



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

EDUCATION AND CULTURE COMMITTEE

Tuesday 23 October 2012

Session 4

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EDUCATION AND CULTURE COMMITTEE

26th Meeting 2012, Session 4

CONVENER

*Stewart Maxwell (West Scotland) (SNP)

DEPUTY CONVENER

*Neil Findlay (Lothian) (Lab)

COMMITTEE MEMBERS

*George Adam (Paisley) (SNP)

*Clare Adamson (Central Scotland) (SNP)

*Colin Beattie (Midlothian North and Musselburgh) (SNP)

*Neil Bibby (West Scotland) (Lab)

*Joan McAlpine (South Scotland) (SNP)

*Liam McArthur (Orkney Islands) (LD)

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

*attended

THE FOLLOWING ALSO PARTICIPATED:

Fiona Hyslop (Cabinet Secretary for Culture and External Affairs)

Michael Russell (Cabinet Secretary for Education and Lifelong Learning)

Andrew Scott (Scottish Government)

CLERK TO THE COMMITTEE

Terry Shevlin

LOCATION

Committee Room 2

Scottish Parliament Education and Culture Committee

Tuesday 23 October 2012

[The Convener opened the meeting at 09:02]

Draft Budget Scrutiny 2013-14

The Convener (Stewart Maxwell): Good morning. I welcome members to the 26th meeting in 2012 of the Education and Culture Committee. I remind all members and those in the public gallery to ensure that all electronic devices are switched off at all times.

Our first item is our final evidence session on the Scottish Government's draft budget 2013-14. The Cabinet Secretary for Education and Lifelong Learning will be here until 10 o'clock, when we will take evidence from the Cabinet Secretary for Culture and External Affairs. As our time is limited, I ask members and the cabinet secretary to keep questions and answers brief and focused, if at all possible.

I welcome to the committee the Cabinet Secretary for Education and Lifelong Learning, Michael Russell; Andrew Scott, who is director of employability, skills and lifelong learning in the Scottish Government; Sarah Smith, who is director of learning in the Scottish Government; and Mike Foulis, who is director of children and families in the Scottish Government.

Good morning, cabinet secretary. I invite you to make an opening statement.

The Cabinet Secretary for Education and Lifelong Learning (Michael Russell): I shall make a brief and focused opening statement.

I am grateful for the opportunity to discuss the draft budget and to talk to the committee about the progress that has been made in my portfolio over the past year. I hope that my recent letter provided the committee with clear answers to its specific questions on our spending plan, particularly in relation to colleges and how we are addressing climate change issues. I will be happy to answer questions on that as well, of course.

Let me start with the early years. Taken as a whole, our draft budget will invest heavily in our children and young people, and it supports our ambition to make Scotland the best place to grow up in. The budget includes scope for us to continue to prioritise the early years. Among other investments, it provides £50 million towards an overall £270 million early years change fund, which includes £18 million for family support, and a new £20 million fund to support third sector

organisations that work with children and families. All those investments are significant in helping us to get it right from the very start for every child in Scotland.

Through the curriculum for excellence, children are now learning differently and better, and the modern schools that we are building are underpinning that. The budget enables us to continue to support the implementation of that programme by contributing to the £1.25 billion that we have provided for the construction of 67 new or refurbished schools by March 2018. That is 12 more schools than we originally planned. The additional investment will benefit more than 69,000 pupils.

The committee has rightly recognised that our post-16 reforms are ambitious, and I welcome the particular focus that it has given to colleges. I want to get the position perfectly clear: the priority is that young people have the right learning in the right place to achieve the qualifications and experiences that are needed to secure good jobs.

At the heart of our reform programme is an impetus to better focus post-16 education on the needs of learners and employers, not institutions. Our key policy objectives are to improve life chances, support jobs and growth and ensure the sustainability of the system. I am very encouraged that the first round of college outcome agreements sets out real progress towards those objectives, with key achievements in maintaining student numbers, in mergers and federations, and in regional planning. Colleges are welcoming the changes and are more than ready for the challenge. We are supporting them. Let me underline what I regard as an unshakeable commitment to colleges. This Government's investment in further education since 2007 will exceed £5 billion by 2015—that is 40 per cent more in cash terms than the investment that was made under the previous Administration, which is a massive increase by any measure. Through our budget, funding has risen from last year's planned budget to a total of £546 million. That will ensure that, yet again, the volume of college learning is maintained.

We have listened carefully to the arguments that have been put forward, so our draft budget allocates an additional £17 million to colleges for 2013-14, relative to the spending review proposals of last year, so that, as well as maintaining the volume of learning, student support can continue at record levels.

I am not going to shy away from the fact that, by the end of the spending review period, we will be putting less revenue support into colleges. That has been a difficult decision, but it is the right one. The reforms will deliver more with less. They are

already doing so, which is to the credit of our college leaders.

We are also supporting, through the non-profit-distributing model, the construction of exciting new college buildings in Glasgow, Inverness and Kilmarnock—an investment of some £300 million. We want to ensure that all Scotland's young people get the best chance to fulfil their potential. That is why we will continue to deliver record levels of funding to universities to keep higher education free and to protect places. It is why we are providing £30 million to support the youth employment strategy, with funding for local authorities and the third sector. It is also why we are maintaining our pledge to support 25,000 apprenticeship starts in each year of this session of Parliament as part of our commitment to offer every 16 to 19-year-old a learning or training place. That is, as you know, the first guarantee of its type anywhere in these islands. Already, in colleges all over Scotland, thousands of young people have taken up a place or are in the process of doing so. Moreover, there are still places available in courses that will benefit our economy.

Along with other budgets in Scotland, of course, ours bears the marks of having been savagely cut by the United Kingdom Government. However, we are making every penny count by investing in the future of our young people. I believe that there is nowhere else in the UK that can match our record. We are prioritising spend in the early years; we have a unique school curriculum that is fit for the future; and we have a university sector that is still based on the principle of free education. We also have a college sector that is undergoing radical but well-founded and progressive reforms that will bring benefits for many years to come.

I am happy to take questions.

The Convener: Thank you for that opening statement.

I will begin with a general question on some of the evidence that we have received. It is fair to say that many of us felt that the evidence was somewhat confusing in terms of the transparency of the budget process and the ability of the committee to delve down below the surface figures to get an understanding of what was happening in the budget year on year. Part of the problem is the difference between the academic and the financial years, but there is also a problem that arises from the fact that many of our witnesses—many of them experts in their field—had trouble explaining to us what was happening year on year.

Do you agree that the Government's budget process could be much more transparent?

Michael Russell: There are complex issues around education that need simplified. I would not necessarily say that the evidence that the

Government is putting forward needs to be clarified; I think that that the processes by which funding takes place sometimes need clarified. For example, college funding is a very complex thing. There are roughly 2 million weighted student units of measurement. I would be happy to debate the issue of weighted SUMs with the committee all day, but we would not be any the wiser at the end of it. One of the persistent views that I have heard since I became the Cabinet Secretary for Education and Lifelong Learning is that we must simplify and clarify the process of funding. That has been a constant theme in my discussions with all the sectors that I work with.

I hope that the outcome agreement process for colleges and universities will, year on year, make things in higher and further education much clearer. It will provide a map of what is taking place and a definition of what is being done for the resource provider, and I hope that that will help.

School education is complex, too, because it goes through a middleman—the funding goes to local authorities, which deliver the services. Further clarity on that would be desirable for all of us. Indeed, getting to the bottom of exactly what happens to that money has been a perpetual theme of the committee since it was established.

I am keen that we are as clear as we can be, not just for the exceptionally important process of budget scrutiny, but for the wider process of people understanding what public money pays for in education and how that is delivered.

Liz Smith (Mid Scotland and Fife) (Con): Good morning, cabinet secretary. Notwithstanding your answer to the convener, do you accept that, for Parliament and the committee to scrutinise the budget effectively, we must be clear about what the figures mean, the figures must be transparent and we must be able to compare like for like? Do you accept that that is the budget process?

Michael Russell: I certainly accept that, and that is what I and my officials and colleagues from Government always strive to help the committee to do.

Liz Smith: We have had a considerable amount of evidence put to us that that has not been the case, including from Jeremy Peat, Mark Batho and various college principals. Audit Scotland has claimed that there has been a lack of transparency and that our ability to look at what the real figures are is lacking. The process has been difficult for all of us. Notwithstanding the fact that, as you said, there are obviously complexities to do with the fact that the academic year is not the same as the financial year, the criticism has been made that we have not had sufficient detail about level 4 statistics. Why have you not been in a position to give us those details?

Michael Russell: We have given you—and continue to give you—substantial amounts of information. I am open to discussion with you in your role as the Conservative Party's spokesperson on education on any of the detail that you wish to discuss, as well as with the committee and individuals who are interested in education. Indeed, I want to ensure that there is a transparent understanding.

One of the problems is that sometimes figures are misrepresented—sometimes by Opposition spokespeople—as being things that they are not. It is important that everybody understands the relationship between the funding that is provided and what takes place, which is why the outcome agreement process is a major step forward. I will use colleges as an example because most of the debate has been about that area. If the outcome agreements, which are being published, are allied to the budget figures, to a simpler system of funding colleges—which I am keen to put in place and which is, indeed, in the process of being put in place—and to a simpler college structure, the possibility exists for much clearer understanding.

The Audit Scotland report is helpful. I accept the argument that it puts about the need for a strategic view. Where it is possible for us to provide further information that helps the debate, we will always do so. An example is the letter that the committee has had that clarifies some of the figures that you have asked about. I am entirely open to clarifying those, too.

Liz Smith: We would not expect to have to ask for that clarification. There are other areas of the Scottish Government's budget in which the level 4 figures are available.

