

Scottish Employment Injuries Advisory Council Bill

Financial Memorandum

Introduction

1. As required under Rule 9.3.2 of the Parliament's Standing Orders, this Financial Memorandum is published to accompany the Scottish Employment Injuries Advisory Council Bill, introduced in the Scottish Parliament on 8 June 2023. It has been prepared by the Parliament's Non-Government Bills Unit on behalf of Mark Griffin MSP, the member who introduced the Bill.
2. The following other accompanying documents are published separately:
 - statements on legislative competence by the Presiding Officer and the member who introduced the Bill (SP Bill 30–LC);
 - Explanatory Notes (SP Bill 30–EN);
 - a Policy Memorandum (SP Bill 30–PM).

Policy objectives of the Bill

3. The Bill's policy objectives are to:
 - establish a statutory Scottish Employment Injuries Advisory Council ("SEIAC") as an independent advisory non-departmental public body;
 - give the SEIAC functions to:
 - scrutinise legislative proposals relating to employment injuries assistance ("EIA");
 - investigate and review emerging employment hazards which result in disease or injury;
 - commission its own research in order to make recommendations for ongoing evolution of EIA;
 - continually advise and recommend changes to EIA;
 - mandate the membership and membership balance of SEIAC, including the representation of workers and their trade union representatives on SEIAC;

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- ensure SEIAC has the independence that it requires to enable it to carry out its functions.

4. The SEIAC will replicate, in Scotland, the function currently carried out in England and Wales by the Industrial Injuries Advisory Council (IIAC). Prior to the devolution of the system of benefits in relation to employment injuries, the IIAC would have carried out this function in Scotland.

Background and current practice

Transfer of powers

5. Following the transfer of new social security powers to the Scottish Parliament under the Scotland Act 2016, the Scottish Ministers have the power to develop new policies on benefits that will help tackle inequality and poverty in Scotland. The Scottish Parliament passed the Social Security (Scotland) Act 2018, which established a framework for the new system of social security benefits in Scotland. Section 33 of the Scotland Act 2016 (read with section 53 of the Scotland Act 1998) reserves ministerial powers with UK Ministers in relation to industrial injuries advisory bodies and, as a result, the Scottish Ministers have no power to refer draft regulations to the IIAC for consideration.

6. One of the benefits devolved under the Scotland Act 2016 is the Industrial Injuries Benefit Scheme (IIBS). This scheme provides no-fault compensation for people who are disabled because of an accident at work, or who have one of certain prescribed diseases caused by their work. The main benefit in that scheme is the Industrial Injuries Disablement Benefit (IIDB).

7. Delivery of IIDB in its current form in Scotland is handled by the UK Government's Department for Work and Pensions (DWP), acting on behalf of Scottish Ministers under agency arrangements. Executive competence for the IIDB transferred to Scottish Ministers on 1 April 2020. Once the agency arrangements end, Social Security Scotland, the executive agency of the Scottish Government that delivers devolved social security benefits, will assume delivery of the new benefit and decide on all applications. The new scheme will be the Employment Injuries Assistance scheme. The Scottish Government has indicated that it will begin consulting on this new scheme in 2023.

Industrial Injuries Advisory Council

8. The IIAC is an independent scientific advisory body that looks at IIDB and how it is administered. The IIAC provides advice on whether, on the basis of evidence and established links to an occupation, new diseases should be added to the list of prescribed diseases for which benefits are payable and the occupations for which they should be prescribed.

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9. No such equivalent Council has been established in Scotland to advise on the EIA, and the Scottish Ministers do not have access to the services of IIAC (in other words there is no scope for the IIAC to advise on devolved benefits in Scotland).

10. The Bill therefore seeks to establish a new, independent advisory council in law, the Scottish Employment Injuries Advisory Council (SEIAC). This council will help to shape and scrutinise the employment injuries assistance scheme due to be introduced in Scotland. This will replace the work of the IIAC in relation to Scotland.

Costs on the Scottish Administration

11. The estimated costs of the Council are based on costs incurred by other small comparator bodies, including the Scottish Commission on Social Security¹, the Ethical Standards Commissioner² and Boundaries Scotland³, to provide as informed an estimate as possible. It is assumed that VAT will not be reclaimable and is therefore added to the costs set out in this Financial Memorandum.

