked questions on what is set out in the financial memorandum. I find it difficult to understand what the numbers are telling me. Given that you have asked for clarity, can you say whether there is sufficient clarity in what is published for us to commit to something that potentially allows ministers to create significant financial liabilities for the Government?

I thank the Fraser of Allander Institute for its summary tables, which I find easier to follow than the ones in the memorandum. In relation to how to understand the numbers, is it correct to say that the £527 million is a recurring cost for the additional resource and effort required in running the system? Is it also correct to say that, at the high end of the estimates, the establishment phase involves £300 million of non-recurring or one-off costs?

The other key point is that it is assumed that £8.9 billion of identified costs in social care will just carry over to the new regime and there will be no savings. It is assumed that all the administrative costs will need to continue, and that there will be all the additional costs. Is that the right approach?

Do we have enough transparency? Is the documentation sufficient to make that sort of decision? Is that the right way to interpret the numbers?

Emma Congreve: On your last question, your explanation is my understanding of the figures. The additional set-up costs are large, and I believe that the £500 million is a recurring top-end estimate for once we are in a steady state after the system has all been set up. However, there is the money that is carried across, which currently goes through the local government settlement and

some other sources to pay for social care. That figure could be very different by the time the money is transferred.

I concede that the transparency was there only once we asked the question. There was not enough information in what was originally published in the financial memorandum for us at the Fraser of Allander to work through the figures and understand how they were put together. However, our conversations with officials—once we found the right officials—were very constructive. The officials were clearly willing and able to explain the figures. Quite why all the information was not in the financial memorandum I cannot tell you, but it is not my understanding that officials were trying to hide any of it; that was just how it was put together.

Daniel Johnson: So in order to understand the numbers and financial implications of what is involved in setting up the new organisation, you needed to, in your words, find "the right officials" and ask them the right questions. Would all 129 MSPs in the Parliament necessarily know to do that? We are being asked to approve the bill on the basis of the documentation, not conversations with officials.

Emma Congreve: I do not disagree. The reason why we did this work, for which the Coalition of Care and Support Providers in Scotland gave us funding, was to provide the clarity that we felt was missing in the documentation. In essence, we were trying to do the job for you. We saw that the way in which the figures were worked through was not quite clear, so we did that working through the numbers. You are correct that we would not have been able to do that had we not been able to speak to the right officials to get the information. I agree that that is a problem.

Daniel Johnson: Mark, do you agree with my interpretation of the numbers? What are Audit Scotland's thoughts on the transparency? Audit Scotland is the expert in looking at management information and whether decisions are being made in a robust and repeatable manner. Does the presentation of information that we have lend itself to that sort of decision making?

Mark Taylor: Fundamentally, you will be the judge of that.

Daniel Johnson: That is diplomatic.

Mark Taylor: I would say that we are clear that there is limited detail about where the numbers come from. There is narrative and then there are numbers, and how the narrative relates to the numbers is not as clear as it might be. That is apparent from reading the memorandum. We have not had the opportunity to speak with Government officials to get into the detail of that in the way that other colleagues have.

The broader point has been made before: there are also costs in the memorandum that have been identified but not quantified, and therefore the amount in aggregate and the range of the effect of those costs are unknown, and we are not able to add detail to that.

My third point goes back to your initial question to Emma Congreve. One point that we make in our submission—it is perhaps a bit more cryptic than it might be, so let me explain it—is about the relationship between the figures in table 2, which are for the overall spend that could potentially transfer, and the costs. A big part of that was the question of whether there are any efficiencies in that. Is it being assumed that the model will allow any activity to be generated more efficiently, either in terms of efficiencies within the cost numbers or in terms of restricting rises in the costs, which is probably more likely in the future? Again, whether that is the case is not clear.

The driver of the bill is, of course, quality and consistency. The fundamental question is: where does efficiency fit in that and does it affect the overall numbers? That takes us on to a different discussion about preventative spending, models of care, reconstruction and the like. That is the question that we had about that.

Daniel Johnson: I am about to put that question to Hannah Tweed and Ralph Roberts, because I do not think that we have had a proper explanation of why this is being done and what the benefits will be.

On that key question about aspects that might incur costs that are not fully worked through, we recently received an interesting paper from the Scottish Fiscal Commission on Scotland's demographics, in which the SFC says that the proportion of people in Scotland who are over 65 will rise from 20 per cent today to 32 per cent in 2072. If we set aside some of the detail about models of care and service provision, it strikes me that the biggest cost driver will be demand and that the demographics will be the single biggest driver of demand. There will be a very substantial increase in demand. Have the demographics been properly explored? The 3 per cent figure seems to cover everything—service improvement and demographics. Is that figure sufficient? Am I right to place emphasis on that issue? Will 3 per cent cover everything?

Emma Congreve: The truthful answer is that we do not know. As yet—I assume that the Scottish Government is working on this—there has not been a detailed analysis of the demographic changes that are expected and how those will impact on the cost of care delivery. There has

been an acknowledgment that there will be upward pressure.

