



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Education and Skills Committee

**Wednesday 16 January 2019**

**Session 5**



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**Wednesday 16 January 2019**

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**EDUCATION AND SKILLS COMMITTEE**

**2<sup>nd</sup> Meeting 2019, Session 5**

**CONVENER**

\*Clare Adamson (Motherwell and Wishaw) (SNP)

**DEPUTY CONVENER**

\*Johann Lamont (Glasgow) (Lab)

**COMMITTEE MEMBERS**

\*Dr Alasdair Allan (Na h-Eileanan an Iar) (SNP)

\*Jenny Gilruth (Mid Fife and Glenrothes) (SNP)

\*Iain Gray (East Lothian) (Lab)

\*Ross Greer (West Scotland) (Green)

Gordon MacDonald (Edinburgh Pentlands) (SNP)

\*Rona Mackay (Strathkelvin and Bearsden) (SNP)

\*Oliver Mundell (Dumfriesshire) (Con)

\*Tavish Scott (Shetland Islands) (LD)

\*Liz Smith (Mid Scotland and Fife) (Con)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills)

**CLERK TO THE COMMITTEE**

Roz Thomson

**LOCATION**

The Robert Burns Room (CR1)



## Scottish Parliament

## Budget Scrutiny 2019-20

### Education and Skills Committee

*Wednesday 16 January 2019*

*[The Convener opened the meeting at 10:00]*

### Decision on Taking Business in Private

**The Convener (Clare Adamson):** Good morning, everybody, and welcome to the second meeting in 2019 of the Education and Skills Committee. I remind everyone to turn their mobile phones and other devices to silent during the meeting.

Agenda item 1 is a decision on taking business in private. Are members content to take agenda items 3 and 4 in private?

**Members indicated agreement.**

10:00

**The Convener:** Agenda item 2 is the draft budget for 2019-20. Today, we will hear from the Cabinet Secretary for Education and Skills, John Swinney, and Government officials. I warmly welcome to the committee the cabinet secretary; Aileen McKechnie, the director of advanced learning and science in the Scottish Government; and Andrew Bruce, the deputy director of the Scottish Government's learning directorate. I understand that the cabinet secretary has an opening statement to make.

**The Deputy First Minister and Cabinet Secretary for Education and Skills (John Swinney):** Thank you for the opportunity to attend the meeting and to provide some opening remarks on the 2019-20 draft budget.

As the Cabinet Secretary for Finance, Economy and Fair Work explained in his budget statement, our spending plans for 2019-20 are set against the backdrop of the United Kingdom Government's continuing austerity and the real risk of the UK exiting the European Union without the necessary safeguards to secure the workforce and programmes that we need for the continued success of our nation.

In the budget proposals, education remains a top priority for the Scottish Government. Our ambition is to break the intergenerational cycle of deprivation, close the attainment gap and change lives for the better.

The draft budget delivers £3.4 billion of funding to deliver on our commitments in early learning and childcare and across the education and skills system. Working with and through local government, we will provide almost £500 million to expand early learning and childcare by supporting the recruitment and training of staff and investing in the building, refurbishment and extension of around 750 nurseries and family centres.

We will invest more than £180 million to raise attainment in schools and close the attainment gap. That includes £120 million that will go directly to headteachers through the pupil equity fund.

We will continue to drive our ambitious education reforms with £4 million allocated to empower teachers, parents and communities to deliver excellence and equity in Scottish education. In line with the committee's views on Education Scotland, we will increase its budget by £2.5 million to enable it to support the reform agenda.

We will continue to protect the principle of free education and widening access to university for

people from the most deprived communities to ensure that access to university is based on the ability to learn, not the ability to pay. We will continue to invest over £1 billion in our universities. That recognises the importance of teaching and learning and of our world-class research and innovation systems.

We will intensify the promotion of Scotland's research excellence and international outlook around the world, and we will continue to invest over £600 million in colleges to help them to improve the life chances of our citizens and generate the skilled workforce that is needed for economic growth. We have increased investment to provide additional funding to support the harmonisation of pay and terms and conditions across that sector.

Skills Development Scotland will receive £214 million, which includes an additional £22 million in the coming financial year to continue the expansion of our apprenticeship programme as we progress towards the delivery of our target of 30,000 starts by 2020. The success and diversification of our apprenticeship programme has demonstrated the different routes that young people can take in developing the learning and skills that they need to be successful in the workforce. With the development of graduate and foundation apprenticeships, more young people have access to widening opportunities and routes to successful future careers.

Finally, following my statement in Parliament in October last year, we have made provision for redress for survivors of abuse in care. That includes making advance payments to those who may not live long enough to apply to a statutory scheme. The draft budget makes provision for such advance payments, but it must be clearly understood that those payments can be made only if the Budget (Scotland) (No 3) Bill is passed by Parliament and the necessary parliamentary authority for that expenditure is obtained.

I look forward to addressing the committee's questions.

**The Convener:** Thank you very much, cabinet secretary. We will go straight to questions from the committee.

**Liz Smith (Mid Scotland and Fife) (Con):** Good morning, cabinet secretary.

In responding to the budget proposals on behalf of Universities Scotland, Professor Andrea Nolan said:

"It's very difficult to learn that funding for universities is going to drop in real terms by 1.79 per cent."

That reverses the trend of what she described as "a slow climb back to sustainable funding"

from previous years. Given what you have said about the priority of education in the Government's programme and the desire to widen access and ensure that universities remain wholly competitive, why did you take the decision to reduce that real-terms funding?

**John Swinney:** The decision that I took was to sustain the funding of the university sector at the level that we had increased it to in the previous financial year. Obviously, there are many competing demands for Government expenditure across a range of different areas. In my opening statement, I cited a number of areas in the education portfolio in which we have allocated additional resources to expand provision and put additional resources in place.

Government investment in the university sector is only one part of the investment income of universities. Scottish Government investment represents around 40 per cent of total university income. The contribution that we have made and the commitment that has been secured by sustaining university funding at what I increased it to last year are a strong foundation for the university sector to continue to make the contribution that it makes to the wider achievement of individuals in Scotland.

**Liz Smith:** I want to pick up on the issue of wider achievement and maintaining excellence in our university sector. We have been able to enjoy that for a long period. I do not think that it is any secret that the university sector in Scotland is very concerned about the real-terms cut in funding. That is for a very simple reason that statistics at the international level point to. There is a clear correlation between the levels of resource available to university sectors and their performance, and there is a worry that, if we do not have the same sustainable level of funding, Scotland will not be in a position to maintain the excellence that we have been able to enjoy, particularly when it comes to the competitive advantage in research funding. Will you comment on the statistics that point to international concerns and particularly on the fact there are signs that there may be a falling down in some Scottish universities? That is nothing drastic, but some Scottish universities are falling down some of the world rankings.

**John Swinney:** There are a number of points there that I will address.

On the international rankings, it would be fair to say that there will be volatility in the performance of individual institutions on a year-by-year basis. It is important to look at the trends over a period of time, and they demonstrate the continued and sustained success and profile of a number of leading institutions in Scotland in respect of the consistency of their performance over time,

notwithstanding volatility in individual years, and consistency in the prominence of their position in those international rankings. We have to look at that more comprehensively.

I reiterate a comment that I made earlier. I acknowledge that Government funding is important, but it is not the only source of income for the university sector. The latest data that are available to me show that Government funding represents around 40 per cent of university income. When I look at the investment that our universities are able to attract, based on the foundations that the Government contributes—I would not say that the Government creates all the foundations; that, of course, is a product of excellence in the universities—I see that we are essentially creating financial strength and capability that enables institutions to attract further investment income.

