INTRODUCTION

1. In scrutinising the Scottish Government’s 2015-16 Draft Budget (“the draft budget document”), the Education and Culture Committee considered spending on primary and secondary schools.

2. We received twenty responses to our call for written views but only two from local authorities. We also held two evidence sessions in committee. These meetings involved parents and youth groups, teaching unions and local government representatives. Michael Russell, Cabinet Secretary for Education and Lifelong Learning, and Derek Mackay, Minister for Local Government and Planning, also gave evidence on behalf of the Scottish Government. We thank all those who helped to inform our scrutiny.

3. The Committee notes the request from the Rural Affairs, Climate Change and Environment Committee for committees to mainstream their approach to climate change. The Committee chose to focus its scrutiny on spending in primary and secondary schools. There is limited information on the carbon impact of the education portfolio in the draft budget 2015-16, therefore the scope for detailed scrutiny was limited. The Committee would, however, welcome further information from the Scottish Government on the carbon impact of spending in schools and for more detailed information to be provided in future budget documents. This would allow for more detailed scrutiny of this issue in the future.

Background to examining school spending

4. Allocations for schools for 2015-16 have not yet been decided, so the draft budget document does not actually contain these figures. Rather, it sets out the overall funding the Scottish Government intends to provide to local authorities (by a ‘block grant’).

1 Full details of the scrutiny undertaken by the Committee, including links to all the information submitted, are available on our website: http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/81922.aspx
5. Each local authority will decide later how much to allocate to education services. It is the responsibility of each local authority to allocate the total financial resources available to it on the basis of local needs and priorities, having first fulfilled its statutory obligations and jointly-agreed national and local priorities.

6. While local authorities are responsible for the day-to-day delivery of school education, the Scottish Government has many key roles to play in addition to providing the majority of funding to councils. Along with its agencies, the Scottish Government helps to devise and deliver relevant education policy, inspection and qualifications. The Scottish Government’s website sets out the Cabinet Secretary’s full responsibilities, which include such matters as reform of school education and educational attainment. The Scottish Government can also seek to legislate on schools.

Audit Scotland’s report

7. As the draft budget document does not provide allocations for schools for 2015-16, we agreed to build our scrutiny on Audit Scotland’s recent report ‘School education’, which assessed how efficiently and effectively councils were using their resources to maximise pupil achievement in schools.

8. Some of the facts and findings from that report shaped our call for written views on the draft budget and our subsequent discussions in committee. For example—

- In 2012/13, councils spent £4.8 billion on education, of which £4 billion was provided through the block grant. Education is the single largest area of council expenditure, accounting for almost a third of total revenue expenditure in 2012/13. The majority of education expenditure, £3.8 billion (80 per cent), was on primary and secondary school education;

- Councils’ spending on education reduced by five per cent in real terms between 2010/11 and 2012/13, largely as a result of employing fewer staff;

- The report noted councils’ “strategies and approaches to reducing their education spending”, including employing fewer staff; changes to teachers’ terms and conditions, increasing classroom teaching time, seeking efficiencies in school transport, and reducing training budgets;

- It also noted that “Councils’ education services are likely to continue to face budgetary pressures, and they need to be alert to the potential impact of increased workloads on remaining staff.”

9. In 2011, the Scottish Government and COSLA agreed that the local authority budget settlement was, in part, dependent on local authorities agreeing “to maintain teacher numbers in line with pupil numbers and secure places for all

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probationers under the teacher induction scheme". If local authorities failed to do so, the Scottish Government would hold back money from the funding settlement.

**The purpose of the report**

10. Our call for written views on the draft budget asked a number of detailed questions. We were aware from the outset that we would not, within the limited time available, be able to discuss in-depth all the issues likely to be raised. Rather, this budget report should be seen as the necessary first step in a wider piece of work we are undertaking to scrutinise school spending and attainment.

11. Our scrutiny of the draft budget has helped to stimulate considerable public debate on the budgetary pressures facing schools and possible responses to these pressures. It has also considered how spending decisions could be subject to greater transparency and accountability.

