The Committee will meet at 10.00 am in Committee Room 4 to consider the following agenda items:

1. **Items in Private**: The Committee will decide whether to consider item 6 in private; whether to consider issues arising from evidence received for its cross-cutting inquiry into deprivation, its draft budget report and draft report on the Financial Memorandum of the Police, Public Order and Criminal Justice (Scotland) Bill in private at its next meeting.

2. **Cross-cutting Inquiry into Deprivation**: The Committee will take evidence from—

   Malcolm Chisholm MSP, Minister For Communities; Alisdair McIntosh, Head of Regeneration, Fuel Poverty And Supporting People Division; David Henderson, Head of Local Government Constitution And Funding Division; Angela Campbell Health Economics Unit Economic Adviser; Frances Wood, Head of Health Improvement Policy; and Julie Wilson, Analytical Services Group Senior Statistician, Scottish Executive.

3. **Cross-cutting Inquiry into Deprivation**: The Committee will consider its findings from its site visit on 14 November 2005

4. **Scottish Schools (Parental Involvement) Bill**: The Committee will take evidence on the Financial Memorandum from—

   Colin Reeves, Head of Schools Division; and Deirdre Watt, Bill Team Leader, Scottish Executive.

5. **Budget Process 2006-07**: The Committee will take evidence on the budget of the Commissioner for Children and Young People from—

   Kathleen Marshall, Commissioner for Children and Young People; Elizabeth Foster, Chief Executive Officer; and Stephen Birmingham, Head of Participation, Commissioner for Children and Young People.

6. **Budget Process 2006 – 07**: The Committee will consider issues to be included in its draft report.
7. Abolition of NHS Prescription Charges (Scotland) Bill (in private): The Committee will consider its draft report on the Financial Memorandum of the Abolition of NHS Prescription Charges (Scotland) Bill.

Susan Duffy
Clerk to the Committee
Room T3.60
Extn 85215
The papers for this meeting are:

**Agenda Item 2**
PRIVATE PAPER

**Agenda Item 4**

Written submissions on the Scottish Schools (Parental Involvement) Bill

*Scottish Schools (Parental Involvement)* Bill and associated documents available online (circulated to members in hard copy only; electronic versions available via Parliament website)

*SPICe Briefing* on the Scottish Schools (Parental Involvement) Bill available online

PRIVATE PAPER

**Agenda Item 5**

Correspondence from the Commissioner for Children and Young People

Additional Correspondence between the Scottish Parliamentary Corporate Body and the Commissioner for Children and Young People

**Agenda Item 7**

Additional submission from Colin Fox MSP
PRIVATE PAPER
Finance Committee

27th Meeting 2005 – Tuesday 22 November 2005

Scottish Schools (Parental Involvement) Bill: Written Evidence Submissions

Background
1. Members will take evidence today from officials from Scottish Executive in relation to the Scottish Schools (Parental Involvement) Bill. Requests for written evidence in the form of the Committee’s standard questionnaire on financial memoranda were sent to the Association of Directors of Education in Scotland, Convention of Scottish Local Authorities (COSLA), and Her Majesty’s Inspectorate of Education (HMIE).

2. Written responses were received from:
   - COSLA
   - HMIE

3. These responses are attached.

Recommendation
4. Members are invited to consider the responses received to inform their questioning.

Susan Duffy
Clerk to the Committee
Submission from HMIE

Consultation
1. *Did you take part in the consultation exercise for the Bill, if applicable, and if so did you comment on the financial assumptions made?*

   Yes

2. *Do you believe your comments on the financial assumptions have been accurately reflected in the Financial Memorandum?*

   Yes

3. *Did you have sufficient time to contribute to the consultation exercise?*

   Yes

Costs
4. *If the Bill has any financial implications for your organisation, do you believe that these have been accurately reflected in the Financial Memorandum? If not, please provide details.*

   Yes – HMIE costs are specifically discussed in paragraph 72 of the Financial Memorandum and we fully endorse the statements made there.

5. *Are you content that your organisation can meet the financial costs associated with the Bill? If not, how do you think these costs should be met?*

   The costs predicted (£23,000) are relatively minor and can be absorbed within the context of the existing HMIE budget.

6. *Does the Financial Memorandum accurately reflect the margins of uncertainty associated with the estimates and the timescales over which such costs would be expected to arise?*

   Yes

Wider Issues
7. *If the Bill is part of a wider policy initiative, do you believe that these associated costs are accurately reflected in the Financial Memorandum?*

   Yes

8. *Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation or more developed guidance? If so, is it possible to quantify these costs?*

   We do not anticipate further costs of this nature arising.
Submission from COSLA

Introduction
As the collective voice of Scottish local government, COSLA are delighted to have this opportunity to express our views on the Scottish Schools (Parental Involvement) Bill – Financial Memorandum. The Bill introduces a range of practical measures which we believe will improve the way that parents engage with schools and are involved in their children’s education.

