



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Finance and Public Administration Committee

**Tuesday 8 November 2022**

**Session 6**



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**FINANCE AND PUBLIC ADMINISTRATION COMMITTEE**

**28<sup>th</sup> 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:**

Donna Bell (Scottish Government)

Fiona Bennett (Scottish Government)

Kevin Stewart (Minister for Mental Wellbeing and Social Care)

**CLERK TO THE COMMITTEE**

Joanne McNaughton

**LOCATION**

The Robert Burns Room (CR1)



**Scottish Parliament**  
**Finance and Public**  
**Administration Committee**

*Tuesday 8 November 2022*

*[The Convener opened the meeting at 09:30]*

**Decision on Taking Business in  
Private**

**The Convener (Kenneth Gibson):** Good morning and welcome to the 28th meeting in 2022 of the Finance and Public Administration Committee.

Agenda item 1 is a decision on taking business in private. Does the committee agree to take in private item 3, under which the committee will consider evidence that it has received on the financial memorandum to the National Care Service (Scotland) Bill?

**Members indicated agreement.**

**National Care Service (Scotland)**  
**Bill: Financial Memorandum**

09:30

**The Convener:** Item 2 is an evidence-taking session with the Minister for Mental Wellbeing and Social Care on the financial memorandum to the National Care Service (Scotland) Bill. Mr Stewart is joined by the following Scottish Government officials: Donna Bell, director, social care and national care service development; and Fiona Bennett, interim deputy director for national health service, integration and social care finance. I welcome you all to the meeting and invite Mr Stewart to make a short opening statement.

**The Minister for Mental Wellbeing and Social Care (Kevin Stewart):** Thank you, convener, and good morning to the committee. Thank you for having me along to give evidence and take questions on the National Care Service (Scotland) Bill and its financial memorandum.

The National Care Service (Scotland) Bill is an enabling bill that sets out a number of provisions. The national care service, as proposed in the bill, will bring together social work, social care and community health to strengthen health and social care integration for adult services. By the end of this parliamentary session, accountability for adult social work and care support will transfer from local government to the Scottish ministers. The Government is establishing a programme of evidence gathering and research to inform future decisions on children's services and justice social work and on whether it would be appropriate for them to become part of the national care service, too.

The aim of the NCS is to improve the already high quality and consistency of care across Scotland and to reduce variation to ensure that everyone, no matter where they live in Scotland, is provided with the best possible care. The bill sets out that the functions at a national level will focus on consistency through national oversight, while services will continue to be designed and delivered locally. That is the right approach to support delivery with and for our communities and the people whom they serve. The purpose of the NCS is not to nationalise services.

The principles of any new system will be person centred, with human rights at the very heart of all that we do. That means that the NCS will be delivered in a way that respects, protects and fulfils the human rights of people who access care support and their carers.

The bill sets out a framework for change, but the key details will be developed as part of a co-

design approach. Co-design is all about engaging and working with people—people with lived experience of and people who deliver community health and care support. Those are the people who understand the challenges best and are therefore best placed to help drive forward the improvements that we all want. It represents a new approach to drafting the detail of the bill, with the intention of working more collaboratively to reduce the gap between the legal and the policy intent and its delivery, following the difficulties faced in realising the changes identified in previous service reviews.

Integrated health and social care has long been the joint ambition of local and national Government, but the people who access and deliver care have told us that it is not delivering the quality of services that is needed consistently. Combining national oversight with local expertise will ensure that the right balance can be struck to ensure consistent and fair quality of service provision across Scotland, allow for better sharing of good practice and innovation and remove unwarranted duplication of functions in order to make the best use of public funds.

The financial memorandum sets out the estimated costs for establishing and running the national care service and the proposed local care boards. It does not cover any proposed changes to wider policy, such as those set out in the independent review. It includes significant assumptions about required investments in pay and terms and conditions for front-line local government care staff if they transfer to the NCS.

Discussions are on-going with regard to the potential transfer of staff or assets from local authorities. That is a key area for co-design and one that, given its importance, will not be rushed. Work is on-going, and all financial considerations are under constant review as new information becomes available. I want to make it clear that we are not waiting for the NCS to start improving social care; we are already taking steps to improve the outcomes for people who access care and support, and our priority will be to continue to maximise front-line spending.

The Scottish Government's commitment to fair work and support for fair pay and conditions are long-standing policies that will be embedded in the values of the new national care service. By rewarding and valuing the workforce to deliver the best possible service for the people of Scotland, we will make the sector fit for the future and more attractive to people who come into the profession.

**The Convener:** Thank you for that opening statement. As is traditional, I will start with some open questions before we move to questions from colleagues.

You began by saying that the bill's stated purpose is to improve the quality and consistency of social services in Scotland, and it has been the view of everyone throughout the evidence sessions that that is what we want to see. However, why is this particular structure the best way of delivering that? If certain issues are affecting consistency and quality of care in some local authorities, why is that not being addressed?

The committee has tried to tease out that issue in its questions, but we have not had all the answers that we would have liked. As I asked when Ms Bennett and Ms Bell previously gave evidence, why not name and shame the local authorities that are not stepping up to the mark to deliver the services that they should be delivering instead of creating this new all-encompassing structure?

**Kevin Stewart:** We need national high-quality standards. Indeed, that has come across very clearly from those who are supported by carers as well as from front-line staff who believe that national high-quality standards are the way forward.

The other aspect is accountability. I have now been in post for 18 months, and at the beginning, I was surprised by how many of the folks who are supported by our care system mentioned accountability. People do not feel that there is the accountability that there should be at the local level, and they feel that ministers should be accountable for more than just the policy direction that we are currently accountable for.

People also feel that national high-quality standards are absolutely necessary. That has come across loud and clear in almost every conversation that I have had with folks with lived experience of the care system. It has come across loud and clear from the social covenant steering group, and it has come across loud and clear from those who work on the front line.

I will give you an example, without naming anyone. I have heard time and again that, where there have been failings, folk get pushed from pillar to post. They are told, "That's not our responsibility—it's the responsibility of the health and social care partnership," "No, that's not our responsibility—it's the council's responsibility," or, "No, that's the responsibility of the national health service." That leads to real difficulties for people, and we need to change that. That is why we need the national care service. We need to ensure that that accountability exists, so that people know what they can expect from the care system.

**The Convener:** Indeed. The independent review said that there was a huge level of consensus that a national care service was

required to achieve consistency and quality. However, the Fraser of Allander Institute has said that the new system that is being developed is unlikely to be any better unless it is funded to be better.

There are real issues about the overall funding of the Scottish Parliament; we know what pressures we are under. Last week, we saw the Deputy First Minister reprofile some £70 million with regard to the policy. How likely is it that we will see the positive changes that you want? Can they happen without investing the sums of money that are required or without impacting on other services?

**Kevin Stewart:** We know that there are financial challenges. You mentioned the emergency budget review; it would be better for us all if there was some more clarity from the United Kingdom Treasury about public spending as we move forward.

We know that, in the system that we have, huge sums of money are spent on dealing with crisis. We need to change that and ensure that, for the future, we invest in more preventative care. That will free up the resources that are currently spent on crisis, which also has a huge human cost attached to it.

As I am sure that the committee is well aware, the Government has also said that we will increase our social care spend by some £840 million by the end of the parliamentary session. We all know that we will have to get things right for the future, particularly if there continues to be restraint on the public purse. That is why we cannot stand still.

What we are proposing is not change for change's sake. We are setting up a social care system that is fit for the future to deliver for the people of Scotland.

**The Convener:** We all support the policy ambitions but let us look more at the finances of the proposal.

One of the issues that witnesses have brought to our attention is the scale of uncertainty about the costings. Last week, for example, the Fraser of Allander Institute said that one of its concerns was that there were no workings beneath the costs in the financial memorandum to show how the costs had been arrived at or why we had such a breadth of costs. The Auditor General for Scotland supported that point, too. We realise that there is uncertainty and that there will be secondary legislation, but it is a matter of concern that the financial memorandum, which is what we are taking evidence on, does not contain more detailed costings for delivering the care service.

**Kevin Stewart:** The financial memorandum provides the estimated cost of establishing the NCS. It should be noted that that does not represent a budgetary commitment; instead, it is an indicative cost that will be further refined as the co-design work progresses and uncertainties are clarified. Folks are saying that all of that should be in the financial memorandum, but the Parliament's standing orders are clear that the financial memorandum should cover only what is in the bill.

We are doing other refining work and will continue, as always, to report to Parliament—including committees such as yours, convener—on the expected costs coming from some of the co-design work. If we were to make assumptions on some of those issues at this moment, we would be accused—perhaps rightly so—of having already made our minds up about certain aspects of what we want to do as we move forward. That is not what we are about. The co-design approach is not lip service. We want stakeholders—the voices of lived experience, local authorities, public bodies, the third sector, carers and others—to be involved in that process.

The Fraser of Allander Institute, which you mentioned, said that it could not fully understand the financial memorandum until it got more information from the Government. The financial memorandum supports the detail provided in the bill, as I have said, and further detail will be available in future business cases. There were discussions between officials and the Fraser of Allander Institute to explain the financial memorandum more, but that was not new information, as some folk have said it was. As the co-design work has still to take place, it would be wrong of us to make lots of assumptions about the outcomes of it.

09:45

**The Convener:** I do not think that anyone would accuse you of making up your mind too early. People just want to ensure that the bill goes forward with solid financial foundations. That is the issue that I think we are grappling with. For example, there are a number of areas where the financial memorandum fails to give any indication at all of the likely scale of costs. Audit Scotland lists a number of areas where no indication of costs has been provided, and those are significant. They include

“the costs of any national care boards ... transition costs for Local Authorities and Health Boards, including double running ... the impact of changes to VAT treatment ... the impact of any changes to pension scheme arrangements and associated contribution costs arising from pay harmonisation/rationalisation ... the extent of potential changes to capital investment and maintenance costs ... the cost of the health and social care information scheme.”