12. The rest of this report considers the key issues highlighted by participants that were of most relevance to our remit. It then explains how we will continue to scrutinise policy and funding around schools next year.

**THE IMPACT OF BUDGETARY PRESSURES**

13. In general terms, one of the challenges facing committees as they undertake budgetary scrutiny is that it can be very difficult to consider in isolation the possible impacts of proposed spending for one budgetary year. Also, information provided can often be anecdotal or refer to different time periods, or conflate efficiency savings and spending cuts. All these factors can make authoritative discussion of spending trends or impacts difficult.

14. With these caveats in mind, it is helpful to set out the impact on schools of previous budgets and then consider what the likely allocation for 2015-16 will mean.

**Current pressures**

15. Several organisations described what they considered to be the consequences of reduced school budgets in recent years. Trade unions and parents groups, in particular, highlighted some of the difficulties being faced by teachers, pupils and parents.

16. The EIS referred to a ‘workload crisis’ for teachers, while the NASUWT said there was a ‘ticking time bomb’ on workload. The SSTA claimed quality improvement officers “had disappeared” and YouthLink Scotland considered teachers had less time to work with youth work practitioners to deliver Curriculum for Excellence. The union Voice said the school week had already been altered in

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4 EIS. Written submission.

5 NASUWT. Written submission.

6 SSTA. Written submission.

places to make savings and that reducing teaching hours would “inevitably impact on attainment”\(^8\). Unison noted over 1400 full-time equivalent posts had been lost in schools and suggested “the worst is yet to come with far more job cuts in the pipeline”\(^9\).

17. Parents groups provided their views on the impact on children and families, claiming some children were having to share old and damaged books, or were avoiding technical subjects that may require extra resources from their parents. It was also suggested that parent groups were funding things that would previously have been included in the school’s budget, for example, information technology equipment\(^10\).

**Additional support needs**

18. Several submissions commented on reductions in non-teaching staff and the implications for children with additional support needs (ASN). The SSTA made perhaps the bluntest assessment, stating that a reduction in pupil support staff was “leading to more violent incidents as behavioural needs pupils are not sufficiently supported”\(^11\). Voice’s submission said—

> “Many schools are driven by the demands of mainstream pupils and are compromising the experience of pupils with support needs.”\(^12\)

19. Unison Scotland, meanwhile, commented on both the issue of ASN and possible safety risks—

> “Children with complex medical and care needs are being taught in schools without appropriately trained and qualified staff to deal with their needs. Staff, often the lowest paid: a classroom assistant, are undertaking medical and intimate duties with minimal training. Our members have real concerns for the safety of some children in our schools.”\(^13\)

20. The EIS said the policy of mainstreaming pupils with additional support needs, particularly emotional and behavioural difficulties, had undoubtedly “been central to pressure in schools” over the past few years\(^14\). The union strongly supported the presumption of mainstreaming, but considered it was not being resourced properly.

**The Scottish Government’s view**

21. We raised ASN issues with the Cabinet Secretary, noting the number of ASN support staff had actually gone up by eight per cent between 2010 and 2013. The Cabinet Secretary explained why there had been an increase in the number of children recorded as having additional support needs. He also recognised the view

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\(^8\) Voice. *Written submission.*

\(^9\) UNISON. *Written submission.*


\(^11\) SSTA. *Written submission.*

\(^12\) Voice. *Written submission.*

\(^13\) UNISON. *Written submission.*

of unions, that teachers in mainstream schools must be supported as well as possible\textsuperscript{15}.

22. Notwithstanding the recent rise in ASN staff numbers, we request a fuller response from the Scottish Government and COSLA to the concerns raised by parents groups and by teaching unions, as summarised in paragraphs 18 to 20. We also request a response as to whether the eight per cent increase in staff is sufficient to cope with the significant increase in the number of children with additional support needs.

**Possible future pressures: the local government view**

23. Various submissions also highlighted potential future problems, should schools not be adequately funded through the current and subsequent draft budgets.