12. The costs are presented in two sections – the set-up costs and the annual running costs. For the purposes of this Financial Memorandum, it is assumed that the Council will be established in 2024-25 and that its staff will be recruited that year. Therefore, the set-up costs are expected to be incurred wholly in financial year 2024-25. The cost is set out in Table A.

Set-up costs

13. The figures set out in Table A, below, show the estimated set-up costs for the Council in 2025-26, totalling £149,000.

14. Recruitment costs of up to £8,000 (including VAT) have been allowed for in the set-up costs to cover the recruitment of the Council's chair, members and four FTE members of staff. The costs include advertising, assessor's fees, warrant costs and HR support costs, and are based on recent similar exercises, including for the proposed Patient Safety Commissioner for Scotland (October 2022)⁴.

15. The recruitment of the Council's chair and initial members will be undertaken by the Scottish Government. Subsequent members will be recruited by the government in consultation with the Council, with assistance from recruitment specialists if required. The £8,000 cost estimate might rise by around £1,000 depending on how much specialist recruitment advice the Council requires.

¹[https://www.gov.scot/publications/scottish-commission-social-security-annual-report-accounts-year-ended-31-march-2021/Scottish Commission on Social Security: annual report and accounts - 2020 to 2021 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/scottish-commission-social-security-annual-report-accounts-year-ended-31-march-2021/Scottish%20Commission%20on%20Social%20Security%3A%20annual%20report%20and%20accounts%20-%202020%20to%202021%20-%20gov.scot%20(www.gov.scot))

² [ESC Annual Report 2021-22 | Ethical Standards Commissioner](#)

³ [BCS Annual Report 2020-21 | The Boundary Commission for Scotland \(independent.gov.uk\)](#)

⁴ [Financial Memorandum accessible \(parliament.scot\)](#)

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16. The location of the Council's office would be a matter for it to decide during the set-up period. The £85,000 costing for accommodation, fit out and legal fees is based on the Council moving into its own accommodation in the first quarter of 2025-26, and is made up of £65,000 in accommodation and fit-out expenses and £20,000 in professional and legal fees.

17. The £65,000 accommodation and fit-out cost reflects the costs of £61,200 (including VAT) for remedial building works and the purchase of furniture (based on a cost of £30 per square metre and a 1,700 square feet space requirement) that was estimated by the Scottish Government Estates Division for the Patient Safety Commissioner in October 2022, and has been adjusted for inflation and other miscellaneous costs that might arise.

18. The professional and legal fees of up to £20,000 (including VAT) reflects the cost to search for suitable property, to agree terms and to complete legal agreements that would also be incurred. This based on the £18,000 estimated by officials from the Scottish Parliamentary Corporate Body (SPCB) for the Patient Safety Commissioner, adjusted for inflation. These cost estimates are expected to be the maximum costs, based on rental of private premises in Edinburgh. These costs might be reduced as a result of co-locating with the Scottish Government or other public bodies in existing premises or finding accommodation outside the city.

19. Since the COVID-19 pandemic, home and hybrid working outside the traditional office environment has become a more standard approach in many settings, so it might be expected that the Council might take a similar approach for its day-to-day operations, which could result in significant savings, including from reduced accommodation costs, but the benefits of this approach must be balanced against operational needs of the Council.

20. The office of the Council might seek to use the Scottish Government IT system (SCOTS), as is the case with other bodies, including the Scottish Human Rights Commission, the Police Investigations and Review Commissioner and the Scottish Public Services Ombudsman. This is a secure system that provides the necessary level of separation between the Scottish Government and the client systems. The outline costs in Table A match those estimated by the Scottish Government Online Communication Team for the costings for the Patient Safety Commissioner on the basis of a complete installation of SCOTS into a non-SCOTS building, as well as hardware and software costs. If the Council was to be located in an existing SCOTS networked building, the installation costs would be minimal. Specifically, the costs include wiring; IT systems; telephony; laptops and peripherals; a colour printer and standalone PC – coming to a total of £16,000 (including VAT) which represents the maximum cost likely to be incurred. Website design and installation is estimated at £34,000 (including VAT), but also may not cost as much as this in practice. This is based on the estimate for the Patient Safety Commissioner and allows for inflation and other miscellaneous matters⁵.