There are, of course, other sources of income that come from other parts of the Government, notwithstanding the main line—I know the one in the education and skills portfolio in the draft budget that Liz Smith comments on. Other income goes to universities through the health service and a variety of other streams.

Finally, I am aware of the comments that Professor Nolan made. Equally, I am aware of comments that Professor Muscatelli has made. He has said:

“Even in tough ... times”,

the Scottish Government

“is continuing to strongly support our universities with substantial investment of over £1bn in the draft budget. This core funding allows our HE sector to continue to punch well above our weight”

and

“leverage additional economic benefits for Scotland.”

I am absolutely committed to an engaged discussion with the university sector to ensure that we are able to support its aspirations, which we share.

The universities are key participants in the economic strategy that Mr Mackay has taken forward. The work that Mr Lochhead and I are taking forward with the university sector is designed to ensure that the university sector is able to make a significant contribution through much greater partnerships with the business community in Scotland—I welcome those, and think that they are happening—and much more and closer involvement in the international projection of Scotland.

On my recent trip to India, which I undertook with a number of universities, I was thrilled by the strength of the proposition that the universities that

were on that trip were able to offer in partnership with business.

**Liz Smith:** Do you share the concern about the need to ensure that we are broadening the appeal of Scottish universities, particularly when it comes to research funding and attracting the best students and staff? There are obvious challenges with that because of Brexit. The university sector is concerned that the real-terms cut—the current projection—makes things much more difficult at a time when there are ambitions to widen access, as it has an obvious impact on the number of places available, and that there is an increasing tendency to have loans rather than Government spending within the category of financial transactions. Do you accept that there is a real concern about how sustainable the projected budget for the sector is given the ambitions that you espoused earlier?

**John Swinney:** I do not have those concerns, for two reasons. First, I reiterate the point that Government investment represents a minority of universities’ income across the sector. Obviously, the universities are very successful in attracting other income; therefore, I do not have that concern, given the higher platform that we are operating from following the increase in the budget last year.

Secondly, instruments such as financial transactions are part of the financial framework of the United Kingdom. The Scottish Government has to utilise those financial transactions in some way, but we are restricted in how we can use them. We cannot just distribute them like capital grant. I do not think we can, ordinarily, allocate them to local authorities—I think that is correct—because they have to be allocated to third-party organisations that are not part of government. Therefore, we have limited places to which we can allocate those financial transactions. The university sector is able to use those transactions to leverage other income, because universities are, in essence, third parties in public sector terms. So, there are opportunities. When looked at in the round, between financial transactions and capital and resource, the resource that is available to the university and higher education sector is increasing.

I will make one final point on this. Liz Smith raises the challenges that are thrown up by Brexit. I am not making a partisan point, but I am deeply concerned about where we are going on freedom of movement. I had the privilege of attending the University of Edinburgh as a student over 35 years ago, and it is a completely different institution today from the one that I attended. In its international breadth and its reach, it draws together people from all manner of backgrounds in studying and in research. I am deeply concerned about the threat to the freedom of movement of

individuals—to me, that is the biggest strategic threat that our universities face. Our universities need to be able to attract international talent—not just students, but researchers and academics—and I am very concerned about where we are positioned on the question of freedom of movement. I view that as the biggest strategic threat that our universities face.

10:15

**Liz Smith:** I do not disagree with what you have just said, cabinet secretary.

On a similar theme, are you able to give a guarantee today that the Scottish Government funds that are currently used to support EU students would remain in the university sector should we exit the EU, particularly in a no-deal situation?

**John Swinney:** I had better get my ducks in a row before I answer that question. The first thing to say is that I hope that we do not leave the European Union. After yesterday's events, I think that the possibility of our avoiding leaving the EU is now higher; therefore, in one respect, I am more optimistic. However, my next duck in the row is that the danger of a no-deal Brexit has made a resurgence, which is why the events of today and the next few days will be critical as we try to navigate a way to avoid a no-deal situation and get to my preferred outcome, which is our continued membership of the European Union. So, there are a couple of pretty big questions to be answered before I can address the very real question that Liz Smith puts to me.

I cannot give the commitment that she asks for today, because it is for a future financial year. We have given sustained commitments to the university sector in relation to the support for EU students, and I will engage very closely with the university sector on that key question as we proceed. It is a material point for the finance secretary to consider in future budgets.

**Iain Gray (East Lothian) (Lab):** Mr Swinney, you have made it clear that you have confidence in the sustainability of the funding for our university sector going forward. However, in his letter to the committee, Alastair Sim, the director of Universities Scotland, says:

"We've seen Scotland's number of universities in the top 200 drop from five to four. We need sustainable investment if we're going to keep Scotland's critical advantage as a place to study, research and do business."

He clearly does not share your confidence in the sustainability of funding going forward. Why do you think he is wrong?

**John Swinney:** There will obviously be points of debate about that. In my answer to Liz Smith, I

cited Professor Muscatelli, who takes a very different view to the views expressed by Alastair Sim and Professor Nolan. I will reiterate a couple of points that I made to Liz Smith.

First, although it is important, Government funding represents a minority of universities' total income—the figure is between 37 and 40 per cent. Secondly, the Government increased the resources that are available to universities in the resource budget last year, and we have been able to sustain that level of resource this year.

**Iain Gray:** Let me stop you there, cabinet secretary. That is not true in real terms, is it? The figure has fallen again in real terms.

**John Swinney:** In resource real terms, yes, that is the case. However, the resource, capital and financial transactions together represent an increase in the higher education budget of £12.1 million over the budget for 2018-19. As a combined budget allocation to the higher education sector, the resources are £12.1 million higher between those two years—there is a higher platform and increased global resources.

I reiterate the point that I made to Liz Smith: financial transactions are valuable mechanisms through which universities can leverage additional income, and the Government has limited destinations for that type of funding.

As a package, all of that represents a strong foundation for the sector.

**Iain Gray:** While we are talking about additional income, I note that, in its submission, Universities Scotland identifies what it thinks should be around £18 million of Barnett consequentials resulting from increased research spending in the UK. Can you give a commitment that those consequentials will be used for that purpose in Scotland? That commitment has been given in regard to national health service consequentials, for example.

**John Swinney:** Mr Gray will be familiar with the Government's position—indeed, it has been the position of all Governments since devolution—that Barnett consequentials, with the exception of those within the health service, come into our budget to be allocated by the finance secretary across a range of public expenditure areas. I know the importance the university sector attaches to these particular Barnett consequentials, and I assure the committee that its issues and perspectives will be fully considered by the Government as we take decisions on any such consequentials.

**Iain Gray:** As you say, an exception to that rule was made for the NHS. Given the importance of research to the economy, to confidence in the sector and to its competitiveness, is it not an area in which you could make a similar commitment?



**John Swinney:** I understand the significance of it. That is why I make the point about the contribution that the university sector has to make, in partnership with the business community, in advancing the innovation agenda. Such issues will be considered by the Government as we consider the allocation of any consequentials.

**Iain Gray:** Let us turn briefly to the college sector. In the college sector, there is a real-terms increase in revenue funding of around 1.3 per cent, but colleges themselves—I think that you acknowledged this in your opening remarks—are clear that that increase is entirely to deal with the costs of national bargaining and the harmonisation that flows from it. That was, of course, a policy that the Scottish Government pursued and that we supported. However, that means that there is no prospect of the college sector finding additional resource for a cost-of-living increase for its staff, which is why we find ourselves facing another strike by college lecturers.

Perhaps you can explain how, if the increase that the college sector is receiving is to pay for harmonisation, the college sector is expected to pay—even within the terms of public sector pay policy—a cost-of-living increase to its staff without making cuts elsewhere?