A figure of 3 to 3.5 per cent is generally used in England. That comes from modelling that the London School of Economics and Political Science does, looking at the different components of care.

The issue is not just the over-65s; it is the over-80 age group that has the most significant impact on the cost of care.

We have looked across the literature: the level of analysis that you are asking about has not yet been done specifically for Scotland—in Ireland, there has recently been a lot of assessment in that regard. Such analysis will be required if we are to understand the demands.

As I understand it, that is not a core part of the financial memorandum; it is not something that has to be scrutinised, because the financial memorandum is about the operational set-up of the new system and not the provision of social care in the future. There is a table in the financial memorandum that talks through the issue, so it has been included, but the extent to which that is there for scrutiny at this time is a little unclear.

The 3 per cent estimate seems reasonable, but it is not founded on specific evidence of the drivers of social care in Scotland.

Daniel Johnson: Mark Taylor, do you agree? Is there sufficient clarity on the impact of demographics?

Mark Taylor: I agree entirely with Emma Congreve.

The table is helpful, because it sets out the scale. That is its purpose. What is not clear is how that scale matters in the context of the numbers in the financial memorandum. Will the scale being bigger or smaller affect the costs that are the subject of the financial memorandum?

On the numbers in table 2, as we said in our submission, it is unclear where the 3 per cent comes from. I accept that that is a standard approach, but it does not necessarily reflect expectations in Scotland. You pointed to the work that the Fiscal Commission has done so far. It plans to report in the first quarter of 2023, which will help to shed additional light on the implications of demographic change. That will be fundamentally important when it comes to thinking about the national care service and the healthcare cost base in the round.

In terms of how this paper sits, it is helpful to have the table. There are some questions around the 3 per cent figure and where the numbers have come from. It is set out as being indicative, but what is less clear is how it affects things.

10:00

Daniel Johnson: Mark Taylor and Emma Congreve have talked about the lack of clarity around why what is proposed will improve things. Hannah Tweed and Ralph Roberts, could you elaborate on that? Currently, decisions around social care services are being made by local authorities and health boards separately and collectively through integration joint boards. The implication is that we need an independent decision maker that is separate from local authorities and health boards—if that is not the implication, I do not know how to interpret the Government's plans. Do you think that that is the problem? Do we need an independent decision maker of that sort?

Ralph Roberts: It is important to emphasise that there are some really good principles in the bill. Clearly, there are some elements of the bill—on shared information, breaks for carers and so on—that I would absolutely support.

I have already said that I do not fundamentally believe that significant organisational change is what will add the biggest value at the moment. I think that there are other things that are a higher priority. However, I think that there are opportunities to continue to improve the way in which the various bodies that are involved in the health and care system interact, and I would certainly like us to continue to take advantage of those opportunities.

It has been said in various evidence to various committees that, although IJBs have been in place for several years, they are still relatively new in organisational terms and are finding their feet, especially given the set of different propositions that they have had to deal with in the past couple of years. Certainly, there are things to be learned, but I think that there is an opportunity to address that through the existing legislation, to build on that with local partners by understanding how they can make decisions better together and addressing some of the cultural and behavioural differences, and then to build on some of the other aspects in the bill.

Daniel Johnson: You are correct. I might have phrased my question unfairly, so I will put it another way. Is the problem about where we are making decisions? If we are going to spend £500 million on improving social care, does there need to be a separate decision-making body or do you think that we should look elsewhere for the solution?

Hannah Tweed: I think that there is a range of issues with the current delivery of social care. One of the ones that I would highlight—to step back slightly from the question that you asked—is that, despite the best intentions of many of the people

involved in health and social care partnerships and IJBs, there is little in the current structures about the prioritisation of the voices of people who access services and who deliver them at grass-roots level. I do not think that the bill is perfect in that regard.

In our wider response, we said that, although we welcome the mention of lived experience representation and the provision to ensure that those people can sit with meaningful voting rights, which does not happen in current IJB structures—in a large number of IJBs, those positions are not even fillable, for a variety of reasons, including basic working practices, such as the fact that 9 am meetings do not tend to suit people with caring responsibilities—we also need to ensure that we embed an arrangement whereby co-production happens not just at the stage of consultation and discussion around legislation but also in relation to day-to-day decision making, including on finances. That will shift the dynamic away from decision makers who are grounded in the health and social care professions. Their insight is valuable and should be part of the process, but our proposal would deliver much more of a partnership working process.

One thing that has come through loud and clear in some of the research that the alliance has done—such as a piece that we did with Self Directed Support Scotland a couple of years back, which was called, "My Support My Choice: People's Experiences of Social Care in Scotland", which does what it says on the tin—is that, when SDS works for people, it works really well. In our research, people highlighted the substantial impact that the shift towards greater control and choice of care delivery had on their day-to-day lives and on their ability to engage with the community, to work and to do a host of other things. However, that is not consistent across the country, and making it so is one of the primary challenges that we face.