COSLA are particularly pleased with the way that local government’s view has been considered in the formulation of this legislation. Furthermore, the high level of engagement between the Executive and COSLA has been instrumental in the development of these sensible policy proposals and practical financial projections.

We are confident that much of the associated costs of this legislation will be offset using existing resources in a different way. The overall additional costs should be relatively modest, and we are comfortable that the figures set out in the Financial Memorandum will provide adequate provision.

1. Did you take part in the consultation exercise for the Bill, if applicable, and if so did you comment on the financial assumptions made?

   COSLA did take part in the consultation, both through the formal response process and through numerous informal discussions with officials from the Executive. No detailed comments were made on financial assumptions in our response, but there have been significant discussions on the financial aspects of the proposals.

2. Do you believe your comments on the financial assumptions have been accurately reflected in the Financial Memorandum?

   Yes, we are satisfied that our views have been accurately reflected.

3. Did you have sufficient time to contribute to the consultation exercise?

   Yes, sufficient time was given.

4. If the Bill has any financial implications for your organisation, do you believe that these have been accurately reflected in the Financial Memorandum? If not, please provide details.

   Yes. COSLA undertook separate research into the likely financial implications. The results tally with those made in the Financial Memorandum.

5. Are you content that your organisation can meet the financial costs associated with the Bill? If not, how do you think these costs should be met
The provision outlined in the Financial Memorandum would appear to be sufficient.

6. *Does the Financial Memorandum accurately reflect the margins of uncertainty associated with the estimates and the timescales over which such costs would be expected to arise?*

Although very difficult to gauge, we are comfortable that the margins of uncertainty should not ultimately result in impossible financial burdens for local authorities.

7. *If the Bill is part of a wider policy initiative, do you believe that these associated costs are accurately reflected in the Financial Memorandum?*

Yes.

8. *Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation or more developed guidance? If so, is it possible to quantify these costs?*

We do not envisage significant future costs arising. However, we have reservations about the Bill’s provision for HMie intervention at the behest of parents, and are concerned at the potential resultant added costs for the public purse. We therefore reserve the right to comment on this at a future date if it remains in the Bill, and when we have more information about the associated costs.
Finance Committee

27th Meeting 2005 – Tuesday 22 November 2005

Budget Process 2006-2007: Evidence session with Scotland’s Commissioner for Children and Young People

1. At the meeting of 15 November, during its evidence session on the Budget process 2006-2007, the Committee discussed the budget of Scotland’s Commissioner for Children and Young People.

2. The Commissioner, Kathleen Marshall, subsequently wrote to the Committee requesting to give evidence on this matter.

3. Under the protocol between Commissioners, the Scottish Parliamentary Corporate Body and the Finance Committee, the Convener has agreed to the Commissioner’s request.

4. The Commissioner’s letter and information provided to the SPCB by the Commissioner is attached as follows:
   - Letter from the Commissioner to the Convener
   - Letter from the Commissioner to the SPCB
   - The Summary of the SCCYP Participation Strategy: “Every Step of the Way”
   - the Participation Budget
   - Publicity and Participation Budget.

Susan Duffy
Clerk to the Committee
Letter from the Scottish Commissioner for Children and Young People to the Finance Committee

17 November, 2005

Des McNulty MSP
Convener of the Finance Committee
Scottish Parliament
Room T3.60
The Scottish Parliament
EDINBURGH
EH99 1SP

Dear Des McNulty MSP

Request to give evidence to the Finance Committee on the budget for 2006-2007 for Scotland's Commissioner for Children and Young People

I understand that at the meeting of the Finance Committee on 15 November members of the Committee raised questions in relation to aspects of my budget for 2006-2007. I am writing to request an opportunity to give evidence to the Committee to address any such concerns.

As a recipient of public funds, I acknowledge and respect the duty of Parliament and, in particular its Finance Committee, to scrutinize budget bids and ensure proper accountability. When the Finance Committee met to consider the implications of the Commissioner for Children and Young People (Scotland) Bill, it made the following observation:

Before turning to the evidence we heard, we express our concern about the ongoing monitoring of the costs of the Commissioner. As the budget will be shown in the SPCB's funding requirements each year, it will be for this Committee to consider it as part of the annual budget process. However, if the SPCB takes the view that, due to the Commissioner's independence from Parliament and the executive, it should not have a role in setting or justifying the annual budget, we will be unable to exercise our scrutiny role through the SPCB. We therefore note our intention to monitor carefully the ongoing costs of funding the Children's Commissioner post and that of existing similar posts and we will seek evidence and assurances from each postholder in relation to their respective expenditure plans as part of the annual budget process.¹

In the light of these comments, rigorous Parliamentary scrutiny is to be expected. However, given the SPCB's reported commitment to avoid having to justify the Commissioner's expenditure, I would hope and request that I will myself be given the opportunity to do so. I offer these written comments in order to set out the parameters within which I have been working and budgeting. However, I would be very happy to make myself available for questioning by the Committee. This would be consistent with the Finance Committee’s stated intent:

¹ Finance Committee 1st Report 2003, Commissioner for Children and Young People (Scotland) Bill (SP Paper 738), Para. 6.
We expect to take evidence from each postholder during the annual budget process and will report our findings to the Parliament.\textsuperscript{2}

I would like also to extend an invitation to the Committee to visit my office, meet my staff and gain a first-hand understanding of the work of my office. It was set up as an initiative of the Parliament itself, after extensive research and consultation, involving agencies and children and young people. It has a unique role amongst Commissioners in the sense that it is not designed as a mechanism that is “reactive” to individual complaints, issues or appointments, but to be proactive in engaging with issues affecting children and young people, particularly through involving children and young people themselves. The Act obliges me to consult children and young people, and agencies working with and for them, about my work. This means that I must have some flexibility in my plans to allow me to respect that commitment and really take account of what they say.