**John Swinney:** The college employers have made an offer to members of staff that is additional to the harmonisation of contracts that the Government has fully funded. Mr Gray's question infers that there is no offer on the table from the college employers to members of staff because there is no money available. However, the employers have made an offer to the trade unions for 2017-18, 2018-19 and 2019-20 that is additional to the harmonisation, which Mr Gray is absolutely correct in saying that the Government has properly and fully funded. The resources are clearly available to fund a cost-of-living increase, because the employers have offered that.

**Iain Gray:** The increase in resource is to cover harmonisation, so the money will have to come out of some other activity that the sector undertakes—is that not the case?

**John Swinney:** The sector will be making financial choices constantly. Every public organisation makes financial choices.

**Iain Gray:** By "financial choices" do you mean cuts?

**John Swinney:** No, I mean choices about how to allocate money in particular areas. The college sector finds itself in the position of being able to harmonise the contracts for further education lecturers across the country. I am very pleased that the Government has been able to secure that policy objective and that it is now being implemented over a three-year period, fully funded

by the Scottish Government. The college employers are also able to make a cost-of-living increase available to members of staff into the bargain.

**Iain Gray:** Do you think that it is reasonable for those members of staff to expect a cost-of-living pay increase over and above the harmonisation change, similar to that which other workers in the public sector are getting? Is that a reasonable objective?

**John Swinney:** A reasonable objective is to secure a cost-of-living increase that is affordable within the sector. I do not think that it is reasonable to discount the effect of pay harmonisation in the process.

**Iain Gray:** You think that a cost-of-living pay increase for those staff should be reduced on the basis that some have benefited from the entirely separate national bargaining policy.

**John Swinney:** I do not think that it is defensible to separate harmonisation and a cost-of-living increase.

**Iain Gray:** Okay. Thanks.

**Dr Alasdair Allan (Na h-Eileanan an Iar) (SNP):** I am going to ask one or two questions about additional support needs in schools to find out what your benchmark is for success when it comes to moneys being allocated to that area in the budget. How do you intend to measure whether that it is a successful input?

**John Swinney:** We want to make sure that the additional support needs of young people are met so that they can progress to the achievement of positive destinations. That is the essence of the framework that we have put in place. We look very carefully at the progression of young people through their education—at the qualifications that they achieve, at the recording of particular achievements and at their progress to positive destinations. There is then a duty on individual local authorities to put in place the arrangements and the support that will enable young people to make that journey.

**Dr Allan:** Are you satisfied that the data that you have is gathered consistently by all the local authorities? Is it robust?

**John Swinney:** The data on additional support needs is becoming more consistent across the country. The changes that were made in 2010 to the collection of data on additional support needs led to a much more significant identification of the prevalence of additional support needs among young people in our education system. That has given us a more comprehensive picture of additional support needs around the country. Within that, there still is a degree of variation by

local authority, but I think that we are making progress in that direction.

Equally, the recording of information on the availability of staff—which I know has been the subject of correspondence with the committee; indeed, I have responded to some of the committee's inquiries on the subject—is an attempt to get to more consistent information in that respect. I think that the data is improving, which is helping us in that direction.

**Ross Greer (West Scotland) (Green):** I will stick with the question from Dr Allan on positive destinations for young people with additional support needs. The range of additional support needs that we identify in Scotland is considerable. Has the Government considered disaggregating the data on the percentage of young people with additional support needs who are reaching a positive destination? When you use a single, generalised measurement for a large group of young people whose additional support needs are vastly different, there is a danger that you miss important pictures within that group. For example, there seems to be an issue with young people with particular additional support needs not reaching positive destinations in the same numbers as those with other additional support needs. There is obviously a significant difference between the needs of those who are autistic to the point of being non-verbal and the needs of those with a mild emotional or behavioural challenge.

10:30

**John Swinney:** That is a fair point. We are looking at broad ranges of data on additional support needs. The latest data show that 87 per cent of school leavers with additional support needs had a positive forward destination in 2016-17. That was a 5.1 percentage point increase since 2011-12. However, within that group there will be young people with particular needs who would have been able to achieve more with particular support, and we must remain open to identifying how we can best meet the needs of those young people.

A lot of that thinking comes back to the steps that we take, through the agenda of getting it right for every child, to identify the particular requirements of individual young people and how we can best support them to fulfil their potential. If refinements to the data set would help us to do that, I am very open to considering how those refinements might be undertaken.

**Ross Greer:** That would be helpful. At present, does the Government do any work to disaggregate the overall percentage of young people with additional support needs who are achieving a

positive destination? Is there any breakdown of the data by category of need?

**John Swinney:** I doubt it, but I reserve the right to write to the committee if that is not correct.

Let me see what I have in my papers—I have been passed a note by my official. There is some degree of disaggregation by category. There is a category for dyslexia but there is no category for autism. There is a category for autism spectrum disorder. In addition, there are categories for social, emotional and behavioural difficulties; physical health problems; mental health problems; interrupted learning; English as an additional language; visual impairment; hearing impairment, and so on. That information is contained in table L3.1 of the additional support needs statistics. The data is spread across several initial positive destinations: higher education, further education, training, employment, voluntary work, activity agreement, unemployed and seeking work, and unemployed and not seeking work.

There is a fair amount of disaggregation, although the categories may require more disaggregation because some of them will involve substantial numbers. For example, in the data set for 2016-17, we are talking about 2,720 learners with dyslexia. It may be that further disaggregation could be undertaken, but I am happy to share what data we have with the committee.

**Ross Greer:** That is useful. Thank you. Do you believe that overall spending on additional support needs—which, as you said, happens at local authority level—is keeping up with identified demand?

**John Swinney:** Yes. An important change that has taken place is that more and more young people are having a broader range of needs identified, many of which will be supported within the mainstream education system. The presumption of mainstreaming is now well embedded within our education system, and more and more young people with additional support needs are having their needs supported within the mainstream sector—the needs of those young people are being identified and met predominantly within mainstream education settings. Obviously, the Government provides special education for some young people with additional support needs but, fundamentally, such needs should and must be met within the education system.

**Ross Greer:** There is some concern about the overall spend on additional support needs. There is certainly an issue of consistency and accounting for it. The Scottish Parliament information centre has previously referred to the way in which that spending is accounted for by local authorities as being, in essence, arbitrary. There is significant concern that spending on additional support needs

appears to be, at best, staying steady—which would mean not keeping up with demand, given that demand has more than doubled—but that that is simply because of interesting accounting along the lines that you have indicated, which is that pupils with additional support needs are allegedly having those needs met through mainstream education, through generalised spend.

For example, the percentage of young people with an identified additional support need who have a co-ordinated support plan has fallen from around 6 per cent to around 1 per cent. I raised the matter with you in the chamber and you said that you would be happy to consider the concern, which has been raised with the committee, that financial pressures may be causing that. If that was the case, local authorities would not be delivering what is required of them under the existing legislation. Has the Government done any work to investigate why the number of co-ordinated support plans has changed?

**John Swinney:** Fundamentally, it is a statutory issue for individual local authorities. They have to exercise their functions under the additional support for learning legislation, which puts a responsibility on local authorities to assess and meet the needs of young people. As I have explained to the committee before, a set of interventions is available to families who are concerned about these matters, which can ultimately result in tribunal cases. As I have also said to the committee before, I am not an advocate for tribunal processes; in my opinion, they are a measure of last resort. I would much rather that there was collaborative dialogue to resolve the issues that are of concern to families. Fundamentally, local authorities have to satisfy themselves and families that they are meeting the needs of individual young people.

