

# Finance and Public Administration Committee

24<sup>th</sup> Meeting 2023 (Session 6), Tuesday 26  
September 2023

## National Care Service (Scotland) Bill – Financial Memorandum

### Purpose

1. The Committee is invited to take evidence in relation to the Financial Memorandum (FM) on the National Care Service (Scotland) Bill from the Minister for Social Care, Mental Wellbeing and Sport, Maree Todd MSP, and supporting Scottish Government officials—
  - Donna Bell, Director of Social Care and National Care Service Development, and
  - Fiona Bennett, Interim Deputy Director for NHS, Integration and Social Care Finance.
2. The purpose of this session is to explore the Scottish Government's expenditure to date on the National Care Service Bill and related programme. The Committee has agreed to take evidence at a later date on the Scottish Government's updated Financial Memorandum (FM), currently expected in December 2023.

### Background

3. The [National Care Service \(Scotland\) Bill](#), which was introduced on 20 June 2022, is a 'framework bill' which allows Scottish Ministers to transfer social care responsibility from local authorities to a new, national service. The Parliament originally agreed a Stage 1 deadline for consideration of this Bill of 17 March 2023.
4. The Committee took evidence on the FM during meetings on [25 October](#), [1 November](#) and [8 November](#) and published its [report on the Financial Memorandum](#) on 1 December 2022. In this report, the Committee expressed "significant concerns" regarding the lack of detail in the FM and requested that the Scottish Government provide an updated FM that includes—

"full details of the underlying assumptions, updated estimates for the gaps identified in this report, as well as updates to the existing cost estimates set out in the FM ... at least two weeks before completion of Stage 1 to inform Members' approach to the debate on the general principles of the bill and consideration of the Financial Resolution".

5. The Health, Social Care and Sport Committee (HSCS Committee) is lead committee in relation to scrutiny of the Bill, although other committees were also involved in examining particular elements of the Bill at Stage 1. An overview of work completed by other committees and their reports to the HSCS Committee is available on the [Bill's webpage](#). The lead Committee has yet to publish its report on the Bill at Stage 1.
6. As part of its scrutiny, the HSCS Committee commissioned [research into international models of social care](#), including a [comparison of funding systems in different models](#).

## Scrutiny of the Financial Memorandum and related correspondence

7. On 3 February 2023, the then Deputy First Minister, in [response to the Committee's report on the Scottish Budget 2023-24](#), confirmed that an updated FM "is being prepared in response to the Committee's report [on the NCS Bill FM] of 1 December, which will provide more detail on expected spend in 2023-24 and beyond". He went on to say that "we continue to work to refine the business case and ensure that appropriate governance processes are in place to monitor and report on spending".
8. The then Minister for Mental Wellbeing and Social Care, Kevin Stewart MSP, wrote to the Committee on [28 February 2023](#) advising that: "I propose to wait until all the Committee reports on the Bill have been completed and I have had time to consider the full weight of the evidence before I respond". On 8 March 2023, the Parliament agreed to extend the Stage 1 deadline to 30 June 2023.
9. The FPA Committee again wrote to the then Minister on [9 March 2023](#) seeking clarification on a number of issues, including the potential implications of this delay, and a response was received on [23 March](#).
10. The newly appointed Minister for Social Care, Mental Wellbeing and Sport, Maree Todd MSP, wrote to the HSCS Committee on [17 April](#) indicating that the Scottish Government intended to seek Parliament's approval for a further extension to the Bill's Stage 1 deadline beyond June 2023. The letter explained the justification for seeking a further extension to the Stage 1 deadline as being "to use the time ahead of the Stage 1 debate to find compromise and reach consensus with those who have raised concerns during the Stage 1 scrutiny undertaken so far".
11. The FPA Committee [wrote again to the Minister](#) on 24 April, stating that the Committee was "becoming increasingly concerned at the lack of information available on the financial implications of the Bill and frustrated that we have still not received the updated FM we requested back in December last year". The Committee repeated its call for a revised FM to be provided "at the earliest opportunity, and no later than Friday 12 May", along with a detailed breakdown of spend to date on the NCS and clarification of the new timetable for completion of Stage 1.