There is also the issue of transfer of assets.

There are real issues on which more information could and should be forthcoming, surely, at this point.

**Kevin Stewart:** Let us take the last example that you gave, about the transfer of assets and staffing from local government, which is one of the things that some folk have cottoned on to. We have taken no decisions about the transfer of assets or the transfer of staffing. That will all form part of the co-design. I have gone on record on a number of occasions saying that there is already good delivery of high-quality care in many places by local government, so why would we need the transfer of those staff to take place? That is part of the co-design process.

Among the other areas that you touched on, VAT is an area that we are exploring in great depth. We have sought independent professional advice on the VAT implications of the options that are available for the structural set-up of the national care service. Of course, as you would expect, we are actively engaging with the Treasury to make early progress with obtaining a VAT-neutral position. It would chuff me to bits if we could get a prompt response from the Treasury on those kinds of issues. However, as the committee is aware, the Treasury sometimes takes some time to come to decisions about such things.

**The Convener:** Obviously, though, if the VAT situation is not resolved, we will have the same situation as with the police and fire services, whereby millions of pounds have been contributed to the Treasury in VAT when it could be much better spent on local services.

One issue that came out in the evidence from your officials was that not all staff may transfer. We are talking about a national service, but some staff may stay with the local authorities and some may move. Is that correct?

**Kevin Stewart:** Indeed, convener. One of the reasons why we have put staff transfer in the bill is that local care boards will be—or may be, depending on what Parliament decides—the provider of last resort. It is important that we have the ability for staff to transfer in those situations, just as we have seen in recent times. When there have been closures of services in the independent or third sector, or people deregistering services, we have seen those transfers take place between third sector, private sector and other third sector partners or, indeed, local authorities. At the moment, that is happening fairly regularly. As provider of last resort, if that is what Parliament chooses, local boards have to be able to have the staff to ensure that there is a continuation of care for people.

Ms Bell may want to add to that.

**Donna Bell (Scottish Government):** As we said when we previously gave evidence, the point about the provider of last resort is very important. We know that some areas have already had to step in with regard to social care, but the point that we highlighted in our evidence was that, in his independent review, Derek Feeley made it clear, as we have, that local authorities provide excellent services across the country, and he also made it clear in his report that they could remain social care providers. It is a matter for discussion and negotiation with local government.

**Kevin Stewart:** My door is open to local government. I will listen to what it has to say on many of these issues, and we will act accordingly. As I have said, much local authority care provision is of high quality and we would not want to see that go.

**The Convener:** I point out that, in evidence to us, the Society of Local Authority Chief Executives and Senior Managers said:

“The financial memorandum does not represent the outcome of the Feeley review or the national care service consultation. You cannot see the total costs. You are not able to look at what the priorities would be within them or to properly compare alternative models against what is laid out in that financial memorandum.”—[*Official Report, Finance and Public Administration Committee, 25 October 2022; c 33-4.*]

**Kevin Stewart:** I disagree with SOLACE on that point. I have seen estimates of possible costs from others, with the Convention of Scottish Local Authorities itself estimating that the costs will be in excess of £1.5 billion, which it says outstrips the pledge of £840 million of investment. I am not sure where COSLA and others have got these estimates from. I am more than happy to go through those estimates with them in depth, but we have not had sight of them and I would be happy to take an overview in that respect.

The other aspect that I should highlight is that the recommendations in the independent review are pretty wide ranging and include not only the national care service but changes to other policies that are not necessary covered in the NCS. For example, the review has a great deal to say about charging policies and other supports for carers. I reiterate that each individual recommendation in the review has been and will continue to be subject to further policy work and financial assessment as well as economic appraisal, which I know the committee will be interested in, too.

The numbers in the financial memorandum are not compatible with COSLA's calculations, but I am more than willing for COSLA to explain its workings to me. Equally, we will explain our workings to it and see where we can come to an agreement on some of these issues.



**The Convener:** One of the difficulties is that, according to COSLA, SOLACE, the Chartered Institute of Public Finance and Accountability and so on, the consultation came out without any prior discussion and, as a result, they were caught on the hop. Moreover, it came out over the summer when they were trying to prioritise recovery from Covid, and they also felt that the consultation period was only the standard one when, with something of such magnitude, they should have been given a lot more time to develop and discuss issues with the Scottish Government and to present more detailed responses.

**Kevin Stewart:** They might argue that, but we have been at this for a very long time. It is not just a matter of the consultation itself; there was all the work that went into the independent review and all that Mr Feeley has done in that regard. Again, voices were listened to there. In fact, from what I have heard from the voices of lived experience, people think that all of this has been too slow. If you were to ask them whether the consultation was too short, the answer from most would, I think, be a resounding no.

A lot of people, organisations and stakeholders engaged with the consultation. I have spoken with and, most important, listened to thousands of people since I came into post. Officials have been engaging with people across the board. If the committee was to bring forward some folk from the likes of the social covenant steering group, they would say that things have taken too long, that the consultation was the right thing to do at the right time and that we need to move forward.

I make the point to the committee that, just because the consultation is over, that does not mean that engagement discontinues. It will continue throughout the process. A huge amount of my time and that of officials is spent talking to stakeholders and hearing the voices of those with lived experience so that we get this right. We want such folk to be fully engaged in the co-design process as we move forward.

**The Convener:** One of the things that came out of the evidence is the potential impact on the viability of local authorities as an unintended consequence. The ultimate aim of the policy is to deliver for the people who require the service. If there is a conflict between the viability of a local authority and delivering the service, where would we be?

Some local authorities have smaller management teams than others, and those teams have a wide range of roles. If expertise is transferred—potentially for very good reasons—that local authority might not be able to deliver on other areas of its services. How much time has been spent looking at that issue?

**Kevin Stewart:** Decisions on funding are still to be determined. However, the intention is for there to be no detriment to local government finances. Any funding that is transferred would be directly associated with a similar transfer of costs to ensure an overall neutral impact.

We recognise that, in establishing a national care service, including any transfer of accountabilities and associated financial resources from local authorities, we must take into consideration the impact on those local authorities and on their ability to resource and deliver other public services.

As you rightly point out, convener, those scenarios might be more challenging for smaller authorities, such as Clackmannanshire, and for island authorities, so we will continue to engage and have those discussions. However, we want the impact to be neutral overall. As I said at the very beginning, decisions about funding have yet to be made.

**The Convener:** The issue is not about funding having a neutral impact. If a management team is reduced, it will have a difficulty in delivering those services. It might be that some local authorities must retain similar-sized management teams. You would end up with diseconomies of scale. If you transfer some services but, ultimately, you need to leave much the same team behind, you must fund additional staff for the new services. You would surely end up with a more costly and, some might think, more cumbersome delivery.

**Kevin Stewart:** No, I do not necessarily agree with that. One of the things that the Government and, I am sure, the committee have spoken about on numerous occasions—Parliament has certainly discussed this at length over time—is shared services, co-operation and collaboration as a means of doing our best in delivering for the public, which is, ultimately, what we are all about.

I recognise—I have heard first hand—that certain quarters have concerns about the aspects that you have described. The other week, Ms Bell and I were in Shetland for a huge conversation on the national care service and the impact on Shetland. We will continue to listen and we will we do all that we can to ensure that there is no detriment.

You are right to point out the challenges. The scenario that you raise could lead to a huge number of opportunities for shared services and ensure that we are doing our level best to deliver for the public of Scotland.

10:00

**The Convener:** Where would the third sector fit in with those shared services? We took evidence

from the Health and Social Care Alliance Scotland last week, and it said that it fears that additional costs would be incurred in order to meet information standards and data sharing requirements and to update software and undertake training. While noting that those costs might be modest relative to the overall scale of costs, the alliance stressed that it would be significant for individual providers and could affect the viability of third sector organisations, so there is concern that that could be an unintended consequence.

**Kevin Stewart:** Convener, I have said to many committees before that I am a man who does not like unintended consequences, and that is why we will dig deep into all of this.

I have great respect for the alliance and its views. However, I am unable at the moment to quantify how much it costs to collect data, which is often quite disparate and can be very difficult in some regards. We need to get better at that, and one of our ambitions is to streamline data collection and make it better.

In all this, in order to support data improvement and to benefit from data, one of our main planks in the bill is investment in the workforce so that we get this right as we move on. Again, I am more than happy to speak to the alliance where it thinks there might be difficulties but, equally, we would have to go back and say that some of the cumbersome processes that have grown probably take a lot more time than a streamlined system of data collection would.

**The Convener:** Only 3 per cent inflation is built into the financial memorandum but, as we know, the rate of inflation is already 10 per cent, and you indicated to the committee this morning that the Scottish Government intends to fully fund the bill and those changes. Will it be fully funded at the prevailing rate of inflation, and what do you think the impact will be on other local government services?

There seems to be a contradiction with the resource spending review that we had in May, because there is going to be a flat financial cash settlement but, with inflation at 10 per cent, that means significant reductions in service delivery and staff numbers, yet we are going to have this service that is apparently going to deliver more effectively for more people. There may be some savings, but initially there will be significant costs in setting up this apparatus. Is the Scottish Government committed to inflation proofing the bill?

**Kevin Stewart:** An average that was based on the forecasts that were available was used when the financial memorandum was written. We understand that more recent Scottish Fiscal

Commission forecasts are now available, and estimates will use the updated profile. We have seen a massive change in inflation in a very short period of time, which many of us could never have predicted. As we all know, inflation is very volatile at present and has moved markedly since the estimates in the financial memorandum. Our financial modelling will continue to reflect the most recent inflation rates, and we will update accordingly as we move forward. With that, I will bring in Fiona Bennett.

**Fiona Bennett (Scottish Government):** In the financial memorandum, inflation is at 6.2 per cent for this year and the next and then drops back down to 2 per cent, in line with the Bank of England forecast.

