



The Scottish Parliament
Pàrlamaid na h-Alba

FINANCE COMMITTEE

AGENDA

4th Meeting, 2013 (Session 4)

Wednesday 30 January 2013

The Committee will meet at 9.30 am in Committee Room 3.

1. **Budget (Scotland) (No.2) Bill:** The Committee will consider the Bill at Stage 2.
2. **Land and Buildings Transaction Tax (Scotland) Bill:** The Committee will take evidence on the Bill at Stage 1 from—

David Melhuish, Director, Scottish Property Federation;

Michael Levack, Chief Executive, Scottish Building Federation;

Philip Hogg, Chief Executive, Homes for Scotland.

3. **Post-16 Education (Scotland) Bill:** The Committee will take evidence on the Financial Memorandum of the Post-16 Education (Scotland) Bill from—

Michael Cross, Deputy Director, Colleges and Adult Learning, Gavin Gray, Bill Team Leader, Colleges and Adult Learning, Tracey Slaven, Deputy Director, Higher Education and Learner Support Division, and Scott MacKay, Finance Business Partner, Education and Lifelong Learning, Scottish Government.

James Johnston
Clerk to the Finance Committee
Room T3.60
The Scottish Parliament
Edinburgh
Tel: 0131 348 5215
Email: james.johnston@scottish.parliament.uk

The papers for this meeting are as follows—

Agenda item 1

Budget Bill Stage 2 Paper

FI/S4/13/4/1

Agenda item 2

Paper by the clerk

FI/S4/13/4/2

Agenda Item 3

Paper by the clerk

FI/S4/13/4/3

Finance Committee

4th Meeting, 2012 (Session 4), Wednesday, 30 January 2013

Budget (Scotland) (No.2) Bill – Stage 2

Introduction

1. The [Budget \(Scotland\) \(No.2\) Bill](#) (“the Bill”) was introduced in the Parliament on 17 January 2013. A copy of the Bill is attached at Annexe A while the [Budget \(Scotland\) Bill Supporting Document](#) is attached at Annexe B. The Financial Scrutiny Unit has provided a briefing, at Annexe C, which highlights the key differences between the [Draft Budget 2013-14](#) and the Bill.

Procedure

2. Budget Bills follow a different procedure to that of other public Bills and are governed separately by Rule 9.16 of Standing Orders. At Stage 1, a budget Bill is referred immediately to the Parliament for consideration of its general principles and a decision on whether they are agreed to. A report on the Bill’s general principles is not required. The Stage 1 debate on the Bill took place on [Tuesday 22 January 2013](#).

3. Rule 9.16.3 of Standing Orders states that Stage 2 of the Bill shall be taken by the Finance Committee. The remainder of this paper sets out the procedure which must be following in dealing with Stage 2 proceedings on the Bill.

Stage 2 procedure

4. Unlike other legislation, where amendments may be lodged by any member, at Stage 2 of the Budget Bill amendments may only be lodged and moved by a member of the Scottish Government or a junior Scottish Minister.

5. Proceedings on amendments to the Bill are identical to those for other Bills. While no amendments have been lodged to this Bill, the Committee is required to agree each section and schedule of the Bill as well as the long title. As with other Bills, where sections and schedules to which no amendments are proposed fall consecutively for consideration, a single question can be put on all those sections or schedules.

6. Members should note that it is not possible to leave out a section or schedule of the Bill by simply disagreeing to it. The [Guidance on Public Bills](#) states—

“4.82 Because the only mechanism available to leave a section or schedule out of a Bill is by means of an amendment, putting the question on each section and schedule is, in practice, a formality. There is no obligation

on members to agree when the question is put on the section or schedule, but disagreement does not lead to a division and cannot result in the omission of the section or schedule from the Bill.”

7. Rule 9.16.6 of the Standing Orders only allows amendments to a budget Bill to be moved by a member of the Scottish Government.

Alan Hunter
Assistant Clerk to the Committee

Annexe A

Budget (Scotland) (No.2) Bill

A copy of the Bill, and its accompanying documents, can be accessed via the link below—

www.scottish.parliament.uk/parliamentarybusiness/Bills/58655.aspx

Annexe B

Budget (Scotland) Bill Supporting Document

The above document can be accessed via the link below—

www.scotland.gov.uk/Resource/0041/00412616.pdf

Annexe C

Financial Scrutiny Unit briefing on the Budget Bill 2013-14**Finance Committee****Budget Bill 2013-14 – Stage 2**

This paper summarises the differences between the Draft Budget 2013-14 and the Budget Bill 2013-14.

Reasons for variations

The main reason for the differences between the figures in the Draft Budget and the Supporting Document to the Budget Bill is that the two documents are prepared on different accounting bases. The Draft Budget is presented on a “resource accounting” basis while the Budget Bill and supporting document are prepared in “cash” terms, in line with the definitions requiring parliamentary approval. There are a number of technical differences between the two definitions, which in part explain the differences between the totals in the two documents.

One difference between the Budget Bill and the Draft Budget relates to the treatment of non-departmental public bodies (NDPBs). The non-cash element of the NDPB budgets (which includes items such as depreciation) is subtracted from the Draft Budget figures to give the amounts required for parliamentary approval. This is because the Public Finance and Accountability (Scotland) Act requires authority for the budgets of NDPBs to be given in cash. The non-cash NDPB deductions from the figures in the Draft Budget are presented in column B of table 1.2 of the Budget Bill Supporting documents (p3). These total £78.6 million.

In addition, Judicial salaries (£30.3 million) are in the Draft Budget but excluded from the Budget Bill as they do not require Parliamentary approval. Also the Scottish Water loan repayments to the National Loans Fund (NLF), Public Works Loan Board (PWLb) and the European Investment Bank (EIB) (totalling £27.8 million) are included within the Draft Budget figures but excluded from the Budget Bill.

Capital expenditure is also treated differently in the Budget Bill. Direct capital expenditure by the Scottish Government is included in the Budget Bill, but the capital expenditure of NDPBs, local authorities and any capital grants to the private sector are not included in the capital total in the Budget Bill (they are classified as “operating expenditure” in the portfolio budgets of the Supporting documents).

The Local Government budget in the Budget Bill has been supplemented by £328million to reflect the UK Government's decision to abolish Council tax benefit from April 2013 and transfer responsibility for Council tax support to the Scottish Parliament.