**The Global Sum Requested**

My total budget bid for 2006-07 is £1.3m, which reflects an increase of only 4% on the budget approved in 2002. My actual spending in the first year was much less than anticipated as the costs had been based on a full staff complement and the kinds of activity that could support. In fact, by the end of my first financial year, I had only 3 staff in post: the remaining 11 started between April and July this year.

**Publication Costs**

“Publication costs” include events, marketing and public relations, as well as leaflets and posters, etc. During the course of its consideration of the Bill, the Finance Committee expressed surprise at the sum allocated by the Financial Memorandum to these costs: £325,000 for start-up costs and £200,000 annually thereafter. It was accepted that this was based on the central role of publications in fulfilment of the Commissioner’s remit. The Memorandum also explained how the costs had been estimated using the experience of similar organisations as a comparator. The Committee concluded:

> We accept that it is for the Commissioner in due course to decide on the final requirements in terms of publications and other publicity-related expenditure, but we would expect to see due consideration given to ensuring value for money in all expenditure of this nature.\textsuperscript{3}

In fact, the sum requested for the 2006-07 is £157,000 – substantially less than that anticipated.

**Research**

The Financial Memorandum identified £100,000 as a reasonable annual cost for research, based on its expectations of the Commissioner’s research activity and the Parliament’s experience of such costs. The Committee made no comment on this sum. This is the sum requested for 2006-07.

**Office Location**

The Financial Memorandum stated:

\textsuperscript{2} *Ibid.*, Para. 19.

\textsuperscript{3} *Ibid.*, Para. 16.
There is a large margin for discretion associated with these costs as key issues relating to the location, number and composition of staff required, together with set up costs, are properly a matter for the Commissioner.\footnote{Financial Memorandum attached to the Explanatory Notes to the Commissioner for Children and Young People (Scotland) Bill, 2002, Para. 86.}

For my office base, I selected shop-front premises very near to the new Parliament building, as I wanted my office to be approachable, accessible and welcoming, and to be situated close to the centre of power and decision-making. My justification for this is that one of the reasons for setting up my office is that children and young people do not have a vote. There is a need for me to be a very visible and physical presence when important decisions are being made that affect children and young people. Groups of children and young people visiting the Parliament should be able also to visit my office and engage in informative and fun activities.

If the Committee is unable to take further oral evidence, I would appreciate the opportunity to submit further written evidence to the Committee to address the concerns raised in relation to my budget for 2006-2007.

Yours sincerely

\[Signature\]

Kathleen Marshall
Scotland’s Commissioner for Children and Young People
Letter from the Scottish Commissioner for Children and Young People to the Scottish Parliamentary Corporate Body

7 November 2005

Mr Derek Croll
Head of Financial Resources
Financial Resources Group
Scottish Parliament
EDINBURGH
EH99 1SP

Dear Derek,

Budget Submission 2006/07

Further to the meeting with SPCB on 2 November, I enclose more detailed information about our financial requirements for the year 2006/07. We would have supplied this earlier had we been requested to do so, but our understanding was that the figures provided by us were all that was required, and even desired, at that point. In future years we will provide more detailed costings at an earlier date.

Basis for SCCYP Budget Calculations

At the meeting on 2 November, there appeared to be some concern about the basis for the SCCYP budget calculations, in respect that we appeared to be aiming to reach the target figure in the Financial Memorandum, rather than identifying costs based on our activities.