Michael Russell: I think that we have provided everything that has been asked for and, if more is asked for, we will consider providing that in the most helpful way. Sometimes people who say that they have not been given the information are really saying that they do not like the information that is available. The information is here, it is being provided and I am open to discussing it. If you want to ask in detail about any of the figures listed, we will answer.

Liz Smith: I will come back to that in a minute, but the point that I am making is important. The level 4 figures that we have not had are important to—dare I say it—the Scottish Government's cause of explaining what the overarching strategy is and how it expects the figures to be disseminated. We have not had that information and Audit Scotland has criticised you for that.

Michael Russell: No, I do not think that it has. Level 4 figures have been provided to you.

Liz Smith: Forgive me for saying so, but I do not think that we have those figures. Mark Batho

said in evidence that he was unaware of the funding transfer from the Scottish Further and Higher Education Funding Council to Skills Development Scotland and of the money that was going to be ring fenced. He heard that only when he attended a Scotland's Colleges meeting.

09:15

Michael Russell: I am happy to look at what Mark Batho said and to clarify it if necessary.

Liz Smith: I have it here.

Michael Russell: Well, you will have to put it to me. We have made level 4 figures available to the committee, and I am open to questions on them. I suggest that it might be productive to question the budget line by line or item by item instead of complaining about things that you say do not exist which I believe do exist.

Liz Smith: Finally, do you accept the comment in the Audit Scotland report that

"Scottish Government revenue grant support to colleges is likely to fall from £545 million in 2011/12 to £471 million in 2014/15. This represents a reduction of 24 per cent in real terms"?

Is that correct?

Michael Russell: Now that we are talking about a substantive figure, I am happy to clarify it. First of all, I must point out that this is a complex process and I am sorry to say that it is impossible to talk about figures without going into some detail. The complexity is part of the process.

Additional investment has been made in the spending review period so far. Audit Scotland is rightly quoting the spending review figures, but not the additional £67.5 million that has gone into the college system so far. We are coming into the second year of a three-year spending review period. Obviously, I can make no commitment for the final year, but I note, for example, that the budget for colleges in the coming year will be £511 million, not the figure originally proposed in the spending review. Additional sums have been added in.

This is not news. I think that I told the committee about this last year and have said it repeatedly when questioned on it. Since I became a minister, there have been in-year adjustments to college figures because we are involved in a complex and detailed series of reforms and have to debate and discuss what is required. For example, the £15 million transformation fund and the £17 million that was added in for student support and places in the budget under debate are not covered in the figures that you refer to. The Audit Scotland report is accurate with regard to the published spending review figures but not with regard to the actual figures for spend.

Liz Smith: So if you are disagreeing with the comment that the budget will reduce by 24 per cent—

Michael Russell: No, I am not disagreeing. I am simply explaining that there are circumstances that add information that is necessary to understand. Not everything is a straight line. There are things that change during a year; I have just told you that £67.5 million was or is being added in.

Liz Smith: I think that in your first response to me you suggested that you did not agree with that 24 per cent figure.

Michael Russell: If that is what I suggested, I am sorry that you took that interpretation. I make it absolutely clear—after all, you asked for clarity—that £67.5 million is being added in in the first two years of the spending review period. Although the figure that you mention reflects what is in the published spending review, it does not reflect the actuality of expenditure. I think that that is very clear.

The Convener: This is your final question, Ms Smith.

Liz Smith: Is the statement on page 3 of the Audit Scotland report correct?

Michael Russell: The figure reflects the published spending review figures. It does not reflect the £67.5 million that has been added in. Indeed, we can quantify that £67.5 million detail by detail. I am sure that Andrew Scott will keep me right on this, but £17 million has been added in this year for student places and support and £15 million has been added in for the transformation fund. Is that right, Andrew?

Andrew Scott (Scottish Government): Yes.

Michael Russell: And the rest?

Andrew Scott: There is £6 million for college places this year and £11 million for student support. That makes £17 million.

Michael Russell: I think that in the letter that we sent the committee we make it clear what the figures say. It is important to understand the issue's complexity.

Andrew Scott: The additions are in the second and third tables in the letter.

Neil Findlay (Lothian) (Lab): I am sure that you can understand why many people who have come before the committee have come up with figures that are different from yours. Surely there is a serious problem in our accountability to the people who elect us to Parliament if we and indeed the expert witnesses who give evidence to the committee cannot explain the budget for our colleges.

Michael Russell: No. There would be a problem if I sat here unable to answer that question. I have just answered that question for Liz Smith and I am now answering it for you. The spending review that has been published says that college budgets will go from this figure to that figure to another figure.

As a result of our listening to the colleges, and as a result of the political debate—I have even heard members of the committee claim that it is as a result of pressure from them—money has been added. I would have thought that it would be a matter of satisfaction that we are listening, not a matter for complaint. We are endeavouring to be open and transparent, but we can always improve—it is helpful for the Auditor General for Scotland report to make that point. We are being open and transparent—here are the level 4 figures, which you know about. That is all part of the transparency and scrutiny of Government.

Neil Findlay: To date, we have had evidence from Audit Scotland, and I have listened to what you have said. We have also heard from the Educational Institute of Scotland, the University and College Union, Unison, Professor Peat, Professor Gallacher and the former chair of Reid Kerr College, and they have all disputed what you are saying, but they are all wrong and you are correct.

Michael Russell: No. I have heard you take that tack before, Mr Findlay, and that is not what I am saying at all.

Neil Findlay: And I have heard you take that tack before.

Michael Russell: Indeed, so let us try and throw some light on the issue. We have published a set of figures in the spending review, which is what is expected. The college sector has been the subject of a considerable amount of debate and discussion, so we have listened to the arguments and, even though we are in very tough financial times, suffering a series of cuts that were started by the Labour Party and are being pursued by the Liberals and Tories, we have been able to find some necessary resource to meet demand. The £15 million transformation fund is an important part of that.

Within that overall context, the process of change in colleges will save money. The conservative estimate from the Scottish funding council is £50 million. We are therefore making progress in making the sector fit for purpose. That is part of an open and transparent process of change.

Neil Findlay: Your assertion is that the regionalisation process will make considerable savings, but Audit Scotland says that the benefits

and costs remain unclear. Do you agree with that, or is Audit Scotland wrong about that also?

Michael Russell: No, it is not a case of “also” because, as I have indicated, Audit Scotland is not wrong in other ways. Please do not misquote me.

The Scottish funding council—not me—has indicated an estimate of £50 million savings. I am pleased with that, because it is what we are trying to do. The Auditor General and Audit Scotland are saying that we need to continue to be clear as those benefits emerge.

The benefits of a merger are estimated when the merger starts and work is done to ensure that those benefits emerge. The work that was done to merge the Glasgow colleges into the City of Glasgow College produced more savings and efficiencies than were expected. Remember that the purpose of the process is to focus on outcomes for young people, and they will be better.

Neil Findlay: You complained about cuts from Westminster, but previously—I am not misquoting you here—you were the person who said that the Barnett formula from Westminster was “killing us with kindness”. Surely you now approve of the cuts.

Michael Russell: I am delighted that you study everything that I write so closely. I think that I shall send you everything else that I have written as a gift.

I refer you to page 14 of the book in question. I wish that I had brought it with me so that I could have read it into the record. Page 14 gives you the perfect answer to that point and to all the other points that you have raised, because it describes what the book is, how it is a debate between individuals, and how neither individual necessarily accepted everything in the book. I am pleased that you are adding so much to my sales. You are a great advocate of the written word.

Neil Findlay: I was delighted to buy it for 16p.

Michael Russell: Indeed. It just shows that knowledge does not come cheap.

Liam McArthur (Orkney Islands) (LD): On the point about transparency, it is interesting that the concerns about the complexity of the funding appear to have arisen to a far greater extent this year than they did last year. As you will recall, specific concerns were raised last year and there was some success in moving you in a direction to which you appeared to be slightly resistant. Nevertheless, the issue of transparency has certainly been brought up more in the evidence that we have received this year. Whatever the reason for that is, I am simply making the observation.

Do you agree that the situation is not helped by what Professor Gallacher called “biscuit tin funding”, which means an increasing number of small pots of funding for specific initiatives? I think that it was the principal of Borders College who expressed concern about the quality that that approach is delivering. She did not have a great deal of confidence that it is delivering the right type of course in the right way and at the right time. Are you making a difficult situation worse with that approach?

Michael Russell: No, and I do not think that there is that approach. A necessary process of change is taking place in the funding structure. Change is never easy. In a sector such as the college sector, which almost every commentator accepts was ripe for change and reform, the process of change can be difficult. I do not accept that that is the approach that is going on.

If there is any dubiety this year, it may be because we are at a crucial point in the process of change. There are things that are changing bit by bit. It will be a lot clearer next year. I am very keen that people understand what is taking place, with as much clarity as possible. That is why these figures are here. It is why I am happy to talk to individual members or the committee collectively. It is why I am happy to give Opposition spokespeople and others access to our officials. It is why I spend a great deal of my time with the college sector, talking to it about what is taking place. It is why I listen to the sector’s concerns and, if possible, make changes. It is why I listen keenly to Mr McArthur and others and try to change what we are doing, if we can, and where there is the possibility of making things better or easier.

The in-year changes that we made last year were difficult to implement, particularly when it came to finding resource for them, given the effect of the spending cuts by the Liberals and Tories south of the border. Even then, though, we managed to find some money to make it better.

I do not deny that college funding is a complex subject. When I became minister, I asked somebody I knew quite well, who was a college finance director, to explain the system of weighted SUMs to me. I must admit that it took a long time for the penny to drop. It is a complex way of funding anything, which is why I want to change it. It is changing, over a period, but within that context, I would like to provide as much information as I can.