**The Convener:** Yes, but the current rate of inflation is 10 per cent. The point of my question was whether the bill will be inflation proofed. There is not much point in saying that we will deliver the funding for the bill if, at the end of the day, the reality of inflation is not reflected in that. Inflation was at 6.2 or 6.3 per cent, and it is now 10 per cent. We are already building that in and, as I have mentioned, the Deputy First Minister had to make a difficult decision with regard to the funding of the bill only last week. How can we be sure that we end up with a service that is delivered in the way that the Scottish Government and service users want?

**Kevin Stewart:** Let me assure you that we will update the financial memorandum and that, as we move forward with the formulation of the business cases, we will continue to take account of the current financial and economic circumstances, including inflation.

The committee is well aware that the financial memorandum and the business cases are not in themselves budgets. Budgetary decisions on spend will have to take place in the normal way in this Parliament, as you would expect.

**The Convener:** I am aware of that, and I have also noticed that you are being very careful with your language, in saying that you will “take account” of inflation and look at its prevailing rate. I understand that you are not in charge of the budget, but huge sums of money will be dedicated to setting up the structure of the service, and those who will be in receipt of that money will be looking to see whether it will be hobbled from the start.

Given that this is a flagship policy for the Government, one would have thought that ensuring that it delivered, even against the financial odds that we are currently facing, would be an absolute priority. It alarms me somewhat that, even at this stage, there seems to be no guarantee that that will be the case.

**Kevin Stewart:** You know how budgets work in this place. The reason for my language is that we go through a process for setting budgets. No matter what the circumstances are—and I hope that we see improvement in the public finances, although I am not overly hopeful; we will wait and see—and no matter what the UK Treasury does about public finance as we move forward, we have to be absolutely sure that we are establishing services that are fit for the future.

Key to all of this is improving services and moving away from that crisis spend, which costs the public purse a lot and also has a human cost. We need to change that situation dramatically, no matter what.

As we progress with all of this, I am more than happy to come before the committee again to talk about how we are moving forward with the financial memorandum and with updating our modelling and to talk about the business cases. What I cannot do is set future budgets, as you well know. The Deputy First Minister would not be very happy with me at all if I were to do that today at this committee.

**The Convener:** Indeed. I now open up the meeting to questions from colleagues around the table.

**Michelle Thomson (Falkirk East) (SNP):** Good morning, everybody.

I want to focus on the matter at hand, which is the financial memorandum. There has been a lot of chattering external to this committee about the national care service, but personally, I will always welcome audacious and ambitious projects for change. That said, I have to recognise that what we have here is a large project that is complex to deliver and which has a longer-term outlook and a wide breadth of scope at a time when, as has been mentioned, we have rising inflation.

Minister, you said that “folks are saying that all that should be” covered in the financial memorandum—I think that you were referring to the extra items that the convener said were not mentioned. I do think that that is true, but my frustration has been that, despite the fact that the estimated costs in years 1 and 2 have about a 50 per cent variance and that there is over a 100 per cent variance in years 3, 4 and 5, everything has not been covered. I expected to see something in the FM that said, “We don’t know about the following areas, but we’re going through the process of discussing them. For example, we have talked about VAT,” but it is almost as if those areas do not exist.

That frustrates me because, ultimately, I want to have confidence that the FM represents the best picture that we have at that time, even if its estimates have a wide degree of variance, as is

the case now. Knowing that, and having read everything in readiness for this meeting, what would you or your team do differently next time to reflect those concerns?

**Kevin Stewart:** I will go first and then bring in Ms Bennett.

I think that you will understand that there are various unknowns that could result in large cost differentials, including the transfer of staff and their associated pay terms and conditions and other things such as the digital improvements that we might need. At all times we have tried to be as transparent as we can in our approach and to highlight the potential costs that might be incurred if the bill were to be passed, so as not to either underestimate or overestimate the reality of the situation.

As I have stated throughout, these estimates will have to be refined, because times have changed since the financial memorandum was written. We will provide updates on all of that as soon as we can, and will do so again if there is any other material change.

There are some assumptions that I do not think we can make. If we make assumptions around some of the areas of work that are subject to the co-design process, folks will think that we have already made up our minds about how we should move forward. I do not want that to be the case, because I need everybody at the table with open minds, and, obviously, there will be parameters around the co-design. In those circumstances, I again pledge to the committee and to Parliament that, as we develop all of that, we will be open and transparent about the expected financial costs of all of that work.

Ms Bennett is the expert on the financial memorandum. She wrote it, and she is probably sick of and fed up with my questioning on all of this. However, I ask her to cover some of the other aspects around this, some of which is in the FM itself.

**Fiona Bennett:** I will just say briefly that, in paragraph 52 of the financial memorandum, we note some areas of uncertainty with regard to UK assets and pensions. As the minister has outlined, it is important that we go through that process properly. We have already sought independent advice on VAT and pensions with regard to the range of options that we are working through, and we will absolutely provide further financial estimates for those areas through the business case process.

**Michelle Thomson:** I go back to my original question: knowing what you know now, what would you do differently next time? I am entirely sympathetic with regard to the complexity and nature of this type of work, but I do not think it

unreasonable to suggest that this has just not landed at the right level for this finance committee. If we set aside the ambition of changing social care, I do not think that you could conceive of the committee emerging with confidence in the estimates and the articulation of the unknown unknowns, particularly after the first of our scrutiny sessions on the financial memorandum. I am trying to establish just what you would do differently next time, having acknowledged all of that. Can you give us some reflections on that?

That question is for Ms Bennett in particular but, if that is unfair, I direct it to the minister.

10:15

**Kevin Stewart:** I will come in on that. Some of the areas that you have highlighted are outlined in the policy memorandum as ones that require further detailed development, including those costings. We should perhaps have communicated with folk a little bit better around the fact that the documentation that we have produced forms a suite of complementary information to support transparency in all of this. Some stakeholders have picked that up a little better than others. In that suite of documents, we have been open and transparent not only about the work that we have done and the financial memorandum as it pertains to the bill but about the other work that needs to be done and how we go about doing it.

**Michelle Thomson:** On engaging with stakeholders, I would go back to the convener's point about your period of engagement with key people on understanding the basis of your estimates and the need to do that without prejudicing future decision making. I do not think that that has come through, either.

Something that you have said about the cost of data collection intrigued me. In this committee, I often go back to my old life, when I was engaged in large transformational change programmes. I am surprised to note that we do not have what would, in effect, be a kind of unit cost per service by local authority. Can you give me some flavour of that? Have I misunderstood the situation?

**Kevin Stewart:** You have understood the situation correctly. For me, one of the main frustrations has been collecting data to ensure that we can design services correctly not only for today but for tomorrow. It can be frustrating just to get even basic information, and we need to turn that situation around dramatically to ensure that we have services that are fit for the future. The length of time that it takes to get certain basic information in order to make key decisions is frustrating, too.

Those frustrations are felt not only by Government but by stakeholders. For those folks whom Mr Gibson mentioned and who feel that it

might take them a little bit more time to do some of this data collection work, it might be better if we were able to get all of that data, as that would prevent them from having to do their own research.

Donna Bell might want to add to that.

**Donna Bell:** There are two points to make, the first of which is the collective ability of the national health service, local government and the Scottish Government to understand the data that we do have, particularly on social care. We have done a lot of work already on that, and we now have more data on unmet need as well as data to understand what is happening with people waiting for care. It has been quite tricky to secure a consistent response to that, but we are now at the point at which we believe the data is of sufficient quality for publication, which will happen later this month. That has been quite difficult, particularly in relation to the consistency of collection and the logistics behind that—in other words, how it is collected and made available. Mr Stewart made some good points about our collective understanding of the data that we have and, importantly, how it is used for improvement.

The other point, which is one that the alliance was making, relates to the third sector and the requirement to provide data to commissioners. We find that third sector partners working in more than one local authority will often provide different data to different local authorities for different purposes, which places significant strain on those partners. Having spent some time with them, I have seen that those that are active in many local authorities will provide reports on different bases—which might be the right approach for some of them, depending on the outcomes that they are achieving. However, if they are providing, say, 11 or 12 local authorities with reports in a different format and using different sets of parameters and measures, that will take up a significant amount of time. In that regard, Mr Stewart's point is important: the burden is a significant one.

**Kevin Stewart:** Often, some of the third sector partners that work across local authorities offer very specialised services that have very few clients, but some of the bureaucracy involved causes them a lot of grief and costs them a lot of time and resource. That is money that the partners would rather spend on helping folks. A refinement is without a doubt required there.

**Michelle Thomson:** You have made a very important point. We want to support this measure with regard to confidence but, to do that, we have to compare apples with apples. Equally, if concerns are being expressed about a loss of economies of scale and so on, the question is how we can know whether that is true if we cannot compare that data. I agree that it is an important

area, and it likely feeds into the wider picture. I acknowledge that you have agreed to come back to us on that, and the committee is keen to see that information.

Finally, at the end of all of this—in, say, five years—and regardless whether we have descoped elements or whether the scope has increased, there will still have been great uncertainty over inflation and the financial environment. Given that uncertainty, how will we be able to compare the actions that are ultimately taken with the estimates? It strikes me, having heard what you have outlined with regard to the data, that that will be a major challenge. That will be the ultimate test of the processes that we are going through, given that we fully accept the uncertainty, because of the scale of the project.

**Kevin Stewart:** I will let Fiona Bennett answer first and then I will come in.

**Fiona Bennett:** We will continue to track changes to any assumptions. Since the completion of the financial memorandum, we have continued to ensure that there is an audit trail of any changes to assumptions, including inflation. As policy and design decisions are made, we will continue to adjust the assumptions that underpin the figures to ensure that there is a clear trail from our position in the financial memorandum to where we end up at the end of the gestation period. We will ensure that those changes are transparent.

**Michelle Thomson:** You can see why the additional level of data, including the rationale for the exclusions and so on, is so important.