As discussed at the meeting, the functions of this Office differ substantially in character from those of other Commissioners and Ombudsmen. We do not react to complaints from the public as our prime function. Instead, we are expected to be proactive and to engage imaginatively with children and young people in order to safeguard and promote their rights and to promote awareness and understanding. The remit is very open-ended, with the potential for significant variations in expenditure depending on the approaches chosen. It is true, therefore, that we have used the sums in the Financial Memorandum as a guide to Parliament’s expectations about the level of expenditure, which seems to me to be entirely legitimate. An agency with such a wide remit needs to have some idea of the funds likely to be at its disposal before it can begin to plan services and activities. The sums in the Financial Memorandum do not appear extravagant when compared with the budgets for other Children’s Commissioners in the UK. Indeed, Scotland has the smallest staff complement and the smallest budget of the four jurisdictions. We need the flexibility to be creative and to respond to the suggestions of children, young people and agencies, who we are required by law to consult. This applies particularly to these early years of our work when we are developing new ways of working.
It would also have been inappropriate to use the out turn figure for financial year 2004/05 as a baseline, as we took possession of our premises only in March 2005 and reached our full staffing complement only in July 2005. 2006-07 will be our first full year of operation when, with our premises, staff team and Participation Strategy in place, and our Communications Strategy almost complete, we will be in a position to fully pursue and implement our remit. It may have helped members to understand the developmental nature of the Office had they had a chance to consider our first annual report, which will be submitted to Parliament as soon as the accounts are finalised. In consideration of this, and of the fact that the participation costs comprise the largest block, I attach a more detailed financial breakdown, cross-referenced to a copy of our draft Participation Strategy (which will be submitted to the Parliament with our annual report), along with the legislative basis for our proposed activities. In addition I have included examples of work already undertaken as part of our Communications Strategy: an information leaflet; a voting card for the current national consultation with children and young people and a hard copy of the Home Page of our new website. The Participation Strategy and associated costs have been planned to meet the aims of the Commissioner and the duties imposed by Parliament, whilst at the same time ensuring best value for money.

**SCCYP Budget Requirements for 2006-07**

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<th>Budget Line</th>
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<th>2006-07 (revised)</th>
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**Publicity/Events/Marketing**

Please see separate attachment for Budget Breakdown (Sections 4, 5 and 6 of the Commissioner for Children and Young People (Scotland) Act 2003)

**Research/Participation**

Please see separate attachment for Budget Breakdown – we have removed the costs of the current national consultation with children and young people from the 2006-07 Budget, as we expect to repeat this exercise on a biannual basis. We have retained, however, £100,000 in our Research Budget as we expect to undertake research as part of our response to the outcome of the
national consultation, which might necessitate the purchase of materials, the engagement of external consultants etc., depending upon the nature of the research required (Sections 4, 5 and 6 of the Commissioner for Children and Young People (Scotland) Act 2003)

**ICT**

In addition to ICT maintenance costs for our current computer hardware, Microsoft Office and Project, we anticipate maintenance costs for CHAS (used also by SCRA, OSIC and OPSO) and a Documents Management system, perhaps INVU (used also by OSIC). If we purchase a Smartboard and/or Plasma screen for the children and young people’s area, we will invest also in specialist software for optimal use.

**Capital Costs**

In addition to the items detailed above, as a new Office, we anticipate incurring additional capital expenditure, for example, for whiteboards and flipcharts for optimal use of our premises.

I hope the information provided now fully meets your requirements. I would wish to emphasize that the reason we are still building up our equipment and facilities as outlined above is a direct reflection of our commitment to prior consultation with children and young people on matters affecting them, along with ensuring best value for money.

For the reasons outlined above, I feel very strongly that our request for funding for these activities is not unreasonable. The Commissioner for Children and Young People (Scotland) Act 2003 laid great emphasis on the independence of the office from both the Parliament and the Executive, whilst recognising the need for accountability for use of public funds. Any reduction in the proposed budget would have a serious impact on my ability to fulfil the statutory requirements of my post.

Yours sincerely,

Kathleen Marshall
Scotland’s Commissioner for Children and Young People
Commissioner for Children and Young People (Scotland) Act 2003

Section 4:
- Duty to promote awareness and understanding
- Duty to undertake and publish research

Section 5:
- Duty to act in a manner that encourages equal opportunities

Section 6:
- Duty to encourage involvement of children and young people in the Commissioner’s work;
- Duty to consult children and young people on the work to be undertaken by the Commissioner;
- Duty to pay particular attention to groups of children and young people who do not have other adequate means by which they can make their views known.
- Duty to prepare and keep under review a strategy for involving children and young people in the Commissioner’s work

Note: One of the difficulties in giving precise estimates of expenditure for participation is that it will increase significantly if, for example, the Reference Group of young people we will soon be recruiting were to include someone from a remote area who had particularly challenging additional needs. Both our philosophy and our statutory remit, however, would require us to meet those challenges and ensure that no young person was excluded for those reasons.
Summary of the SCCYP! Participation Strategy: “Every Step of the Way”

The participation of children and young people is one of the most important parts of SCCYP! work. The following core principles are central to SCCYP!’s Participation Strategy:

- Participation is a visible commitment that is well resourced;
- Children and young people’s involvement is valued in all areas of SCCYP!’s work;
- Children and young people are integral to decision-making structures;
- All children and young people have equal opportunities to participate, with additional resources allocated to involve harder to reach groups;
- Policy priorities are informed by the views of children and young people, and shaped by the Convention on the Rights of the Child;
- Participation is continually monitored, evaluated and improved.

Of the staff complement of fifteen, five work within the participation team. Two posts of “participation worker” are reserved for those aged 16-21, employed on 18-month contracts.

Part of the office space is being developed in consultation with children and young people to provide an informative, attractive and interactive activities area.