The most recent information that I have available to me, which is for 2016-17, shows a real-terms increase of 2.3 per cent in the resources spent by local authorities on additional support for learning.

**Ross Greer:** That would be the increase per child with identified additional support needs, which would constitute a drop in spending given the significant rise in the number of young people with identified additional support needs.

**John Swinney:** I doubt that that would have been the case between 2015-16 and 2016-17. The issue that I was trying to address in my previous answer is the fact that, in 2010, we significantly expanded the collection of data on additional support needs to cover a range of circumstances that would not merit the formulation of a co-ordinated support plan. The financial comparison that I am making is much more within the territory where there are specific additional financial

requirements that need to be met in relation to the delivery of additional support for learning services.

**Ross Greer:** I have a final question on co-ordinated support plans. I accept that, as you say, each individual support plan is a matter for the local authority in relation to the family and the child with additional needs, but there is clearly a national pattern, as I have highlighted to you previously. Does the Government not have a responsibility to look into what appears to be a national reduction in the number of co-ordinated support plans when there is significant feedback coming from families and—often anonymously—from teachers that they believe the reduction is because of financial constraints? Surely, the Government should be looking into why that reduction is happening.

**John Swinney:** Some of the issues are being looked into as part of my dialogue with the organisations that have raised concerns through “Not included, not engaged, not involved: A report on the experiences of autistic children missing school”, which was published in September if my memory serves me right. I took part in a parliamentary debate on the matter in which I set out the steps that the Government is taking in response to that report, and I will be convening a round-table discussion on those issues with many organisations and stakeholders. That discussion will take place sometime in the near future—I cannot remember the exact date. It is certainly now arranged as part of my dialogue with those organisations to address the concerns in the report, which has been subject to consideration by the Parliament and the committee.

**Ross Greer:** I understand why you have delayed the publication of the Government’s research, given the publication of that report. Can you give an indication of the timescale in which you intend to publish your research in conjunction with your response to that report?

**John Swinney:** I would like to move at pace on that. As I say, I cannot recall when the round-table session is to be held, but I have already had a meeting with the autism organisations and I want to proceed with that round-table discussion as quickly as possible.

I hope that the committee appreciates that I am trying to address the issue in a holistic fashion that brings together the research and the actions that flow from it. If I feel that it is taking a bit too long, I will move to publish the research evidence at an earlier stage.

**Tavish Scott (Shetland Islands) (LD):** Cabinet secretary, will you set out the advantages to the Government of using ring fencing as a mechanism in, for example, the pupil equity fund?

**John Swinney:** The purpose of pupil equity funding is to put resources into the hands of individual schools to allow them to make decisions about how, in their judgment, they can best meet the needs of individual pupils and close the poverty-related attainment gap. I would judge that to be a different type of financial arrangement from what we would consider traditional ring fencing, because we have taken a deliberate policy decision to put those resources into the hands of individual schools not only to enable more focused spending on individual pupils and their needs but to empower schools and give them greater discretion in the utilisation of resources.

On more traditional ring fencing—if that is also part of the question that Mr Scott has raised with me—there will be occasions when the Government has a policy priority that it wishes to advance and, therefore, enters into what we would call a traditional ring-fencing arrangement. However, that now represents a very small proportion of local authority expenditure.

**Tavish Scott:** In its briefing for today's meeting, SPICe highlights as “grant funding” that “is ‘ringfenced’” £120 million for pupil equity funding, £4.5 million for Gaelic and £262.2 million for early years and childcare. There is some capital funding, too. I appreciate that they are, as you have said, small amounts of money in the context of the overall budget, but is it fair for SPICe to describe them as “ringfenced” grant funding?

**John Swinney:** Probably, but I would, as I was trying to do in my previous answer, make a distinction between pupil equity funding and other ring-fenced grants. Pupil equity funding is going to a different set of decision makers, not into what I would call traditional local authority ring-fencing arrangements. It is ring fenced for the purpose of closing the attainment gap, but the decisions are taken by schools, not by local authorities.

**Tavish Scott:** What is the difference? I appreciate that this is in some ways a deadly dull discussion, but can you clarify the difference between this funding and the attainment Scotland funding, which I think, if I have read my briefing correctly, has been described as targeted?

**John Swinney:** I suppose that there is a difference in timescale with attainment Scotland funding. Attainment Scotland activity, which started earlier than pupil equity funding, has two elements: a programme that involves local authorities and another that involves individual schools. In the first, we work with a number of local authorities with areas that face the greatest challenges in relation to the attainment gap and support them in the collective activity required to close it. In the second, we focus expenditure on individual schools where the attainment gap is prevalent.

Pupil equity funding takes some of the rationale behind the schools programme and spreads it in a wider way in recognition of the fact that poverty does not present itself only in the kinds of big groupings that are generally recognised under the attainment Scotland fund. Poverty presents itself in different areas around the country and, as a consequence, about 95 per cent of schools receive some allocation from pupil equity funding.

10:45

**Tavish Scott:** That is a fair comment. Am I right in saying that nine local authorities receive funding from the attainment Scotland fund?

**John Swinney:** Yes.

**Tavish Scott:** We have discussed this before, but have you given any more thought to the very point that you have made about the poverty indices and the mechanism by which you collate the data that leads to the allocation of funding?

**John Swinney:** There is work going on just now within our analytical community to try to devise more fine-grained mechanisms that would enable us to recognise poverty. We are talking to local authorities that have particular thoughts on that question, and we are also discussing it with the analytical community. I think that I have gone through this with the committee before, but we have used the mechanism that provides what I would call the longest reach into the country—that is, free school meals. If we had used one of the other core identifiers of the Scottish index of multiple deprivation, we would not be reaching as far into the country with PEF as we are.

**Tavish Scott:** In that case, do you think that by next year's budget there might be a change to this allocation mechanism? After all, it has been around for a number of years now.

**John Swinney:** I certainly want the work to be completed, although whether it will lead us to a different mechanism is a different question. I am happy to update the committee on our progress in that respect.

**Rona Mackay (Strathkelvin and Bearsden) (SNP):** The Government is making a huge investment in the early years and childcare. How will local authorities be held accountable to ensure that the funding for that expansion is being spent for that purpose and is being shared appropriately between public and private providers?

**John Swinney:** We have an implementation board looking at the delivery of the early learning and childcare expansion around the country, and it is jointly chaired by Maree Todd, the Minister for Children and Young People, and Councillor Stephen McCabe, the Convention of Scottish Local Authorities education spokesperson. The

group monitors the progress that is being made against the plans that were submitted by local authorities, and it will look at the progress that is being made to be satisfied that it is sufficient.

With regard to the mix of private and public provision envisaged for early learning and childcare, local authorities' individual plans set out expectations in that respect and were funded on an agreed basis between the Convention of Scottish Local Authorities and the Government. Obviously, we will monitor the progress that is made against those expectations as we implement the programme.

**Rona Mackay:** There is quite a variety of practices among local authorities.

**John Swinney:** Yes, there is, and we have to make sure that two things are happening. First, sufficient progress needs to be made on delivering early learning and childcare over the period to full roll-out in August 2020. Secondly, we must be able to see that the expectations that individual local authorities signed up to with regard to the balance and nature of delivery are being reflected in what is happening on the ground. We are looking at that very closely. I am aware of the concerns that have been expressed in different parts of the country about whether the private sector is securing quite as much of a role in this expansion as they might have considered they should have been able to get.

**Rona Mackay:** Can you explain the process by which the new multi-year funding agreement between the Government and COSLA was agreed and how the yearly amounts were determined?