Directly funded external bodies requiring separate parliamentary approval from the portfolio total are reflected separately in the Budget Bill and the relevant adjustments are presented in column E of table 1.2.

Another reason for difference between the Draft Budget and Budget Bill is that the Barnett consequentials accruing from the 2012 UK Autumn Budget Statement have been included on the face of the Budget Bill (totalling £164.3 million). Further information on this difference is included in the next section of this paper.

"Non-technical" changes made by the Scottish Government since the publication of the Draft Budget are presented in column G. The most significant transfer is from Local Government to Rural Affairs and Environment of £14.8m to support the next generation digital fund, which was previously ring-fenced in Local Government for that purpose. The effect on Local Government is offset somewhat by incoming transfers from Justice (£1.8m) and Health (£0.7m). There is also a transfer of £0.4m from Justice to the Scottish Court Service.

Scottish Government's discretionary allocation of Barnett consequentials from UK Autumn Statement

Since the publication of the Draft Budget 2013-14, the UK Autumn Statement (5 December 2012) has [allocated additional funding of approximately £330m to the Scottish budget for financial years 2012-13 to 2014-15](#). The Cabinet Secretary for Finance and Sustainable Growth made a statement to the Scottish Parliament on 19 December 2012 outlining how he intended to allocate some of this additional money (approximately £205 million, see table 1 below). Although extra funds have been made available for 2014-15, the Cabinet Secretary has yet to allocate most of that, choosing to await the outcome of the planned UK Spending Review in 2013. He said the following:

"I welcome this opportunity to update Parliament on how we intend to allocate the additional capital consequentials for 2012-13 and 2013-14 arising from the Chancellor of the Exchequer's autumn statement of 5 December. I will not, at this stage, allocate all the additional funds that will be available for 2014-15. Parliament will be aware that the chancellor is planning a United Kingdom spending review in the first half of 2013, which is likely to impact on the overall budget that will be available to the Scottish Government in 2014-15. I wish to reflect on the outcome of the UK spending review before I allocate any additional capital consequentials for that year."

The following table presents the allocations announced to Parliament on 19 December.

Table 1: Additional capital allocations announced 19 December

	2012-13	2013-14	2014-15	TOTAL
	£m	£m	£m	£m
LOCAL GOVERNMENT TOTAL	1.3	44.9		46.2
Trunk Road maintenance	5.0	5.0		10.0
Cycling infrastructure projects		2.7	1.2	3.9
Ferry port infrastructure	0.8	1.9		2.7
Canal infrastructure projects: Regeneration and Tourism	1.3	3.3		4.6
TRANSPORT TOTAL	7.1	12.9	1.2	21.2
Highland and Islands Enterprise: Economic Development Projects	3.7	2.9		6.6
Scottish Enterprise: Economic Development Projects	4.4			4.4
ENTERPRISE TOTAL	8.1	2.9		11.0
Forestry projects: access, road infrastructure and buildings refurbishment		3.2		3.2
National Parks: developing the rural economy	1.1	1.8	0.0	2.9
VisitScotland and Scottish Tourist Routes	0.6	0.9	0.2	1.6
RURAL, ENVIRONMENT AND TOURISM TOTAL	1.7	5.8	0.2	7.6
JUSTICE INCLUDING SCOTTISH COURT SERVICE ESTATE IMPROVEMENT, ESSENTIAL MAINTENANCE AND STATUTORY COMPLIANCE	3.9	6.5		10.4
HOUSING TOTAL		50.0		50.0
REGENERATION PROJECTS IN DALMARNOCK, IRVINE AND ARDROSSAN	2.8	10.8	8.4	22.0
CULTURE AND HERITAGE PROJECTS THROUGH NATIONAL THEATRE OF SCOTLAND, HISTORIC SCOTLAND, NATIONAL MUSEUMS OF SCOTLAND AND CREATIVE SCOTLAND	0.3	6.1	0.5	6.9
HEALTH MAINTENANCE		10.0		10.0
FURTHER AND HIGHER EDUCATION INCLUDING COLLEGE MAINTENANCE, ROSLIN INSTITUTE AND SABHAL MOR OSTAIG		14.8	5.0	19.8
TOTAL CAPITAL INVESTMENT	25.2	164.5*	15.3	204.9

Note to table: Funding for 2012-13 will be given effect through the Spring Budget Revisions, funding for 2013-14 through the Budget Bill 2013-14, and funding for 2014-15 through the Budget Bill 2014-15.

* The total for 2013-14 in the Budget Bill Supporting Document is £164.3m. The difference is due to rounding of figures.

**Ross Burnside, SPICe Research
January 2013**

Note: Committee briefing papers are provided by SPICe for the use of Scottish Parliament committees and clerking staff. They provide focused information or respond to specific questions or areas of interest to committees and are not intended to offer comprehensive coverage of a subject area.
--

Finance Committee

4th Meeting, 2013 (Session 4), Wednesday 30 January 2013

Land and Buildings Transaction Tax (Scotland) Bill: Stage 1

Introduction

1. The Finance Committee has been designated by the Parliamentary Bureau as the lead committee for the consideration of the [Land and Buildings Transaction Tax \(Scotland\) Bill](#) (LBTT Bill). The Committee will hold its third Stage 1 oral evidence session when it takes evidence from Homes for Scotland, the Scottish Property Federation and the Scottish Building Federation.

2. Copies of the Bill and accompanying documents have been circulated to members along with the [SPICE briefing on the Bill](#). The [written submissions](#) from the witnesses are attached.

Background

Approach

3. The role of the Committee at Stage 1 is to consider and report on the general principles of the Bill. It issued a call for evidence on 5 December 2012 (Annexed) and the responses received have been published on the [Committee's LBTT Bill webpage](#).

Bill purpose

4. The purpose of the Bill is—

‘to make provision about the taxation of land transactions.’

Policy background

5. This is the first of three Bills being brought forward by the Scottish Government (SG) as a consequence of the Scotland Act 2012. The [Landfill Tax Bill](#) (LT) is expected to come forward in spring 2013 with the [Tax Management Bill](#) (TM) in autumn 2013. The TM and LBTT Bills are to ‘be viewed as a package’ with the TM Bill expected to provide for issues relating to tax collection arrangements, appeals, offences and penalties. The SG has published consultation papers on both the LT (now closed) and TM Bills.