The Convener: Moving on from transparency, Neil Bibby.

Neil Bibby (West Scotland) (Lab): Cabinet secretary, I was pleased to hear you say that you were happy to clarify various issues and provide

as much information as you can. Will you confirm whether there been a head count reduction of 1,300 staff in colleges in the past year alone?

Michael Russell: I would have to look at the figures as published. There has certainly been a head count reduction. I hope that, where it has been required, it has been achieved without any compulsory redundancies. However, my ability to direct colleges in that regard does not exist because it was removed by Allan Wilson when he was the education minister.

Neil Bibby: Can any of your officials answer the question about the 1,300 staff?

Michael Russell: I will ask Andrew Scott. If you provide the figures to me and they indicate that there has been a head count reduction of 1,300, I am happy to see whether they are true. I am certainly prepared to say that there has been a reduction in staffing, which I hope has been carried out in a way that has led to no compulsory redundancies.

Neil Bibby: All the evidence points to a reduction in staffing. We look forward to getting more information confirming the exact extent of that.

According to Scotland's Colleges, there has been a reduction of 70,000 in student numbers. Can you confirm that?

Michael Russell: No, that is a misunderstanding of the figures.

Neil Bibby: Is the student head count down by 70,000?

Michael Russell: That is a misunderstanding of the figures. The full-time equivalent has remained—

Neil Bibby: I am asking about a reduction of 70,000 in the student head count. Is that right?

Michael Russell: There are 2.1 million weighted SUMs.

Neil Bibby: I am asking about student head count.

The Convener: I will let the cabinet secretary answer, and then you can come back in.

Michael Russell: There is a full-time equivalent of 116,000. The head count varies from year to year because of changes in the number of full-time as opposed to part-time places and the number of short courses as opposed to longer courses. We are trying hard to ensure that the full-time equivalent remains the same.

We are also working hard on the opportunities for all offer, which means that no young person will go without an offer of training, education or a job, and working hard to ensure that the number of

modern apprenticeships remains high, with 25,000 a year for the current session of Parliament. We exceeded that last year.

The number of opportunities for young people is higher than ever. Of course there will be a variation if you move between different types of full and part-time courses, but to present it in that way is not to represent the reality of what is being delivered.

09:30

Neil Bibby: So Scotland's Colleges is not representing the reality of what is being delivered.

Michael Russell: No, I believe that the best way in which to present this is as full-time equivalents, and that is what we do. We work closely with Scotland's Colleges, which itself had to alter the figure that it had submitted to the committee. That indicates the difficulty of calculating the figures.

One problem that exists in the sector—in the light of the questioning so far, it is interesting to reflect on this point—concerns the availability of good, reliable, firm data. That is also why the outcome agreements are important, because they tie colleges down to good, concrete data that is verifiable year on year. I think that that is an important step forward.

Neil Bibby: We have seen a reduction in the number of staff and a reduction in the student head count, and we have also seen reports of 10,000 people being on waiting lists for college places.

You are shaking your head.

Michael Russell: That is simply not true. I can see your thesis, and you are entitled to it. However, it is based on your wish to make a political point. I do not think that it presents the reality of the situation and it certainly does nothing to help Scotland's young people. Now, you are entitled to your thesis—you are a politician. However, from time to time, we should all step back and say, "How are we helping young people?" We are creating a college sector that is more fit for purpose and which is focused on outcomes and on individuals.

Sometimes, those who want to present their point need to pause for a moment and decide what they are defending. They are defending a college system that was established by Michael Forsyth and one that allows and indeed insists on regional pay bargaining—something that you are apparently against. It is a system that has not allowed young people to be the focus of concerns and has allowed the continuation of some essentially static management. You are defending something that is pretty hard to defend. That is

perhaps what you would like to do, but it is not what we need in Scotland.

The Convener: Very quickly please, Neil.

Neil Bibby: The points that I made about staff numbers were raised by the Educational Institute of Scotland and the points that I made about student numbers were raised by Scotland's Colleges. I am raising concerns on behalf of people who have given evidence to the committee.

My question was about waiting lists for college places. You said that what I described is not the case. Are you saying that there have been no waiting lists for college places?

Michael Russell: You have to know something about the college system before you would make that assertion. There will always be people who apply for more than one course and people who do not get on to the course that they first wanted to get on. There is never any guarantee in any part of education that people will always get what they want as their first choice. To be fair, Mr Bibby, you are endeavouring to put a series of worst possible constructions on the situation instead of being in favour of progressive change. That is your choice.

George Adam (Paisley) (SNP): I am already on the record as saying that I found the figures from Scotland's Colleges faulty, and I have some concerns about the rest of the paperwork as well, because it built its argument on those figures. Mr Bibby seems to be making it up as he goes along. As you rightly said, cabinet secretary, Labour is trying to defend some kind of Thatcherite ideal, although that is not surprising, right enough.

The EIS made a quite bizarre argument at one point, which Mr Bibby has brought up as well. It talked about pay for lecturers and more investment in lecturers, but we end up with a strange situation. If we make student numbers the most important thing, as the Government has rightly done, but we do not have the students in colleges, there is no point in having the colleges or further education in the first place.

What I am more interested in—it is the most important thing to me, and I think that it sometimes gets bogged down in the politics—is the vision thing. The FE college system is not working as well as it could be. I am interested in the vision that young people should be able to access opportunities when they are between 16 and 19. That is better than having people who are classed as hard to get to waiting until they are 30 or 40 before they take up the opportunities. Can you outline your vision and tell us exactly how we can go forward?

Michael Russell: That is an important point, and I will expand on it. Until last year, the college sector had something like 41 or 42 colleges that

were duplicating everything. There were, I think, 43 sets of terms and conditions for staff, because one previous merger had kept two sets of terms and conditions. There was a balkanisation of staff relationships and terms and conditions, and there was the duplication in every college of the mechanism to support that. The colleges had been set up under a Thatcherite model that was designed to make them compete with each other. They were competing with each other even down to the most basic set of courses.

We had to get a strategic view for Scotland's learners and young people and we needed to ensure that that learning was delivered as effectively and efficiently as possible. It is defending the indefensible to defend what was taking place.

The process of change has not been easy, and it is made harder by the cuts that are coming from the Liberal Democrats and the Tories, which were, of course, originally devised by Labour. However, in that period of time, we have been able to move the situation forward.

I pay tribute to college leaders, to people who work in colleges and to students, who have backed and supported a series of changes so that we can get the system to work well for Scotland's learners. The point that you make is crucial, Mr Adam. The issue is about Scotland's young people and Scotland's employers and the opportunities for young people to go into work. We are not saying that some people are so distant from the labour market that they cannot be helped and encouraged.

John Wheatley College—which Clare Adamson knows well—is one of the most inspirational colleges in Scotland, and I talk about it quite often. A lot of the young people that it deals with are very distant from the labour market, but Alan Sherry and his team in the college draw everyone in so that they get an opportunity.

As committee members know, one thing that I am moving on to is a consideration of the pedagogy, including the intellectual justification for and the rigour of vocational and further education in Scotland. I want to ensure that employers and educationalists are focused on the distinctive Scottish model but, to do that, we need a mechanism to deliver it. The mechanism that we are putting in place will deliver the benefits of curriculum for excellence and feed into the benefits of Scottish higher education. Education is a continuum, and we are putting in place an excellent part of it.

Liam McArthur: As I recall, last year, the principal of John Wheatley College told the committee of his grave concerns about the impact of the Government's proposals, particularly on

regionalisation and the impact that that would have on the cohort of students that the college deals with so well.

You talked about delivering more for less, but Neil Bibby has referred to potential reductions in student numbers and staff. The National Union of Students Scotland wrote to me last week to say that it is still worried about the consequences of the £34 million cut that the budget proposes to colleges, particularly in terms of the quality of provision for students and crucial support services, such as guidance, careers advice, counselling and so on. I think that you will recall that theme from last year's evidence-taking session. What reassurances can you offer that, in delivering more for less, the quality of the courses will not be pared back?

Michael Russell: On the point about John Wheatley College, I have spent a lot of time talking to and working with a range of college people in the past year, including Alan Sherry, the principal of John Wheatley College. I hope that I have reassured him that the changes will be beneficial for his students and that we think that he and his predecessors have done excellent work in the east end of Glasgow.

Last week, I spent some time discussing with the NUS the very point that you mention. We will do everything that we possibly can to mitigate the cuts that have been imposed on us by the Liberal Democrats and the Tories, which we must not forget were originated by Labour. Unfortunately, in the public sector, it is necessary to do more for less, but I am confident that the college sector is doing that. Of course, I will always look for opportunities to help students where I can.

Liam McArthur: It is interesting that the narrative is about this being the result of cuts. The choices that the Scottish Government has made and the decisions that it chose not to take in order to free up resource have been conveniently parked at the side.

On the regionalisation agenda, we have a Scottish Parliament information centre briefing on the current status. It outlines two federations and seven mergers. In exchanges with me in the chamber, you indicated that it is not a one-size-fits-all approach and that you are looking to use the transformation fund to support different types of models depending on circumstances. Will you update the committee with a breakdown of the amount of the £15 million transformation fund that has been expended on delivering the seven mergers and two federations?

Michael Russell: I will be happy to write to Liam McArthur with a full account of the fund. It is still being spent and things are still going on.

We have only had two complete mergers so far: Edinburgh and SRUC—Scotland's Rural University College—both of which took place in the first week of this month. The situation is fluid. For example, one federation may turn into a merger, and discussions are taking place. In Tayside, where there was no movement for a long time, it has been decided to merge Angus and Dundee colleges. However, rather than go through what would be a partial story, I will write to Liam McArthur, and copy in the committee, with all the fund's transactions.