24. The information we received from the Association of Directors of Education in Scotland (ADES) confirmed spending pressures may well continue into future years. It said all the 'easy' reductions had been made and was clear that no areas of school spending could be considered immune from possible future reductions—

   “Less cover for schools is being looked at. Sometimes the staffing arrangements will become less generous in their flexibility and ability to cover. Perhaps reducing the management structures in secondary and primary schools is being considered. Transport, cleaning, catering, maintenance, classroom assistants, auxiliaries, pupil support and devolved budgets are being looked at. Not a single budget in the education service is not being considered somewhere for a potential reduction.”\textsuperscript{16}

**Funding in 2015-16**

25. The ADES submission also went furthest in attempting to predict the possible school budget for 2015-16 and beyond. It stated “‘protecting’ education is not viable” and added—

   “Education services will require to make significant further savings over the coming years of the order of several per cent of current spend”.\textsuperscript{17}

26. We explored this assertion with ADES and COSLA, although the ensuing discussion did not make the likely funding levels for next year much clearer.

27. COSLA actually stated that ‘the budget looks okay for next year’\textsuperscript{18} and agreed with ADES that the settlement for 2015-16 from the Scottish Government will be a 'standstill' budget. However, both bodies were very keen to stress that even a standstill budget would equate to a reduction in services.


\textsuperscript{17} ADES. *Written submission.*

28. Councils are expected to make three per cent efficiency savings, which they can retain if made. It appears these efficiency savings are already factored in by local authorities before the heads of education authorities consider school budgets.

29. ADES stated—

“When directors [of education] are given a budget, the budget is reduced from the one that they had the previous year, and they have to do more with it. That is the reality.”

30. While making clear that information from education authorities was “sketchy and not entirely reliable”, ADES said it had seen councils looking at possible reductions of between 2 and 6 per cent in education spend. ADES said local authorities would look for savings in discretionary (non-statutory) areas of spend, such as after-school clubs and study support. Such areas amount to around one-third of the budget, with the other two-thirds of the budget being comprised of statutory or core services and therefore protected from cuts. ADES said the combined effect of these factors is that discretionary areas of spend may face cuts of up to 18 per cent.

31. ADES explained that spending pressures would continue to build, citing PPP (public–private partnership) costs and new burdens for education services. COSLA stressed it had to consider local government budgets in the round and that demographic pressures on other services delivered by local authorities made protecting the education budget “much more difficult”. COSLA said pupils should be “none the wiser” about cuts but admitted “that is a difficult trick to pull off”. It also warned “more financial pain is coming”.

32. In response to a claim made by the EIS, COSLA said schools were “nowhere near” the stage of children having to be sent home due to a lack of supply teachers.

The Scottish Government’s view

33. The Scottish Government acknowledged that significant budgetary pressures had arisen in Scotland as a result of spending decisions made by the UK Government.

34. As to local authorities’ school budgets for 2015-16, the Cabinet Secretary said he hoped there would not be significant cuts. He pointed out that Scottish
Government funding to local government was set to increase from £10.6 billion this year to £10.8 billion in 2015-16\textsuperscript{24}.

35. Mr Russell reiterated his position that “the decisions that local authorities have to make are for them to make, within a budget settlement that is as generous as we can make it.”\textsuperscript{25} He also highlighted the Scottish Government’s decision to remove ring fencing from the “massively greater part of the budget” and to allow local authorities to interpret how they deliver Scottish Government educational priorities in their own way\textsuperscript{26}.

36. There are funding pressures in Scotland’s schools. We acknowledge the efforts being made in schools to mitigate these pressures and expect local authorities to continue to make every effort to ensure education spending is protected as far as is possible. In particular, during what is also a time of curricular reform, any further budgetary reductions should not have an adverse impact on pupils, particularly those who are most disadvantaged.

37. In terms of future budget pressures and next year’s settlement specifically, we fully appreciate there is a process of negotiation currently underway. Many of those involved in Scottish education have differing views on the funding required and on the implications for schools should it not be delivered. Indeed, we have heard some concerns from trade unions and other groups about the situation in schools. While very few figures were provided in the information presented to us, and neither COSLA nor ADES called for more money for education, we acknowledge that parents groups and unions did request additional funding. However, none of the submissions quantified the actual spending needed for education.