6. The SG has sought to reflect its four tax principles of certainty, convenience, efficiency and proportionality in the Bill. The tax will be collected by Revenue Scotland through Registers of Scotland. Revenue Scotland has been set up as an administrative unit of the SG which by 2015 will have been established in statute at arm’s length from Ministers, in line with international good practice. The Committee will take evidence from both organisations (and the Cabinet Secretary) on 27 February 2013.

Bill provisions

7. The Bill provides for the rules and structure of LBTT which will impose a tax on anyone buying, leasing or taking other rights (such as options to buy) over land and property in Scotland. LBTT will cover both residential and non-residential (e.g. agricultural land, commercial property) transactions.

8. The [Policy Memorandum](#) (PM) deals with the following main issues—

- how the tax will be administered, including tax returns and payment arrangements and how it will be structured by reference to tax rates and bands (although actual tax rates and bands will be set nearer April 2015);
- the SG's approach to tax avoidance;
- transactions that will be exempt from LBTT and those that will be entitled to a full or partial relief;
- calculation of tax for commercial and residential leases; and
- arrangements for transactions involving companies, trusts, and partnerships.

9. The remainder of the PM goes in to more precise detail about each of the Bill's seven constituent parts—

- Part one: General provision for the tax
- Part two: Key concepts underlying the tax
- Part three: How tax is to be calculated, tax reliefs, who is liable to pay
- Part four: Tax returns, how tax is to be paid, other administrative matters
- Part five: Application of the tax to certain bodies, persons etc.
- Part six: General provisions and interpretation
- Part seven: Commencement and short title

10. The PM also sets out the approach of the SG to consulting on the Bill.

Financial Memorandum

11. The Committee would normally consider the [Financial Memorandum](#) (FM) for each Bill and report to the lead committee. As it is the lead committee for this Bill, it will consider the FM as part of its Stage 1 scrutiny and address any particular FM issues in its Stage 1 report. The FM is set out in paragraphs 238-293 of the [Explanatory Notes](#).

Conclusion

12. **The Committee is invited to note the above.**

Fergus D. Cochrane
Senior Assistant Clerk to the Committee

ANNEX

CALL FOR EVIDENCE

The Land and Buildings Transaction Tax (Scotland) Bill was introduced in the Parliament on 29 November 2012. The Finance Committee will be the lead committee in scrutinising this Bill. The lead committee's role at Stage 1 is to consider and report on the Bill's general principles. The Committee expects to consider written submissions and take oral evidence during January and February 2013 and report on the general principles around the end of March 2013.

The Committee is seeking views on the general principles of the Bill and in particular—

- the Scottish Government's overall policy objectives in introducing the Bill and, in particular, whether the Bill—

“makes provision for a tax which should be as simple as possible to understand and pay and which will place the minimum administrative burden on the taxpayer or their agent and on the tax authority.”

- the replacement of a “slab” structure with a “proportional progressive structure” and how this is reflected in the Bill;
- the Scottish Government's approach to tax avoidance in the Bill;
- the proposed exemptions within the Bill;
- the proposed reliefs within the Bill;
- how non-residential leases should be treated under LBTT;
- how companies, trusts and partnerships should be treated under LBTT;
- the role of Revenue Scotland in the administration of LBTT;
- the role of Registers of Scotland in the administration of LBTT;
- the formula for calculating the adjustment to the block grant;
- the financial implications of the Bill as estimated in the Financial Memorandum.

Finance Committee

4th Meeting, 2013 (Session 4), Wednesday 30 January 2013

Post-16 Education (Scotland) Bill Financial Memorandum

Purpose

1. The purpose of this paper is to provide information for the Committee's oral evidence session with the Scottish Government (SG) Bill Team on the [Financial Memorandum](#) (FM) to the [Post-16 Education \(Scotland\) Bill](#).
2. The Bill was introduced in the Parliament on 27 November 2011. A copy of the FM is attached at Annexe A.

The Bill

3. The [Policy Memorandum](#) (PM) states that the Bill's overarching purpose is "to make post-16 education more responsive to the needs of learners and employers" and in so doing, "ensure the system better supports jobs and growth; improves life chances, especially for young people; and is sustainable for the long-term." To this end, the Bill introduces provisions covering six key areas as set out below.

University governance (PM paragraphs 19-22)

4. The SG considers that governance would be improved as a result of the Bill's proposals for college regionalisation. Specific provision would be made to enable Ministers to impose conditions relating to the governance of higher and further education institutions as a condition of the release of funding.

Widening access (PM paragraphs 23-26)

5. The PM states that access to education or training would be widened by giving Ministers powers when providing funding to impose conditions relating to access to higher and further education institutions for students from under-represented socio-economic groups.

Tuition fees cap (PM paragraphs 27-31)

6. The Bill would give Ministers powers to cap tuition fees payable from students from the rest of the UK along with certain others who are not currently entitled to pay fees at the upper limit set by the SG. Ministers would also be given powers to impose conditions to ensure that higher and further education institutions adhere to these upper limits when setting fees for such students.

College regionalisation (PM paragraphs 32-39)

7. The Bill would create 13 different college regions (nine of which would contain single colleges whilst four would consist of a regional strategic body working with more than one college). When providing funding, outcomes would be

agreed between the Scottish Funding Council (SFC) and the college meaning that colleges or boards would be held accountable for the delivery of the agreed outcomes. Powers would also be introduced to allow Ministers to remove chairs and other members of college or regional boards from post “for reasons of failure”.

Review of fundable further and higher education (PM paragraph 40)

8. The Bill would introduce powers enabling the SFC to review the provision of fundable further and higher education to ensure it is being provided in a coherent manner and secures “best value for the public purse”.

Data sharing (PM paragraphs 41-49)

9. The Bill would empower Ministers to make secondary legislation obliging relevant bodies to share data with Skills Development Scotland (SDS) so that 16-24 year olds who have disengaged with, or are at risk of disengaging with, learning or training can be identified so that “appropriate support” can be put in place.

Financial impacts

10. The [Education and Culture Committee](#) is the lead committee. It issued a call for evidence on 5 December on the general principles of the Bill and is taking oral evidence in late January and throughout February (session with Cabinet Secretary for Education and Lifelong learning planned for 26 February) with a view to publishing its Stage 1 report in mid-March.

Written evidence

11. The Committee agreed on 5 December 2012 to seek responses from a number of organisations to specific “standard FM” questions.