**John Swinney:** Each local authority was invited to prepare a plan setting out its resource and capital requirements for achieving full roll-out by August 2020, after which there were discussion and dialogue between the Government and local authorities, with the support of the Scottish Futures Trust, to test the approaches that were being taken forward.

At the end of that process, we had a set of plans that had originated from local authorities, that had been tested in dialogue with the Government and which we had all agreed, and, from that, we constructed the amount of money required to implement the policy proposal. Obviously, that is being phased over a number of years, because the build-up to August 2020 is happening at a different pace and is at different stages around the country. Once we had agreed the global sum, we left it to local authorities to determine whether the funding would be distributed by the usual distribution formula used within local government or whether it would be distributed on a needs basis—essentially, what each individual local authority had said it needed for delivery.

There are obviously differences between the two numbers. For some local authorities, their plans might have said that they needed, say, £5 million, but under the distribution formula they might have been given £4 million. Local government took the decision itself to allocate on the basis of need instead of through the distribution formula. In my experience, that has been a more exceptional decision that local authorities have taken, but it was taken on the basis of local government's view that, because the estimates had been constructed authority by authority, they should be paid authority by authority. There are, of course, mechanisms in place for an annual review of the progress that is being made and the appropriateness of individual authorities' plans.

**Rona Mackay:** On that point, can you confirm that the Government will evaluate the expansion in early learning and childcare and—if it is possible to do so—how you will do that with regard to child development, increased parental employment, studying and so on? After all, that was one of the aims of the expansion.

**John Swinney:** There are two aspects to monitoring and evaluation. First, as we are in a delivery phase, we are looking at and evaluating how the programme is being implemented stage by stage to determine whether sufficient progress is being made in its roll-out.

We have also commenced what is essentially an evaluation study, collecting baseline data from 600 families around the country about their situation prior to the commencement of the programme. With those families, we will work our way through the implementation of the programme until the full findings are available, in 2024, and that work will look at the experience in relation to the development of children, their preparedness for formal education and their progress in relation to the early level. It will also look at the impacts on families in relation to some of the wider questions about employment and other factors that you have raised with me.

Anecdotally speaking—I think that this has been the interesting experience of this academic year—I would say that we are now seeing pupils coming into primary 1 who have had the benefit of at least one year of 1,140 hours of early learning and childcare, and my dialogue with primary 1 teachers tells me that young people are coming into school very significantly strengthened by that experience. Obviously, the evaluation study will tell us in more detail, and with more scientific analysis, about the benefit of this for young people and families.

**The Convener:** I have a supplementary question on that. We have heard about some issues with regard to the inclusion of childminders

in the delivery models and trials. What does the funding-follows-the-child model and the principle behind that mean for parents with regard to flexibility?

**John Swinney:** Our advice and guidance make it very clear that childminders should be very much part of the process. Those aspirations have been shared and signed up to with local government, but the dialogue that is taking place is very much local authority led. What ministers have made clear is that, if there are concerns in different parts of the country about how this dialogue is being taken forward, we want to hear about them so that we can pursue them. I certainly want that to be the case.

With the funding-follows-the-child model, we are trying to maximise flexibility for parents to meet their needs. We need a mixed economy of public sector provision, private provision and childminding provision to make sure that we can actually meet families' needs not only by providing high-quality support to children in different settings and by ensuring that the arrangements for supporting children are as seamless as possible for the benefit of those children but by trying to deliver flexibility for parents.

**Jenny Gilruth (Mid Fife and Glenrothes) (SNP):** I want to go back to Tavish Scott's line of questioning, specifically with regard to pupil equity funding. I appreciate that the cabinet secretary has written to the committee in advance of today's meeting, but I note that 40 per cent of pupil equity funding was underspent in the last school year, which, according to a report in the *The Times Educational Supplement*, amounted to almost £50 million. Of the local authorities, East Dunbartonshire Council spent the most—I think that 82 per cent was spent there—while some schools such as Kingussie high school, which has been cited as an example, did not spend any of their PEF money. In your letter, you say that the PEF fund was introduced at the start of the financial year—in other words, two thirds through the school year—but has the Government identified any specific problems at local authority level, given the regional variations in who is spending what at which times and who is able to use the money?

**John Swinney:** The first year is a bit of an exception, because of the circumstances that I narrated in my letter to the convener. I certainly would not expect to see a particularly significant underspend in pupil equity funding, and we are not envisaging it in our financial management of the year. There might be some underspend. Obviously, schools will not lose any ability to spend as a consequence of not proceeding swiftly in this respect—they will retain their full spending

power—but we imagine that the level of underspend will be much lower later on.

In relation to the other point that Ms Gilruth has raised, we are seeing a very good level of participation in pupil equity funding around the country. The arrangements are now becoming much more embedded; some of the early tension—if I might use that word—between schools and local authorities has settled down; and we now have a much better approach to the decision making.

Obviously, some schools have opted for long-term programmes. Having seen the financial certainty that the Government has given around pupil equity funding for the remainder of this parliamentary session, they have taken decisions that will essentially lock their spending plans in for the duration of this programme, because they judge those to be the most sustained interventions that they will be required to make. However, other schools will have judged that they might change some of their plans during parliamentary session. I think that the general pattern of plan formulation and implementation is now proving pretty robust around the country.

11:00

There will be cases in which some of the work will not be successful, but we will just have to accept and live with that fact and try to understand why it has not been successful. A few weeks ago, just before Christmas, I had a discussion with all our inspectors about the pattern of activity around the utilisation of pupil equity funding, and I took a great deal of encouragement from that dialogue that they are seeing emerging evidence of interventions that are very successful and which are worthy of being shared across the education system so that we can identify the core propositions that will make a difference in closing the attainment gap.

**Jenny Gilruth:** Your letter also points to an increase of nearly 300 teaching posts primarily, I think, by the attainment Scotland fund, of which most were funded through PEF. The cabinet secretary will be aware that, when advertising those posts, some local authorities, including Fife Council, siphon off a percentage for human resources administration purposes. Has the Government looked at how that is being done at a local level to ensure that there is greater consistency in how much of the fund is being taken by local authorities to, for example, advertise teaching posts?

**John Swinney:** We are looking at those questions, but, as I said in a previous answer, I think that local authorities and schools are taking forward many of these questions in what is a good

and productive climate. I am hearing from individual schools that they do not want to be encumbered with all sorts of processes that they are not habitually organised to undertake, and if the local authority can deliver that for them in a seamless way, that will be helpful. I completely accept that argument.

I do not detect much difficulty in schools being able to make the choices that they want to make about the spending of these resources, and I think that that is evidence of a collaborative education system in which schools are enabled to make these decisions on an empowered basis and local authorities provide support where it makes rational sense for them to do so.

**Oliver Mundell (Dumfriesshire) (Con):** What percentage underspend do you expect? Have you done any analysis of what you expect next year, for example?

**John Swinney:** I cannot give Mr Mundell a specific figure at this stage, but I expect it to be significantly lower than 40 per cent.

**Oliver Mundell:** The figures for the attainment Scotland fund show an 18 per cent underspend in 2017-18.

**John Swinney:** There is a bit of a cumulative carry forward. It is essentially the same issue. It takes a while to get expenditure out the door when a programme starts. That slower start has had a cumulative impact, which is still working through the system. The Government has said that we will spend £750 million on the programme, and that is what we will do.

**Oliver Mundell:** Does that mean that schools can be confident that there is a multiyear roll forward and that that will keep going indefinitely until it is spent or—

**John Swinney:** It will continue until the £750 million is spent, yes. Schools can be confident with the line of sight in terms of that financial allocation.