⁵<https://www.parliament.scot/-/media/files/legislation/bills/s6-bills/patient-safety-commissioner-for-scotland-bill/introduced/financial-memorandum-accessible.pdf>

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21. If the Council wished to install an alternative IT system, the assumption is that the costs would not exceed those outlined above in respect of the SCOTS system.

22. The launch of the proposed model for the Council will require a marketing/branding exercise to raise awareness about it, which would be undertaken by the Council and staff. It will also require a contract for payroll services and the set-up of HR support, which would include the preparation of staff contracts and a staff handbook. The total costs are estimated at £6,000 (inclusive of VAT), on the basis of other public bodies. This is based on the estimate for the Patient Safety Commissioner, allowing for inflation and other miscellaneous matters.

23. The initial task of the Council will be to establish its office, including recruiting staff and identifying suitable office premises. The recruitment of staff will be the responsibility of the Council. The working hours of the Council and the staffing complement are based on comparable organisations and their staff.

Table A: Estimated set-up costs for the SEIAC, inclusive of VAT where applicable

Set-up costs	£
Recruitment costs	8,000
Accommodation: fit out and legal fees	85,000
IT and website set-up	50,000
Marketing/Payroll and HR set-up	6,000
Total costs	149,000

Annual running costs

24. Table B below estimates the annual running costs for the Council at £372,500. These costs would be required to be met by the Scottish Government.

25. The figures in Table B reflect the terms and conditions afforded to comparable organisations set out by the Scottish Government in its most recent list of public appointments by public body⁶, such as Consumer Scotland, whose chair is paid £306 per day for a 50-day annual commitment and whose members receive a £225 daily rate. The Bill does not set out how regularly the Council shall meet, but on the basis that it meets at a similar rate as the IIAC, which met five times in 2021-22⁷, and that it has a chair and 12 members, this would cost approximately £40,000 annually (allowing for inflation, possible sub-committee meetings, expenses and other miscellaneous costs).

⁶ [Full list of public appointments by public body - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/public-appointments-by-public-body-2021-to-2022/appendix-e-expenditure)

⁷ <https://www.gov.uk/government/publications/iiac-annual-report-2021-to-2022/iiac-annual-report-2021-to-2022#appendix-e-expenditure>

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26. Based on other similar-sized bodies, the full staffing complement at the office of the council is expected to be around four full-time equivalent (FTE) staff members. For estimate purposes, it is expected that the Council might appoint one FTE team leader at a cost of £55,484, one member of staff to develop policy at £41,375 and two administrative staff at £34,637 each. These figures are based on the Scottish Government pay scales for 2022-23 and are inclusive of employer class 1 national insurance charges. Allowing for other staff costs, inflation and other miscellaneous matters, an estimate has been made of a total cost of approximately £175,000 for annual staff costs.

27. The office will also be required to provide payroll services and ongoing HR support. The total costs are estimated at £6,000 (inclusive of VAT) on the basis of comparator organisations.

28. Because it is not presently possible to forecast the availability of shared public sector accommodation, for cost estimate purposes, this memorandum assumes that a privately rented shared building is required. An estimated charge of £45,000 (including VAT) would be payable in central Edinburgh on a per annum basis.

29. This is based on the Scottish Human Rights Commission's 2020-21 annual report⁸, which recorded operation and general office costs of £41,000– and has been adjusted to allow for inflation and other miscellaneous costs that might arise.

IT support and website maintenance

30. As noted above, it is envisaged that the Council might wish to use the SCOTS IT system. Following installation, annual SCOTS maintenance charges are levied on a per laptop basis. Annual SCOTS maintenance costs have been estimated by Scottish Government IT specialists at a total of £6,600 (including VAT), based on 2022-23 costs. These figures include dedicated networking costs. IT maintenance charges are generally set at a “per user per quarter” rate which, for a SCOTS system, can vary between £800 to £1,100 plus VAT. The total cost here is therefore based on the higher range.