If we have a system that says that decision making across Scotland will involve and embed disabled people, people living with long-term conditions and unpaid carers in every care board and at every stage of decision making, that will be a different beast from what we have now, because it does not happen in the current system and is not provided for in the current legislative structure. That is my set-piece on that issue.

Daniel Johnson: The Organisation for Economic Co-operation and Development has done a substantial bit of work on the issue of the ageing population across the industrialised economies. Its reports show that the approach that has been taken in countries that have undertaken reform—notably Japan, the Netherlands and Finland—involves enhancing the powers at a municipal level for configuring and delivering social care services. It strikes me that the bill is taking the opposite approach, and is going up a layer. Has it been explained to you why the Scottish Government is taking a centralising approach, rather than pushing the powers further down? What do you think is the appropriate level for the decisions to be taken?

Hannah Tweed: The priority should be improving people's access to good-quality social care, however that is achieved. Essentially, that is the main take-home for me, for the alliance and for our membership.

I hesitate to endorse any rhetoric that suggests that all that we need is more power or more money for the current systems, because that implies that what we have works and just needs a bit more investment, and I am not sure that that is true—I do not think that it is evidenced in what we have heard from people with lived experience.

I am thankful that taking the decision about whether the bill is the right way to go about things is your job and not mine, but I think that there is a great deal of potential in anything that meaningfully prioritises a proper co-production approach.

Daniel Johnson: Ralph Roberts, do you agree with what Hannah Tweed has said about reflecting the voices of users? Do you think that there has been sufficient analysis of international comparisons with regard to what has been done elsewhere, what works and what the dynamics are?

Ralph Roberts: There are always opportunities to learn from elsewhere, and there is always more that we can do. I echo Hannah Tweed's point about involving people with lived experience in decision making, and I do not think that we do that as well as we could and should. However, we can do that within existing structures.

I see the issue through the lens of your point about municipalities. I have always enjoyed working in small organisations and I think that there is a power in having that ability to be connected to your community when you are making decisions. That is important.

If I look at the issue through the health lens, I point out that we used to have three health organisations running health in the Borders, and now, for almost 20 years, we have had only one. That has been important for the ability to have a unified and clear set of decision-making processes for health that allows health to be seen in the round. Over the past 10 years, that has linked into social care, and that has certainly been a benefit. However, we have to understand that there is a point at which having too many bodies in a single

population trying to make decisions can cause difficulties.

From a health perspective—this goes back to what we said before about why the bill is potentially significant—the bill could fundamentally change the dynamic around decision making for primary care, community health, mental health services and health services in general. For example, in our context, community mental health services could be split from in-patient mental health services, which we run as a collective. How would that work? If that set of services is to be commissioned by a care board that gets the money directly, we will have to put in place a way of commissioning health services that we do not have at the moment. That has a potential cost attached to it and it could affect effectiveness of decision making. It is possible that too many people would be trying to make the same decision. Therefore, we have to be very thoughtful about taking such an approach.

Having said that, there are always cases in which it is helpful for there to be collaboration at a higher level or a national level—we see that in the national health service. The commissioning of specialist health services is done on a national level. I have examples of individual, very complex care cases that we are not big enough or do not have the skills to deliver for our local population, so I think that there is a role for some form of regional and national collaboration on particular types of care in Scotland, which could be delivered as part of a national care service. There are some strengths to such an approach.

We have done work on international recruitment in the health service. We can all have a debate about how effective that has been, but it has been done collectively and what has been done at a national level has added value for NHS Borders. I suggest that there are opportunities to bring in social care workers from elsewhere in recognition of the fact that the workforce issue is one of our biggest issues.

There are definitely opportunities if we work at a national level, but I fundamentally believe that decision making around such services needs to be embedded in local communities.

Liz Smith (Mid Scotland and Fife) (Con): Good morning. Just like the witnesses who attended the committee last week, you have each cited instances where you feel that there has not been sufficient detail to ensure that the numbers relate to the narrative. Have you been surprised by the extent of the lack of detail, given that the scale of the change and reform is significant? It is on the same scale as merging the police forces or college regionalisation.

Ralph Roberts: On one level, I am not, because the context is that this is a framework bill and the Government has, understandably, been very clear that the detail will come out of co-design and that that will be the point at which it will be easier to understand the numbers in detail. I heard the conversations last week, and I understand that that creates issues for the Parliament's scrutiny and decision-making processes; that is your business.

To that extent, I am not surprised, but it is important that we have the time to understand what will happen and work through its implications—some of which I have already flagged—before decisions are made. Clearly there is an awful lot of work to do, but I am not suggesting that there is not a commitment to doing that work.