12. In her response of [9 May](#), the Minister said she considered that it would be more helpful to wait until the conclusion of her discussions with key partners and stakeholders, due to take place during the summer, before she provided a single update to the FM and committed to “providing a response to the ... Committee’s report at least four weeks before the revised date for the Stage 1 debate”. The Minister’s letter includes a breakdown of spend to date on the NCS, amounting to £1,641,323 in 2021-22 and £12,312,269 in 2022-23. The Minister however noted it is not possible to separate costs relating to the provisions of the Bill and those which result from the wider NCS programme.”
13. The Committee responded to the Minister’s letter on [30 May 2023](#), expressing concern and seeking an explanation of why, at that early stage, the costs of the NCS Bill could not be separated from the wider NCS programme. It also asked what steps the Scottish Government would put in place to enable this separation of costs to be made going forward.
14. Shortly thereafter, on 7 June 2023, the Parliament agreed to extend the Stage 1 deadline to 31 January 2024.
15. The Minister’s most recent correspondence to the FPA Committee, dated [16 June 2023](#), reiterates the Scottish Government’s commitment to provide a response to its report, including an updated FM, at least four weeks in advance of the Stage 1 debate (not including the Christmas and New Year recess). The letter further explains that—

“In terms of the expenditure on the NCS programme to date, the Financial Memorandum covers the range of costs relating to the development and implementation of provisions in the Bill. Work during the financial year 2022-23 has included preparing the Bill and financial forecasts, as well as preparing the programme and co-design activity to build towards implementation of the NCS. Teams are also working on policies to support improvement in the delivery of social care support that are not reliant on the NCS legislation, or that can be implemented in the shorter term, including activity on Fair Work and social care improvement. Therefore, we have reported expenditure in 2022-23 as a total cost. In 2023-24 I give assurance I will continue to report regularly on costs and it will be possible to give specific costs relating to the Bill and other areas as these become more defined.”
16. The annex to the letter includes an update on the figures provided on 9 May, following the completion of year-end adjustments and a review of cost allocations. This letter is attached as an Annexe to this paper.
17. The Committee considered the Minister’s letter on 27 June and agreed to invite the Minister to give evidence in autumn 2023 to discuss expenditure to date on the Bill and on the wider related programme. It wrote to the Minister to this effect on [30 June 2023 and an evidence session was agreed for 26 September](#).

## Recent developments

18. A further written update was provided to the HSCS Committee on [12 July 2023](#). This followed that Committee’s evidence session with the Minister on [9 May 2023](#), where the nature and focus of the Scottish Government’s planned “engagement and co-design activities through summer” was discussed, and a further written update regarding the planned regional forums and their format of [23 May 2023](#).

19. The Minister’s July 2023 update includes information on the programme of local co-design activity during summer and highlights that “these events mark the start of a wide-reaching programme of co-design activity that will take place over the next 18 months”. The letter further states that—

“An initial consensus proposal between the Scottish Government and Cosla (on behalf of local government) has been formed on a partnership approach that will provide for shared legal accountability. This will improve the experience of people accessing services by introducing a new structure of national oversight to drive consistency of outcomes, whilst maximising the benefits of a reformed local service delivery. It would provide Scottish Ministers, local authorities and NHS boards with overarching shared accountability for the care system. Local Government will retain functions, staff and assets. [...] We are currently considering necessary amendments to the NCS Bill to reflect this and will revert to the Committee after summer recess.”

20. The SPICe blog [National Care Service Bill – more than a year on. Where are we now?](#) provides an overview of the Bill’s progress to July 2023.

21. On 15 September 2023, the Scottish Government announced [additional funding for third sector organisations](#) to facilitate contributions from minority ethnic communities, LGBTI people, children and young people and those with experience of homelessness or the justice system to contribute to the design of the National Care Service.

22. More recently, on 20 September 2023, the Scottish Government wrote to the HSCS Committee with a further [update on the ongoing co-design and engagement process](#). The letter notes that following discussions with local government and the NHS, it was agreed that the NCS will have a national Board to provide national oversight and governance of social work, social care support and community health—

“The Board will be accountable for standards, guidance and performance metrics, and will set out an agreed escalation framework for when standards are not met. It is expected to be responsible for approval of local strategic plans and ethical commissioning strategies, and will ensure transparency and visibility of data, information and analysis about social care support, social work and community health services through reporting on delivery. This work will also support greater financial transparency. At local level, local government and NHS Boards will retain statutory delivery functions, staff and assets.”