**Kevin Stewart:** Officials know my expectations in all of this and that I do not like surprises of any sort. I do not want to insult Ms Thomson, convener, but I will say this and she can have a go at me if necessary: I am a data anorak and I think that Ms Thomson probably falls into the same category. If that is an insult, I withdraw it immediately.

I just want to ensure that we get this exactly right, and that will mean having to scrutinise it to the nth degree. It will be not just you and me who do that; we have a tremendous amount of folks helping us, including those on the social covenant steering group, and those people—some more than others—want to know all the workings. We are under intense scrutiny, as is only right.

Beyond that, as I have said and as I will continue to repeat, I am more than happy to appear before any committee to outline how we are moving forward, particularly in respect of the business cases and where we are making amendments as we progress. That is only right. Ms Thomson is right to say that this is a huge piece of work—it is definitely the biggest public service change since devolution, so it is incumbent

on us all that we get it right. I am therefore not afraid of scrutiny in that regard.

**Liz Smith (Mid Scotland and Fife) (Con):** Minister, in last Wednesday's national care service debate, you said that, should the bill pass, it will involve a huge change to social services, and you have just repeated that comment. In that debate, you also said that you were keen to set out the principles and that those ought to be heavily scrutinised. You cited financial sustainability as a key principle.

How are we supposed to engage in that scrutiny if we do not have anything like the detail that we need in the financial memorandum, for the reasons that Michelle Thomson and the convener have cited? I think that you have to admit that many stakeholders are deeply unhappy that they do not have the relevant detail to undertake sufficient scrutiny.

**Kevin Stewart:** A number of stakeholders have said that they are unable to carry out the scrutiny that they desire to carry out. I say to those stakeholders that they should have conversations with us and that we will help them through what we are doing. The convener mentioned the Fraser of Allander Institute, which has been in conversation with officials. Anyone can do that. In the same way, as I said earlier, I am more than happy to talk to other folk about the assumptions that they have made. As I said, COSLA has made assumptions that we do not recognise, but I am more than happy to engage with it to see whether some of its workings are right and to take that on accordingly.

I think that Ms Smith wants to come back on that.

**Liz Smith:** Yes, I very much do. I do not doubt that there will be conversations—of course there will be—but, as a committee and as a Parliament, it is our duty to scrutinise any piece of legislation but particularly any sizeable piece of legislation. We must be clear in our minds about the financial memorandum that accompanies that legislation. I think that I can safely say that, irrespective of what we think about the bill, the committee has concerns because of a lot of the evidence that has been provided to us in the past three weeks.

That evidence says that what is before Parliament is not sufficient for the level of scrutiny that is required in order for us to decide whether the bill can progress in its current state or whether we need a completely different approach. Do you accept that the concern is sufficient, particularly among those who are trying to scrutinise the financial memorandum, to cause you to pause the bill until there is more detail?

**Kevin Stewart:** No, I do not. The financial memorandum covers the bill—that is the

estimated cost of establishing a national care service as per the bill. What some other folk want at the moment is the detail around aspects of the costs of service delivery and other aspects that we have said will be subject to the co-design process. As I said to other members, it would be wrong to make assumptions about those costs, because the people who we want to be involved in the co-design process would say that we had made up our minds about how we would progress because we had already attached a financial cost to it.

10:30

In my responses to the convener and Ms Thomson earlier, I said that that co-design work will be subject to individual business cases, and I am more than happy for the committee and Parliament to scrutinise all that as we move forward. We will be open and transparent about everything, but we will not make assumptions before that co-design work is completed. I reiterate that the financial memorandum provides the estimated cost as per the bill.

**Liz Smith:** Minister, I have to say that it is the weakest financial memorandum that I have seen in all my time in the Parliament, and that includes the financial memorandums for various pieces of major legislation. What would you say in answer to those witnesses who have told us that, for some of the projected additional costs that the bill would give rise to, they have had to ask civil servants for further detail, because such detail has not been presented to them as they have sought to establish their projections from the financial memorandum?

**Kevin Stewart:** I have already mentioned people from the Fraser of Allander Institute approaching civil servants on the financial memorandum. I will bring Ms Bennett in, because she will have featured in those discussions. As I said, my understanding is that they got no new information in that regard but were pointed in the right direction in relation to what is in the financial memorandum.

**Fiona Bennett:** It is correct that it is a very detailed and complex landscape. It would not be right to be able to fully understand the assumptions that underpin every part at this stage, because we have not been through the co-design process. There will be further discussion to make clear the work that is being carried out, and that will be set out in further detail as time goes on. There is publicly available information, which much of the financial memorandum has been based on—for example, the local finance returns from local government, which can be used by others to estimate the costs.

As Mr Stewart has said, we are very open to having more conversations to set out how we have come up with those estimates and to take feedback from others.

**Liz Smith:** Mr Stewart, I do not think that it is simply a case of having conversations. The committee is asking for, and the Parliament will ask for, further detail. I completely understand that you could never put out a full set of estimates, but too many people—whether witnesses who have given evidence to us or those who have produced commentaries on the bill—have made it clear that it is extremely difficult to provide the best forecast of costs, because the Scottish Government has not provided sufficient detail.

That makes it very difficult for us to carry out scrutiny, the importance of which you raised in last week's debate in Parliament, when you set out the laudable aims of the bill. You made it clear that our job is to scrutinise the bill, and you are right about that. Forgive me for saying so again, but we cannot do that unless there is adequate information on which to base the scrutiny. Do you accept that?

**Kevin Stewart:** No, I do not accept that, because some of the folks you mentioned want information and assumptions around some of the things that we have said will be subject to co-design. I cannot reiterate this point enough: if we come out now with financial assumptions on some of the aspects of the work that we want to achieve through co-design, people will think that co-design is a sham. I want folk to be involved in that co-design process to ensure that we have good law that leads to good implementation and that bridges the gulf in relation to the implementation gap.

I know that some folks out there—I know this because I speak to them—want to have detail about every aspect of service delivery as we move forward, but we cannot give that at this moment in time, because that would breach our pledge to co-design with the voices of lived experience, stakeholders and others.

The bill is there, and the financial memorandum covers the bill. We will come back again and again with the business cases for what comes out of the co-design process to allow further scrutiny, but I will not be bounced into making assumptions about what some aspects of the co-design work will cost, because folk out there would think that we had already made up our minds about how to move forward.

**Liz Smith:** Minister, let me try this from another angle. You have persistently said that the bill is about people.

**Kevin Stewart:** Absolutely.

**Liz Smith:** I understand that, but to ensure that we deliver first-class services for people, we need to have some structures. The Scottish Government is proposing that a structure that is vastly different from the existing one should be put in place. That may have merit but, for us to be persuaded of that merit, it is surely incumbent on the Scottish Government to set out as much detail as it possibly can to help us along the way and to persuade us that the change that it wants to make is not only desirable, based on the laudable aims that you have set out, but that it is actually workable and deliverable. At the moment, far too many people around the country are telling us that they have serious concerns about what they will be asked to do to make that work and about whether the costs are applicable.

Do you at least accept that there is genuine concern and that that is another reason why the bill should be paused for the time being?

**Kevin Stewart:** I do not think that the bill should be paused. I know that some folks are opposed to the change that we are trying to make. There are concerns. We will talk to and listen to folk about their concerns and will work our way through those with them.

I come back to a point that I made before. You have heard it in evidence here and other committees have heard the same. Folks want answers to some of the questions on aspects that we have said will be subject to co-design. I cannot, at the moment, make assumptions about that or we will lose the confidence of those folks who want to help us to co-design services as we move forward.

I come back to the point that we want to ensure that we have good law and good implementation, and that we bridge the implementation gap. The only way that we can do that well is by having the voices of lived experience—and of other stakeholders who have not previously been involved to this degree in the shaping of services—at the table. As we move forward with that work, we will ensure that the business cases are there and that they can be fully scrutinised by all. I want to be as transparent as possible in this whole process, but I am not able to answer questions now about certain aspects of it, because if I did that, the co-design would be said by many to be a sham.

**Liz Smith:** My final question is about a comment by someone who is on the front line and who spoke to our committee on behalf of the chief executives of NHS boards. I think that he very much agrees with the principles of some of the things that you are trying to deliver, but he was nonetheless very sceptical about whether those could be delivered, particularly at the moment, when the NHS is facing so many difficulties and

when there is absolutely no spare room in the NHS. He is telling you that NHS bosses are not happy about the workability of the bill. Do you accept what he says? That was Ralph Roberts.

**Kevin Stewart:** We continue to listen to NHS board chairs, chief executives and others in all of this. They are key in helping us to design the services as we move forward and will be involved all the way through the process.

I get that some folks want the process to be delayed, and I recognise the pressures that are out there, but the fact is that the pressures on delivery of care will only grow over the years, because of our changing demography and population, and we cannot have stasis. We need to invest now—which we are doing over the course of the winter—but we also need to get this right for the future. Stasis is not an option.

We will continue to listen to concerns and to ensure that we address them as we move forward. We will continue to engage and, as I have said, to listen.

**Ross Greer (West Scotland) (Green):** My first question is on sequencing. I entirely understand the point that you made in your opening remarks about what Parliament's standing orders require you to lay out in a financial memorandum, and I appreciate your comment about not pre-empting the result of co-design processes. However, for me, that raises the obvious—if perhaps daft laddie—question of why we did not go through the co-design process before we reached this stage of the parliamentary process.

**Kevin Stewart:** I do not think that it is a daft laddie question at all. It is a ducks-in-a-row situation. What we need to do is progress with the primary legislation and then move on to the co-design process for the secondary legislation and the service delivery. If we had done it the other way round, folk could equally have asked, "Why did you not deal with the primary legislation—the framework—first before moving on to the co-designing of secondary legislation and services?"