Hannah Tweed: I echo many of those comments. This is a framework bill and we know the complexity of some of the calculations, given what we collect data on, so it is clear that this is a hugely complicated task with some elements that are almost impossible. We will be working from estimates rather than concrete data, and that is the best-case scenario for some sections.

That said, we do have reservations about leaving quite so much detail to secondary legislation, because the Parliamentary process means that there are fewer opportunities for editing, proposals, subsequent transparency about why decisions are made and cross-examination. We would like to see careful movement through the first stage of the bill to work out what needs to be shifted.

I mentioned care boards, which, in the bill, have an option for representation, rather than it being necessary for quorate decision making. I have concerns that some elements of that could be watered down, along with other human rights-based approaches, if it is not in primary legislation. That goes into the area of costings, because if something does not have to happen and there is significant financial pressure, even with the best will in the world it is the optionals that get cut. That is what it is.

To go back to comments that Emma Congreve made, we, too, have had welcome conversations with civil servants, so I am not critiquing colleagues in Government for that, but there is a difference between a conversation and publicly published information. I am keen to have much more of the workings shown, not just for transparency, although that is extremely important, but because, in the intervening period, there is uncertainty for many people who are delivering services. How does an organisation make its budgetary plans if it is not sure whether change will happen in one, two, three, four or five years?

That has a knock-on impact on the sector, which is, in many areas, finding continued operations difficult.

10:15

Emma Congreve: I do not have a lot to add, given that it is a framework bill and given where we are in the process of the additional work that the Scottish Government has promised on co-design and on various other parts. As we said in our written submission, we think that the Government has gone through a reasoned process to produce the financial memorandum, although, as I said, the documents do not contain all the detail that we would have liked, and we have had to go searching for that. I am not sure that that is a surprise, but it is a concern.

Mark Taylor: At the risk of repeating what I said previously, fundamentally, what is important is that, as the Government goes forward and as the legislation goes through Parliament, there is an understanding of the full range of cost and of financial benefit. It would be surprising to me if decisions were taken to proceed without that full understanding.

Given the nature of the bill and the conversations that are ahead about the design of service, it is appropriate that those take place on a co-creation basis and involve individuals who are involved in the affected bodies. However, fundamentally, in embarking on this path, there is a question about the range of costs that we are likely to incur and whether we can demonstrate that that is affordable and sustainable. I would be surprised if the Government was not able to do that. I guess that the question of whether the financial memorandum is the device to do that is one for the committee, but it is fundamentally important that the Government can do that, in embarking on such a significant change to the way that things are run.

Liz Smith: Thank you for those helpful answers.

Ms Congreve, in your written submission, you raise concerns about the use of data. For example, you say that the financial memorandum states that some of the estimates of inflation are taken from the Office for National Statistics but that you understood them to be from the Bank of England. Have you had that issue clarified with the Scottish Government? Have you asked the Government why it did not use the Scottish Fiscal Commission forecasts and, if so, did you get any clarity on that?

Emma Congreve: I did not get any clarity on why the Scottish Fiscal Commission forecasts were not used, but I do not believe that I asked, so that might be why. One would have expected the Scottish Fiscal Commission forecasts to be used.

On the question about the inflation rate, I asked what the source was and was told that it was the Bank of England forecast. The ONS does not forecast inflation, which is why the comment is slightly odd.

Liz Smith: Am I right in thinking that you raised the issue because you want much more clarity about not only the statistics but the rationale for using them? Is that what you are seeking?

Emma Congreve: That would generally be what we seek when such types of information are used, especially when they differ from what one would normally expect in Scotland.

Liz Smith: Obviously, it will not be easy for the committee, and eventually the Parliament, to carry out the scrutiny that you have referred to if we are a little unsure about the source of the statistical analysis and the rationale for using it. In many ways, that makes our job just as difficult as yours is. I am interested to know whether you want that clarity in order to make a better assessment of the statistics.

Emma Congreve: On the specific instances that you raise, I think that the citing of the statistics as being from the ONS rather than the Bank of England was just a typo when the document was written. Given that the ONS does not do inflation forecasts, it was obvious that it was someone else. The Bank of England forecasts for inflation seem reasonable, but it does not make much difference whether you use the Scottish Fiscal Commission forecasts or forecasts that are done for the United Kingdom as a whole. Obviously, inflation forecasts are done for the UK as a whole—it is just that they come out at different times, depending on which body is doing the forecast. However, there is a lot of uncertainty in those inflation estimates, and it is an appropriate time to ask for those forecasts to be updated in line with the fact that inflation—

Liz Smith: Is it not also appropriate to have consistency as well, because that allows us to measure against a period of time, particularly given that, as we have mentioned today, it will be an on-going process for some time? Surely it is important to have consistency in the statistics against which you are measuring.

Emma Congreve: Yes, it would be good to have that consistency.