**Oliver Mundell:** Just for clarity, who holds on to that money while it is not being spent? Where does it sit?

**John Swinney:** It sits with either the Government or local authorities. I suspect that PEF is probably distributed through local authorities. PEF is distributed through local authorities, so any underspend will sit with them, from where it will be accessible by schools. Attainment Scotland fund underspend will sit with the Government—it will be allocated through that mechanism.

**Oliver Mundell:** That leads me on to my next question. Has there been any progress either in expanding the fund or in changing how it is distributed in relation to small rural schools? If

there is a fairly significant underspend that, given the time lag, will continue, can any money be found for that 4 per cent of schools? Many of those schools face serious challenges but they have not had the opportunities that have been afforded to most other schools.

**John Swinney:** There is a two-part answer to that. One part relates to my explanation to Mr Scott in response to his question about distribution mechanisms. Mr Mundell raises a fair point about small rural schools, in which it is perhaps more difficult to identify the instances of poverty that have driven our distribution. I am keen to conclude that issue as quickly as I can.

The second part of my answer is that there is no available underspend—if I may use that terminology—because, as I said a moment ago, the resources are spoken for. They are allocated to individual schools or local authorities, and the fact that they have not been spent does not mean that the commitment to those schools evaporates. The commitment remains in place, so we would need to find additional resources to supplement the programme if that was what we were going to do.

**Oliver Mundell:** My next, and probably final, question is on the differences between local authorities. I would not say that there is a definite trend in some of the figures, but do you accept that there is a possibility that it is more difficult for rural local authorities or schools in more rural areas to find services that they can commission than it is for those in more urban communities? Is anything being done centrally to support those local authorities and individual schools and help them understand that there are more creative things that they can do with the money?

**John Swinney:** If a school in a rural area decides to recruit extra staff, it will face more of a challenge than a school in urban central Scotland will. I would have to accept that the patterns of school vacancies tell us that filling them is a greater challenge in rural schools than it is in urban schools. That is not to say that all vacancies can be filled in urban schools, but filling a vacancy is perhaps more challenging in a rural area. If a school has decided to take forward a staff expansion approach, it may find it difficult to spend the money.

I do not think that other interventions should be any more challenging in rural areas, because a lot of the interventions that have been deployed by schools involve partnerships with third sector organisations. It is certainly my experience of representing an area in rural Scotland that the third sector is particularly strong in rural Scotland and able to provide some of the support and assistance that schools would be looking for.

We hold regular dialogue with local authorities about the implementation of pupil equity funding. Over the next few weeks, we will have a range of gatherings of headteachers around the country at which we will review their experience of pupil equity funding and identify whether there are any trends in that analysis that we need to act on. That will be a material part of the discussion that we take forward with individual schools.

**Oliver Mundell:** Will you be able to share that information with the committee once that process is completed?

**John Swinney:** Certainly. If there is anything that emerges from that, I would be happy to share it with the committee.

**The Convener:** That would be very welcome, cabinet secretary.

**Rona Mackay:** How will the care-experienced children and young people fund be evaluated?

**John Swinney:** We will look at the way in which public services have met the challenges and issues that care-experienced young people face. Principally, we will look at experience in relation to achievement of positive destinations and how young people progress through the system. Local authorities will also be required to report on their spending profile and on outcomes that are achieved for young people. The measures that we will look at will include a range of nationally published data. Some of that data is contained in the annual statistics on educational outcomes for Scotland's looked-after children. Other measures, such as improved school attendance and school participation, are, of course, part of the national improvement framework, which was the subject of consultation and which we updated Parliament about in December.

**Rona Mackay:** In your opening statement, you mentioned funding to create a statutory financial redress scheme for survivors of child abuse in care and to make advance payments to elderly and ill survivors. How much has been budgeted for that?

**John Swinney:** There is an allocation in the budget of £10 million for that particular element. I am anxious to fulfil the commitments that I made to Parliament and to survivors back in October 2018. We want to move at the earliest opportunity to create a scheme that can be accessed by survivors who are not likely to survive long enough for a statutory scheme to be legislated for. A statutory scheme will take some time to go through the Parliament's legislative arrangements, and I am keen to have a scheme up and running for those who face life-limiting circumstances. We have allocated the resource and we are in dialogue with survivors groups about how the scheme will be taken forward and what sums will

be available to survivors. I can make payments of that type only if I use the common-law powers that are available to me. However, I need parliamentary authority to take that forward, and such authority arises from the passage of a budget act.

**Rona Mackay:** That was my next question. In the absence of the successful passage of the Budget Bill, could that money be—

**John Swinney:** I will have no authority to spend that money.

**The Convener:** Thank you. I know that there is interest in that area, cabinet secretary.

Can I take you back to Oliver Mundell's questioning? You referred to commissioning by headteachers, but you also talked about the importance of the third sector. I have an anecdotal example. I have been approached by a couple of organisations that are finding it difficult to participate in pupil equity funding initiatives because the local authorities concerned have approved supplier lists. Are you aware of that practice? Do you think that it limits the opportunities for headteachers to be as innovative as they can be in thinking about what they might want to use the pupil equity funding for?

**John Swinney:** My answer to that question goes back to some of the material that I covered in my answer to Jenny Gilruth. When the pupil equity fund started, I think that there was an awful lot more of local authorities saying, "We have our approved list. This is what you should do". However, I am picking up much less of that now. The sums of money involved in the commissioning expenditure envisaged by individual schools are such that some of the procurement requirements for an organisation to be on an approved supplier list would not necessarily kick in.

I am obviously aware of that risk—I have dealt with some of these questions in the past—but I have not heard much about the issue when it comes to the experience of pupil equity funding. I mentioned to Mr Mundell the follow-up events on pupil equity funding with headteachers around the country. We held such events last spring and we are doing so again this year. We will therefore have the opportunity to pick up a lot more feedback from individual headteachers about their experience.

11:15

**Johann Lamont (Glasgow) (Lab):** I will ask a brief question on compensation for survivors of abuse. Are you aware that at least some survivors are very concerned, in respect of the £10 million, that the compensation will not be immediate enough for some elderly and vulnerable people?



Do you have any proposals to bring compensation forward? Do you share the concern of some people that the money is not sufficient? How do you assess need in order to come up with the figure of £10 million?

**John Swinney:** I have no means of speeding up the process, and because of the nature of the payments I have no parliamentary authority to make them. I am, essentially, using common-law powers to justify payments to individuals, which would normally require specific legislative authority. I am advised that I can do that because legislation is proposed to provide for a statutory scheme. In the current financial year to 1 April, I have no means of making those payments, regrettable though that is.

I totally understand the point that Johann Lamont has made. I am conscious that individuals have died while waiting for a scheme to be put in place. I deeply regret that we have not been able to put a scheme in place, but we have been very focused on making sure that it is part of the budget bill, and we have put in place the financial arrangements to make it possible.

On estimating what might be a reasonable sum, I have secured the £10 million commitment from the Cabinet Secretary for Finance, Economy and Fair Work as part of the budget process. We are making the best possible estimates of what resources will be available. Once we conclude our discussions with survivors—which are on-going—about the eligibility arrangements, the evidencing arrangements and payment levels, which are the three key components of the discussion, we will establish a basis for payments, provided that we have parliamentary authority to make payments.

If we find, later in the financial year, that we are coming up against the £10 million ceiling and there are still legitimately eligible people, I cannot see how the Government could not fulfil its commitment to them. If we were to find ourselves in a situation in which the £10 million fund was exhausted during the financial year, the Government could not do anything but make further provision available.

**Johann Lamont:** That is very reassuring. We were concerned that people would end up applying too late and that the fund would have closed. You can see that that would be unacceptable. You will recognise that there is cross-party commitment to making the fund work; we do not want it to get embroiled in broader arguments about the budget process.