**Ross Greer:** I absolutely accept that there are drawbacks to both approaches, but do you accept that the drawback with this sequence of events is the challenge that it presents to parliamentary scrutiny of what, in the Government's own words, is the most significant reform taking place in the current parliamentary session?

**Kevin Stewart:** I think that, if we had done things the other way round, the committee and others would quite probably have asked, "Why didn't you do it the other way round, given that the primary legislation is the most important thing in all this?" It is a bit of a no-win situation for anyone.

**Ross Greer:** I appreciate that, as you have said and as we would all expect, you are engaged in discussions with the UK Government on achieving VAT neutrality, but surely, until those discussions reach what we hope is a positive conclusion, the default position is that there will be VAT liability. If that is the status quo at present, until an agreement is reached, I am not sure why it has not been covered in the financial memorandum.

**Kevin Stewart:** Ms Bennett will respond to that question.

**Fiona Bennett:** Until the status of the care boards is established, it will not be clear what the VAT impact will be. At the moment, local government bodies are section 33 bodies under the Value Added Tax Act 1994, and national health service bodies are section 41 bodies, which means that how the care boards are established will impact on the VAT liability that might be incurred.

As has been noted, we have engaged with independent advice on further options. We have estimates from 2014 when the integration joint boards were formed, and we are looking to update those estimates to understand the scale in this respect, but we are taking our time to work through that with an independent expert.

**Kevin Stewart:** A fair number of questions have been asked about VAT this morning, so I will write to the committee with the detail of where we are at. Of course, we will also continue to apprise the committee of the advice that we receive to ensure that it has as much detail as possible about where we are at.

**The Convener:** I would appreciate that, minister, but I know that other members, including me and Daniel Johnson, want to ask about co-design. We will be exploring the issue further as the meeting progresses.

**Ross Greer:** I and the committee will appreciate that further information, but given Ms Bennett's answer, there seems, at least, to be a range of potential costs that could be assumed for VAT. My understanding of the standing orders on what is required for financial memorandums is that such a range could have been put into this financial memorandum.

**Kevin Stewart:** I will look at that, and we will spell it all out in our letter on where we are at.

**Ross Greer:** Finally, the emergency budget review, which was announced last week, included a £70 million saving in the budget line for social care and the NCS. We all understand why the review was necessary, and I am not disputing the need for it, but how much of that £70 million, if any, relates to NCS costs in the current financial year?

**Kevin Stewart:** I will let in Ms Bell. We will provide you with more detail on that, too.

10:45

**Donna Bell:** We have done some reprofiling of the national care service budget line. That includes some slippage due to recruitment issues and digital aspects of the programme. The estimated reduction in the NCS line is around £15 million. There is the intention that that will be shifted forward into next year to pick up the slippage. We are clear that the programme is still on track, but there is some slippage in it.

**Kevin Stewart:** The rephrasing that Ms Bell has outlined is to ensure that we have the right skills in place as we move forward. We will continue to ensure that we have the resource to allow for meaningful engagement with people with lived and living experience and other stakeholders. However, we will give the committee more detail on that issue, too.

**Ross Greer:** That would be appreciated—thank you.

**John Mason (Glasgow Shettleston) (SNP):** I will build on some of what has already been said. On how much planning was done before the bill was introduced and how many care boards there will be, I imagine that the costs would be quite different if there were 32 care boards, which would match each council area, or eight or nine, which would match the health board areas as they are. At what stage is the thinking on that? Is that also a co-design issue?

**Kevin Stewart:** That is subject to co-design. Obviously, there have to be some parameters in all these things. For example, if somebody were to suggest that there should be 1,000 care boards, that would not be realistic, and it could not happen—it would be outwith the parameters. However, we have said that we are open to discussion about whether the care boards should be coterminous with local authorities or health boards.

Currently—I am sure that the committee is aware of this—there are not 32 IJBs. There are 31, because Clackmannanshire and Stirling are together in that. Is there the possibility of others joining up as part of the co-design process? Would they want to do that? We would look at that closely.

The other aspect—again, the committee will know about this—is whether we should look at other options for certain parts of the country. Some of the island authorities—although not all of them—have talked before about a single island authority. Would that be favourable in delivering services—not just the national care service—in



our islands in the future? We are open to looking at that, too.

**John Mason:** Can we at least assume that the minimum would be eight or nine care boards and the maximum would be 32?

**Kevin Stewart:** You are trying to paint me into a corner. That is part of the co-design process. We must discuss with folks how they see the future. I would not paint myself into a corner by saying that the minimum would be eight or nine or the maximum would be 32. A fair number of ideas and suggestions will come out during the co-design work. I have heard a lot of ideas and suggestions myself, but I will leave others to bring those to the table when it comes to co-design.

**John Mason:** One suggestion that has been made has been that the IJBs or the health and social care partnerships could just take on some different responsibilities, given that the numbers might merge or vary a bit. That would save setting up new structures, with the inevitable duplication and staff focusing on what will happen to their careers, for example, that that would mean. Would simply using the existing structures not have been a cheaper option?

**Kevin Stewart:** We have to make a fair amount of change in all of this, and it is the establishment of the care boards and who is on them that are of real interest to folks. For example, I have not said very much about who should be round the table. There are clearly folks who need to be there, but there have been a lot of suggestions from individuals and groups about who should be there and who has been missing from the formulation of services in their areas.

One thing that I have been clear about is that I believe that the voices of lived experience should be at the table with a vote. Again, however, those matters are subject to the co-design process.

**John Mason:** It really means that, at least during the set-up process, we are going to have another organisation—the care board—on top of the existing ones. The suggestion seems to be that we cannot just switch other things off—the IJB or whatever—on the same day. Much as I am in favour of jobs for accountants, that means that there will be a finance director in the council, a finance director in the health board, a finance director in the health and social care partnership and a finance director in the care board. That seems to be quite a lot of duplication.

**Kevin Stewart:** That will not necessarily have to be the case, Mr Mason. As I said in a previous answer, there are without a doubt opportunities to have shared services here. I am not going to make any comment about jobs for accountants, but there is an opportunity to have shared service aspects to all of this.

**John Mason:** Okay. On another subject, we have already noted that various people have raised the issue of VAT. I take your point that you are having talks with HM Revenue and Customs and other bodies and you will come back to us on that, but I want to press you on it a little bit more. The point has been made that a lot will depend on the type of legal entity that the care boards will be. Can you say anything about that? Is it possible to say that we will choose a legal entity that will definitely avoid VAT?

**Kevin Stewart:** I will bring in Ms Bennett on that.

**Fiona Bennett:** There is a finite number of types of body that the care boards could be, and the list is not a long one. The addition of the Scottish Police Authority and the Scottish Fire and Rescue Service to section 33(3) of the Value Added Tax Act 1994 has been mentioned. The addition of bodies in that regard is at the discretion of the Treasury, and we are working to speak to it and get early engagement with it to enable it to understand our plans.

**Kevin Stewart:** Is that helpful?

**John Mason:** That will do for now.

You said that you will give us more information as we go forward. Can you clarify whether the financial memorandum will be revised before stage 3 or whether the business cases—which are, I take it, not part of the statutory process—will be on-going, perhaps for years?

**Kevin Stewart:** I do not think that it is possible to change the financial memorandum before stage 3, but let me check that and get back to you.

**John Mason:** Probably, given that a lot of—

**Kevin Stewart:** What we will continue to do as we move forward, as I said earlier, is to update all of our assumptions in the FM and business cases, but I do not think that it is possible to change the financial memorandum before stage 3.

**John Mason:** That is okay. I am not too worried about that. How do you see the process of developing the business cases? Will it be an annual process, or maybe a six-monthly one? Will the business cases go to the Health, Social Care and Sport Committee or will they come to us?

**Kevin Stewart:** It is difficult for me to say which committee they will go to. I imagine that a number of committees will want to scrutinise aspects of them. I would not want to be held to a timescale either, to be honest with you, convener. As I said, I want to be as open and transparent as possible, so the answer is probably “as and when they are ready” in some regards. I imagine that not only this committee but others will want to see the business cases as soon as they are completed.

**John Mason:** Another concern that witnesses raised with us is that, if secondary legislation is used for some of the roll-out of the national care service, there will be less scrutiny of it. That is normally the case with secondary legislation.

**Kevin Stewart:** I have said on the record that we will consult stakeholders and the public on the secondary legislation and that we will allow the maximum time for scrutiny. We need to get this absolutely right. I am not in the business of rushing that secondary legislation. To get this right, we have to take the necessary time.

**John Mason:** You have suggested that some local authorities might continue to run assets such as care homes—certainly, Glasgow has built some quite modern ones—and that some assets might be transferred into the national care service. An issue has been raised with us about how the finances for that would work. Some councils might have paid off loans, but some might still have loans or public-private partnership agreements linked to new care homes. Do you know whether the Government would be taking on the loan as well as the asset or, again, will that be considered in later discussions?

**Kevin Stewart:** As I said, we have made no decisions on assets or staff transfer. That is part of the co-design process, and I hope that local government and others will be fully engaged in that. However, currently, services are often transferred to local authorities, as provider of last resort, if there are difficulties with delivery. As I have said, the bill will provide for transfer, if Parliament agrees that care boards should become the provider of last resort. That will make such transfers possible if a particular service collapses.

**John Mason:** You mentioned staff transfer, which is another issue that has been raised with us. Even among care staff working for councils, there will be a wide range of terms and conditions at the moment, and that range will be even wider when the third and private sectors are brought in. Where are we on the costs of that? I presume that, in the long run, the aim is to consolidate people's terms and conditions so that they are more consistent.

**Kevin Stewart:** On the pay and conditions of local government staff and the differentials if they were to transfer to care boards and the NCS, I think that 43 per cent of the cost assumptions for care boards in the financial memorandum are down to the staff costs if that were to happen. However, I go back to my point that no decision has been taken on any transfer of assets or staff, as that is a matter for the co-design project.

**John Mason:** With the college regionalisation process, it took quite a lot of time to align the staff

terms and conditions and pay. Is it fair to say that that would be quite a major process?