12. Responses (attached at Annexe B) were received from—

- Colleges Scotland (CS)
- Commission for Ethical Standards in Public Life in Scotland
- Scottish Public Services Ombudsman
- Skills Development Scotland
- Standards Commission for Scotland
- Universities Scotland
- University of the Highland and Islands

13. The FM sets out the anticipated costs associated with the Bill under the same six policy objective headings described in the PM. It states that these estimated costs are compiled from financial planning information provided by SDS and the SFC. The SG states that—

“It is expected that some of the provisions associated with the Bill will result in a re-alignment of existing activities and will therefore have no net impact on overall costs. Where additional costs for new activity, positions and duties do arise, these are detailed below. These are expected to be met from

existing budgets after allowing for efficiency savings arising from the wider reform programme.”

University governance (FM paragraphs 125 – 128)

14. No additional costs are expected as a result of proposed changes relating to university governance.

Widening access (FM paragraphs 129 – 133)

15. The SG considers that “there would be no new or additional budget required” as a result of the Bill and has identified no costs for local authorities. There is a possibility that universities and other higher education institutes would incur some additional costs as a result of reprioritisation to widen access to education for underrepresented groups but any such costs “are expected to be marginal.”

16. In its submission, Universities Scotland states that it “would question this assumption” and that “there are significant costs associated with delivering their commitment to recruiting and retaining learners from challenged socio-economic backgrounds”, noting a study by JM Consulting which asserted that “the additional cost to higher education institutions per “widening access” student would be £2,325.”

Tuition fees cap (FM paragraphs 134 – 137)

17. The FM anticipates no additional costs as a result of the proposed cap on tuition fees for UK students who are not entitled to be charged tuition fees at the rate set by the SG. The FM states that tuition fee loans for students from the rest of the UK are funded by the respective governments and that the introduction of the cap on the level of fees charged “would ensure that those bodies do not incur annual costs in excess of those which would be incurred if the student studied in a part of the UK other than Scotland”.

College regionalisation (FM paragraphs 138 – 157)

18. In addition to the pre-existing University of the Highlands and Islands, up to three additional regional boards would be established with the associated costs relating mainly to staffing. The FM states that boards “might conclude that utilising the existing infrastructure of colleges would be the most effective and cost-efficient means of discharging their functions” (paragraph 143). The annual costs for each of the three regional boards for 2014-15 and 2015-16 are estimated to be up to £560,000 giving an annual total of £1,680,000. One-off start-up costs per board in 2014-15 are estimated to be no more than £12,000 (paragraph 123).

19. The FM assumes that the chairs of the nine regional colleges would be entitled to remuneration of between £10,000 and £20,000 pa giving a total additional cost to regional colleges of up to £180,000 pa (paragraph 153).

20. The FM states that the SG expects to incur total costs associated with the appointment of chairs of regional colleges and regional boards of up to £90,000. It

expects to incur the same costs when appointing the members of each of the three regional boards giving a total cost in 2013-14 of up to £360,000 (paragraph 123).

21. As yet unquantifiable costs to colleges assigned to regional strategic boards are also possible along with other potential costs to the University of the Highlands and Islands, the Standards Commission for Scotland, the Scottish Public Services Ombudsman and the Scottish Information Commissioner. These are expected to be “marginal” (paragraphs 154-7).

22. In its submission, the University of the Highlands and Islands (UHI) refers to footnote 2 to the “Summary of Estimated Costs” table in the FM (paragraph 123) which states that “these costs do not include UHI, which is not a regional board”. As a result, UHI states that it “will apply to the SFC for transitional funding to cover one-off costs of employing a senior member of staff to support FE and associated support staff costs at £420K pa and £310K of one-off preparatory costs”.

23. CS states that the staff costs for the regional strategic bodies provided in the same table “appear light”.

24. The FM states that the new regional boards created by the Bill would not be registered for VAT and would therefore be unable to claim recoverable VAT on non-business activities. The Bill Team has confirmed that this will have no detrimental effect on the VAT position of existing colleges in regions where new boards are to be created.

25. CS states that many of the predicted costs in the FM relating to regionalisation “appear light” or “seem very low” and suggests that “it might be prudent to consult a VAT expert to ensure that costs can be minimised within regional strategic bodies and assigned colleges as there may well be VAT implications unless a shared service provider is set-up as a third party body owned by the institutions concerned.”

Review of fundable further and higher education (FM paragraphs 158 – 163)

26. The cost of a review “on aspects of further and higher education” is expected to be approximately £150,000 although this would vary according to scope. Such reviews are expected to be infrequent and their costs would be met from SFC’s existing budget and resources. The Bill would also support “more comprehensive” reviews in “unexpected circumstances” and the cost of such a review is estimated to be £300,000 (paragraphs 159 & 161).

27. Universities Scotland agrees that the estimated cost of £150,000 per review “may be reasonable”, but goes on to state that “there would also be costs to the institution(s) concerned of developing and representing their position in the review process, and of meeting information requests from the SFC” which “may be of

similar order". It further notes that "what cannot be quantified are the costs of implementing any review."

28. The FM states that the SFC would meet the costs of a review "from its existing budgets and staffing structure" (paragraph 159). CS expresses concerns that "these costs could ultimately come out of college budgets i.e. teaching grant."

Data Sharing (FM paragraphs 164 – 171)

29. The FM states that SDS and a number of partner organisations are expected to share costs estimated at £52,000 (over financial years 2011-12 and 2012-13) which would be met from existing budgetary provisions. Savings are expected as a result of efficiencies but the FM states that it is not possible to model these at present due to a lack of "robust information" (paragraph 166).

30. CS expresses concerns as to whether this estimate is sufficient and suggests that "this could possibly result in a very bureaucratic and administratively onerous process if not streamlined and automated." However, Skills Development Scotland states that "the figure of £52,000 quoted in the FM represents a likely estimate of incremental costs to make small modifications to partners' systems."

Complaints

31. The Scottish Public Services Ombudsman states that "it is difficult to assess the impact of new organisations coming within our jurisdiction as well as the changes that will occur in the sector in terms of complaints numbers...working on the assumption that the changes are implemented well we are, therefore, in broad agreement that the impact is likely to be marginal." However, it goes on to note that "on the assumption that any increase in complaint numbers is small, we are content we can manage this. If we consider that a number of small changes have reached the point where there will be a cumulative impact or if we see a spike in complaint numbers because of any unexpected occurrences during implementation of the legislation, we will work with SPCB and SG to ensure that our ability to maintain our service is maintained."