38. The true picture will become clearer in the months and years to come, as local authorities set their budgets. We will continue to monitor the likely spend on schools in 2015-16 and beyond, the impact of spending pressures, and the extent to which local authorities are able to deliver the Scottish Government’s educational priorities. As the next step, we will ask local authorities for more detailed information when their financial settlements are clearer. This will allow for a more accurate picture to be discussed, and allow us to see whether some of the concerns expressed actually materialise.

Possible solutions to budgetary pressures

39. Regardless of the precise amount of funding made available to local authorities next financial year, there is unanimous agreement that schools will continue to face some pressures for the foreseeable future. We therefore spent considerable time discussing possible responses to this challenge.


40. Many who took part in our budget scrutiny were commendably forthright in advocating or highlighting possible actions, and also in acknowledging there were no straightforward solutions. However, there was very little, if any, analysis provided to show what the savings or practical consequences of any proposed change would be.

41. It is noteworthy that suggestions for change, often for fundamental change, came from a range of voices in the education sector; teaching unions, directors of education and parents groups. These views were expressed despite the ongoing implementation of Curriculum for Excellence, which has initiated a significant reform of Scottish education. It is difficult to tell, however, whether demands for change are a symptom of the existing financial situation or whether they would have been made irrespective of current pressures.

42. Both the EIS and parents groups considered local authorities had made poor progress on sharing their services in education, and both said there was scope for more to be done. It was suggested that political and practical difficulties in local authorities had led to the full potential of shared services not being realised. The NASUWT union was not convinced local authorities had been working together to share and learn from their experiences of tackling budgetary pressures.

43. The EIS and the Scottish Parent Teacher Council questioned the desirability of having 32 education authorities. The EIS asked whether some national education priorities, such as learning additional languages in primary school, could realistically be delivered.

44. Some suggestions were particularly radical – for example, removing education provision from local authority control, and increasing the school starting age to six – but were not considered within the time available to us. Some other suggestions would also go beyond our remit, or would involve long-term change that would be unlikely to deliver savings in 2015-16 (such as reducing the number of local authorities). Other possible solutions, such as raising taxes or restoring ring fencing, did not appear to carry widespread support.

45. It is also telling that in the two areas where there is theoretically scope for making the most savings – teachers’ salaries and school rationalisation – there is very little appetite for change. There are also political difficulties for local authorities in making changes to the school estate. The EIS also made clear it would oppose any changes to the school working week.

46. Bearing this context in mind, the section below considers first how local authorities and the Scottish Government are seeking to deal with funding pressures. It then considers three specific issues in more depth: shared services; teacher numbers; and the link between spend and attainment.

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The local government response

47. Audit Scotland’s report, mentioned above, describes how councils’ spending on education has reduced. Given this trend, we sought to understand the approaches being adopted by local authorities to dealing with ongoing budgetary pressures and their scope for making further reductions. We were also interested in understanding how local authorities determined over the longer term the impact of their spending choices.

48. It is regrettable that our ability to undertake this work was hampered by the extremely low response rate by local authorities to our call for written evidence; only two such submissions were received. **We do not consider this response satisfactory given the multi-billion pound cost of school expenditure and its importance to communities, pupils and parents throughout the country. We will pursue directly with local authorities the provision of information to facilitate our scrutiny.**

49. That point made, the two local authorities that did respond explained to a limited extent how they had previously attempted to respond to budgetary pressures. Understandably, perhaps, both councils focussed on localised solutions, although there was no indication of the quantity of savings such approaches could realise. Nor did we receive any understanding of any principles or guidance that the local authorities had followed in prioritising decisions.

50. We did receive submissions from COSLA and ADES, and these provided an interesting contrast in suggested approach. The latter described the current approach to budget reductions as “not desirable nor sustainable” and said only national discussion and agreement, as opposed to each local authority finding its own solutions, could achieve necessary system-wide changes (no indications of possible savings were provided)\(^ {29} \). COSLA did advocate the need for national discussions on teacher numbers and outcomes, which is discussed later, but said “councils are best placed to make strategic decisions over funding of public services”\(^ {30} \).