**Kevin Stewart:** I am well aware of the college aspect. I go back to my earlier point about having no unintended consequences. We have to work through all of this. We have made some assumptions in the financial memorandum, but no decision has been taken, and it is a matter for co-design. I go back to my earlier point that, at the moment, many local authorities deliver high-quality care services. Is there a need to transfer those services to local care board control? Probably not, but that is a matter for the co-design process.

**John Mason:** My final question follows on from that. Many people are comparing the NCS with the NHS. The NHS has quite a mixed model because, in effect, general practitioners and dentists are private businesses. Is it that the kind of mixed model that you foresee as the way forward?

**Kevin Stewart:** We have a mixed model at the moment, and I am sure that we will continue to have a mixed model. However, there will be changes because, at the end of the day, one of the main aims is to ensure that people have fair work and that there is national sectoral bargaining for pay and conditions—that is extremely important. There is also the aspect of ethical procurement, and fair work absolutely has to be embedded in that.

That is what we need to do to ensure that we attract more folk to the care profession—to create the right environment to attract people to come and work in the profession and, beyond that, to ensure that we can provide the career pathways that young people want but feel are not there at the moment. Those are some of the main opportunities of the journey that we are embarking on. If we do not move forward on that front, it will be more difficult to have a sustainable care provision as we move forward.

11:00

**Daniel Johnson (Edinburgh Southern) (Lab):** Minister, you have been at pains to point out that, in essence, the detail of service delivery will be subject to the co-design phase. Fine—let us park that for a moment.

Can I raise some points of clarification? You said at the beginning that the point and purpose of the bill was standardisation and accountability. For clarity's sake, it is not just about those two elements, is it? It is also about commissioning, rather importantly. The purpose of the bill is to set up the national apparatus to make possible, and to nationalise, centralised commissioning. Is that correct?

Secondly, you are saying that, notwithstanding the points around what costs may arise from service delivery or additional services, the costs for setting up that national apparatus are all contained in the financial memorandum.

Are those points correct?

**Kevin Stewart:** No.

**Daniel Johnson:** Okay—correct me.

**Kevin Stewart:** At no point today have I used the term “standardisation”, and I never will.

**Daniel Johnson:** You said national standards, right at the beginning.

**Kevin Stewart:** What I have talked about is national quality standards that should be adhered to, but there will still be local flexibility around the delivery of care. Let me make it quite clear that there should and will be local flexibility in terms of delivery of care. We will have national standards, but it is not what I would term standardisation overall.

This is not about centralised commissioning but about commissioning at a local level. As we move forward, it may well be that we choose, in co-operation and collaboration with partners, to do some specialised centralised commissioning for more specialist services. Again, many members of the public would like to see that, but it is not about centralised commissioning.

Does Donna Bell want to come in?

**Donna Bell:** Yes, I am happy to.

**Daniel Johnson:** In the interests of time, I was really just asking for brief confirmations of my assumptions. I understand the different words, but I do not think that I was suggesting anything different. If it is not about centralised commissioning, can you conceive of a situation in which there will be more commissioning boards than the current number of IJBs, or are you clear that there will be fewer?

**Kevin Stewart:** I do not see that at all, but, again, we are going through a co-design process. I do not see there being more. The national aspect of this is not about national commissioning. What has been made very clear to us by the public at large, and by many stakeholders in the third sector and elsewhere, is that there should be national accountability. That came out very clearly in the recommendations from Derek Feeley’s independent review. People feel that that accountability is sadly lacking, so this is about strengthening local accountability and having national accountability for the first time.

Many colleagues around the committee table and in the Parliament as a whole do not quite understand that we, as ministers, are not already

accountable for some of the services that we are discussing. A huge amount of the correspondence that I get concerns the delivery of care services. We try to resolve those concerns for members, but I have no national accountability, and ministers have no accountability, which the public and many members find difficult to understand. The public want that to change, and that is the reason for our direction of travel.

**Daniel Johnson:** The point that I took from the Feeley report about commissioning—even just reading the executive summary—is that it needs to be more personalised. You are saying that there are likely to be fewer boards in the care service. To my mind, that means that things will be done further away from the person. Considering all the different points that were made in the Feeley report, which covers commissioning and standards, why have you pursued a model that involves creating national bodies that will oversee commissioning? To my mind, the Feeley report alludes to the possibility of reforming the inspection and quality regimes. Was that option explored, and was a financial comparison made of what the difference might be in pursuing that model, which would provide you with national accountability for standards? I am interested in what options were examined.

**Kevin Stewart:** I do not like folk putting words in my mouth: I have not, at any point today, indicated that there are likely to be fewer care boards. I have not said that at all. I have said that everything is subject to co-design. As regards personalisation, the person-centred approach will be at very the heart of all that we do. We have moved in the direction of personalisation, which has made advances in some ways, but not in others. We want to ensure that people have as much autonomy and freedom as they can have regarding some of the services that they require.

Let me give the committee an example. One frustration for me concerns self-directed support. The Parliament passed the Social Care (Self-directed Support) (Scotland) Act 2013, which was very good in its intention. Folk have found loopholes in some of the primary legislation and in many places they have not gone with the spirit of the act. We are currently changing the guidance again, so as to change the position, but we need to go further to allow people the autonomy and freedom to commission their own care if that is what they want to do, giving them the options that were laid out in the 2013 act, many of which are not available in certain local authority areas.

Beyond that, we should listen to people about where the legislation has worked for them and where it has failed. There are examples of local flexibilities that have been put in place and which have been absolute game changers in some

people's lives, yet other people in other parts of the country have not had access to the same services—services that would make their lives much better.

The scenario that I have highlighted concerns the personalisation of services to a greater degree, putting human rights at the very heart of things. In some places, we have not done very well on that front.

**Daniel Johnson:** I am sorry if people thought that I was putting words in the minister's mouth. I believe that the words that the minister used were that he "could not conceive of a situation where there would be more care boards than IJBs." I was merely making the inference that—

**Kevin Stewart:** I never said that either.

**Daniel Johnson:** I believe that you did, minister. We will consult the *Official Report* but, if I misunderstood or misheard that, I offer many apologies. I was simply making an inference based on what I thought that you had said.

I imagine that a computer system will be pretty key to the delivery of the bill. Such systems are key to the delivery of any public service. Recently, Social Security Scotland's computer system was estimated to cost around £250 million. Police Scotland did not get the funding for the new information technology records system that it needs, but it was estimated to cost £300 million. Disclosure Scotland's IT system, which was delivered a few years ago, cost £80 million.

Although we do not know the precise detail of the IT requirements, it is fair to say that, in broad terms—in terms of range—we must be looking at a sum in the hundreds of millions of pounds, even in the lower range. Are those examples fair comparators when we think about the sorts of costs that might be incurred by the creation of an IT system for the national care service?

**Kevin Stewart:** I will not pluck figures out of my head. That is one of the reasons why we have said that we will come back to the committee with business cases for other aspects of the bill. We must have a general stock take of what we have at the moment and whether we are able to use current systems and enable them to talk to one another.

Having been involved in public service for a fair amount of time, I am aware that there have been some IT difficulties in the past, some of which Mr Johnson has highlighted. I was involved in a project in which we replaced a system, which, to be frank, was the wrong thing to do because the existing system could and should have been adapted.

We need to have a stock take of all that. We need to see what is required and put forward the

right business case. I assure the committee that, because I am well aware of IT cost overruns from a past life, I will keep a close eye on every aspect of the delivery of an IT system if it is required.

**Daniel Johnson:** I was not getting at cost overruns. Without plucking numbers out of the air, I was just giving what I thought were fair and recent comparators.

Coming up a layer, will IT be an important element and is it likely to be a substantial cost component of what is finally delivered?

**Kevin Stewart:** IT is a vital component in almost all that we do nowadays. However, the starting point is to look at what we have in place and ask whether it can be used to deliver what we want. We will then look elsewhere to see what was required as we moved forward. Again, we would come back with a business case for all that.

**Daniel Johnson:** Looking at the overall business case, we are talking about a set-up cost for the national apparatus of £500 million-plus. At the moment, that does not include IT or a number of other items. Will that cost be recouped in benefits? Currently, £7 billion is spent on social care and £8.9 billion on community health. Will this drive benefits and efficiency on the current footprint, excluding improvements or increases in the standards of care? In terms of the as-is—the baseline business case—will that cost be recouped, or will it be additional? Do you expect costs to go up or down on the basis of the planned investment?

**Kevin Stewart:** First, I do not recognise the figure of £7 billion being spent on social care that Mr Johnson mentioned. [*Interruption.*] I am just being corrected. That is the assumption for 2026-27.

11:15

As to whether I expect there to be a recouping of investment, again, I will not give an answer off the top of my head. I refer back to what I said earlier. At the moment, data collection is not easy. There is a clunkiness out there—there is a lack of connection. It is almost inevitable that that lack of data will lead to some wrong decision making at various points, which always costs money. That lack of data means that, at times, we do not have the ability to shape services in the way that we should in order to future proof them and make them sustainable.

If the question is whether, in the long term, that data collection will lead to savings, the answer is undoubtedly yes, but it would be foolish of me to make assumptions now about what those savings are likely to be.

**Daniel Johnson:** That is not what I asked. I asked whether, in broad terms, the money that is used to set up the NCS will be recouped through savings or whether it will simply be additional cost. As we sit here this morning—unless you correct me, minister—even as regards the current scope of the bill, which covers the setting up of the national apparatus, what you are saying is that the financial memorandum does not include the full costs of that, because it does not include things such as the cost of the IT, which, as you have recognised, is an important element of public service delivery. We do not know what the cost of that will be.