A publicity campaign in autumn 2005 will aim to make children and young people aware of the Commissioner, how to contact her and how she might respond to the issues they raise. This will be associated with a national consultation that will allow all children and young people to vote on issues that the Commissioner should concentrate on for a period of two years. Voting will take place in association with Young Scot and largely through their website. Other methods will be available for those with different needs, or who cannot access the website. The issues on the ballot will be identified through focus groups across the country and informed by the results of recent consultations by other agencies.

The following structures will support SCCYP!’s commitment to participation:

*Early years (0-4):* Professional story tellers will work alongside SCCYP! staff to develop creative methods for consulting young children and finding out what matters to them. If this method is successful, SCCYP! will package and disseminate it.
Consultation Groups (5-9/9-14): These will be involved in checking the appeal and accessibility of SCCYP! communications, responding to policy issues, taking part in recruitment, commenting on one off events, evaluating the young people’s areas in the office and offering suggestions on improving methods for involving children and young people.

Reference Group (14-21): This group will be recruited for a two year period to support and advise on organisational development. It will also be involved in policy responses, staff recruitment, developing communications, and research. Meetings will take place across Scotland. Members will receive training, expenses and a daily ‘participation fee’ for their involvement. They will be encouraged to be visible and active in the life of the organisation.

Looked after and accommodated group: The Commissioner’s duties extend to age 21 for those who have been “in care” or “looked after” by a local authority. SCCYP! staff are in discussion with key agencies to establish structures similar to the reference group for these young people, taking into account the current work being done in this field.

SCCYP! will involve children and young people in shaping a “Children’s Champion” Award that will be awarded by children and young people to adults who have shown good practice in respecting their rights.
### Projected Participation Budget 2006 - 07

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**Grand Total**  &nbsp; **£117,726**

**Notes:** Location in Participation Strategy Document
- Note 1: Section 3.4
- Note 2: Section 3.5
- Note 3: Section 6.3
- Note 4: Section 3.6
- Note 5: Section 7.0
- Note 6: Section 5.5

October 2005
### Projected Publicity & Promotion Budget 2006 - 07 (Note 1)

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<td>4 Promotional Events</td>
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<th>Promotional Resource</th>
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<td>Recent purchase for Edinb. Event - notepads, pencils etc.</td>
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<td>Website Development &amp; Optimisation</td>
<td>£8,525</td>
<td>Newmediabureau - recent web site re-development</td>
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<td>(Note 2)</td>
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<tr>
<td>Publicity Materials</td>
<td>£17,624</td>
<td>Recent purchase for national consultation - leaflets, posters etc.</td>
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<td>Illustrations &amp; Art Work</td>
<td>£5,200</td>
<td>Children 1st - Cost of planned storytelling work with under-fives</td>
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<tr>
<td>Translations</td>
<td>£15,000</td>
<td>Cheapest quote for web-site</td>
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**Total**  

\[ £157,062 \]

**Notes**

1. Communications strategy Paper in preparation
2. See Participation Strategy Section 5.4)

October 2005
Dear Kathleen

Budget Submission 2006/07

Thank you for details of your budget submission for 2006/07. Since submitting your bid, the SPCB has received correspondence from the Convener of the Finance Committee outlining its views on the issues it wishes to raise with the SPCB when it gives evidence, on behalf of you and the other parliamentary nominated office-holders, in support of your bid. A copy of the letter is attached for your information.

In the light of this letter I should be grateful if you could forward to me a more detailed breakdown of your bid together with your justification for the various elements of your submission.Whilst I appreciate that at this stage because your office has not been fully operational for a year that it is difficult to accurately predict costs, it would, in particular, be helpful to have more detailed information on your proposed expenditure covering ICT, capital expenditure, publicity and also research. I also note that despite your bid being on a zero-based basis that you have bid for sums over the rate of inflation.

The Finance Committee has previously raised concerns over the increasing budgets for the various Commissioners and Ombudsman and the Committee is of the view that budgets cannot continue to increase without evidence that more efficient ways of working are being sought.

As you know all public bodies funded by the Executive are being required to contribute to the Efficient Government initiative and whilst the independent functional nature of the Commissioners and Ombudsman is recognised, the Finance Committee will be looking for the SPCB to demonstrate that it is satisfied that every effort possible has been made to share common services between the office-holders. I should therefore also be grateful if you could provide me with details of what efforts have been made and will be made in the future to share services.
In addition, the SPCB will have to explain to the Finance Committee the rationale for having your premises based in Edinburgh and I would be grateful if you could provide me with a detailed response covering this matter. It would also be helpful to have your views on whether there is any possibility in the short-term of you co-locating your office with any other office-holder, or indeed of them sharing your offices.

The SPCB will be calling each of the office-holders to give evidence to it in advance of the Finance Committee consideration of the budget bids for 2006/07. We must therefore stick to a rigid budgetary timetable and in light of this it would be helpful if you could provide me with a response to this letter by 19 September at the latest.

Should you wish to discuss any aspects of this letter please do not hesitate to contact me.