The Scottish Government response

51. The Minister acknowledged the potential merit in seeking to restructure the system of local government but ruled this out given the considerable costs and disruption such an exercise would entail. Mr Mackay also said the Scottish Government had no intention of micro-managing local authorities’ spending choices. He did note, though, that there was nothing to stop councils’ management structures changing\(^ {31} \). Speaking generally, the Cabinet Secretary said he was keen to see greater innovation in education, a statement he has made to the Committee on various occasions\(^ {32} \).

52. Of all the suggestions for reform or efficiency proposed to us, it seems more effective use of shared services is the option favoured by the Scottish

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\(^ {29} \) ADES. *Written submission.*

\(^ {30} \) COSLA. *Written submission.*


Government. Mr Russell and Mr Mackay both clearly considered local authorities could make greater progress in this area. The Minister stated ‘There are no barriers to shared services’\textsuperscript{33}, saying the Scottish Government had removed any possible obstacles including, for example, around procurement.

53. Mr Mackay believed some opportunities had been missed in the past, but argued that the Scottish Government should not try to compel local authorities to share services as this would not work. He also considered that future work around community planning and legislation on community empowerment would improve the situation\textsuperscript{34}. The Cabinet Secretary regretted that only Stirling council and Clackmannanshire council had a joint education department, noting there were many ways in which people could share and pool resources\textsuperscript{35}.

54. ADES and COSLA both saw at least some merit in sharing services, albeit the examples provided by COSLA involved schools within a local authority, rather than different local authorities, working together. COSLA also said shared services had not always worked well but there were ways of working smarter\textsuperscript{36}.

55. The Scottish Government gave a steer to local authorities on shared services, saying far more could be done, although COSLA was perhaps more reticent. We agree the potential for shared services – both within and between local authorities – has to be re-examined by councils, particularly as most of the other means of addressing spending pressures appear not to be desirable or viable. We note the Scottish Government’s view that it cannot compel local authorities to take action. However, we believe it should provide a fuller analysis of the possible financial and educational benefits that could accrue to local authorities through their greater use of shared services. In short, the Scottish Government should help to make the case as compelling as possible, taking into account local democratic accountability.

56. The much bigger picture is that spending pressures seem likely to continue for some years to come. This means education authorities will have to continue finding means of delivering services more efficiently. There is a need for strong leadership at both local and national level to encourage the widest possible assessment of options for change in an open and challenging atmosphere. Where any change is adopted, it should benefit learning and not be driven by the availability of resources.

57. The Scottish Government should continue to work with its partners in COSLA and local authorities to confirm whether—

- it is confident that all its existing education policies can be delivered adequately by local authorities;

• schools will still be able to contribute to national policies on early years, preventative spending and child poverty;

• it considers that local authorities should still be required to make efficiency savings;

• it could provide any guidance to local authorities on ways of dealing with spending pressures;

• it could facilitate longer-term financial planning by local authorities

• it considers decisions made by local authorities are fully compliant with relevant equalities considerations.

58. The phrase ‘postcode lottery’ is something of a cliché, but it is an even more acute risk in service provision at a time of ongoing budgetary pressures when different councils may increasingly be diverging in their approaches. While local autonomy is vital there must also be some nationwide equity, meaning that no groups of pupils are unfairly disadvantaged by the choices made, or resources or opportunities available, in their locales. The provision of quality education is of national importance and we must be able to form a clear national picture of the long-term, cumulative impact of budgetary pressures and policy responses to them. We should also have evidence to demonstrate that the approaches working most effectively are being shared across local authorities. We invite the Scottish Government to provide the information and analysis we require on these points.

Teacher numbers

59. Teaching costs comprise a very significant part of local authorities’ expenditure on education. In theory, therefore, it is an area where significant savings could be made. However, the Scottish Government has an agreement with COSLA to maintain teacher numbers in line with pupil numbers. It will be apparent in December whether the agreement on teacher numbers has been kept for 2014.