**John Swinney:** I welcome the contributions that a range of members from across the political spectrum have made.

I will, if I may, convene, update the committee. We are actively involved in dialogue with survivors

about the three key questions that I mentioned for the design of the fund. We have found that a lot of discussion is required to make progress on those questions, but I have indicated to my officials that we will reach a point at which I will, if we want a scheme in place for the start of the financial year, have to come to conclusions about the essential elements of the scheme. I assure the committee that my absolute commitment is to have a scheme in place for the start of the financial year in April. If that means that I have to bring discussions to a conclusion earlier than people might wish, I will do that.

**Johann Lamont:** I have a question about Education Scotland, in particular, although there are also issues around key bodies more generally. Forgive me, I do not have the figure with me, but the committee has identified in-year transfers from Government to Education Scotland over a period. The transfers seem to be remarkably similar in each of the years. In your response to us, you explained that

“It is ... common for further funding to be transferred to Education Scotland in response to changing circumstances.”

Can you give me an example of the “changing circumstances” that each year have merited almost the same amount of money being transferred in-year rather than having been identified in the budget?

**John Swinney:** The Government looks at a range of priorities that might emerge within the education debate. We might need to put more emphasis on particular elements of work in education. More specifically, Education Scotland might decide to enhance investment or scale back investment depending on the nature of the education debate.

We often face challenges in digital literacy activities and in relation to other steps that we have taken. For example, on the journey to design the national improvement framework, what we now have in place is different from what was there when it started out a couple of years ago. That is essentially down to us discussing and consulting with relevant stakeholders what might be the best way to utilise the investment resources that we have and which we spend—perhaps through Education Scotland.

**Johann Lamont:** You have been spending the same amount every year, unplanned. Would not it be better if spending was a bit more strategic and there was more rigour around the moneys that Education Scotland gets each year? A cynic might suggest that money is held back so that you can make announcements to deal with political challenges. I am sure that you would refute that.

Can you explain the situation to me? I do not understand. We know the context and we know a lot of the challenges. Last year, Education Scotland, uniquely, got an in-year budget transfer that was the same amount as the transfer in the previous two or three years. How does that fit with long-term planning? Is there an example in another part of the budget of your having done exactly the same?

**John Swinney:** My experience as the finance secretary was that the Finance Committee would question me quite regularly about that. At autumn and spring budget revision times, we make a number of transfers—from the health service to the higher education line, for example. I talked about some of them earlier to Liz Smith. Those transfers are essentially part of the accumulated structure of the budget process.

Johann Lamont has made a fair point. There might be a year when we have to say that we should change the structure of the budget document and process and make at the outset all the in-year transfers that we know we are going to make. That could affect the—

**Johann Lamont:** Does that mean that you know that you are going to make the in-year transfers to Education Scotland, even if there are no “changing circumstances”?

**John Swinney:** I was talking about my experience as the finance secretary. We know that we will make transfers from the health service to the higher education sector for nursing education, for example. Those transfers are quite predictable, but others are not so predictable. I am simply making the point, based on my experience as the finance secretary, that there might well be an argument for reconfiguring some budget lines at different stages. Parliamentary committees would have to be comfortable with those changes.

**Johann Lamont:** We have predictable unpredictability in the Education Scotland budget: we know that there will be an in-year transfer of the same amount of money every year, which is explained by “changing circumstances”, but is also highly predictable. I think that the concern would be that what we are scrutinising as a budget might not be what actually happens. We are interested in the gap between the two.

We are told that the performance of Education Scotland is to be measured and that there is going to be a move towards regional delivery. How will it be assessed? To what extent do those who are involved in education—teachers, support staff, parents and carers—have a role in assessment of the performance of Education Scotland?

**John Swinney:** Education Scotland has its own published plans that set out the performance measures that are expected to be met by

Education Scotland. The plans are all publicly available. It is perfectly within the scope of the committee to examine the performance of Education Scotland against its corporate plan or key performance indicators.

I have asked the chief executive of Education Scotland to ensure that the organisation is much more accessible to a range of stakeholders because it has such a key role to play in the regional collaboratives, which are crucial to fulfilment of the recommendation of the Organisation for Economic Co-operation and Development on encouraging more collaboration within the education system. Education Scotland will be working with local authorities and individual schools to create the culture of improvement that we want in education in Scotland. Fundamentally, the organisation will be judged based on how it performs against the key performance indicators in its plans.

**Johann Lamont:** Is there a role for education staff, parents and carers in that process? I will give you an example of where there might be a gap between perceptions. Education Scotland argued very strongly to the committee that its employing more staff is evidence of its improvement. If you went into a school and asked support staff and teachers how we should address the problems that they are facing, and whether they think more staff working for Education Scotland is good or bad, I am not sure that they would think that that was the best use of money. Is there a role for the groups that I mentioned in informing your view and our view of the benefits or the effectiveness of Education Scotland?

**John Swinney:** Of course there is a role for them. I listen very carefully to feedback from the education sector on a wide range of issues. The performance of Education Scotland is one that I look carefully at. As the committee will be aware, I have established the Scottish education council, which enables me to bring together a wide range of interested parties to focus on common priorities. We discuss the performance of organisations and of key parts of the education system in terms of meeting the needs of young people.

**Johann Lamont:** This will be my last question. Can you outline how your strategic priorities are reflected in the settlements for the various public agencies in education? There is a change in the budget for Education Scotland. I note that the Scottish Qualifications Authority is stable in cash terms, so I presume that that means that there is a reduction in its budget. Skills Development Scotland has an increase of 9.1 per cent in real terms. Why have you prioritised allocations as you have?

**John Swinney:** As Johann Lamont correctly indicates, the SQA is at a mature point in terms of

delivery of its requirements. My judgment was that the resources were appropriate and adequate for the SQA—

**Johann Lamont:** I am sorry to interrupt you, but was that “mature point” identified by the SQA or was that a decision that you made?

**John Swinney:** That was my judgment, but I think that the SQA would corroborate the point about its being at a mature point in development of its activity. I have asked Education Scotland to make a range of interventions and to build up capacity within the education system. I have made no secret of the fact that I think that there has been a diminution of the central capacity for improvement within our education system. I do not mean that only in terms of central government: I also mean the common area for improvement within our education system. I want Education Scotland to contribute to that, which is why it has an increase in resources.

11:30

In relation to Skills Development Scotland, the Government is committed to further expansion of the modern apprenticeship programme. We are putting in the additional resources that are required to support that, as we take steps towards achievement of 30,000 modern apprenticeship starts by 2021.

**Johann Lamont:** Will some of the money be used to address inequities in the modern apprenticeship scheme, whereby people with additional support needs, disabled people, women—disproportionately—and other groups have had less access to modern apprenticeships?

**John Swinney:** Yes—I would like that to be the case.

**Johann Lamont:** Is there anything in place to do that?

**John Swinney:** The letter of guidance that we will issue to Skills Development Scotland will make provision for the types of requirements that Johann Lamont has raised.

**Jenny Gilruth:** Johann Lamont asked about Education Scotland and spoke of teachers and schools perhaps not seeing the advantages of the work of the organisation. I have personal experience of being a secondee in Education Scotland. There may be an opportunity to look at the secondee model, which empowers teachers to go into the organisation and take that learning back into schools. I note that an extra £2.5 million increase is going into the budget for Education Scotland specifically. The evidence for today's meeting says that

“resources will be focused on tackling the equity and excellence agenda”,

and we are looking towards those regional collaboratives. Is there an opportunity, to look at that secondee model or at how we empower classroom teachers to learn from the expertise at Education Scotland so there is no division between them and us—between the schools and the central organisation?