23. The HSCS Committee is due to take evidence from the Minister on 3 October and is plans to publish its report on the Bill ahead of the Stage 1 debate.
24. The Minister's most recent letter to the FPA Committee dated 16 June (see above) provides the latest costs to date. This is attached at Annexe A.

## **Next steps**

25. The Committee will agree next steps in relation to scrutiny of the FM at a future meeting. It expects to take evidence on the updated FM once published.

Committee Clerking Team  
September 2023

Minister for Social Care, Mental Wellbeing and Sport  
Maree Todd MSP



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John Mason MSP  
Convener  
Finance and Public Administration Committee  
The Scottish Parliament

By email  
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16 June 2023

Dear John

Thank you for the Committee's letter of 30 May, from the Deputy Convener Michael Marra, in relation to the National Care Service (Scotland) Bill and the related Financial Memorandum.

I apologise for mentioning our approach to providing the updated Financial Memorandum in my evidence to the Health, Social Care and Sport Committee on 9 May, before you had received my letter of the same date. I will ensure in future that the Finance and Public Administration Committee is informed first of any matters relating to the Financial Memorandum.

You will be aware that the Parliament has now agreed to extend the deadline for completing Stage 1 of the Bill to 31 January 2024. My officials will liaise with your clerk and the clerk to the Health, Social Care and Sport Committee to ensure that our response to your Committee's report, including the update to the Financial Memorandum, is provided at least four weeks in advance of the Stage 1 debate (not including the Christmas and New Year recess).

In terms of the expenditure on the NCS programme to date, the Financial Memorandum covers the range of costs relating to the development and implementation of provisions in the Bill. Work during the financial year 2022-23 has included preparing the Bill and financial forecasts, as well as preparing the programme and co-design activity to build towards implementation of the NCS. Teams are also working on policies to support improvement in the delivery of social care support that are not reliant on the NCS legislation, or that can be implemented in the shorter term, including activity on Fair Work and social care improvement. Therefore we have reported expenditure in 2022-23 as a total cost. In 2023-24 I give assurance I will continue to report regularly on costs and it will be possible to give specific costs relating to the Bill and other areas as these become more defined.

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I remain committed to giving clear and timely updates on this extremely complex and important Bill. In that spirit, I attach an update to the figures provided in my last letter, following the completion of year-end adjustments and a review of cost allocations into the categories reported here.

I am copying this letter to the Convener of the Health, Social Care and Sport Committee for their information.

Yours sincerely,

**Maree Todd**

Minister for Social Care, Mental Wellbeing and Sport

Cc: Clare Haughey MSP, Convener, Health, Social Care and Sport Committee

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## Annex – NCS programme expenditure FY 2021-22 and 2022-23

### Actual Costs After Revision

Area	21/22 (£000's)	22/23 (£000's)	23/24 (Period 1 only) (£000's)
Staff	£1,387	£9,800	£923
Staff Related	£31	£134	£12
Engagement	£66	£1,026	£7
Consultancy	£302	£1,683	£29
<b>Total</b>	<b>£1,785</b>	<b>£12,643</b>	<b>£971</b>

### Costs Provided as at 9 May 2023

Area	21/22 (£000's)	22/23 (£000's)	23/24 (Period 1 only) (£000's)
Staff	£1,333	£9,765	
Staff Related	£16	£143	
Engagement	£16	£475	
Consultancy	£277	£1,930	
<b>Total</b>	<b>£1,641</b>	<b>£12,312</b>	

### Difference

Area	21/22 (£000's)	22/23 (£000's)	23/24 (Period 1 only) (£000's)
Staff	£54	£35	
Staff Related	£15	-£9	
Engagement	£50	£551	
Consultancy	£25	-£246	
<b>Total</b>	<b>£144</b>	<b>£331</b>	

*Figures are rounded to the nearest £000*

We continue to seek ways to improve the transparency and accuracy of reporting across the NCS programme as it develops and grows. Due to this and year end adjustments there have been movements in the costs previously submitted to the Committee. These are not material in nature.

The previously reported figures were correct at month 12. There have since been period 13 adjustments at year end. These include accruals and cost transfers which have increased the overall cost for 2022-23. For 2021-22 a credit accrual was reversed.

We will continue to update 2023-24 costs as required.

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