Liz Smith: Mr Roberts, you have been clear in your view that, although some of the principles behind the bill might be laudable, you do not think that it is the right thing to do at this juncture. Is that the view of your colleagues who are chief executives of other health boards? Is there a general feeling that, although you might like to do some of these things, that huge structural change is not appropriate just now?

Ralph Roberts: Yes, I believe so. As health board chief executives, we made a collective submission, and that is one of the main themes of that submission. The bill contains some good approaches. We definitely need to improve social care, because of its importance to those receiving care and because of its knock-on impact on health and our ability to provide health services. We are absolutely supportive of that, but we are concerned about the scale of organisational change and whether that will add the value that we believe is needed to deliver the improvement in social care that we all want to see.

Liz Smith: Obviously, the health service is in difficult circumstances for many reasons. Would the bill have merit if those circumstances were easier—if we were not fighting Covid, other health issues, the cost of living and so on? Would it be the right thing to do?

Ralph Roberts: Personally, I believe that you would still have to be very thoughtful about the reason for making organisational change and the benefit that that would have, alongside other things that you can do to improve social care. I go back to the point that one of the biggest things that we need to do in social care is invest in the workforce. We can see that in terms of the comparators between health and social care, such as pay. My daughter is a student who works in hospitality, and I think that she would accept my saying that she has a relatively easy job compared to care workers, but they are paid exactly the same. That is what we should prioritise if we are going to attract people into a career in social care.

Michelle Thomson (Falkirk East) (SNP): Many of the areas that I wanted to probe have been covered by my colleagues. Mark Taylor, I quickly scanned through the Audit Scotland publication, "Radical Action needed on data", which came out this morning. We are taking a top-down approach by looking at the financial memorandum of the National Care Service (Scotland) Bill, but I will look at it from the other side, where we know that we have issues around data. Are there any more general areas that pertain to our inquiry that you would like to pull out in the light of that paper?

Mark Taylor: One of the things that sits alongside—if I can use that phrase—the financial memorandum is the aspiration for, in effect, service redesign. At the heart of introducing that new structure is a need to do things differently and to provide services differently. We have heard about some of the specifics of that. For that to be successful, it must be informed by data and underpinned by data and understanding.

In our submission, we identify variability with regard to where information comes from. There is variability in some of the numbers in table 2 of the financial memorandum, and those numbers underpin the information that, ostensibly—because that is the information that is in front of you—informs the decisions that will be made here.

At its heart, that variability is underpinned by problems around data quality, and that investment around data quality is a really important way of ensuring that those decisions are informed, as you said in your question, from the bottom up. Even when we consider the high-level numbers in the financial memorandum—for example, there are some questions about the quality of the data that went into table 2—that investment in data quality across public services is fundamental, as we set out in our paper today.

Michelle Thomson: In relation to that paper, I assume that you made that call because, as you have described it, the appetite for data as a mechanism of driving change in Government is variable. Is that due to constraints, or lack of resources or understanding of how important data is as enabler? What is your sense of that?

Mark Taylor: The reason for the paper is that, across areas of work—both the Auditor General for Scotland's work and the work that we do on the Accounts Commission's behalf—a common theme is data limitation. Is that data limited because it has not been invested in, or because people do not give it appropriate attention, or because it is not possible to establish it? Investment in, and understanding of, those issues, and the ability to address them, are the fundamental building blocks of evidence-based policy.

Michelle Thomson: I sense that you want to come in, Hannah.

Hannah Tweed: If you do not mind.

Although it is now on my reading list, I have not read the paper, as it only came out this morning. One theme that was definitely part of our call and the wider response was the need to improve our data collection and publication, including intersectional analysis.

At the moment, we find that data around social care—particularly around people's outcomes and experiences of social care—is really variable. I do not say that to critique colleagues at Public Health Scotland, who are working with extremely difficult data sets when making comparisons—I mean no disrespect.

We have very different types of collection across different local authorities. There is very little consistency, which means that we do not know, as accurately as we should in order to make informed decisions, where social care works properly for people and where it does not.

I can give specific examples about how we assess information about ethnicity. Recent publications—although I understand that

significant effort is taking place to improve this—have still been classifying data as "White", "Other" and "Don't know", which is not exactly ideal practice in a variety of ways. It means that we cannot get down to the detail of which population group is receiving better or poorer access to care, which is massively problematic.

There is also something about the fact that we do not have any way of assessing unmet need, and the numbers around that. From a financial position, that is really concerning. We more or less know the number of people who access different types of self-directed support—options 1, 2, 3 or 4, or telecare and so on—albeit that there are differences in collection per strategy. We do not know how many people request access to social care and are told, "You don't meet the current eligibility criteria. We're operating under level 4: only to the extent of bath and bed, and life and limb," because of the pressures that local authorities are under—although I do not mean to lessen those pressures.

However, unless we collect information about who is being turned away, we cannot know what early intervention means in relation to estimating the numbers and impact. Earlier intervention enables people to live well without reaching a crisis point, which is generally more expensive and has huge impacts on human rights and individuals.