31. It is difficult to be exact about website maintenance costs as these will vary, depending on the complexity of the website –for example, in 2020-21 the Scottish Commission on Social Security spent £7,310 on website costs⁹ while the Scottish Commission for Human Rights spent £13,000¹⁰ Taking account of inflation and other miscellaneous costs an estimate of £18,000 including VAT has been made, based on the higher of these two costs.

⁸ <https://www.scottishhumanrights.com/media/2357/shrc-annual-report-2021-22-final.pdf>

⁹ [Scottish Commission on Social Security: annual report and accounts - 2020 to 2021 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/annual-reports-accounts-2020-21/pages/summary.aspx)

¹⁰ [Annual Report 2020-21 \(scottishhumanrights.com\)](https://www.scottishhumanrights.com/annual-report-2020-21)

Travel and subsistence

32. To perform its function effectively, the Council might be required to travel around Scotland to engage with stakeholders. Based on the estimates of such costs for the Patient Safety Commissioner, which was in turn, based on SPCB Parliamentary commissioner figures and an assumption of around five such visits per year, an estimate of £10,000 per annum including VAT has been estimated for travel and expenses for the Council and its staff.

Public meeting

33. The Bill requires the Council to hold at least one meeting in public each year. The Council might elect to hold this on Scottish Government premises, in which case costs would be reduced, or online, which would result in nominal costs. If the Council chooses to hire a venue, costs are difficult to estimate as commercial rates vary depending on location, facility requirements and the number of people attending. The location of any public meetings will be a matter for the Council to determine, although the Member has expressed a preference for meetings to be held, where possible, outside Edinburgh. The estimate is based on a location that offers conference facilities for up to 60 attendees at a commercial rate of £250 for one day. Assuming a catering rate of £15 per person, this would bring an initial cost of at least £1,150. The figure set out in table B reflects this and is adjusted for other miscellaneous costs associated with the meeting that might arise.

Commissioned research

34. The Bill gives the Council an enhanced role compared to the existing UK body, the IIAC by affording it a research function to support its work - IIAC does not commission or conduct its own research. The cost of such research is difficult to estimate as it is determined by the length and complexity of the work being and carried out, and the costs charged by the researcher.

35. The estimated figure of £30,000 is based on a rough average of three public sector-commissioned research projects that cost approximately £17,000 for a three-month project¹¹, £23,000 (five months)¹² and £42,000 (six months)¹³. The nature and length of research commissioned would be a matter for the Council, so it could vary significantly.

Other administrative costs

36. Administrative costs of £20,000 inclusive of VAT have been estimated – to include staff training, postage, stationery, publicity and hospitality. The estimate is based on data from the SPCB in relation to costs incurred by parliamentary officeholders. The

¹¹ [GB-London: BTA1342 - Covid-19 Best Practice Case Studies - Tourism Business - Contracts Finder](#)

¹² [Research Into Government Communication For Covid-19 Updates - Contracts Finder](#)

¹³ [EHRC 2122-10 Social Care in Scotland - Contracts Finder](#)

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professional fees, which are also based on the SPCB data, include external audit and legal fees and are estimated at £20,000 inclusive of VAT.

Table B: Estimated ongoing costs for the Scottish Employment Injuries Advisory Council, inclusive of VAT where appropriate

Annual running costs	£
Chair and members' remuneration	40,000
Staff salaries	175,000
Accommodation	45,000
IT maintenance	7,000
Website maintenance	18,000
Payroll / HR services	6,000
Travel & subsistence	10,000
Annual public meeting	1,500
Commissioned research	30,000
Professional fees	20,000
Other administrative costs	20,000
Total costs	372,500

Costs to Local Authorities

37. The cost to local authorities is estimated to be nil.

Costs to Other Bodies, Individuals and Businesses

38. Any other costs associated with recommendations made by the Council as a result of a report on proposed EIA regulations or other matters relevant to EIA are difficult to quantify, as they will depend very much on the scale of the concern and the scope of any action taken by third parties, for example, employers, in response.

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