**John Swinney:** Definitely. I am very keen on that being the case. It is a very good development that Education Scotland is proceeding with some staff secondments, as in the example that Jenny Gilruth put to me. There are also associate assessor opportunities at Education Scotland whereby practising teachers are part of the inspection teams. I have spoken to some of those associate assessors, and they find it some of the best professional learning that they undertake because they see educational practice in other settings, which they can learn from in considering what is relevant to their educational practice in their own schools. I am keen to encourage what I would describe as a more fluid model whereby individuals may be involved in secondments to enable that development of professional capacity.

**Ross Greer:** I would like to turn to the local government settlement for a moment. Do you believe that local authority spending on education will increase, decrease or stay roughly the same in the coming financial year?

**John Swinney:** I imagine that it will increase.

**Ross Greer:** If we take out the various specific funding programmes, core spending on education has decreased significantly over the past decade. Wider financial pressure has resulted in decreases across spending areas. The Government has introduced a number of specific funds to tackle specific areas, but they are not core funding and they are not meant as a replacement for core funding. Do you acknowledge that, and do you acknowledge that core funding on education is likely to decrease?

**John Swinney:** I look at the experience of funding in education as a whole. The most recent information that I have shows that, in 2016-17, 2017-18 and 2018-19, an increase in education spending by local authorities was either delivered or predicted. That gives me confidence that local authorities are putting the necessary priority on education investment within schools and supporting that process.

**Ross Greer:** In the increase that you are looking at there, if we were to exclude the money that is for specific funds—the money that is spent only for those specific purposes—is the core funding that local authorities are allowed to allocate as they see fit increasing? I do not believe that it is.

**John Swinney:** That is why I answered the previous question as I did. I am interested in what the overall position looks like, because that is what schools feel when they experience the spending. In 2016-17, there was a 1.3 per cent increase in school level spending compared with 2014-15—we are seeing that improvement in education expenditure at a local level. I welcome that pattern, as we must ensure that education is properly supported at a local level.

**Ross Greer:** Just short of 1,000—900 or so—teaching staff have been brought in through the attainment funds. Because of what those funds can and cannot be spent on, those staff are not a replacement for the core classroom teachers that have been cut in previous years. Do you understand the concern among teaching staff, schools, parents and pupils that core capacity is being reduced and that, although those staff are welcome and make a significant contribution, they are not a replacement for the classroom teachers and support staff who have been lost because of cuts to core budgets over the past few years?

**John Swinney:** We have seen teacher numbers rising. The number of teachers was 51,959 in the last census, which was up 447 on the previous year.

**Ross Greer:** Does that include the teachers who have been recruited using those funds for specific purposes?

**John Swinney:** Yes. We are trying to make sure that the school system is well resourced and supported, and we are now seeing a rising number of teachers—there are more teachers than at any time since 2010. I appreciate—and Mr Greer will appreciate—that there have been challenges in the public finances. We are trying to do all that we possibly can, within the very constrained public finances, to strengthen the resources that are available within education. We are now seeing the number of teachers up at nearly 52,000 as a consequence.

**Ross Greer:** But the numbers are not comparable. When questions were asked about what local authorities could or could not spend the money on, you made it clear that the attainment funds are not a replacement for core funding. Therefore, can you really count a teacher who has been recruited under attainment funding? That number is simply being used to mask the fact that the number of core classroom teaching staff has reduced. As you said, the staff who have been recruited under those ring-fenced funds are not replacements for or equivalent to classroom staff who have been cut.

**John Swinney:** If we took out the teachers who are funded by those mechanisms, we would still have an increase in the number of teachers—they

are additional. For example, last year, the number of teachers went up by 447. If we took out the teachers who have been recruited under PEF and attainment Scotland funding, the increase in the number of teachers would have been 151. Those teachers are additional.

**Ross Greer:** That is the change over a single year; over the past decade, we have lost thousands of teaching staff. The point still stands that the Government has repeatedly used the higher number to talk about the increase in the number of teaching staff without acknowledging the fact that the overwhelming majority of those additional staff—including over the past year—have been recruited using funds that are ring-fenced for specific purposes and are, therefore, not replacements for the core teaching staff who have been lost over the past decade.

**John Swinney:** I have acknowledged the challenges in the public finances that the Government has had to face up to. However, in each year since probably 2013—I do not have the full list of figures in front of me—we have seen year-on-year increases in the number of teachers. In the past year and in the previous year, even if we took out of the equation the teachers funded by PEF and attainment Scotland funding, we would have had an increase in teacher numbers.

**Ross Greer:** I am sure that we will continue to revisit the subject throughout the budget negotiations.

**Johann Lamont:** I have one last question. The Educational Institute of Scotland has expressed concerns about investment in education and in teachers' pay. How will the teachers' pay settlement and any backdated pay be funded from these budget proposals? I understand that you have made a further offer in the last period, so I presume that even more money has to be found. Can you direct us to where that is stated in the budget?

**John Swinney:** We are continuing discussions and dialogue with the teaching trade unions to get to a solution. The Government has committed itself to providing additional resources to that effect, and the finance secretary has given a commitment to ensuring that that happens. That is what the Government will fulfil through the negotiations, which are obviously not yet completed.

**Johann Lamont:** Where is the money coming from to meet that commitment?

**John Swinney:** The Government will put in place the mechanisms to enable us to fund the resources that are required.

**Johann Lamont:** You said earlier that you could not fund a compensation scheme of £10

million because you needed budget authority. Are you now saying that you will find the money for the teachers' settlement—you have made that commitment—but you are not able to tell us where it will come from?

**John Swinney:** There are two very different points to make to Johann Lamont so that she clearly understands the issue. I have no legislative authority to spend the £10 million. It is not a case of the availability of money; I have no legislative authority. I must labour this point with the committee: I cannot make those payments if the budget bill does not pass. I hope that everyone clearly understands that point.

**Johann Lamont:** I accept that, but where is the money coming from to fund not only the pay settlement and back pay but the offer that we are now being told about? You have said that there is a commitment to that. Is that commitment outwith the budget process?

**John Swinney:** The resources will be additional to the local government settlement that is proposed in the budget, and the Government will put those resources in place.

**Johann Lamont:** Will the money come from within the education budget?

**John Swinney:** We will discuss that on an on-going basis, but the resources will be additional to the local government settlement.

**Johann Lamont:** I am working on the assumption that you must already have had the discussion if you are making an enhanced offer. It would be helpful for the committee to know whether the pay settlement will come out of the education budget or from somewhere else, because that would change our consideration of the provision for education within the budget process. Where is it coming from?

**John Swinney:** We are in a continuing negotiation with the teaching trade unions that is not yet concluded. Once that negotiation is concluded, we will make the financial provision for those arrangements.

**Johann Lamont:** You must, surely, know where that money is going to come from. You cannot go to a negotiating table with an offer if you have not at least got a wee hint of where the money will come from.

**John Swinney:** The finance secretary and I have had those discussions, but—

**Johann Lamont:** Have you sought reassurances that the money will not come out of the current education budget?

**John Swinney:** Yes.

**Johann Lamont:** It will not come from the education budget.

**John Swinney:** That is correct.

**Johann Lamont:** Okay. Thank you.

**The Convener:** That concludes questions from the committee. I thank the cabinet secretary for his attendance and that of his officials. Before we finish, I put on record that we received apologies from Gordon MacDonald for his absence from today's committee.

That concludes the public session of the meeting. We will continue taking evidence on standardised assessments next week.

11:44

*Meeting continued in private until 12:15.*



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