60. Looking ahead, COSLA’s submission argued for a different approach and described work it will be undertaking with the Scottish Government—

“… the most important measure of success within education is not how much money is spent, or how many teachers are employed or how many schools are built or refurbished, but whether different and inter-connected local services make a difference in terms of outcomes and particularly whether the gap in education attainment is being closed. This is why COSLA and Government are jointly about to commence a significant piece of work that will seek to move the focus away from input measures that have become the focus of education debates and place more emphasis on tracking improved attainment.”

37 COSLA. Written submission.
61. The EIS was critical of COSLA’s written submission, claiming the approach it set out was simply “another way of saying that it wants the door to be open so that it can push a cut in teacher numbers”\(^{38}\). The EIS made clear it would not agree to such cuts, arguing that fewer teachers would impact on service delivery. Indeed, the EIS called for an increase in the number of primary teachers because of the increasing roll\(^{39}\).

62. In response to our questions, ADES explained that having fewer teachers would result in larger classes in primary schools, albeit marginally, and reduced subject choice in third year of secondary. The full consequences of those actions were not discussed in depth.

**Scottish Government view**

63. The Cabinet Secretary did not consider cutting teaching numbers would lead to a rise in attainment or improve outcomes. He added “my policy intention would be to maintain teacher numbers, which I think is important”, and said, if possible, he would like to increase them\(^{40}\).

64. Mr Russell noted that the Scottish Government provides £41 million (in addition to the normal settlement) to local authorities to maintain teacher numbers. He said this resource “is underspent, but we do not claw it back”. He also said the Scottish Government provides £37.5 million for probationers “of which councils presently spend around £21 million”\(^{41}\). **We require detailed information on exactly how much was underspent on teacher numbers and probationers and, if targets were met, what was done with the underspend.**

65. To put the discussion above into perspective, a briefing provided by SPICe showed primary school pupil numbers have been increasing since 2011 and are projected to continue to increase over the next five years. Secondary school pupil numbers have been falling since 2004 and are projected to continue to fall until starting to increase in 2017.

**Linking spending and attainment**

66. Given the increased focus on attainment, as discussed in paragraph 60, we discussed with the Cabinet Secretary and COSLA the link between spending and outcomes. We noted the Audit Scotland report referred to earlier said—

- there was no direct correlation between changing levels of educational spending and increasing levels of pupil attainment;


there has been no independent evaluation of how much councils spend on education and what this delivers in terms of improved attainment and wider achievement for pupils.\textsuperscript{42}

67. In short, we wanted to know whether councils were cutting spend in the right places and whether their choices would lead to better outcomes.

68. COSLA said there was a complicated link between spend and attainment, and noted gaps in information provision between primary and early secondary school. It said “the important point to remember is that there is local scrutiny of budgets”\textsuperscript{43}. The Cabinet Secretary acknowledged that, to some extent inevitably, “the correlation between spending and outcomes is not clear enough in education”. He added that further work was needed in this area, and “If we can do better and be more wise at spending money … we will get more from it.”\textsuperscript{44}

69. ADES did state, however, that the Audit Scotland report in question had acknowledged an improvement in education over 10 years. ADES considered this improvement was in part “because people are focusing on what makes a difference”\textsuperscript{45}. This view was amplified by the Cabinet Secretary, who considered there had been “constant improvement” in education systems\textsuperscript{46}.

70. We welcome the intention to focus on outcomes, such as closing the attainment gap, while recognising the importance of inputs in delivering improved outcomes. We will scrutinise the success of this work in the context of our own ongoing work on the attainment gap.

71. It is not clear what impact, if any, the renewed focus on attainment will have on teacher numbers particularly when pupil numbers are expected to rise. Given the concerns raised, local authorities should provide reassurance that there will be adequate staff cover in schools, and should explain in more detail what the work overall is designed to achieve. We also seek a reassurance that the focus on outcomes will make it easier for interested parties to build up a complete picture of Scottish education.