The convener set out the costs that the Fraser of Allander Institute said are missing, which include the costs of the national care boards; the cost of transition; the cost of the impact of VAT, which you have acknowledged that we do not have; the cost of the impact of any change to the pension schemes; the cost of potential changes to capital investment in maintenance costs, the extent of which we do not know; and the cost of the health and social care information scheme. Some of those things are about service delivery, but many of them are about the national apparatus itself.

Likewise, NHS Scotland has said that we do not know what the cost of the phasing of the functions will be and has pointed out that we do not know what the size of the wider savings and benefits will be. We do not know whether the transfer will include children's and criminal justice social care as well as adult social care, we do not have a list of the health functions that will be transferred and we do not have clarity about future demand.

There are quite a lot of unanswered questions about the specifics of running the national apparatus and about whether—even just in broad terms—having the NCS is likely to make service delivery more or less expensive. Am I wrong?

**Kevin Stewart:** As I have said on numerous occasions today, the financial memorandum covers the bill. As far as other aspects are concerned, without going along the same lines as Mr Johnson has done, we have said that, in order to get this right, we are allowing a process of co-design to take place. We will come back with business cases for every aspect that comes out of that, which will show costs as well as savings that are likely to be accrued through those investments. We will show how we can save by eradicating the implementation gap that we know exists between policy and delivery. We will do all that openly and transparently.

However, as I have said, today we are here to talk about the financial memorandum to the bill, and many of the things that Daniel Johnson has asked about are not part of the bill. That is not to

say that we will not come back to Parliament—we will probably do so again and again—with the business cases, which the committee will rightly expect to be able to scrutinise to ensure that we are on the right track when it comes to the delivery of social care for the people of Scotland.

**Daniel Johnson:** That brings us back to the process. Answer this for me, minister, because I really do not understand it. I can understand why you might not want to legislate for service delivery prior to having the framework in place. That bit makes sense.

However, what would have prevented you from doing the co-design work and bringing forward a white paper, and then bringing forward the framework bill, with that white paper clearly in mind? That would have enabled you to do the co-design and answered many of the questions that we have in front of us, and it would have given us certainty about the scope. Right now, we do not even know—because the co-design work has not been done—what functions the national apparatus will need to facilitate. Why not do it the other way round? Why not do the co-design work and bring forward a white paper, and use that as the basis, and the context, for the framework bill? I do not understand why you did not do it that way round.

**Kevin Stewart:** If we had done it that way round, it is likely, as I said to Mr Greer, that folk would not have been happy with that either—

**Daniel Johnson:** Why not?

**Kevin Stewart:** The Government set out a number of commitments for a national care service. The first commitment was to establish a social covenant steering group within 100 days and take cognisance of the mine of information that it would gather. We said that we would publish the bill within the first year of the current session of Parliament, which we have done.

We have also said that, during the whole process, we will continue to engage with, and listen to, the voices of lived experience, which we will do. Those folks, along with other stakeholders, will help us to co-design the bill.

I have trust and faith that those folks will help us to do that. We need to ensure—as I am quite sure that we will do—that as many people as possible are involved in the co-design. In so doing, we will work our way through to ensure that there are no unintended consequences, as Ms Thomson asked us to do earlier, and that we provide Parliament with the ultimate amount of opportunities for scrutiny of not only the secondary legislation but every aspect of the financial and economic impact of the decisions that are made during the co-design process.

**Daniel Johnson:** I will leave it there, convener.

**The Convener:** I call Douglas Lumsden.

**Douglas Lumsden (North East Scotland) (Con):** Good morning, minister. I will continue with questions on the process that Daniel Johnson talked about.

In our evidence sessions during the past few weeks, SOLACE, COSLA, CIPFA, the NHS, the Health and Social Care Alliance Scotland and trade unions have all condemned the approach that has been taken. It sounds like the process has been rushed in this way because there was a commitment to introduce a bill in the first year of this session of Parliament. Is that correct?

**Kevin Stewart:** No.

**Douglas Lumsden:** From what we have heard so far, it seems that it could have been done the other way round. We could have had the co-design first, and then the introduction of a bill that we would all have understood much more.

**Kevin Stewart:** I will not reiterate the point that I just made. If we had done it the other way round, folks would have said that that was not the right way round and probably would have taken umbrage with it.

**Douglas Lumsden:** Why would they have said that that was not the right way? I do not understand that, because we would have had more detail.

**Kevin Stewart:** Mr Lumsden, I can just imagine that if we had done it the other way round, you would have been one of the people who would have said that we should have done it this way round and that the most important thing would have been to put primary legislation in place first before the co-design process.

**Douglas Lumsden:** You have said that we need to get this right.

**Kevin Stewart:** Absolutely.

**Douglas Lumsden:** Just now, however, we are writing a blank cheque, because we do not know what is coming further down the line.

**Kevin Stewart:** You mentioned several organisations that want answers to questions. Some of those questions cannot be answered, because those matters are subject to the co-design process. Some of the folks that you mentioned want no change whatsoever. That is not an option at all, because we have to ensure, no matter what, that social care is sustainable for the future.

Beyond that, I note that many of the stakeholders from which the committee has heard are folks who have power and influence and perhaps do not want to see that change. This committee, along with other committees in the

Parliament, needs to listen to the voices of lived experience and the change that they want. You should listen to some of the third sector organisations that feel that the current system does not work for them, and to those folks who want change.

The Government made a commitment in its manifesto to introduce legislation to establish a national care service. That is what we are embarking on.

I am sure that there would be arguments galore no matter which way round we had chosen to do it. However, we need to get on with it. We need to have faith and trust in the co-design process, and ensure that people who have not had their voices heard thus far are at the table making the decisions about the issues that affect them on a daily basis in relation to their care and support.

**Douglas Lumsden:** None of those groups came to us and said that there should be no change at all. I cannot remember that being said at all. They all said that they accepted change; however, they were protesting against the fact that the bill that has been brought forward has no detail for them to get behind—or not get behind.

Unite the union said:

“The Scottish Government could not have drafted a more incomprehensible, incoherent and dreadful Bill. The plans to transfer services, people and property from local authorities to the Scottish Government are a recipe for disaster and represent an all-out assault on local democracy.”

Do you not accept that the lack of detail is causing those concerns for many organisations across Scotland?

**Kevin Stewart:** In relation to that particular statement, I would say that we have made no decisions whatsoever about moving staff or assets from local government to the national care service. I have made that clear today. We want to make sure that folks are involved in the co-design process so that we make the right decisions as we move forward. Without doubt, some folk will want to see those transfers of staff and assets, and others will not. We need to do that co-design process together to discuss those particular issues.

The other aspect from a trade union point of view—I should probably declare an interest as a member of Unison—is that what we are embarking on provides a huge opportunity in relation to national bargaining, pay and conditions, and ensuring that we have the right career pathways for the future. There are huge opportunities there.

In relation to the statement that there will be wholesale transfer, we have not made any decisions about that.

**Douglas Lumsden:** Do you not admit that the process that you have followed has caused all that uncertainty? If you had done it the other way round and had the co-design first and then the bill, there would be less uncertainty for groups such as Unite the union.

**Kevin Stewart:** As I said, I think that if we had moved in another direction some folk in Parliament would have said, “Nah, you have to do the primary legislation first”.

**Douglas Lumsden:** I will move on to my next point. We mentioned standing orders earlier. According to rule 9.3 of the Parliament’s standing orders, a financial memorandum should set out the

“best estimates of the costs, savings, and changes to revenues to which the provisions of the Bill would give rise”.

We heard earlier that this financial memorandum seems to have more financial holes than a sieve. Is there a possibility that you are breaking the Parliament’s own rules here?

**Kevin Stewart:** No, I do not think that there is. As this committee will be well aware, I take my responsibilities in this very seriously and questioned to the nth degree the officials who put together the financial memorandums and other documents. As I have said throughout, this financial memorandum covers the aspects that the bill covers.

**Douglas Lumsden:** There are aspects such as IT, which Daniel Johnson mentioned earlier. There is no provision at all for that in there. You said that you did not want to pluck figures—

**Kevin Stewart:** There is no provision for IT in the bill; therefore it is not in the financial memorandum.

**Douglas Lumsden:** Why is there not? It is known that there will need to be an IT system to support this. You said that you did not want to pluck figures out of the air for an IT system, but figures have been plucked out of the air for every other aspect of the bill. Why could there not have been a best estimate for an IT system?

**Kevin Stewart:** I have never known Parliament to legislate for an IT system. As I am sure that every member is aware, an FM covers what is covered in the bill—that is what is covered by the financial memorandum.

**Douglas Lumsden:** There will be IT costs relating to this bill; surely there should have been some provision for those costs in the financial memorandum.

**Kevin Stewart:** I canna make myself any clearer on this: IT is not in the bill and the financial memorandum covers the bill. As I have said clearly and repeatedly today, as soon as the other

work that needs to be done in relation to co-design and service delivery is completed, we will bring the business case back to Parliament and folk will have the opportunity to scrutinise that—just as they will have the opportunity to scrutinise every aspect of secondary legislation.

The standing orders are very clear about providing a financial memorandum covering the aspects in the bill. That is what we have done.

11:30

**Douglas Lumsden:** Okay. I will move on, because we are getting frustrated on that point.

Am I correct in saying that we are no clearer whether assets will transfer from the local authorities to a new national care service? You have said that that will be part of the co-design process.

**Kevin Stewart:** No decision has been made on those things—they are on the table as part of the co-design process. I repeat what I said earlier to Mr Mason: we also have to take cognisance of where there is already good service delivery. Why would we make a change for change’s sake if there is already good service delivery?

**Douglas Lumsden:** What would you say to those local authorities whose budgets are coming up soon and whose capital plans contain new care homes? Why on earth should a local authority keep a new care home in its capital plan when the bill is causing so much uncertainty?

**Kevin Stewart:** It is still the local authority’s statutory responsibility to deliver social care and social work. I am quite sure that, in all of this, folk will look to the future in relation to delivering all of that to members of the public instead of considering only their asset base.