One of the interesting points in the Auditor General's report is that the state of college reserves is very high indeed, so we expect colleges to contribute to the merger process, which they are doing. The Edinburgh merger resulted, I think, in 40 per cent of the costs being met from the reserves of the colleges involved. I will give you a detailed account of the expenditure, which we can update from time to time.

Liam McArthur: I appreciate that it is difficult to set out now.

Audit Scotland made the point that

"complex change on this scale will inevitably lead to some disruption during the transition period. Further work is required to identify and articulate the costs and benefits of regionalisation".

I do not think that that necessarily caught anybody by surprise, but what was perhaps surprising was Mark Batho's suggestion that the savings released through the merger processes would be released in a timeframe that allows them to be reinvested to mitigate some of the cuts that we have been discussing. What sort of timeframe do you envisage? Do you agree with Mark Batho or with the colleges, which certainly question that?

Michael Russell: We anticipate a saving of £50 million for 2014-15, which is, we believe, a conservative estimate—*[Interruption.]* I have been corrected: we anticipate a saving of £52 million for 2014-15. That is the SFC estimate and I respect the SFC's work on the issue, as it is close to the college sector. We will see as things move on.

Liam McArthur: Colleges are close to the Scottish college sector.

Michael Russell: Colleges will see their own individual pictures but not the bigger picture.

The Convener: We are trying to get through quite a lot of stuff this morning. I want to move on, if at all possible, but I will quickly take questions from Mr Findlay, Liz Smith and Clare Adamson on this subject before we move on to outcome agreements.

Neil Findlay: I notice that when Michael Russell refers to another party or Government he refers to "cuts" but when he refers to his own it is "savings".

That is just something that I have noted in his dialogue.

It appears that we are living in two parallel worlds. In the cabinet secretary's world, cuts are being exaggerated, waiting lists are being exaggerated, job losses are being exaggerated and staff relations are improving. In the real world, 70,000 places have been cut, capital has been cut by £82 million and 13,000 staff have lost their jobs. Is all that wrong?

Michael Russell: Mr Findlay, you argue that case every time you stand up in the chamber. I do not think that your world is the real world. I think that your world is the world that you would like to exist, because if it did it would justify the attitudes that you take.

The reality is that a difficult process of change is under way. The change is progressive and is driven by financial circumstances coming from Westminster. It is also driven by a desire to deliver more and better for Scotland's young people, which is an aspiration that I would have thought we could share across the committee. Therefore, I am expressing to you what I think are the facts of the matter.

I have indicated to you that I take the Audit Scotland report very seriously and, yes, it is important that we are transparent. I have indicated to you—indeed, the evidence is there—that we listen carefully to concerns and that, where it is possible, we meet those concerns with, for example, additional resource. We did that last year and we have done that this year. When we do so, you attack us for confusing people. I am trying very hard to represent what I think is the reality of the situation, but clearly our worlds are not coinciding.

09:45

Neil Findlay: I think that you are absolutely right—and I know which world I am living in.

The letter from Scotland's Colleges tells us that student numbers have fallen by 70,000. The SPICe briefing tells us that

“Capital funding for colleges has fallen from a peak of £109m in financial year 2010/11”

and that

“This is likely to provide around £27m for colleges”

in the 2013 allocation. Both the EIS and SPICe have told us that 1,300 staff have lost their jobs. You are saying that they are all wrong and that the picture that you are painting is correct.

Michael Russell: No.

Neil Findlay: That is what you are telling us.

Michael Russell: No, that is not what I have said—indeed, I have been at pains not to say that. I have gone through each of those items and explained what I think they mean, and I will do it again. I note, for example, that we have switched to NPD for some capital funding and that, as a result, capital funding is very high. However, if you look at it in only one way, you will get a different figure.

After many years in politics, Mr Findlay, I am a realist. I do not think that you and I are going to agree on this. I think that we are trying to improve the lot of Scotland's young people, help them greatly and ensure that we train them, and the outcomes of all that will be clear. Indeed, I think that those outcomes are already clear; I am only sorry that you will not accept that.

Liz Smith: It is your job to decide on the priorities in your budget, whatever that budget might be. In light of your commitment to 16 to 19-year-olds and given that we are in the middle of a very deep recession, can you explain your rationale behind cutting the teaching budget by a greater proportion than other aspects of the college budget?

Michael Russell: The recession and financial difficulties, which were manufactured, with Liberal support, by George Osborne's overcutting and indeed by the Westminster system itself—which, fortunately, we will have an opportunity to get out of in two years' time—are hard to deal with and we have to make decisions within them. The overall decision on colleges is the right one. As teaching budgets form a substantial part of that, they will obviously be part of the cutting process. However, I want to go through the colleges budget line by line to show how the reductions are being handled college by college and the different choices that people are making.

Clare Adamson (Central Scotland) (SNP): Thank you for reminding us of the set-up under Michael Forsyth that established the current college areas and which over the years has led to considerable accountability problems and industrial unrest in the sector. Let us not forget those problems.

The Audit Scotland report has highlighted surpluses of more than £200 million in the sector and reserves in some colleges. Of course, the situation will vary depending on how things have been managed; indeed, there is considerable variance in that respect. How might the college sector use those moneys at this stage?

Michael Russell: It is only fair to point out that in some circumstances reserves are working capital that is necessary for the complex day-to-day operation of colleges. After all, colleges are often complex institutions where lots of different

things happen. However, the reserves in question have been established with public expenditure—we need to remember that the largest proportion of the income in most colleges comes from the state—and we will need to talk about that and think about the best way of applying them to the sector, particularly in times of change.

I talk to college principals, chairs and others all the time and, to be fair, I must point out that college principals recognise that their surpluses should be invested in the process of change. Indeed, as I have indicated, 40 per cent of the cost of the Edinburgh College merger will be met from the reserves of the colleges involved, and I expect that reserves will be used substantially to support the meeting of the costs of merger and federation across Scotland.

Of course, there is other investment. Colleges often build up and put in a proportion of reserves as capital for substantial capital investment. We faced a huge job in renewing the college estate. The world as it is for colleges is actually very different from what it looks like from planet Findlay. There are new buildings everywhere. Clare Adamson knows John Wheatley College, and any member who goes to new colleges in their constituency or region will see new investment. Fortunately, that investment was made before the huge cut in capital investment that came from south of the border, but some capital plans have still to be fulfilled and some of the reserves will be spent on them.

The Convener: The Audit Scotland report was pretty clear. Between cash in hand and reserves, we are talking about around £411 million, which seems to me to be quite a high amount. Historically, is that amount higher than usual?

Michael Russell: The figure has certainly grown in recent years, but that is not news, of course. The Griggs report on college governance drew attention to the issue of reserves and proposed a mechanism by which they could be clawed back. Given the process of change and the need to invest in change, I take the view that colleges themselves should be encouraged to invest, so I have made no proposals to claw back reserves.

There is an issue that needs to be discussed: those reserves have grown in recent years, and they come from public money. Now is the time for investment, and I am glad that colleges see things in the same way. To be honest, I have had no difficulty in the discussion on that with college chairs and principals, who recognise that investing in the process of change is, above all, investing in Scotland's young people. It is not about institutions. Indeed, one way by which we are moving forward and away from the negative, Thatcherite, Labour-supported view of colleges is

by looking at them as institutions that serve young people and not as institutions that look after themselves.

The Convener: We will move on to outcome agreements, about which Clare Adamson has a question.

Clare Adamson: You mentioned outcome agreements in your opening statement, cabinet secretary. Obviously, they are to be welcomed in both the higher and further education sectors. Can we have a bit of reassurance that they are fit for purpose, that they will be used to hold colleges to account, and that you are confident that they are the mechanism to monitor what is happening?

Michael Russell: We have had a very good first outing on outcome agreements in both higher and further education. It is important that we bring that in. The process was new and the time was bound to be testing. It also came at a slightly awkward time of the year. The right time to do outcome agreements is now, as we look forward to the next year, rather than the spring and summer, which is when we did them this year. That was a bit later than they should have been done, but I think that everybody benefited from the experience.

It is interesting that, in higher education, there was probably more reservation about whether outcome agreements would work and there has been a greater sense that they have worked well. They have not been bureaucratic. In the college sector, they have had a good first run out. An independent review of the outcome agreements has just been finished, and we have learned a lot about how we can take them forward. I think that they will be a very valuable tool.

The outcome agreements will also simplify relationships. In the past, there was a variety of mechanisms, one of which was a strategic examination of colleges every year. The SFC chose a number of them, and things were done in that way. That will not be necessary. If we have an inspection process under Her Majesty's Inspectorate of Education and the outcome agreements, we will have very solid data and information that will allow us to understand how things are being done. That will be available on an annual basis. I think that that is very positive and that the colleges have found the approach to be positive.

The approach is transparent. On the concerns that not enough information is provided, we are talking about much more information about how colleges and universities are operating than we have ever had.

The approach also ties us to some progress. There have not been any questions about this, but I should mention widening access, particularly in

higher education. Outcome agreements will be the vehicle by which we can confirm that.

Liam McArthur: In the guidance letter that you issued, there is talk of additional investment for incentivising the widening of access. You might not be able to set out the detail of how you expect that to work now.

Michael Russell: I expect that the access agreement issue will be enshrined through the outcome agreement process in the forthcoming legislation that the committee will consider, and that part of the approach will be incentivisation—carrots and sticks. We need both carrots and sticks to widen access, and that is what we will provide. For the first time anywhere in these islands, we will have legislation that underpins how we want to expand access. As you know, that is done institution by institution; there is not a one-size-fits-all approach.