Michelle Thomson: You make clear your concerns about unmet need in your written submission.

I will finish off on some of the themes that everybody has raised. We all agree that this is a framework or enabling bill, and that it involves a huge and highly complex transformational project, with huge uncertainty in all the variables. In addition, there is the approach of using secondary legislation, which has been raised.

Knowing what we now know, and setting aside parliamentary processes—we probably want to discuss those separately—does any of you want to bring out any final things that should have been in the financial memorandum, even if that was with an amber alert stating, "We suspect this, but we cannot know, for the extremely good reasons that we have set out." Have we captured everything thus far, either in your submissions or in the questioning?

10:30

Mark Taylor: I am happy to kick off on that—thank you for the opportunity to broaden out the discussion a little.

To build on my earlier exchange with Daniel Johnson about efficiencies, service redesign is inherent in what the bill is about. There is an aspiration to improve quality and consistency in the services that are provided. The implication, which flows from the provisions in the bill, is that there is an unacceptable degree of variability in services at present.

What is not clear—understandably—is the price tag that will ultimately be associated with that. If redesign is to be about levelling up—to use a politically loaded phrase—in areas where the quality and consistency of the service falls below a certain standard, what price tag is attached to that? Clearly, it would not be as simple as that, but we would expect a degree of change in how services are provided. If that does not happen, what is the point of the change? What is the cost—the price tag—associated with the reorganisation and service redesign?

I understand that, at this stage of the process, it will be difficult to get a sense of that. However, that is the hidden cost. The financial memorandum sets out the front-line cost, but there will be a cost associated with service redesign and changing services—not only the transitional cost but the underlying cost of those services. It will be increasingly important for Government to be clear about what the cost of that investment is likely to be.

Michelle Thomson: I note what you say about the change itself and the steady state, and the breaking down of the cost.

Emma, do you want to add anything?

Emma Congreve: I agree with Mark Taylor, and I agree with the points about unmet need—there are big unknowns there. As an example, we do not even know how many people in Scotland have a learning disability, and that is the largest population of working-age people in Scotland who draw on care. We have no idea of how many people have been turned away from services but would in fact really benefit from those services, and might fall under future changes in eligibility. That is a big area.

One point that has not been raised much yet concerns the probable necessity of double-running costs during the transition phase in particular, which might be critical for the success of the transition.

With someone at the CCPS, I was thinking back to when there has previously been such a significant change. I thought of the transition that took place in the early 2000s, when long-stay hospitals were closed and people with learning disabilities and other conditions were moved into the community. From talking to people who were working at that time, I know that the fact that the two systems ran in parallel for a period so that the transition could take place was seen as critical to the success of the change. The process was not

rushed. There was enough money to ensure that the transition could take place well, and that necessitated double-running costs for a period. We would like to see more understanding of that aspect and what it will mean financially.

Michelle Thomson: Are there any last comments from Ralph Roberts or Hannah Tweed?

Hannah Tweed: It will be important to draw on the learning from integration and the introduction of SDS. In particular, it is important to think about early and on-going training for people who are delivering services, and for staff at all levels of decision making. If we want to ensure that a human rights-based approach, for example, is meaningfully embedded—it is welcome that such an approach is mentioned in the bill—that will come with an educational cost and on-going investment to ensure that it is not just rhetoric but is followed through and informs practice.

It is now the best part of 10 years since the Social Care (Self-directed Support) (Scotland) Act 2013 came into force, yet that is not part of the core curriculum for social workers—I have a separate rant about that available on request. Training and education take time and investment, and that needs to be considered if we are to see effective running of services throughout.

I would also tie that into things such as the Scottish mental health law review's recommendations on a human rights-based approach to budgeting and the need to thread that approach through a wider range of legislation. To what extent can all that be tied in efficiently to ensure that the knowledge base is spread wider and that that is properly costed?

Michelle Thomson: Ralph, do you have any final comments on that?

Ralph Roberts: I will make three quick ones.

First, the whole economic and fiscal context has changed since the work was done, and it has changed very fast since the beginning of the year. We need to acknowledge that.

Secondly, we have to be absolutely clear about the opportunity cost of doing one thing versus another.

Thirdly, the bill documents make clear that the potential changes to children's and criminal justice services require further consultation, but although the bill makes the point about delegating healthcare services, too, there is no commitment to consultation on that. The scale of the potential impact on health boards is so significant that there should be an explicit commitment to a piece of work to understand not just the financial implications—if we are looking at the issue just through the financial lens—but the bigger organisational implications. A step needs to be taken at that point, because the proposals call into question fundamentally the structure of health boards that we would have. There needs to be some work on that specific issue at the right time.

Douglas Lumsden (North East Scotland) (Con): To pick up on that point, might health boards, too, have to change radically as the national care service comes into being? Would there be a reduction in the number of boards?