Yours sincerely

Derek Croll
Head of Financial Resources
24 June, 2005

Derek Croll
Head of Financial Resources
Scottish Parliamentary Corporate Body
Scottish Parliament
Edinburgh
EH99 1SP

Dear Derek,

RE: SCCYPI Budget Requirements for 2006-07 & Indicative Figures for 2007/08

Further to your letter dated 26 February 2005, I attach our budget requirements for 2006-07 and indicative figures for 2007/08. Budgets have been drawn up using zero-based forecasting and we do not anticipate any receipts. This does not include any allowance for statutory investigations in terms of Section 7 of the Act.

You may recall our discussion about having a sum of money available to draw upon for this eventuality. The cost of an investigation is likely to vary, depending upon its length and complexity. However, it is important that I am able to initiate one at relatively short notice if the situation requires it. In order to preserve the independence provided for in the Act, the establishment of the investigation should not be dependent on the availability of funds. I should be able to set it up in the expectation that funds would be provided. I suggested that a reserve of £200,000 might be appropriate, particularly as I might wish to set up more than one investigation in the course of a year.

When we met, we discussed the possibility of drawing on the contingency fund for this purpose. I recall that you seemed to have some hesitations about the ability of that fund to meet large demands. I think it is important to clarify at this stage what the process would be for accessing money for an investigation. The options for this and future years seem to be that:

1. An additional sum is made available to the SCCYP budget, which would be "ring-fenced" for investigations but may not need to be used;

2. I am assured that the contingency fund would be able to be accessed quickly and without any need to argue my case

3. A special fund is set aside by SPCB for this purpose.

Sincerely,

[Signature]
4. SCCYP bears costs at the commencement of an investigation and is able to claim back full reimbursement from a contingency or special fund as part of the monthly drawdown procedure.

I would be very keen to resolve this matter before any final approval of our budget.

Yours sincerely,

[Signature]

Kathleen Marshall
Scotland’s Commissioner
for Children and Young People

cc: Janice Crerar, Scottish Parliamentary Corporate Body

Enc.
## EXPENDITURE SUMMARY

<table>
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<tr>
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<th>2006/07</th>
<th>2007/08</th>
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<tbody>
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<td>ICT</td>
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<td><strong>Non staff costs</strong></td>
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<td></td>
<td>£745,700</td>
<td>£766,150</td>
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<tr>
<td><strong>Total staff + non-staff</strong></td>
<td>£1,326,400</td>
<td>£1,386,350</td>
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Dear Kathleen

Budget Submission 2006/07

Thank you for your letter dated 16 September providing further detail on your 2006-07 budget submission and responding to the questions raised by the Convenor of the Finance Committee.

As indicated in my letter of 31 August, the Corporate Body would like to invite you to attend a meeting to give evidence in support of your budget bid. This will enable the SPCB to fulfil its formal scrutiny role and to consider your responses to the questions raised. The Secretariat will be in contact shortly to make the necessary arrangements.

You have already helpfully provided explanatory notes for most areas of your budget submission and this will greatly assist the SPCB in its scrutiny.

I have a couple of questions / observations on the detail provided as follows:-

1. Your budget submission includes a figure of £50,000 in respect of depreciation. Although this will feature in your annual resource accounts, it is a “non-cash” item and therefore does not need to be included in the SPCB’s funding budget. Accordingly, I propose to adjust your total funding bid for 2006-07 from £1,328,400 to £1,278,400.

2. In your letter dated 24 June 2005 you requested a carry forward of unspent funding from your 2004-05 budget to the current financial year in respect of specific deferred one-off “start up costs” on research and publicity / promotion in your first full year of operation. This is a legitimate call on End Year Flexibility and I would expect the Finance Committee to approve an in-year budget revision for this. However, I note that the exceptional level of expenditure requested in 2005-06 is now forecast to continue into 2006-07...
and 2007-08 and I expect that the SPCB may wish to explore this part of your budget submission in more detail.

Should you wish to discuss any aspects of this letter please do not hesitate to contact me.

Yours sincerely

Derek Croll
Head of Financial Resources
Mr Derek Croll  
Head of Financial Resources  
Financial Resources Group  
Scottish Parliament  
EDINBURGH  
EH99 1SP

16 September 2005

Dear Derek

Budget Submission 2006/07

Thank you for your letter dated 31 August 2005. As requested, I have provided detailed information on our proposed expenditure on IT, Capital, Publicity and Research. I have also made comment on the other points raised in your letter and that from Des McNulty, MSP, regarding common services, my rationale for establishing an office in Edinburgh and co-location/shared offices.