32. The Commission for Ethical Standards in Public Life in Scotland states that it has "been informed by the Scottish Government that Ministers plan to amend the Bill at Stage 2 to bring these appointments (chairs of regional colleges and regional boards) within the remit of the Public Appointments Commissioner" and that this will "result in additional costs for the Commission of £24,000 in financial year 2013/14. These costs are not currently reflected in the Financial Memorandum." It goes on to state that if the relevant legislation is passed it "is unlikely we would be able to absorb the full £24,000 in our proposed 2013/14 budget of £798,000." Additional funding would be sought via the Scottish Parliamentary Corporate Body."

Conclusion

33. The Committee is invited to consider the above issues in its evidence session.

Alan Hunter
Assistant Clerk to the Committee

ANNEXE A

Post-16 Education (Scotland) Bill: Financial Memorandum

The document can be accessed via the link below—

http://www.scottish.parliament.uk/S4_Bills/Post-16%20Education%20Bill/b18s4-introd-en.pdf

ANNEXE B

FINANCE COMMITTEE

POST-16 EDUCATION (SCOTLAND) BILL FINANCIAL MEMORANDUM

SUBMISSION FROM COLLEGES SCOTLAND

Did you take part in either of the Scottish Government consultation exercises which preceded the Bill and, if so, did you comment on the financial assumptions made?

1. Colleges Scotland submitted responses (as Scotland's Colleges) to the following consultations:

- Review of College Governance: Griggs (issued by the Scottish Government in August 2011). Response Title: Accountable and Effective Governance: Scotland's Colleges Submission to the Review of College Governance (submitted 25 November 2011).
- Putting Learners at the Centre: Delivering Our Ambitions for Post-16 Education (issued by the Scottish Government on 15 September 2011). Response Title: Realising the Potential of Scotland's People: Scotland's Colleges' Response to the Pre-Legislative Consultation Paper Putting Learners at the Centre (submitted 16 December 2011).
- College Regionalisation: Proposals for Implementing Putting Learners at the Centre (issued jointly by the Scottish Government and the Scottish Funding Council (SFC) on 14 November 2011). Response Title: Scotland's Colleges: Shaping a Sustainable Model for a Successful Future Response to Proposals for Implementing Putting Learners at the Centre (submitted 16 December 2011).
- Report of the Review of Further Education Governance in Scotland by Professor Russel Griggs (issued by Scottish Government on 20 January 2012). Response Title: Initial Response from the Chairs' Congress and Principals Convention on the Report of the Review of Further Education Governance in Scotland by Professor Russel Griggs (submitted 24 February 2012).

2. The Financial Memorandum contains new proposals within the College Regionalisation section for staffing structures/costs of the regional strategic bodies and regional boards as well as proposed remuneration levels for chairs of regional college boards which were not explicit in the previous Scottish Government consultation exercises noted above. The costs proposed for the Review of

Fundable Further and Higher Education in the Explanatory Notes (paragraph 158, page 28) were not explicitly costed within the previous Scottish Government consultation exercises.

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

3. See comments in question 1 above.

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

4. The Christmas holiday period impinged upon the time to review and comment upon the Financial Memorandum within the draft legislation.

Costs

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?

5. Colleges Scotland is responding on behalf of the college sector, rather than commenting on direct costs associated with the organisation Colleges Scotland.

6. The following points reflect the financial implication for colleges:

College Regionalisation - Issues for Regional Strategic Bodies

- the staff costs as noted in the Summary of Estimated Costs in the Explanatory Notes (table contained within paragraph 123, page 22) within the Financial Memorandum for the regional strategic bodies appear light. There are five proposed positions equating to £430k per annum; this is on average £60k per role before on-costs. The CEO role is akin to a principal role and therefore it would be reasonable to assume a similar salary. Perhaps the additional costs of this post will be offset by the part-time administrative/board secretary role which are proposed.
- the proposal for the regional strategic body to combine administrative duties with board secretary responsibilities on a part-time basis may not be possible, as these roles require different skill sets and are unlikely to be accommodated by a part-time role.
- the Summary of Estimated Costs quotes £12k for one off start-up costs for the regional strategic bodies which would include setting up an office as well as financial and other processes. This figure seems very low.
- ongoing costs of £110k per annum (including VAT) for the regional strategic bodies appears to be light if these costs are expected to cover new premises, insurances, licences, audit fees, membership fees and staff training, to name but a few, items of expenditure.
- the assertion that the regional strategic body would not be VAT registered should be questioned. It might be prudent to consult a VAT expert to ensure that costs can be minimised within regional strategic bodies and assigned colleges as there may well be VAT implications unless a shared service provider is set-up as a third party body owned by the institutions concerned. Currently, many colleges consult with VAT experts to assist with this complex, specialist area.
- albeit not a direct cost, there are implications for staff of the regional strategic body e.g. assuming the curriculum lead has a teaching background, the new regional strategic body will require admitted body status to the teachers'

pension scheme to ensure staff are not disadvantaged by being employed by such a body.

- the assessment that there will be no additional infrastructure costs for IT systems and processes for the new regional strategic bodies may prove to be optimistic. As a minimum, system set-up costs and initial training should be estimated.
- the cost of populating regional boards is estimated at £90k per board in 2013/14. These costs appear light as these boards will be new boards of 12-18 members. Advertising and recruitment costs will be incurred, as will disclosure costs for new board members. There are also no costs included for any changes to existing boards of regional colleges.

Review of Fundable Further and Higher Education

- costs of the review by SFC of fundable further and higher education (£150k - £300k every four years) are to be met from SFC which means these costs could ultimately come out of college budgets i.e. teaching grant.

Data Sharing with Skills Development Scotland (SDS)

- The estimating £52k one-off cost and estimated marginal on-going costs to establish technical solutions to effect the data sharing with SDS appears light. The data sharing imposes a legal duty on relevant bodies to share information on all 16-24 year olds moving through the learning system. This could possibly result in a very bureaucratic and administratively onerous process if not streamlined and automated. To do this would require investment and training for many partners.

Do you consider that the estimated costs and savings set out in the Financial Memorandum and projected over 15 years for each service are reasonable and accurate?

7. With reference to the response to question 4 above, it would be prudent to add additional costs as suggested. Projections over 15 years can be difficult to gauge with so many variables outwith immediate control.

If relevant, are you content that your organisation can meet the financial costs associated with the Bill which your organisation will incur? If not, how do you think these costs should be met?