72. We welcome the Cabinet Secretary’s comment that further work is needed to demonstrate the link between spending and outcomes. It is not clear the degree to which, if any, attainment has been or will be affected by recent spending pressures, and we seek assurances that this point will be considered in the further work described.

73. In the final two sections of this report we consider the issues of consultation and accountability, and the national performance framework.


\textsuperscript{44} Scottish Parliament Education and Culture Committee. Official Report, 11 November 2014, Col 41.


Consultation and accountability

74. Given the complex relationship between local authorities and the Scottish Government in delivering education, this section considers how easy it is for other bodies to play a meaningful part in discussions around budgetary allocations.

Influencing the draft budget document

75. The opening words of the foreword to the 2015-16 Draft Budget are as follows—

“This draft budget sets out the Scottish Government’s spending plans for 2015-16 for consultation with the Scottish Parliament and the people of Scotland.”

76. We welcome the draft budget’s emphasis on public consultation, given it sets out how £30 billion of public money will be spent by public bodies. Its publication is a key step in the process of determining what the ultimate budgets for schools will be. This is because it sets out the overall allocations for local authorities, from which the vast majority of schools’ funding will be provided. However, there is little public information available about the process leading up to the publication of Scottish Government draft budgets, i.e. how the allocations for each portfolio are decided and who, if anyone, is involved in that process other than Scottish Ministers. It was not clear to us the extent to which, if at all, the size of the local authority block grant in the draft budget is developed through public consultation. Groups representing parents and young people did not seem to have attempted to influence the Scottish Government prior to the publication of its draft budget.

77. Given this context, we asked ministers to describe the process leading up to the publication of the Draft Budget, particularly how outside organisations could contribute to discussions on education allocations.

78. The Cabinet Secretary said that was a matter for the Cabinet Secretary for Finance, Employment and Sustainable Growth, and Mr Mackay.

79. The Cabinet Secretary and the Minister did go on to describe some of the discussions around the draft budget and spending decisions in general, although it is still not clear what activity precedes the publication of the draft budget.

80. Earlier in the evidence session, in response to a question about local authorities’ consultation, the Cabinet Secretary said he was “a great believer in complete transparency”. He added that keeping things from people “is wrong” and “does not usually work”.

Consultation and transparency in local authorities

81. We did not examine in depth how local authorities consult on their own spending priorities. However, the parents groups we spoke to were critical of local authorities’ engagement with groups such as their own, citing secrecy and political motivations as possible barriers. They also said local authorities were often not always transparent, could be patronising and did not speak to parents early enough.

82. Some of these opinions concur with ADES’ written submission, which referred to budget discussions being kept private—

“now that all of the efficiency or ‘easy’ reductions have been taken, the reality is that draft budgets are now kept largely confidential owing to the real sensitivities involved (political, workforce related, community related etc).”

83. We received a further written submission from ADES that noted some local authorities’ “comprehensive and effective approach to consulting on the specifics of budget reductions” but again highlighted the difficulty of consulting on planned budget reductions in available timescales and given “the political and sensitive nature of the more challenging options.” COSLA said “councils are engaging with communities” but recognised the difficulty of speaking to communities when difficult decisions are being considered. It noted the Commission on Strengthening Local Government Democracy “recognises the need to be more transparent with communities, to help them understand what resources are being spent upon and why decisions are taken in balancing council budgets.”

84. In general, the Minister considered the Community Empowerment (Scotland) Bill would improve matters, by empowering communities to initiate engagement and consultation on their terms instead of waiting for individual authorities to consult them. He acknowledged good practice by local authorities in engaging transparently, but warned that this placed a responsibility on people taking part not to misrepresent the choices offered.

85. For consultation to be meaningful, all those hoping to take part must be realistic about what they are hoping to achieve and be sufficiently well informed by the decision makers. The submissions made to us, however, suggest this does not appear to be the case. We understand local authorities and the Scottish Government have political authority to undertake spending decisions. There will also inevitably be imbalances in resources and information available to all levels of government and to other interested parties. Nevertheless, we believe the Scottish Government and local authorities could do more to inform the public about the processes involved in allocating spending and, more importantly, how they could make a meaningful contribution to those processes. There is certainly a strong appetite for such a step change and we invite a response from the Scottish Government and COSLA on how this could best be done.