On Saturday, I was at a meeting on the fringe of the Scottish National Party conference that was organised by Universities Scotland. We heard two inspirational students from the University of St Andrews—a university of which there has been some criticism. One of them left school at 16 and went back into education at 25 to study social anthropology. The other, who was from a single-parent family, went to high school in Kirkcaldy, was encouraged to aspire to go to the University of St Andrews and is now studying psychology or sociology there. Both those young people talked about how the possibility of access changed their lives. We need to do more of that.

Liam McArthur: I certainly agree.

The FE sector has a vital role in delivering a significant amount of HE. Can you suggest anything for the outcome agreements or the budget that would even up the amounts that colleges and universities are paid for delivering HE?

Michael Russell: I know that that point has been raised at the committee. It is an interesting one.

There are some substantial differences in delivery and the cost of delivery. One of them lies in the slightly crude information that is provided for the average cost of a first-year or second-year student, particularly a first-year student. In universities, those figures are averaged across a whole course, which is four years or sometimes more; in the college sector, they are averaged year on year. Therefore, although it looks as if colleges are cheaper than universities, universities are adding in certain costs that colleges just do not have.

It is useful for the university sector to recognise that, sometimes, colleges can deliver high-quality

higher education more cheaply. I hope that that point focuses some minds, and I am very willing to have a discussion on the issue. However, parity of esteem in delivery does not always equate to parity of payment for that delivery, because the university sector bears other costs. For example, all our universities are also research universities. We should remember that.

Liam McArthur: That would tend to suggest a levelling down rather than a levelling up.

Michael Russell: No. It is important that both sides—particularly universities—recognise that there are many different ways of delivering higher education, and I would not insist on any one way of delivering it. I am saying that not all costs are comparable, but it is a useful discussion to have. The NUS was right to raise the matter.

The Convener: We have only a few minutes left, but I want to turn to questions on how education fits into the Government's overarching purpose.

Neil Bibby: Scotland's Colleges, the EIS, Unison, the NUS and others have stated that your cuts to colleges could put economic recovery at risk, cabinet secretary. Are they all wrong?

Michael Russell: You and your colleague Mr Findlay want to present an amazing dichotomy all the time. Those bodies are saying that we need to invest in our young people, ensure that we are focused on providing them with skills and ensure that they get opportunities to grow and to flourish. I believe that what we are doing will have those outcomes.

In any change, there will be difficulties and disagreements. However, I believe—as does the Cabinet, which considers reforms—that the reforms are focused on the Government's purpose and will help to contribute to it.

Joan McAlpine (South Scotland) (SNP): Cabinet secretary, you talked earlier about changing the focus so that it is on learners and employers, not institutions. We took some evidence from the Federation of Small Businesses, which said that only 10 per cent of its members had been contacted by colleges. How might the change of culture that you hope to drive change that for the better?

Michael Russell: The regional focus is an important part of that. The legislation will require the regional boards to ensure that they are plugged into, and working with, a range of organisations and interests across their regions. I hope that if colleges take the regional and strategic view instead of being locked in competition—one college with another, sometimes almost in the next street—there will be a big increase in that interface with business. Indeed, I

hope that business, industry and small business will all be part of the work that we will do on the Scottish vocational model over the next year, so that they see the change taking place and so that it delivers what they need.

We can do better. Some of the debate that the committee and others have had about the skills in the oil and gas sector has shown that we need to focus ever more closely on the relationship between training and employment and training and economic opportunity, and to draw in young people who can be part of that no matter how distant they might be from the labour market. I am talking about older people, too, because there is still substantial provision for the reskilling of older people. Business and industry have a strong role in helping with that.

10:00

Joan McAlpine: Would that also underpin the transfer of money to Skills Development Scotland for providing courses in colleges?

Michael Russell: We should see SDS, the college sector and others as part of the whole. One problem with the college sector has been that a lump of money was given to the college sector and a lump of money was given to SDS but there has been no co-ordination of activity. Last year, we started on the process of funding a number of college places through SDS and the SDS model rather than funding them in another way. That has been helpful. Similarly, the modern apprentices are all employed, which is important for Scotland, but they also all have training opportunities, an approach which plugs things together.

When looking at the college sector, one mistake that is often made—and, to be honest, we have heard it again this morning—is to see the college sector as a box and say that young people go in one end and come out the other end of a system that is discrete from all the other parts of the education system. We must see a learner journey or a skills continuum that has a range of players who are focused on the young person or the trainee, not on the institutions. The institutional view, which Michael Forsyth established, is one that Scotland can now do without.

Joan McAlpine: I have one factual point, if I may, convener.

The Convener: As long as it is very quick.

Joan McAlpine: Other members of the committee talked earlier about falling student numbers, and the figure of 70,000 was mentioned. Would those student numbers include someone like me taking a course in flower arranging for an hour a week?

Michael Russell: I am having slight difficulty with the concept of you as a demon flower arranger but, yes, that is broadly one of the issues. It is an extreme, but there is a range of legitimate opportunities at colleges, and they are taken up in this catch-all figure. People need to understand the sector to see that, and perhaps they can then react to the figures in a different way.

Colin Beattie (Midlothian North and Musselburgh) (SNP): In recent times, innovation centres have come into vogue and I have had the opportunity to visit several of them. They seem to have slightly different models and anticipated outcomes. Are there any measurements or projections of how those innovation centres will impact on graduate employability, entrepreneurship and, ultimately, the labour market?

Michael Russell: As you know, the process of establishing innovation centres draws in money from a variety of funders. The question is a good one, and I suspect that the funders will be involved in assessing the centres, although I would want to find that out for definite.

The people who operate innovation centres and use different models are learning from their experiences. I also expect them to report on the process, but the funding council and Scottish Enterprise also have a role in ensuring that the innovation centres are providing the anticipated outcomes.

That was a good question, but I need to look at it in some detail, so I will write to you.

The Convener: Thank you, cabinet secretary. That is the end of the evidence session but obviously we did not have enough time to cover some of the questions that we would have liked to ask. If you do not mind, I will write to you with some more detailed questions, and I ask your officials to ensure that they reply to the committee by 30 October, given the committee's deadlines.

Michael Russell: Absolutely. I am grateful for the opportunity to talk exclusively about colleges, but many other things are happening and it is important to look at them, too.

The Convener: Thank you.

10:04

Meeting suspended.

10:05

On resuming—

The Convener: I welcome to the committee Fiona Hyslop MSP, the Cabinet Secretary for Culture and External Affairs—good morning,

cabinet secretary. I also welcome from the Scottish Government Wendy Wilkinson, deputy director, culture division, and David Seers, team leader, cultural excellence; and from Historic Scotland, Myriam Madden, director of finance.

In addition to taking evidence on the draft budget, the committee will follow up on issues raised during the one-off evidence sessions on culture that we held during September—for example, on cultural trusts, Creative Scotland and the youth music initiative. As I am sure the cabinet secretary is aware, the committee also took evidence on charges for school music tuition. We will follow up that issue with you at a later date because we understand that the Scottish Government is assessing its survey of local authorities' policy in that area. Is that correct?

The Cabinet Secretary for Culture and External Affairs (Fiona Hyslop): The education department is. The youth music initiative is not about school tuition in terms of one-to-one—

The Convener: No, no—I am separating the two out.

Again, I am keen to get through as much as possible in the time that we have available this morning. The cabinet secretary has to leave us by around 10.45, so if members' questions—and the answers—were succinct, that would be helpful.

I invite the cabinet secretary to make an opening statement.

Fiona Hyslop: I will be brief, convener, because I know that you want to move on to questions.

As the committee will be aware, the 2013-14 draft budget confirms the spending plans for the portfolio that were previously set out in the 2011 spending review. The Government is continuing to support artists, cultural opportunities and cultural excellence through investment in Creative Scotland, the national performing companies and the national collections. I have protected their operating budgets as far as possible.

Our cultural sector continues to support economic growth through the creative industries and opportunities for cultural tourism, while access to high-quality cultural events and opportunities enhances our communities' quality of life and supports artists in their work.

The national performing companies and the national collections will receive minor reductions in core funding, but those were planned for in the 2011 spending review and the bodies have had time to plan to accommodate them. We are also continuing to invest in skills through the young Scot fund, providing £12.5 million in 2013-14 for investment across portfolios in emerging young talent in creativity, enterprise and sport.

On capital, the key difference between the draft budget for 2013-14 and the 2011 spending review is the additional capital budget that I have been able to secure for the portfolio. In line with the Scottish Government's commitment to support economic recovery and create more jobs, capital investment for the cultural and external affairs portfolio is increasing to £17 million in the next financial year, which almost doubles what we set out in the 2011 spending review. It includes an additional £1 million for Historic Scotland to help with the maintenance of its extensive estate, as well as confirmation of funding that was already committed to the Victoria and Albert at Dundee, the redevelopment of the Glasgow Theatre Royal and the Glasgow royal concert hall, the battle of Bannockburn visitor centre and shovel-ready maintenance and refurbishment projects across my portfolio.

It remains the case, however, that as a consequence of the reductions in my budget that were made in the 2011 spending review, the Scottish Government will be unable to respond to additional requests for funding received throughout the year. I am again challenging the bodies that we fund to develop creative, innovative and collaborative solutions to the funding pressures that we all face.

I know that the committee has had a particular interest in carbon emissions, and I replied to the committee's letter of 5 October on that issue.

I hope that my overview has given the committee the context for developments since the 2011 spending review. I look forward to answering any questions that the committee has for me.