8. Colleges Scotland have assumed that additional costs as noted in the Summary of Estimated Costs will be met from the budget within the regional colleges and regional strategic bodies which could ultimately results in a reduction to college teaching grant, if new monies are not made available or efficiency savings from SFC are not passed on.

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?

9. The Financial Memorandum as it currently stands does not accurately represent the margins of uncertainty, as detailed under question 4 and for the reason stated in question 5.

Wider Issues

Do you believe that the Financial Memorandum reasonably captures costs associated with the Bill? If not, which other costs might be incurred and by whom?

Cost of Mergers

10. There are currently nine mergers taking place as part of the college regionalisation agenda. Although there are expected savings of approximately £50m by 2015/16 based on recently completed mergers, the recent Audit Scotland (2012) report: Scotland's colleges: current finances, future challenges also notes that "mergers can be costly, complex and time-consuming". There is a £25m College Transformation Fund which will assist this process however this is unlikely to be enough to meet all the costs of merger. Audit Scotland suggested that the Financial Memorandum accompanying the Post-16 Education (Scotland) Bill should provide detailed assessment of the costs and benefits of regionalisation, including the cost of funding mergers. The current Financial Memorandum does not provide this information.

SDS Data Sharing

11. Data sharing costs are noted as marginal within the Financial Memorandum. This does not appear to be an appropriate costing for a significant IT process, with multiple partners providing data on a considerable group of the population i.e. young people between the ages of 16 and 24 moving through the learning system, with possible follow up measures that may also require to be tracked.

Highlands and Islands Region – Regional Strategic Body

12. Costs are noted as marginal for the region of the Highlands and Islands, as the Bill designates the University of the Highlands and Islands as the regional strategic body. It might be prudent to expect some additional costs to enable the regional strategic body to carry out the duties already noted for other regional strategic bodies such as Glasgow and Lanarkshire.

Highlands and Islands Region – Appointment and Remuneration of an independent Chair of the Regional Strategic Body

13. There are costs estimated for the appointment of the nine regional college chairs and the three regional board chairs (£90k), and costs for remuneration of the nine regional college chairs and the three regional board chairs (total £240k), but no additional costs are included for the appointment or remuneration of an independent chair of the regional strategic body of the Highlands and Islands region. This seems at odds with the principle of the chair being appointed using the public appointments process and suggests that the chair within the Highlands and Islands region may not be remunerated.

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

14. It is not clear from the draft legislation if single college regions can merge or operate under a federal system with another region, at some point in the future, for the benefit of the learner. The possible change to the current map of the regions and therefore fundable bodies may require secondary legislation.

15. There are other future potential costs associated with possible legal employment disputes as a consequence of the principal being employed by the assigned college in a multi-college region but the terms and conditions, performance review and remuneration, set by the regional board.

16. There are also potential costs associated with possible breaches of other legislation e.g. health & safety, equalities etc as a result of the same principle as noted above i.e. accountability held by the regional board and the responsibility held by the assigned college board.

**SUBMISSION BY THE COMMISSION FOR ETHICAL STANDARDS IN PUBLIC
LIFE IN SCOTLAND**

Consultation

Did you take part in either of the Scottish Government consultation exercises which preceded the Bill and, if so, did you comment on the financial assumptions made?

1. The Commission did not take part in the consultation exercises.

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

2. Not applicable

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

3. Not applicable

Costs

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?

4. Our comments relate to paragraphs 147 and 157 of the Explanatory Notes/Financial Memorandum.

5. The Commission for Ethical Standards in Public Life in Scotland comprises two Commissioners. The Public Standards Commissioner for Scotland, who investigates complaints about the conduct of members of devolved public bodies, and the Public Appointments Commissioner for Scotland, who scrutinises ministerial appointments to the boards of public bodies within his remit.

6. The Public Standards Commissioner for Scotland will investigate any complaints about the conduct of members of the boards of the proposed regional colleges. It is anticipated that this work can be absorbed in current budgets.

7. The Chairs of the proposed regional colleges and regional boards will be ministerial appointments. However, the current draft of the Bill does not bring these appointments within the remit of the Public Appointments Commissioner. Therefore, at present there is no financial impact in this regard for the Commission.

8. However, we have been informed by the Scottish Government that Ministers plan to amend the Bill at Stage 2 to bring these appointments within the remit of the Public Appointments Commissioner. The Scottish Ministers intend to begin the appointment process in 2013.

9. The posts involved are detailed in paragraph 36 of the Policy Memorandum accompanying the Bill as reflected in the table overleaf. It should be noted that in the Highlands and Islands region the University of the Highlands and Islands (UHI), would be the regional strategic body. In practice, the regional board function

would be delegated to a further education committee of the UHI court and the chair of that committee would not, therefore, be a ministerial appointment.

<p>Single college regions: regional colleges</p> <p><i>Existing</i></p> <p>Borders</p> <p>Dumfries & Galloway</p> <p>Edinburgh</p> <p>Forth Valley</p> <p>West Lothian</p> <p><i>Anticipated (to become a single college as a result of future mergers)</i></p> <p>Ayrshire</p> <p>Fife</p> <p>Tayside</p> <p>West</p>	<p>Multi-college regions: regional strategic bodies</p> <p>UHI</p> <p><i>Regional boards</i></p> <p>Aberdeen and Aberdeenshire</p> <p>Glasgow</p> <p>Lanarkshire</p>
--	--

10. Currently, the average cost of overseeing a public appointment is £2,000 per appointment round. Subject to the enactment of the legislation we anticipate that provision of regulatory oversight for appointments to the 12 chair posts concerned (numbered in the table above) will therefore result in additional costs for the Commission of £24,000 in financial year 2013/14. These costs are not currently reflected in the Financial Memorandum.

Do you consider that the estimated costs and savings set out in the Financial Memorandum and projected over 15 years for each service are reasonable and accurate?

11. We have no comment on the other costs outlined in the Financial Memorandum.

If relevant, are you content that your organisation can meet the financial costs associated with the Bill which your organisation will incur? If not, how do you think these costs should be met?

12. If the relevant legislation bringing Chairs of the proposed regional colleges and boards within the remit of the Public Appointments Commissioner' is passed, it is unlikely we would be able to absorb the full £24,000 in our proposed 2013/14 budget of £798,000. Additional funding would be sought via the Scottish Parliamentary Corporate Body.