50 ADES. Written submission.
51 ADES. Supplementary written submission.
52 COSLA. Supplementary written submission.
86. We appreciate ADES’ efforts to be candid, but were surprised by its statement about confidentiality in budgetary discussions. We understand safeguards may have to be adopted when sharing and consulting on possibly controversial information. **We will seek an explanation from local authorities, as part of our ongoing work in this area, of how the Community Empowerment (Scotland) Bill will improve the way they consult on spending plans.**

87. **In light of the Cabinet Secretary’s statement on the importance of transparency, we invite the Scottish Government and the Finance Committee to consider how the process leading up to the publication of the draft budget document could be made more transparent. The Scottish Government should also explain how the Bill will improve engagement and consultation in this area.**

**The national performance framework**

88. The Scottish Government’s national performance framework (NPF) is a key tool in determining what public bodies deliver for the resources they receive. The Scottish Government has previously stated that the NPF “provides a strategic direction for policy making in the public sector, and provides a clear direction to move to outcomes-based policy making”\(^{53}\).

89. We wanted to understand in more detail exactly how the NPF had helped the Scottish Government and education authorities move towards ‘outcomes-based policy making’ in relation to schools.

90. There was limited discussion of this issue in the written views submitted to us, although it is fair to summarise what was received as being quite critical of the NPF approach. For example, both local authorities that responded welcomed the steer provided by the NPF but also highlighted some of its limitations. Neither submission explained whether the NPF approach of itself had actually led to improved outcomes for children, nor did they, for example, seek to explain whether there was any link between performance in the NPF and subsequent budgetary allocations.

91. This point was also made in the submission from the union Voice, while UNISON said it was not aware of the NPF being influential at a local authority level. Children in Scotland welcomed the NPF, but added—

> “We are not aware of any education authority, which has been praised for its progress towards achieving relevant outcomes and used as a model of good practice. Equally, we are not aware of any action taken if progress by any of the authorities has been unsatisfactory. The NPF is unlikely therefore to be a helpful means for ensuring value for money.”\(^{54}\)


\(^{54}\) Children in Scotland. *Written submission.*
92. COSLA said there is “no clear link between the NPF and spend” and said councils’ own budgetary processes and their Single Outcome Agreements (SOAs) “are more effective in influencing local spending decisions.”\(^{55}\) ADES noted that the NPF focuses on a number of relevant areas\(^{56}\) and said “strategic planning supported by community planning and driven by local priorities” had demonstrated measurable improvement in all these areas\(^{57}\).

93. The Cabinet Secretary said the NPF was one of many things that allows ministers to undertake their role of securing improvement in the quality of school education. He added it was “part of, but not the complete structure for, how we assess things”.\(^{58}\)

94. We note the NPF already has a relevant indicator on closing the attainment gap. The Scottish Government should therefore explain how the broader work on outcomes, discussed in paragraph 60, will integrate with the NPF.

**A longer-term approach**

95. We will build on the work leading to this budget report in a number of specific ways, which we hope will continue to hold local and central government to account, and to stimulate public discussion. In particular, we intend to—

- seek further evidence from local authorities once their allocations for school spending are known;
- draw on the information provided for our budget scrutiny to inform our forthcoming work on the attainment gap;
- consider certain specific issues arising from this budget scrutiny in more detail.

96. Our budgetary and performance scrutiny will also go beyond schools, by separately considering the spending decisions made and outcomes delivered by the key agencies within our remit.

97. We will continue to be as participative as we can in this work and will request views from interested parties throughout the process.

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\(^{55}\) COSLA. *Supplementary written submission.*

\(^{56}\) Improved children’s services especially in early years; increased numbers of good inspection reports.

\(^{57}\) ADES. *Supplementary written submission.*