The Convener: Thank you, cabinet secretary. I begin by asking you about the capital allocations that you mentioned, particularly in relation to Historic Scotland. Clearly, the additional funding is welcome, but will you give us some context for the pressures on that budget? I am sure that we all know from our regions and constituencies about the pressures on historic properties in terms of maintenance and repair. Earlier this year, you visited Dumbarton castle, along with me, and saw some of the work that had to be done there. There is an extra allocation and you mentioned what it is for, but will you put it in the context of the pressures on Historic Scotland's budget?

Fiona Hyslop: Historically, we have not provided capital for Historic Scotland. We have provided revenue funding that can then be used for capital grants and grants for front-line investments by Historic Scotland, but also for its investments in other organisations that provide services. The grants that are given to investment in repairs and maintenance by all the different funding bodies that help to develop that work, whether in town centres or other areas, have been

maintained at £14.6 million for 2012-13 and 2013-14. Despite the pressures on the revenue budget, we are managing to ensure that the front-line grants that go to help to repair properties and provide support are maintained. We are seeing capital investment that is helping, particularly through, for example, the investment from the young Scot fund in the national conservation centre and investment from Historic Scotland to support the Bannockburn visitor centre, which is a National Trust for Scotland exercise.

Things on the capital side have been fairly well protected. As I explained last year, the pressures are to do with how we ensure that Historic Scotland continues to look at different ways of generating income. It has been very successful at doing that. Despite the substantial reduction in its budget, which I discussed with the committee last year, it is replacing that income through outside income generation, and it is doing that very successfully.

Although tourism is the responsibility of another committee, members will have seen the tourism figures for this year. The really bad weather in June and July had an adverse impact, particularly on properties that are not in central Scotland but in more rural areas. We are keeping in close contact with Historic Scotland on how its income generation is going. The reason why we could reduce its budget to protect all the other things that I have told you about is that it was replacing Government income with income streams from other income generation, not least from travel and tourism, but that area has been particularly difficult in recent months.

The Convener: Thank you for that.

Neil Findlay: I have a question on your role in general, cabinet secretary. A few weeks back, we had Mr Yousaf at the committee, and he explained quite extensively his new role and responsibilities. It would appear that there is major duplication there. Do you believe that your role still justifies a Cabinet position, given that duplication and the associated budget? Looking at the information on the Scottish Government's website, I note that there appears to be a significant amount of duplication between the two roles.

The Convener: Just before the cabinet secretary responds, I note that this is a question session on the budget.

Neil Findlay: I am saying that there are costs associated with that duplication.

The Convener: If the cabinet secretary wants to respond on the budgetary aspects, I am more than happy for her to do so.

Fiona Hyslop: There are two aspects. One is that, if you believe that someone's post should

have Cabinet status only because of the size of their budget, that says a lot about Labour's approach to the value and importance of culture—it suggests that culture matters only in terms of the size of the budget. That is quite a worrying statement to make. It is also worrying that any party or any member would believe that culture does not deserve a place in the Scottish Government's Cabinet. Many people would be alarmed by that view.

On reach and range, one of the big constraints that I have had in recent times concerns the invitations that I receive to attend lots of different events. Yesterday, for example, I had to ask Mr Yousaf to deputise for me at an event because I was launching Sydney opera house as the next site to be scanned as part of the Scottish ten project. Interestingly, at that event, I also met the individual whose company has been scanning Dumbarton rock to examine whether repairs are required and determine whether there are concerns about the rock itself. However, it is physically impossible to be in two places at one time.

10:15

Also, I was the only cabinet secretary who did not have another minister, and the international interest in what we do is huge. As what is happening with the Sydney opera house shows, we can make big links between our international work and our culture and heritage work.

I feel passionately that culture deserves its place at the heart of the Scottish Government. I am very pleased that it has that position in the Cabinet—indeed, I hope that the committee will take the same view in its report on the draft budget—and I would be very worried if the member believes otherwise.

Neil Findlay: The previous witness who gave evidence to the committee was very careful about asking people not to misquote him. I never said any of what you have suggested; I was merely questioning the duplication of roles.

Fiona Hyslop: I can certainly highlight some examples. For instance, when my ministerial staff gave evidence on regulations relating to the National Records of Scotland, I think that I was in Dublin at the time—I can check my diary—promoting Scotland's economic interests, which I think it correct to do. It is very important to have ministers who can be fielded and can operate in different areas, and this is a very important example of that.

Joan McAlpine: As you will be aware, we took evidence from the chief executive of Creative Scotland, who gave a fairly robust defence of his organisation in response to criticisms from the

cultural sector. Since that evidence session, however, 100 of our leading artists have written an open letter that criticises Creative Scotland in very robust terms. Clearly Mr Dixon's appearance before the committee did nothing to reassure those people; indeed, I think that many people were struck by the range of artists involved, many of whom, including the makar Liz Lochhead, are household names. Given that you have already written several times to Creative Scotland, urging it to improve its communication with the cultural sector, what is your response to the latest concerns? If such concerns continue, what can you do to put more pressure on Mr Dixon's organisation?

Fiona Hyslop: I have already said publicly that some of the concerns expressed in the letter relate to developments that took place prior to the establishment of Creative Scotland, some relate to its operation and others are about its response to certain matters. I am heartened that the Creative Scotland board has responded to my requests. In July, for example, I issued a letter of guidance in which I specifically made it clear that I wanted Creative Scotland to have a better understanding of and better engagement and relationships with the sector.

Trust is a very important and precious thing that one perhaps cannot put an economic value on. We have a fantastic cultural and artistic experience in Scotland, and we have great artists. However, what we are discussing is not something new; it has always been a challenge. I can tell committee members who came to Parliament in 2011—or indeed in 2007—that the issue of having a strategic and flexible cultural organisation while at the same time giving artists the freedom to pursue what they need to do has been an ongoing one. I certainly feel passionately about giving artists the independence and the support that they need.

Clearly, Creative Scotland's operations have not delivered that, and I have been quite specific in my request to the board to sort out the issue. I am not sure that members will be aware of this, but the board has agreed a way forward. Indeed, the chair, Sir Sandy Crombie, issued a statement on the matter only yesterday; I am quite happy to send a copy to the committee and to give members a chance to read it. In his statement, he says that Creative Scotland will engage with artists and their concerns in a way that it has not been doing to date—and I welcome that. He also says that it will look at

“the role of specialist knowledge”,

which was a specific concern and challenge that artists have highlighted; will simplify

“the language, processes and forms”

that it uses; will reaffirm its

“commitment to long-term funding”,

which was specifically raised during the committee's evidence session; and will engage more meaningfully in “debate and dialogue”. After all, there is a big difference between hearing and listening, and understanding and acting, and I want the organisation to focus on the latter.

Creative Scotland will also register and review feedback and complaints. One of the issues has been that although people have been trying to communicate, the response has not been adequate. I recognise that.

I have protected Creative Scotland's budget as far as I can. It has a far lower reduction than other parts of the sector, particularly, as we have heard, in comparison with Historic Scotland and the National Records of Scotland.

The issue that initially sparked some of the debate involved the flexibly funded organisations, the first 14 of which have now been reviewed. I have compared what those organisations received in the previous two years with what they will receive for the next two years and, by and large, they will get the same amount of money. Only one of them will not get two-year funding, but that was at its request.

However, that does not get over the fact that there need to be improvements. I take my responsibility seriously. I am and will continue to be passionate about supporting artists in Scotland. I welcome the positive responses that I have had privately from artists who are pleased about the activity and actions that I have taken as your Cabinet Secretary for Culture and External Affairs.

Joan McAlpine: Will you monitor the situation? You have written several letters to Creative Scotland, yet really prominent artists are still coming forward who do not seem to have any confidence in the organisation.

Fiona Hyslop: To be fair to the board, it had initiated the work on lottery funding and overall operations by the time initial contact was made. For example, after a group of five organisations wrote to me in June, I asked the board to take action and meet those organisations, which include the Federation of Scottish Theatres and the literature forum. Those meetings have been happening regularly, with Scottish Government involvement. The most recent took place on the same day as the open letter was published. Ironically, at that meeting, the organisations said that they were quite comfortable with the relationship, that the board was making improvements and that they no longer required the Scottish Government to chair the meetings.

We need to ensure that Creative Scotland communicates more openly about the actions that it has been taking. Unfortunately, the people who are signatories to the letter will not have been aware of the actions that the board is taking. It is essential that the board and the organisation itself are more transparent about what they are doing. That is why I welcome not only yesterday's statement by the board about the actions that it is taking but the fact that it will continue to communicate more widely to ensure that people are aware of those actions.

The essence of my point is that our culture is so precious that we must ensure that it is nurtured and supported. We are talking about funding arrangements and support that are different from what other sectors get. We have to be responsive to the sector's needs. Two years on, it is right for the board to ask whether it is delivering in all its functions. A lot of great work is happening. One thing that I want to put on record is that there are a lot of really good people working in Creative Scotland who are supporting projects throughout the country, in lots of different places and sectors. We need not only to ensure that the talent in the organisation flourishes but, most important, to support the talent that we have in Scotland.

Neil Bibby: You mentioned that you have written to Creative Scotland on a number of occasions in the past few months. You also wrote to the chair of Creative Scotland in March this year, approving the organisation's corporate plan, and I understand that you wrote again in July, praising the organisation for fulfilling its administrative requirements and for the new direction and model outlined in the plan. Do you accept any responsibility for the unrest and protest in the creative community? If you approved the plan, do you assume ultimate responsibility?

Fiona Hyslop: I am not aware that the corporate plan has been the subject of major concerns. Major concerns have been raised about the operation of funding on the administration side and about how relationships have been developing. The corporate plan was produced in March 2011. If it had been the subject of concern, I would have taken issue with it, as would the committee and others. I do not think that the corporate plan has been the issue.