Increasing Costs

As you rightly note, it has been difficult to accurately predict costs for 2006-07, as this Office has been fully operational for less than a year. We took occupancy of our premises only on 15 March 2005 and most of the staff team have been in post for less than six months. It is difficult, therefore, for us to show more efficient ways of working when these are just being developed. Projected expenditure in 2006-07, however, has been costed with due regard to value for money and, where possible, with reference to suppliers. I consider also that to date we have been good stewards of public funds and, indeed, have been particularly prudent with regard to large items such as publicity and research as I was not yet ready to commit funds. We have, however, asked for some of the initial “start-up” costs such as ICT (referred to below) and publicity, to be carried forward to the second year, which is really the time frame for the most substantial setting-up costs.
You state in your letter, also, that despite our bid being on a zero-based basis we have bid for sums over the rate of inflation. I understand that the baseline used is a direct comparison between the amount allocated for 2005-06 and that projected for 2006-07. It should be noted however that the original budget for 2005-06 was set in 2002 and not based on any practical experience. Further, our single largest cost, the cost of the current staffing complement has increased in line with SPCB terms and conditions.

**Comments on particular expenditure categories**

**ICT – £55,000 (Original Budget £5,150)**
This projection includes £5000 for maintenance of our Microsoft Office software and shared server by Microsys Solutions. We are also conducting a feasibility study into the purchase of software for use both by the Enquiries and Information Officers to meet SCCYP needs and standards for case recording and document management systems. An amount of £50,000 has been projected for the purchase of additional software, licences and maintenance costs.

**Capital Expenditure – £30,000 (Original Budget £27,710)**
This makes provision for the purchase of new equipment and furniture to complete the Office requirements and, in particular, to meet the costs of creating an interactive area for children and young people, which will include a range of furniture, furnishings and equipment to facilitate child centred activities.

**Publicity/Events/Marketing etc - £150,000 (Original Budget £150,000)**
This complies with the original allocation of £150,000 for Publicity & Promotion, so there is no change in the amount requested. No events linked to publicity or promotion took place up to 31 March 2005 as the office infrastructure and the staff team was not fully in place until after this date. As the Commissioner, however, I have a duty to promote my role and office throughout Scotland.

**Research & Participation - £230,000**
The budget for start up costs included an allocation of £100,000 for Research, but with no allocation for future years. No expenditure was incurred under this category last year as the office infrastructure and the staff team was not fully in place. A detailed summary for the costs of children and young people to participate in the work of the Commissioner has been drawn up and, where possible, is based on measurable costs. The amount of £130,000 reflects as accurately as possible the projection for our direct work through reference groups, consultation groups, early years groups etc.

**Common Services**

You received a copy of the final report by Nicola Rankin detailing the outcome of her work exploring the opportunities for sharing common services across the Commissioners and the Ombudsman, in which we participated. We are currently exploring the use of software from Computer Application Services Ltd to assist in the management and retrieval of data from our enquiries and information services. Custom-designed versions
of this system are used by both the Scottish Public Services Ombudsman and the Scottish Information Commissioner and visits to their offices by key SCCYP members of staff have been arranged as part of our feasibility study. The Staff Handbook produced by the Scottish Information Commissioner has been formally adopted, on a temporary basis, by SCCYP whilst we develop our own version in-house over the next few months to better meet our particular requirements. Regular inter-agency meetings with staff of the other Commissioners and the Ombudsman to share good practice and discuss items of mutual interest continue. With regard to financial management, we commissioned the same external consultant as was used by the other Commissioners and the Ombudsman, to install our financial system and provide training in its use, giving rise to economies of scale. We use the Home Office Payroll and Pension Service as payroll provider, in line with some of the other Commissioners and maintain our separate Bank Account for audit purposes with the Royal Bank of Scotland, also in line with other Commissioners and the Ombudsman. We expect to share the services of the same Audit Committee with the Scottish Information Commissioner.

Location

Recruitment details for my post indicated that the location of the Office was a matter for the Commissioner. My decision was a strategic one, involving me in considerable commuting. I believed very strongly, however, that the office should be located near to the parliament, as children and young people do not have a vote and need to be visible in the corridors of power. We are developing close working relationships with the parliament which would be very difficult if we were based elsewhere. The Office of the Commissioner for Children and Young People differs from that of the other Commissioners and Ombudsman as it is not about investigating individual complaints, but about seeking strategic change and reviewing current and future proposals for law, policy and practice. There is therefore a clear justification for it being located where laws are made. We are also in a position to offer a “hot desk” facility to our colleagues when they are required to be in Edinburgh on parliamentary business.

Co-Location

I considered co-location with the other Commissioners/Ombudsmen. We were, however, established at very different times. Further, the character and needs of the offices are quite different. My job is strategic and requires the office to be near the parliament. We aim to be child-friendly. I wanted an attractive shop front office in bright colours to attract children and young people as visitors, which is quite different from the more sedate atmosphere required by offices dealing with serious adult complaints. Under his powers, the Scottish Information Commissioner could have occasion to investigate SCCYP practice. We require separate systems in our software to preserve confidentiality and physical distance to maintain our mutual independence and public credibility. In relation to our current premises, we were able to secure capital grant of £75,000 from the owners of our premises towards conversion and, indeed, our offices are too small for us to be able to make room to share.
Investigations

I would also like to reaffirm here my request for a clear, simple and speedy process for accessing funds to support any formal investigations I establish in terms of the Act. It is critical that there are sufficient funds for the job and available on request so that the independence of this function is maintained.