Ralph Roberts: This is where we get into personal interpretations. The work has not been done yet—it is clear that it has not been done, and that is fine, because it is part of the co-design process.

Let us look at the issue through the lens of NHS Borders. Approximately half our budget would, I presume, go to the care boards, which would be responsible for strategically planning and commissioning primary care services, community services and mental health services. The health board would be left delivering all those services but planning the acute service—and would it be right to have a health board in the Borders that planned only an acute service? Arguably, that would not be right.

I passionately believe that having a health board in the Borders is the right thing for the population of the Borders, so that there is local decision making about health services. I therefore absolutely would not advocate for not having such a board. However, we have to understand the knock-on implications of shifting the balance of responsibility.

Douglas Lumsden: I know that the bill process is at an early stage but, given that the NHS would be a key partner in delivering a national care service, surely there have been some discussions to enable the Government to get to the point that it is at now. Has that not been the case?

Ralph Roberts: There have not been discussions at that level of detail. We recognise that that is part of the co-design process.

I was asked earlier about timing. You must also recognise that the bill has been developed and the next stages will be taken forward at a time when the health service has been focused purely on operational delivery, to an extent that it would not normally be. Our ability to put time and effort at strategic level into engaging with such things has not been what we would have wanted in normal circumstances. That is not a criticism of anyone; it is just an observation of where we are.

Even at the moment, we need to recognise that our ability to engage significantly in co-design over the next six months will be extremely limited. We need the timing and process to take that into account. That applies to social care providers, too.

Douglas Lumsden: You do not have a lot of staff sitting around waiting for the co-design and engagement process to happen. What will have to be cut for that process to take place?

Ralph Roberts: In the short term, we will focus on delivering services for our populations and working with colleagues on that. We will have to prioritise that. As people have said and recognise, the whole system is under significant pressure at the moment and it would be wrong of us not to prioritise that.

Douglas Lumsden: Do you expect additional budget to come your way so that you can take part in the co-design and engagement process?

Ralph Roberts: That is a question that the Scottish Government needs to think about in the context of its broader budget decisions and the Parliament's deliberations on the budget.

Douglas Lumsden: I imagine that the piece of work that is coming the NHS's way will not be insignificant.

Ralph Roberts: As I have alluded to, it is potentially a very significant change for health systems. Without a doubt, the focus on social care is welcome, because of the benefit to the population and the health system, but we have to understand the context that we are currently working in.

Douglas Lumsden: I have a question for Mark Taylor. Even at this early stage, do you feel that all the risks have been accurately identified and quantified? I am thinking of things such as VAT, over which we still have large question marks. Do you feel that enough work has been done on that, so that we can understand its impact?

Mark Taylor: I cannot comment on whether the work has been done because, at this stage, we are not sighted on that. From the financial memorandum, it is evident that there is an understanding of the risks, but not yet an articulation of how that understanding might translate into the financial implications as well as the wider aspects of risk, operational implications and deliverability.

To exemplify that a little, one underlying issue about the status of care boards, as opposed to the status of local government, is what comes with that—for example, VAT. Another example is the ability of local government bodies to borrow for capital purposes and hold reserves, whereas central Government bodies generally cannot do that. At one level, those are details, but they are really fundamental details as to how the service will function. I cannot comment on the extent to which that has been thought through but, from the materials that are associated with the bill, it is not evident that a resolution and understanding of the range of the risk—and what it means for the deliverability of the service—have been presented for scrutiny.

Douglas Lumsden: So there is not yet one place where all the risks have been written down so that we can all see them.

Mark Taylor: I am not aware of one place where it has all been written down, which you can see. Because of where we are in the process, we have not done audit work that would allow me to give you a sense of how that works in Government at the moment.

Douglas Lumsden: From the written submissions and what you have said, there seem to be a number of risks. We have heard about transition costs, the number of boards and a doubling of the running costs, as well as uncertainty on VAT, pensions, staff numbers, scope, impact on the third sector, IT systems, records and training. We have already covered a huge number of unknowns. How do we keep track of them and know what the costs will be to mitigate some of those risks? Can you think of any other unknowns that should be added to my list?

Mark Taylor: That list seems familiar, and we have included a list in our written submission. The question of keeping track of the risks is not a simple case of saying that, once we know what the number is, that is the number. The issues will mature and develop through time, so the scrutiny challenge for the Parliament is how to keep track of those risks and how they manifest. With such a wide-ranging policy area and a piece of legislation that will enable those changes, it is about how the risks are tracked and monitored through time because, even when quantified and reported, they will not be static. Things will need to be worked through, and the risks will move through time.

Hannah Tweed: On the comment about on-going tracking, to be honest, there is a risk, irrespective of whether the NCS goes forward. As has been illustrated in the CCPS business surveys for the past several years, we are very aware of the very significant—I do not use that word lightly—impact of the rising cost of living and fuel prices and all sorts of other provisions on the third sector's ability to continue providing much-needed services in communities for disabled people, people who have long-term conditions and unpaid carers. A real risk is that, if substantial portions of the already strained social care system go under because they cannot afford to keep running, we will be in even more of a crisis situation than we risk being in at the moment.