Having said that, if, as a result of the review that the board is carrying out on different areas, changes need to be made to the corporate plan, they should be made. In answer to Joan McAlpine's question about monitoring, I will monitor the situation to ensure that any changes that need to be implemented are implemented.

Neil Bibby: So you may review the corporate plan that has been approved.

Fiona Hyslop: That is what you do if you think that there is a need to change course and direction. However, I reiterate the point that, if there had been issues with the corporate plan, they would have come up in the wide-ranging consultation that took place during its development. This committee would also have been alert to those issues in March 2011, which is 18 months ago now. I think that what has happened is that the flexible funding changes have been a catalyst for concerns that are about deeper relationship issues. That is the core issue that we have to sort and I am determined that it will be sorted.

Liam McArthur: You have hinted at the delicate balance that needs to be struck in nurturing the widest possible cultural and artistic expression, and I certainly recognise that difficult balance. I also recognise that there is a lag effect between the agreement of changes and their implementation. As Joan McAlpine said, you sent letters to Creative Scotland in June and again in September. Are we now at the point at which you believe that there will be no further expression of the sort that we have seen in the past few weeks? Are you confident that the board is seized of what you expect it to deliver? Is the board now implementing changes in the right areas that—albeit over the course of a number of weeks or possibly months—will have the effect of addressing the concerns, which have come, as Joan McAlpine suggested, from some fairly prominent figures within the cultural community in Scotland?

Fiona Hyslop: On whether the board is seized of the importance of this issue and is acting on it, I think that, yes, it is. An important point about delivering change is that the board needs to be given some space to do that. On the question whether any other concerns or protests will be raised, I cannot predict that. I hope that people are reassured by the statement that was issued yesterday, but we need to make sure that people are aware of that statement. It might be helpful if I sent a copy of the statement to all members so that, if they are approached by constituents, they can help to communicate that. Part of our responsibility as MSPs—this applies not just to me as cabinet secretary—is to inform people about what changes and developments are taking place.

Of course that will be a challenge, but when Sir Sandy Crombie spoke to me yesterday to inform me of the statement that was being issued it was clear that the board is seized of the issue and is determined to make a change and a difference. There are some very good board members there who will help to drive the organisation forward, and that is their role and responsibility.

As you will know from having worked in Government—albeit from a different perspective—there has to be some degree of distance. Time and again—whether on the National Library of Scotland Bill or on other areas—people constantly say that ministers should not interfere too much in the operations of artistic and cultural bodies, but as soon as there is an issue they expect me to be in there sorting it out. I am doing that, but in doing so I have to respect the role of the board. That is why I have charged it with change, and that is why it is implementing that change.

Liam McArthur: I certainly appreciate that a balance needs to be struck and I do not want to undercut either Andrew Dixon or Sir Sandy Crombie and the board. However, given the individuals who signed the most recent letter of concern, have there been direct approaches to you about setting out where you expect Creative Scotland to be going?

Fiona Hyslop: I regularly meet artists at different events and am supportive of the work of Scotland's artists. However, many of the approaches that are made to me are not things that I can divulge because people have spoken to me privately and on the basis that they do not want it discussed. I have heeded the approaches that have been made to me and I took action as far back as May or June when the flexible funding concerns were first being raised. To be fair to the five organisations that wrote to me, I responded immediately by setting up a meeting in June, which the Government chaired, to set in train some of the changes. The board chose not to make public the changes that it was starting to make at that stage, and I am very pleased that it is now being more up front about the changes that it is proposing.

The most important point is the need for dialogue and debate. Scotland is a country where collaboration, dialogue and debate should always take place between our cultural bodies and our artists—that is the nature of who we are—and I do not want this to be something that is just swept away. I want to see change and I expect change.

10:30

Liz Smith: We have taken quite a lot of evidence recently about cultural trusts. You have made the point several times, both at previous appearances before the committee and in the chamber, that you are under very tight financial constraints when you decide where spending should be made. However, cultural trusts obviously provide possible scope for additional funding. Has the Scottish Government undertaken any work to look at the efficacy of cultural trusts and whether there is a lot of scope for additional funding through that angle?

Fiona Hyslop: One of the issues with cultural trusts is that they should not just be all about money; they should be about policies and, indeed, provision, and the quality of the arts and culture that they support, for artists and for the communities that they serve. The attraction of cultural trusts has been financial and to do with such things as business rates and charitable status, but they should be judged on a wider canvas.

Regarding what the Scottish Government has done, I have not conducted a piece of work on this area. I am very interested in the work that the committee is doing and I do not think that we should duplicate each other. Part of what we should do in our relationship is share with you things that we are looking at. What I have done—it has never been done before—is to bring together culture conveners from across Scotland. Previously, there had never been a forum—other than the Convention of Scottish Local Authorities, for example—in which they would come together on a regular basis. I am very pleased that COSLA has set up a sub-committee of its community safety committee to look at culture and sport. Previously, Harry McGuigan, who is a good champion of arts and culture, had to convene a body that covered police, housing and lots of different areas, so it was very difficult for culture to get the chance to raise its head.

The forum is a very good opportunity for conveners. Remember that at the end of the day, local authorities have responsibility for this and it is for them to decide, not us. However, I think that it would be useful for the culture conveners—many of whom are newly elected since the local government elections in May—to meet and discuss the pros and cons, and good practice and not-so-good practice.

My issue is how to ensure that the quality of what cultural trusts produce can serve the communities that they serve and the artists that they support. Perhaps we also need democratic accountability. In economic development in local authorities, for example, there is democratic accountability, because constituents will be the first to complain if their economic development convener is not doing whatever they should be doing. Why do we think that it is somehow okay for arts and culture to be hived off somewhere else?

There are some very good examples of integration between the policy interests of a democratically elected council and a trust. Frequently there will be board members who are conveners of the relevant culture committee within a local authority. In a sense, this is uncharted territory because we have not examined it, but actually cultural trusts have existed for some time. It is the right time to look at the issue, perhaps as

part of the committee's deliberations. I do not know how much further evidence the committee plans to take, but I would be very interested to see it. If you are not going to do that in depth, you might have the opportunity to scope what you think should be looked at. The committee that Harry McGuigan has set up via COSLA, which Shona Robison and I will co-chair with culture and sport, could perhaps look at that, if you think that it would be useful.

Liz Smith: I asked the question because Audit Scotland made the point that cultural trusts have tremendous potential. Obviously it is not all about the money, but that is part of it—let us be honest. The trusts also have a role in trying to further your broad and ambitious vision for cultural development, which is very good. Some issues have been raised about governance and the interaction between trusts, boards and with local authorities and so on.

It would be helpful if there was an overarching central Government strategy so that we could be quite clear on what we are trying to investigate about how well cultural trusts operate. If there are problems with interaction within local authorities, it would be helpful to have some guidance on that. I am not very well informed about this so it would be helpful to push that forward. I think that we could get more out of the issue.

Fiona Hyslop: That is a very interesting proposal.

There are two aspects to this. One is to decide what we want to do for culture across Scotland. I am acutely conscious of the fact that the culture and heritage budgets of the local authorities collectively are bigger than my national budget, so if we are to ensure that we are doing the best that we can by way of cultural provision, there needs to be a partnership. I am to speak at the VOCAL conference. The policy officials have brought together the conveners. We have been trying to shape a common vision of what we want and expect. Now we need to ensure that all the bodies are serving that common vision. Creative Scotland has done that very well through its place partnerships, its creative place awards and its support of partnership working with local authorities.

We need to set out the agreed vision of what we want to achieve and to ensure that all the bodies are delivering that. That should include the question of where cultural trusts fit into that and how we can maximise their impact. We should ensure that when local authorities make a decision about whether to have a cultural trust, they are equipped and armed with experience—good, bad and indifferent—from other areas. From my cursory knowledge, I think that some cultural trusts work better than others. In some instances,

cultural trusts are required but, in others, the access/participation agenda for culture is so strong that such activity is best kept within the local authority rather than being undertaken by a cultural trust. That needs to be investigated further. The leadership that the committee has shown in starting to look at that issue is helpful. Scoping the areas that the committee thinks need to be looked at would be helpful in informing any future work.

Liz Smith: Do you have a timescale for that? The issue is quite closely related to some of the issues with Creative Scotland. Some of the concerns about Creative Scotland have arisen because of a problem with the basic vision of what we are supposed to be doing.

Fiona Hyslop: The vision of what is required for Creative Scotland is in the corporate plan. As far as the work that we are talking about here is concerned, to be fair to COSLA, it has just come through the local government elections. As you know, the existence of different coalitions and agreements, along with the politics and all the rest of it, meant that committees took some time to be formed. The new conveners are now in place. The first meeting between local government and the Scottish Government to look at culture has not yet been held. It might be helpful if in going to that first meeting—I will let you know when it is—I were informed by the committee that that is an agenda that we think is useful for both of us to pursue.

I cannot give you a timeframe for that work, nor can I commit local government to doing it, because we respect local government's independence. We can persuade local government that we think that this is a common and good agenda, and the committee can help locally and nationally by encouraging local government to do such work. That will allow local government to have a better influence on what happens nationally than it does at the moment.

Clare Adamson: It was interesting to hear you say that it is not just about the money, because the people who gave evidence to us all said that, despite the added value, entrepreneurship and all the community and expert involvement that a trust can bring, were it not for the tax incentive, local authorities would not set up such trusts. It was quite worrying to hear that the model would not stand up on its own without that incentive, although it is not under threat at the moment.

The other concern that came through was to do with parity in the workforce and changing conditions and how cultural trusts would affect that. My question is about the professional point of view of librarians and curatorial staff and whether there have been any representations to the Government about how cultural trusts might affect their professional standing.