13. We anticipate being able to plan for and absorb the costs of subsequent re-appointments and appointments to these posts within the Commission's normal budget.

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?

14. We have no comment on the other costs outlined in the Financial Memorandum.

Wider Issues

Do you believe that the Financial Memorandum reasonably captures costs associated with the Bill? If not, which other costs might be incurred and by whom?

15. We have no comment on the other costs associated with the Bill.

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

16. We have no comment on the other costs associated with the Bill.

SUBMISSION FROM SCOTTISH PUBLIC SERVICES OMBUDSMAN

Background

1. In 2005 the role of the Scottish Public Services Ombudsman (SPSO) was extended to include complaints about further and higher education bodies. This was achieved by a change in our legislation which was amended to allow us to take complaints about “any fundable body within the meaning of Further and Higher Education (Scotland) Act 2005”. Since then we have received complaints from students and others who have unresolved concerns about universities and colleges. The numbers of such complaints are low, and out of a total of 3918 complaints received by SPSO during the year 2011-12, only 130 were about this sector. This was, however, an 18% increase on the number received about the sector in the previous year.

2. In 2011, the Public Services Reform (Scotland) Act gave us a new role and we now not only consider complaints but have a role in creating standard complaints procedures for each sector under our jurisdiction. The SPSO’s Complaints Standards Authority has been working with further and higher education bodies over the last year and anticipate that a model complaint handling procedure for this sector will be implemented over the next academic year (2013-2014). We will be working with bodies to support this change.

Consultation

Did you take part in either of the Scottish Government consultation exercises which preceded the Bill and, if so, did you comment on the financial assumptions made?

3. We did not participate in the consultation process. We normally only respond to consultations when we are directly asked to do so; can identify a clear impact on the SPSO or feel that we have useful information from our experience of complaints which may help. We did not feel this was the case in the consultations which preceded this bill.

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

4. N/A

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

5. N/A

Costs

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?

6. The Financial Memorandum identifies at paragraph 157 that there will be an extension to our remit because of the creation of new regional boards, which will increase our work slightly. It adds that this would be marginal. It notes that the number of colleges themselves will reduce.

7. The creation of new bodies is not the only change which may have an implication for complaints arising from the Bill. New duties and responsibilities for bodies can drive complaints, as can significant structural change if not well-managed. The Bill allows for both of these scenarios, in particular there are new obligations to consult and the Bill encourages the merger of bodies.

8. It is difficult to assess the impact of new organisations coming within our jurisdiction as well as the changes that will occur in the sector in terms of complaints numbers. We rarely receive complaints about the current funding set up. Although the Financial Memorandum does not identify all the possible impacts on us, working on the assumption that the changes are implemented well we are, therefore, in broad agreement that the impact is likely to be marginal.

9. However, we would raise two points of caution. We have seen a double digit increase in complaint numbers from this sector over the last two years and this may be further inflated by any uncertainty arising from the changes. Also, while on its own a single net marginal increase may be absorbed by our organisation, if this were to occur in a number of areas we could experience a cumulative impact that would be much more difficult for us to absorb. Like all public bodies, we are currently seeing our budgets reduce and have extremely limited capacity to absorb any increase in workload. As the Finance Committee will be aware, our funding comes direct from the Scottish Parliament. We are seeking to monitor and keep the SPCB informed as far as we can of any possible cumulative impact of such changes, which would individually have only limited effect. We have also had some positive early discussions with the Scottish Government about the incremental impact of policy changes which on their own may be small or marginal.

Do you consider that the estimated costs and savings set out in the Financial Memorandum and projected over 15 years for each service are reasonable and accurate?

10. With the exception of the comments under question 4, we have no comments to make.

If relevant, are you content that your organisation can meet the financial costs associated with the Bill which your organisation will incur? If not, how do you think these costs should be met?

11. As we have said above, on the assumption that any increase in complaint numbers is small, we are content we can manage this. If we consider that a number of small changes have reached the point where there will be a cumulative impact or if we see a spike in complaint numbers because of any unexpected occurrences during implementation of the legislation, we will work with SPCB and SG to ensure that our ability to maintain our service is maintained. These possible costs are not ones that it would be easy to set out in a Financial Memorandum and they may, in any event, not be large in terms of the overall costs.

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?

12. See our answers above.

Wider Issues

Do you believe that the Financial Memorandum reasonably captures costs associated with the Bill? If not, which other costs might be incurred and by whom?

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

13. See our answers above

SUBMISSION FROM SKILLS DEVELOPMENT SCOTLAND

Introduction

1. Skills Development Scotland (SDS) is Scotland's skills body, focused on contributing to the delivery of the Scottish Government's Economic and Skills Strategies. We set out our vision and future development and delivery plans in our Corporate Strategy (2012-15) and annual Operating Plan (2012-13)¹.

2. SDS' key aim is to deliver support to those who need it most, particularly young people. SDS is working collaboratively with partners across Scotland to enable young people to move more successfully between learning and work opportunities. This submission provides an overview of the work we are doing in relation to data sharing between partners to support this ambition. SDS welcomes the data sharing elements of the Post 16 Reform Bill as being clearly supportive of this.

Data Sharing

3. Young people, especially those with disadvantages in life chances, benefit from the best support they can get at transition points such as leaving school and entering college. The Scottish Government and 16+ Learning Choices/More Choices More Chances (MCMC) delivery partners recognise the value that data sharing brings to successful delivery for young people and, to enable this, SDS is tasked by the Scottish Government with developing and sustaining the 16+ Learning Choices data hub for the benefit of all involved partners. At this point the main data sharing partners are SDS, all local authorities and colleges in Scotland, the Student Awards Agency for Scotland (SAAS) and Jobcentre Plus. SDS approaches the 16+ Learning Choices data hub as a joint endeavour between data sharing partners and focuses on the key success factor of embedding data sharing in the robust legal, governance and technical framework which make up the 16+ Learning Choices data hub.

4. The intended benefits from the data hub are:

- a more effective and personalised service for young people, leading to more young people in positive destinations;
- removal of data gaps and duplication to provide more effective and easier working for front-line service delivery staff;
- more comprehensive and robust management information that supports well-informed strategy decisions;
- more accurate and complete reporting to Scottish Government, particularly in relation to Opportunities for All.