10:45

That risk has to be tracked and considered as decisions are made, particularly in an environment

where inflation is at 10 per cent or so—frankly, I have lost track of what inflation is doing, so I defer to Emma Congreve on that, but it is deeply depressing. What is the knock-on impact on the sector? There are workforce concerns about people who work in, for example, the children's sector, if they do not get an uplift, not being able to afford to continue in that job. Even if people want to remain in care, they can earn more working at Tesco. It is a skilled and important job but, if you cannot afford to pay your bills, you will not be able to continue working there. Irrespective of what happens, that has to be tracked and considered, so that we do not end up losing already strained services because of the knock-on impact on individuals.

The Convener: On the list that Douglas Lumsden touched on, the Audit Scotland written submission states:

"There are a number of costs associated with the measures set out in the Bill that have yet be assessed. The Scottish Government has recognised this providing a broad description of the anticipated cost and the difficulty in assessing it at this stage."

It then lists the areas where information has not been provided, including on the cost of care boards, transition costs for local authorities and health boards, VAT, pension scheme arrangements, the extent of potential changes to capital investment maintenance and the cost of the health and social care information scheme. Should any of those have been included in the financial memorandum at this stage, or was the Scottish Government right on what was included?

Mark Taylor: I cannot comment on that without a detailed understanding of the information that the Government has available to it. I understand the uncertainties that are inherent in each of those areas. On health and social care information, there is a comment that costs have not been provided because the Government cannot come up with an exact figure. I counter that none of the figures is exact, so in my view that is not a justification for not providing an indication of the range of costs that are likely to be associated with those areas. A question for the committee is: has the Government not assessed the costs and therefore does not know what they are, or is the assessment not available yet because it does not feel solid enough?

It is important that the full range of costs that the Government has identified as associated with the bill are understood, even if—this applies to the language around financial memorandums—the range of uncertainty needs to be explained. There is a point about the Government's responsibility to put numbers around that.

The Convener: Ralph, you state in your submission:

"The purpose of creating the NCS is to improve the delivery of community health and social care together. The clear definition of community health is not evident within the Bill and therefore it is significantly more challenging to understand the financial implications on services and costs."

What impact might that have?

Ralph Roberts: That takes us back to understanding the organisational impact on the health service and the exact arrangements that would be in place for commissioning community health services. A process is beginning to define what is meant by community health in the context of the bill, but that work has not been done yet, so that takes us into the question of whether it includes community mental health services or whether those are seen as part of health services in total. Does it include community hospitals in our context, or would they be seen as the wider unscheduled care acute service?

There are a load of variables. It is not a criticism to say that it has not been done yet; it is just a reality. Until the Government actually says, "When we say that community health services will transfer into the national care service, we mean this and this, but not that and that," it is impossible to understand the financial implications.

Daniel Johnson: I have a supplementary question for Mark Taylor. The IT question is potentially significant. To look at recent projects, Social Security Scotland has to date spent £250 million setting up its IT, and Police Scotland estimates that it needs to spend around £300 million on its computer systems. Those are all records systems that hold information on citizens. Is that the scale of magnitude that we should be looking at, and is Audit Scotland aware of any other recent IT systems that we could look at to find analogues?

Mark Taylor: I am not sure that information is available yet on what IT is envisaged, so I am unable to answer that question. Again, it would be helpful to ask the Government whether the IT projects will be big, middle sized or small. It is important to provide those comparators in order to give a sense of scale.

Ralph Roberts: I do not know whether the committee will find this helpful, but our integration joint board, the council and our health board have been working on what an integrated digital offer might look like in the Borders. There are a range of costs, some of which we will have to pay anyway because they relate to our underlying systems. However, the cost would be somewhere around £20 million—that is the order of magnitude—and NHS Borders accounts for 2 per cent of the Scottish health budget, so that might give the committee a bit of context in relation to

what the costs might be. The work is at a very early stage, but I hope that that is helpful.

Hannah Tweed: I am aware from colleagues in various health boards that some boards are working with extremely old systems that will need to be replaced anyway. Work could probably be done to source information on the proposed costings of similar systems. To be frank, some of the current systems absolutely do not function any more. To go back to Michelle Thomson's point, part of the problem with data collection is that, if the system is not sufficiently fluid to allow robust data entry, with the best will in the world, we will not get robust data.

The Convener: I thank the witnesses for their excellent contributions. The committee will continue our evidence taking on the financial memorandum next week, when we will hear from Kevin Stewart, the Minister for Mental Wellbeing and Social Care.

That concludes the public part of today's meeting. The next item on our agenda, which will be discussed in private, is consideration of a proposed contingent liability.

10:51

Meeting continued in private until 12:03.

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