Fiona Hyslop: I have just confirmed with my officials that we are not aware of anything having come to us from the unions or anyone else about those issues, but issues to do with changes of status are important. It is important that we support the front-line staff and, indeed, all staff who provide services. That is not a concern that has come to us.

Cultural trusts have not been raised with us in either a positive or a negative sense. My instinct in bringing the issue to the committee is that, along with Liz Smith and perhaps yourself, I think that it is worth looking at, because cultural trusts are now such a major part of cultural provision in Scotland. I reiterate—to get back to the budget discussions that we are meant to be having—that, collectively, local authorities' culture budgets are bigger than the amount that I can determine in the Scottish budget.

The Convener: You say that neither you nor your officials have received any concerns about cultural trusts. However, Unison said that councils set up such trusts

“as an efficiency saving; they are tax avoidance schemes to avoid paying VAT and to get relief on non-domestic rates.”—[*Official Report, Education and Culture Committee*, 4 September 2012; c 1304.]

As Clare Adamson has rightly pointed out, when councils were asked whether they would set up trusts if they did not result in financial savings, they said that they probably would not. Do you have any concerns about Unison's views on cultural trusts?

Fiona Hyslop: Yes, because I think that cultural provision is not just about the money that is provided. I have tried to protect the cultural bodies for which I am responsible as much as possible but this is all about what bodies do and how they do it, and I think that they should spend as much time and attention on how they support artists and cultural provision in their area as they spend on finances.

However, we need to remember that much of this comes down to the relationship between national and local government and our respect for local authorities' ability to make their own decisions about setting up trusts. In looking at this issue, the committee should perhaps speak to the Parliament's Local Government and Regeneration Committee. After all, one can express certain views or opinions, but it would be unwise to tell local councils what they should or should not do. You might be able to give advice on what does or does not work, publish a report on successes and challenges or whatever, but you should work collectively with that committee on the matter. We should also bear in mind the fact that the position you referred to is Unison's general position on

trusts, so not just in the area of culture but in other policy areas as well.

I am not sure that you have taken evidence on this, but it would also be worth benchmarking to see whether there is anything about the trust model that makes it more attractive for culture than for other areas in local government. We have not looked at that question—indeed, we have not been asked to do so—but I think that there should be a focus on it as we look forward. I am very interested in being kept informed of what the committee is doing on the matter, but we should also bear in mind COSLA's interests. If we do not, national Government will find itself dictating to local government, which is something that over the past few years we have tried very hard not to do.

The Convener: Far be it from me to suggest such a thing.

You mentioned the Local Government and Regeneration Committee, which examined trusts in relation to the living wage and, indeed, in February published a report in which it quite clearly stated that it had been very hard to find answers to whether it was possible to build living-wage agreements into local government contracts. There is a wider question about the connection between cultural and, indeed, other trusts and procurement in local government and whether they are being set up for the reasons that Unison has stated instead of for the benefit of service consumers and users. Indeed, we also need to bear in mind the Local Government and Regeneration Committee's comment about the difficulty of putting in place the kind of living-wage arrangements that are in place for other public sector workers.

Fiona Hyslop: This policy has been pursued by the Scottish Government in its own cultural bodies. It is certainly a challenge, and we should not understate the importance of our social contract with regard to our no compulsory redundancies policy and what we are doing about the living wage. Moreover, despite the pay freezes that have been introduced, there have been pay increases for the lowest paid workers in our public bodies. Looking across all the portfolios, I think that about 60 per cent of employees in the cultural and heritage bodies—those in security, stewardship and other important roles—are among the lowest paid in the public sector. I also put on record the point that some staff, particularly those in Historic Scotland, are not that well paid in comparison with those in health or other areas. Nevertheless, they are passionate about what they do and give people a great experience. Indeed, when the Scottish Cabinet visited Orkney, I was impressed with the rangers I met and the services that they provided.

That is what we have managed to do for public sector workers in the Scottish Government. I am not familiar with what the Local Government and Regeneration Committee has said about what local councils are doing about the living wage, but the Scottish Government has made very clear its commitment. Nevertheless, we face certain challenges and the fact is that, when there are financial pressures and in difficult times, most of the employees in some trusts might not be as highly paid as staff in other sectors. I am pleased that the Scottish Government has managed to protect as many front-line services and as much support for culture as it has been able to do, but it is not my role to speak for local government. It will need to do that for itself.

10:45

Colin Beattie: As far as I am aware, there is the possibility of a merger between Historic Scotland and the Royal Commission on the Ancient and Historical Monuments of Scotland. Is there a timeline for that and do you have any feel for the initial budget costs of effecting such a move?

Fiona Hyslop: I have said in Parliament that we are doing that because it is the right thing to do in policy terms. Given the discussion that we have just had, members will find that statement interesting. Again, the key driver is not financial, but our belief that a better service can be provided and that merging both organisations into a new one will be in their long-term interests.

The business case has not yet been approved; it is still being developed and I expect to get it by the end of the year or at the beginning of 2013. The chief executives of both organisations are working and reporting to me jointly on the matter, and I am very pleased with the progress that has been made and the relationships that are being built with regard to providing an improved service. I repeat that the driver is not a budgetary one.

After your previous session with Mike Russell, you will be aware of the pressures that the Westminster settlement is having on many different areas, but I point out that RCAHMS is the only organisation whose budget is flatlining and is not being cut whatever. Part of the reason for that is to protect it in difficult times.

The Convener: On behalf of the committee, I thank the cabinet secretary for giving evidence this morning. I suspend briefly to allow our witnesses to leave.

10:47

Meeting suspended.

10:50

On resuming—

The Convener: We move to agenda item 2. The purpose of the item is to discuss the evidence that we have heard on the draft budget before we consider our draft report at a future meeting. I ask members to be as brief as they can. Constructive comments would be appreciated in trying to help the clerks to draft their report.

Liz Smith: Because of the time constraints this morning, we have missed out a number of key questions. Given that higher education is an important area of the budget that we did not get around to asking about today, would it be possible for us to write to the cabinet secretary on it? He almost volunteered to provide more information. Some of the questions on the clerks' briefing were very important, but the lack of time got in the way and we could not ask them. I would not like to think that the committee had not scrutinised some of the higher education stuff.

The Convener: That is absolutely correct. I will make sure that the letter that goes to the cabinet secretary covers higher education and the suggested areas for questioning that were covered in the clerks' paper. There were one or two other areas, across the portfolio, that we did not cover, and I will make sure that those are included as well. If members want to add any suggestions, I am more than happy to take them either this morning, on the record, or by email to me or the clerks.

Liz Smith: Okay. I will give you a couple.

Neil Findlay: If we could ask the cabinet secretary to address the big issues across the portfolio, that would be fine. The cabinet secretary made a number of comments this morning in relation to the budget, student numbers and other stuff that there was apparent disagreement about. Can we correspond with people such as SPICe, Audit Scotland and Scotland's Colleges on those issues to see whether we can find some common ground or whether there will continue to be major divisions on them?

The Convener: We will certainly be able to put both sides of the argument in our report and come to our own conclusions, but we have very little time to enter into detailed correspondence with other bodies. We have their evidence, both oral and in writing, which we can summarise in the report.

Neil Findlay: Could we ask them to comment via email?

The Convener: We will ask them to comment in that way if that is helpful.

Neil Findlay: The college unions have also expressed different views. We could ask for comments from the people who have given us evidence.

The Convener: Okay. We will ask for comments from everybody who has given evidence. Are there any other comments from members?

Liam McArthur: The cabinet secretary offered to come back with some detail on how the transformation fund is being disbursed. I hope that we will get that in reasonably short order. I raised with him the issue of funding to incentivise widening access. He said that a lot of that would be covered in the forthcoming legislation, but we could ask for his view on how he would expect that carrot to work. That would be helpful.

On the broader themes, I suspect that we are not going to come to an agreement on the transparency of the budget process, and that perhaps needs to be expressed in our report. I do not doubt that the cabinet secretary did as much as he could to answer our questions. However, just as Opposition parties were accused of taking their own view on the figures, so the cabinet secretary expressed the figures in a way that suited his ends. That is entirely legitimate, but I think that we have seen and heard enough evidence through this process to know that some fairly well-qualified people have struggled to get a handle on the detail.

On the regionalisation fund, the expectations of the Scottish funding council and ministers regarding the release of those savings in the suggested timeframe are questionable. I appreciate that the cabinet secretary takes a different view, but I think that the expectations for the return are ambitious. There are also issues around the quality of the provision that can be delivered as a result of the cut to the teaching grant. There may be disagreement on the matter within the committee, but I am keen that our report should acknowledge the risk to the quality of provision.

The Convener: We will discuss what the report will and will not contain, but I think that there is a case for the report to include questions around the complexity and difficulty of the budget, particularly in relation to colleges. It is not unreasonable for us at least to raise some questions about that. I am sure that we will have that discussion.

Liam McArthur: It is interesting that that seems to be more of an issue this year than it was last year. Last year, the focus was on some fairly dramatic changes in the colleges budget and those are what committee members, individually and collectively, have pressed the Government on. If anything, however, it appears that the issues

around complexity are going in the wrong direction rather than being tidied up.

The Convener: Do members want to raise any other questions? Are there any other issues that we would like to be discussed in the report?

Members: No.

Decision on Taking Business in Private

10:55

The Convener: Agenda item 3 is a decision on whether to consider our draft report to the Finance Committee on the draft budget in private at future meetings. Are members agreed?

Members *indicated agreement.*

The Convener: Our final decision is whether to consider our work programme in private at next week's meeting. We will discuss possible witnesses and the outcomes will be published on the web. Are members agreed?

Members *indicated agreement.*

Meeting closed at 10:56.

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