5. The aim of the 16+ Learning Choices data hub is to achieve these benefits and support young people from S3 onwards by providing the central mechanism in Scotland for bringing together and sharing the information available on young people and their learning choices. Effective, straightforward data sharing between partners will support 16+ Learning Choices and Opportunities for All by achieving

¹ <http://www.skillsdevelopmentscotland.co.uk/our-story/our-achievements-and-ambitions.aspx>

a more complete and reliable data set for all partners, allowing them to quickly identify and engage with any young person dropping out or failing to complete their learning choice, with a view to re-engaging them in the system.

6. At the time of writing, the core legal, governance and technical frameworks are in place, and SDS current activity is centred on sustaining and enhancing the data hub so that it can progressively better meet the needs of all partners and respond to evolving service delivery and management of reporting needs.

Finance

7. Given that the majority of the technical (i.e. Information Technology) work to enable multi-partner data sharing through the data hub is already in place, and also bearing in mind that all partners already own and sustain substantial customer data recoding systems, the figure of £52,000 quoted in the Financial Memorandum to the Bill represents a likely estimate of incremental costs to make small modifications to partners' systems, to increase or enhance their ability to share data through the 16+ Learning Choices data hub as the latter adapts to partners' evolving business needs in relation to Post-16 Reform, particularly Opportunities for All.

Conclusion

8. SDS welcomes the data sharing elements of the Post 16 Reform Bill. These complement the ongoing work that partners are undertaking to enable multi-partner data sharing for the benefit of young people. Thorough parliamentary scrutiny of both primary and secondary legislation and the effective implementation of the legislation will help to provide clarity and shared understanding for the legal framework within which this work takes place.

SUBMISSION FROM STANDARDS COMMISSION FOR SCOTLAND

1. Thank you for offering the Standards Commission for Scotland the opportunity to comment on the Post-16 Education (Scotland) Bill: Financial Memorandum.
2. We have considered the Financial Memorandum and consider that the financial implications for the Standards Commission would be minimal and will only lead to a significant increase in our costs should the ethical standards framework be extended to include Regional Boards and, under its statutory enforcement powers, the Standards Commission held a Hearing to determine whether a member or members of a Regional Board had breached their Code of Conduct.
3. We have no further comments on the consultation.

SUBMISSION FROM UNIVERSITIES SCOTLAND

1. Universities Scotland welcomes the opportunity to make observations to the Finance Committee on the content of the Financial Memorandum to this Bill. In the interests of brevity, we are restricting our evidence to the specific points which we need to make, rather than addressing exhaustively the issues in the questionnaire.

Widening access (section 3 of the Bill)

2. The costs of this measure are described in the summary table as 'marginal'. We would question this assumption, which has not been the subject of consultation with Universities Scotland or with member institutions.

3. Higher Education Institutions' experience is that there are significant costs associated with delivering their commitment to recruiting and retaining learners from challenged socio-economic backgrounds. Areas of cost include for instance:

- **Outreach activities** to attract students from low-participation backgrounds e.g. activities in schools and colleges to promote the opportunity for university-level study, summer schools to give learners a 'taster' of university-level study and enhance their likelihood to apply.
- **Recruitment processes**, e.g. developing opportunities for students to demonstrate capacity for university-level study which may not be fully evident from traditional qualifications, assessment of individual support needs of 'widening access' students, pre-entry contact to ensure the student enrolls.
- **Retention activities**, to ensure that 'widening access' students are supported to complete their studies and achieve successful academic and personal outcomes, e.g. through enhanced tutorial support, access to 'pastoral' support, access to financial advice and assistance, development of procedures to detect and intervene where a student is at risk of 'dropping out'.

4. There are all important activities which are intrinsic to universities' missions, but they do have an additional cost per student.

5. An evaluation of these costs by JM Consulting estimated that, in aggregate, the costs of attracting, teaching and retaining 'widening access' students were around 31% higher than for students from more privileged backgrounds. A link to this report 'The costs of widening participation in higher education' is included here: [JM consulting report](#) .

6. The overall cost of the measure proposed in the Bill cannot be determined in detail until the increase in numbers of students from challenged socio-economic backgrounds is established through the proposed 'widening access agreements'. At the most simple level, if the JM Consulting report's analysis of costs is correct and £7,500 p.a. is accepted as the average cost of teaching a 'normal' student, the

additional cost to higher education institutions per 'widening access' student would be £2,325.

7. For reference, the 2010-11 FTE population of young undergraduate full-time entrants from National Statistics socio-economic classifications social classes 4-7 is 5,430 (27%).

8. The overall additional cost to institutions of the proposed measure will vary depending on the intended level of increase of students according to this and other measures of deprivation (e.g. university entrance from schools with low progression rates to higher education).

Review of fundable further and higher education (section 14 of the Bill)

9. The estimate of a typical cost to SFC of £150,000 for the process of conducting a review may be reasonable. There would also be costs to the institution(s) concerned of developing and representing their position in the review process, and of meeting information requests from SFC. These may be of a similar order to the costs to SFC, though they may principally take the form of 'opportunity cost' of diversion of time and effort from other activities.

10. What cannot be quantified are the costs of implementing any review. However, any review which led to significant redistribution of funding, significant changes to teaching provision or to a decision that an institution was no longer 'fundable' would have major costs, including the redundancy costs of the staff involved in activities which would be discontinued.

SUBMISSION FROM UNIVERSITY OF THE HIGHLANDS AND ISLAND

Consultation

Did you take part in either of the Scottish Government consultation exercises which preceded the Bill and, if so, did you comment on the financial assumptions made?

1. Yes

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

2. See answer to question 5

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

3. Yes

Costs

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?

4. No. See question 5

Do you consider that the estimated costs and savings set out in the Financial Memorandum and projected over 15 years for each service are reasonable and accurate?

5. No, P22 footnote 1 indicates that the costs do not include UHI

If relevant, are you content that your organisation can meet the financial costs associated with the Bill which your organisation will incur? If not, how do you think these costs should be met?

6. We will apply to SFC for transitional funding to cover one-off costs of employing a senior member of staff to support FE and associated support staff costs at £420K pa and £310K of one-off preparatory costs. There are other costs of concomitant changes which relate to research in UHI but which are not directly related to the post-16 bill.

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?

7. Unlikely to since there may be further costs incurred in delivering the regionalisation of FE but also some off-setting savings associated with shared services etc.

Wider Issues

Do you believe that the Financial Memorandum reasonably captures costs associated with the Bill? If not, which other costs might be incurred and by whom?

8. See above

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

9. See above