**Douglas Lumsden:** I agree, but it might not be a statutory duty for local authorities in the future. With local government having to make difficult decisions, the uncertainty caused by the bill might make the situation in care worse. My question is: why would local authorities invest now?

**Kevin Stewart:** We will keep an eye on this as we move forward, but I cannot reiterate enough that the statutory responsibility still rests with local government and that no decision has been taken by the Parliament to make any changes to that position. As the bill progresses, local government will remain statutorily responsible. I hope that, for reasons of good governance and stewardship and to ensure that people get things right for their citizens, local authorities will continue to recognise their statutory duty and to do their best in relation to service delivery for their constituents.

**Douglas Lumsden:** They have the statutory duty today, but they might not have it next year or the year after. They might be burdened by a capital cost for years to come, because they do not know what will happen.

I will move on to my next question. You mentioned COSLA's figures—I think that COSLA has estimated a cost of £1.5 billion—and said that you do not agree with them.

**Kevin Stewart:** We do not recognise them. We are more than happy to talk through the numbers with COSLA, but there is no doubt about this: that number is not attached to the bill. If COSLA wants to speak to us about how it arrived at that figure, we will have those conversations, ask it how it did so and listen to what it says. I hope that we will get some co-operation on that front.

**Douglas Lumsden:** Local authorities are providing care just now. Given that it has been a few weeks since COSLA submitted those figures, should you not have had those conversations before coming to the committee?

**Kevin Stewart:** We constantly have conversations around about—

**Douglas Lumsden:** Did you ask COSLA about those figures?

**Kevin Stewart:** We have conversations about data and money, but we have had no explanation for that figure of £1.5 billion.

**Douglas Lumsden:** Have you asked COSLA for clarification on that?

**Donna Bell:** We have engaged with COSLA on its figures. The background information has not been forthcoming.

**Douglas Lumsden:** Would you expect to see that soon, minister?

**Kevin Stewart:** I would have expected to see it before now, Mr Lumsden. Anybody who submits such a number must have the workings behind it, but we do not have them and I do not recognise the figure of £1.5 billion. Now that those questions have been asked by the committee, I hope that we can all see the workings behind the £1.5 billion figure.

**Douglas Lumsden:** I guess that that highlights that the process itself is wrong, because that discussion should have been had with COSLA before we had even got to this stage. Obviously, we disagree about that—

**Kevin Stewart:** We have discussions with COSLA on a constant basis, Mr Lumsden.

**Douglas Lumsden:** Yes, but not on the figures for how much it costs to—

**Kevin Stewart:** We have discussions with COSLA on a constant basis, Mr Lumsden.

**Douglas Lumsden:** On the VAT implications, we discussed at the last committee meeting the figure of, I think, £32 million, around which there was also some uncertainty. CIPFA seemed to dispute it. Is there a new estimate for VAT, or do you still think that £32 million might be at risk?

**Fiona Bennett:** I gave the figure of £32 million, because it was the estimate in 2014 for the cost of the VAT implications of setting up IJBs; I did not give it as an estimate for the VAT implications of the national care service. I noted that we had used that 2014 figure, but we have not yet given an estimate for the VAT implications at today's rates.

**Kevin Stewart:** As I have said, we will provide the committee with as much information on that as we can as soon as we can.

**Douglas Lumsden:** In evidence to the committee, the witness from CIPFA said:

“Mechanisms are in place to look at the quality of services and drive that up. The question is how we build on the existing arrangements.

Integration joint boards have been up and running for seven years. That is not a long time. There is also a lot of legislation that has been held in reserve that could be brought in to take the boards on to the next step. However, it seems that we are throwing the baby out with the bath water and starting again.”—[*Official Report, Finance and Public Accountability Committee*, 25 October 2022; c 29.]

I presume that you disagree with that statement. Can you explain why extra powers around social care cannot be given to the IJBs?

**Kevin Stewart:** I disagree that we are throwing the baby out with the bath water. We want to ensure that, where service delivery is good, we export it across the board, and the national high-quality standards will ensure that we are able to do that.

Again, I come back to the issue of accountability. People who are being cared for and supported on a daily basis do not feel that the accountability is right; they do not feel that it is right at a local level, and they want accountability at a national level. We need to listen to that. I always look for the best in everything so that we can replicate it where necessary, and the national care standards would give us the ability to do that across the board. However, that also allows for flexibility in delivery at a local level.

Many things that we have discussed today will come into play during the co-design process. If nothing else, I hope that many members of the public and stakeholders will play a part in helping us get it right as we move forward.

**Daniel Johnson:** Minister, you said that, in essence, there is transparency because people



can contact you or your officials. I want to clarify that. We have to go on what is a matter of public record and, although I accept that that is a valuable element of scrutiny for us, public scrutiny and accountability are critical, too. Do you accept that, if people need to make direct contact—which I assume that the public cannot—the committee can go on only what is a matter of public record? We cannot rely on private conversations, such as the one that the Fraser of Allander Institute has had to rely on.

**Kevin Stewart:** I am happy for folk to write to us about particular matters and we respond to them. That will be in the public domain. I want all channels to be open, but I also want to be open and transparent about all that as we move forward. We will put into the public domain as much as we possibly can. In reality, as we move forward, we will be involving so many folk in all of this that things will be public anyway. We will put out there as soon as we possibly can the co-designs and other things, including the formulation of the business cases and all the other work that we do.

When I visited a Camphill community in Edinburgh the other week, a woman said to me, “You won’t like this, because I’m going to be very challenging.” That is what I want; we need to be challenged if we are to get this right. However, we need to be challenged not only by some of the folk who regularly come before the committee; we also need to give the public the opportunity to challenge us and to shape services as we move forward. That has not happened to the degree that it should have happened in the past.

**The Convener:** It has been a long session, minister. In time-honoured fashion, though, I will finish up with a couple more questions. I have many—

**Kevin Stewart:** That does not surprise me, convener.

**The Convener:** —but to spare you and the committee, I will just ask a couple for clarification.

Co-design has been mentioned on many occasions. In her evidence, Donna Bell said:

“The approach has been almost universally welcomed by people who want to be involved in shaping the national care service and the delivery of services that they use now or are likely to use in the future. That was reinforced at the national care service forum a few weeks ago.”

She also said:

“The bill sets out a framework for change. The detail relies very much on co-design—co-design with people with lived experience of, and people who deliver, community health and care support. Our partners and stakeholders will also play a vital role in that co-design.”—[*Official Report, Finance and Public Administration Committee, 25 October 2022; c 2, 6.*]

I have two questions in relation to that. First, what is the timescale for the delivery of co-design?

Secondly, as you have mentioned, a plethora of individuals and partners will be involved in this work. However, the unions and organisations such as COSLA have already claimed that engagement has not been what they would have anticipated it to be. How do we ensure that we do end up not with something to which the saying “A camel is a horse designed by a committee” would apply but with something that works? How do you weigh up what stakeholders say? How do you balance the experience of a care user and the institutional experience of an organisation such as COSLA in order to get this right? I realise that such an approach was used successfully in the development of Social Security Scotland.

In short, what is the timescale for delivery, and how do we balance the competing interests that we have discussed?

**Kevin Stewart:** You are right to point out that this is not a new approach. We have used it previously and with some success for Social Security Scotland.

We have launched the co-design panels, and we are looking for partners to promote the sign-up of front-line staff to the lived experienced experts panel. To support that, the NCS programme will shortly advertise introductory seminars, which people will be able to sign up to online. There will also be co-designed training, which will be associated with a number of specific themes that we will send you more detail on.

With regard to timelines, we will write to you, convener. However, work will be on-going. We have got to get this right, and we have to continue to consult and co-design.

As for balancing the views of competing interests, we managed to do that fairly well with Social Security Scotland. Some of the folk whom we involved in co-designing that organisation are at the forefront of helping us with the national care co-design. I will put all that in more detail in writing to the committee. I have pages of notes before me, convener, but I am quite sure that you do not want to sit and listen to me for another hour.

**The Convener:** I am sure that you have, minister. I understand that the stage 1 debate on the bill will be on 17 March 2023, so we will be keen to see what progress you have made before then.

**Kevin Stewart:** Absolutely.

**The Convener:** The last question is the \$64,000 question from some of the people who have given evidence to us, and it refers directly to the financial memorandum. SOLACE said that a lot of the

Scottish Government's response to its concerns has been

"to say either, 'We'll cross that bridge when we come to it,' or, 'That's a decision that can be taken locally.'"

It went on to say that

"the proposal is well intentioned, but it does not give us any certainty that we are going to get to something that will deliver consistent care services across Scotland."—[*Official Report, Finance and Public Administration Committee, 25 October 2022; c 42.*]

COSLA said that, in its view, the financial memorandum delivers

"an unacceptable lack of clarity."

When I asked COSLA, CIPFA and SOLACE whether they thought that the financial memorandum should be revisited, each of them said yes. What is your response to that?

**Kevin Stewart:** My response is that, as I have said today, we will continue to update forecasts, business cases and everything else as we move forward. I reiterate the point that I have made again and again today: the financial memorandum covers what is in the bill. CIPFA, COSLA, SOLACE and others want answers to things that are not contained within the bill; they will get those answers, but they will have them after the co-design and when the business cases have been built up. I think that there is a big difference between what they want the financial memorandum to address and what is actually in the bill. As I have said, the financial memorandum covers what is in the bill.

**The Convener:** Okay—thank you. Do you wish to make any final points before we wind up?

**Kevin Stewart:** No. I am, as always, very happy to continue to engage with the committee, convener. You can be assured that, as our work continues, we will update you as and when.

**The Convener:** Thank you very much for your evidence today. I also thank your colleagues Fiona Bennett and Donna Bell.

That ends the public part of our meeting. Under the next item on our agenda, we will consider in private the evidence that we have received today, and I suspend the meeting until 11:55 to allow the witnesses to leave.

11:46

*Meeting continued in private until 12:14.*

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