I hope that this information answers your questions, but I would of course be happy to answer any supplementary questions.

Yours sincerely

Kathleen Marshall
Scotland's Commissioner for Children and Young People
Additional Paper of Financial Implications of Abolition of Prescription Charges by Colin Fox MSP

1 What is the extra cost likely to be to the NHS of the extra uptake in prescriptions from those who currently go without them i.e. those 75,000 who currently can’t afford to get them?

Citizens Advice estimated that 750,000 prescriptions go uncollected annually in England because of the high cost of prescription charges. The equivalent proportionate figure for Scotland is approximately 75,000 prescriptions going uncollected each year. Therefore the additional cost to the NHS of issuing these 75,000 prescriptions without charge, to those who currently go without them because of cost, is exactly £487,500.

This is the amount of revenue lost to the NHS if these prescriptions were instead issued to those requiring them free of charge (i.e. 75,000 x £6.50 = £487,500). The actual cost of the drugs should not be factored in because that is a residual cost to the NHS whether or not charges are actually levied on the prescriptions. However to be complete as the average cost of prescription drugs is currently £11.50 per item (see here: http://www.isdscotland.org/isd/new2.jsp?pContentID=3645&p_applic=CCC&p_service=Content .show&) then the total cost to the NHS of issuing these prescriptions would currently be £862,500.

Both of these “cost” estimates should be off-set against the likelihood that a proportion of these patients are likely to become seriously ill and require more expensive treatment, including hospitalisation, because they failed to take prescribed medication.

Secondly any extra uptake only relates to the 8% who currently need the medicines but have to pay. Not the 50% of patients who currently do not need to go see the GP in the first place (see below for situation in Wales).

Thirdly the Scottish Executive never has put a figure on this issue under its calculation as to the likely cost of abolition, which after all is what we have accepted throughout.

Finally the Welsh Executive has factored in no extra cost in this regard in their calculations for the cost of abolition there. This seems to properly reflect the impact of introducing free prescriptions for 16-25 year olds in Wales. Prescription charges for 16-25 year olds were abolished in 2001.

It was widely predicted by those who opposed extending exemptions on the grounds of additional cost that this would lead to a marked increase in the number of prescriptions issued to this age group as they sought prescriptions for minor ailments.

In fact the rise in the number of prescriptions issued in Wales in 2001/2 and 2002/3 was exactly the same as the rise in prescribing in Scotland in those years i.e. a 5% increase in each year. Both these rises were in line with historic trends across the UK as a whole. In other words the extension of exemption to 16-25 year olds in Wales has had no impact whatsoever on the overall number of prescriptions issued.
Given this clear evidence it is difficult to give credence to those who pessimistically predict that Scots will act differently to the Welsh and descend en masse on GPs and pharmacists seeking prescriptions for minor ailments. I am including the relevant web pages with this information as an appendix to this paper so that Members of the Finance Committee can see for themselves the year on year rise in prescriptions issued in Scotland and Wales.

2 Welsh Executive’s estimates of the phased costs of Prescription Charge abolition:

The Welsh Executive’s estimates of the cost of phasing out prescription charges in Wales are:

- £5.4m in 2004
- £10.7m in 2005
- £16.1m in 2006 and
- £32.2m in 2007

It should be noted that the cost of phasing out charges in Wales is proportionately higher than the estimated cost in Scotland. This is largely because more prescription items are issued per head of population in Wales than in any other part of the UK, including Scotland. This is a historic difference pre-dating the current reduction in prescription charges in Wales. The average number of items issued per head of population in Wales is 17 whilst in Scotland it is below 14. Obviously if more items are issued then the revenue lost from charging is proportionately higher and it is this that largely explains the difference in abolition costs in Scotland and Wales.

3 Why did Wales reject extending exemptions in favour of abolition?

One of the reasons that Wales rejected extending exemptions in favour of outright abolition was that the cost of extending exemptions to students and the chronically sick would have been £20m. In other words the difference in cost between extending exemptions to those most in need on health grounds and outright abolition for all was in the order of £11m.

The cost of the exemptions proposed by the Scottish Executives consultation scheme (i.e. students in full time education and training (over 50% of young Scots) and to certain chronic conditions) obviously varies depending on what specific conditions are eventually exempted. However if conditions such as asthma and cancer were to be exempted then the loss of revenue would be considerable as the number of sufferers in Scotland is high. This would leave the difference in cost between outright abolition and extending exemptions relatively marginal.

If the proportion eventually exempted after the review was of the same order as was proposed in Wales then the revenue stream from continuing to charge might fall to as little as £15-16 million. This figure therefore represents the real cost of outright abolition as opposed to a policy of extending exemptions and is a very small proportion of NHS Scotland’s current drugs bill.

Appendix 1

Number of Prescriptions issued in Scotland and Wales 2001/2 and 2002/3

Wales: 2000 – 2003
2001/2 Scotland:

2002/3 Scotland:
http://www.isdscotland.org/isd/new2.jsp?pContentID=2415&p_applic=CCC&p_service=Content.show&