



The Scottish Parliament
Pàrlamaid na h-Alba

Education Children and Young People Committee

Jenny Gilruth MSP
Cabinet Secretary for Education and Skills
Scottish Government

T3.60
The Scottish Parliament
Edinburgh
EH99 1SP
Direct Tel: 0131 348 6225
Fax: 0131 348 5600
ecyp.committee@parliament.scot

2 November 2023

Via E-mail

Dear Cabinet Secretary,

Pre-Budget Scrutiny 2024-25

In its [Medium-Term Financial Strategy](#), published in May 2023, the Scottish Government explains that public spending in Scotland is currently projected to grow at a faster rate than central forecasts of funding.

The Scottish Government's modelling indicates that its resource spending requirements could exceed central funding projections by 2% (£1 billion) in 2024-25 rising to 4% (£1.9 billion) in 2027-28.

On capital, the Scottish Government states that the funding outlook has worsened since the last MTFS. Total capital funding (excluding Financial Transactions) is expected to fall by around 7% in real terms between 2023-24 and 2027-28. Aggravated by inflation, this means that the trajectory of capital spending is more than funding available, with a gap of around 16% in 2025-26.

It is against this backdrop that the Education, Children and Young People Committee has conducted its pre-budget scrutiny for 2024-25, focusing on three key areas within its remit: Further Education spending; local government funding for education and Scottish Attainment Challenge funding.

The Committee's findings are set out in the annexe of this letter.

I look forward to receiving your response after the publication of the budget.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sue Webber', enclosed within a thin black rectangular border.

Sue Webber MSP
Convener

Annexe

Further and Higher Education spending

1. In its [multi-year resource spending review](#) in May 2022, the Scottish Government announced flat-cash spending plans for Further and Higher Education sectors, between 2022/23 and 2026/27.
2. In their evidence to the Committee, both the Cabinet Secretary and the Minister for Higher and Further Education; and Minister for Veterans have highlighted the challenging financial climate, and that this is unlikely to suddenly improve. The Minister stated that, consequently, the Scottish Government is working closely with the Further and Higher Education sectors to improve sustainability.
3. **Given this, the Committee would welcome clarification as to whether the Scottish Government remains committed to the settlement for Further and Higher Education of flat-cash allocations until 2026/27, as set out in its resource spending review.**

Further Education spending

4. As the Committee's [pre-budget scrutiny 2023-24 letter](#) and [college regionalisation inquiry report](#) highlighted, colleges are facing significant financial challenges.
5. Ahead of the budget announcement in December 2022, and in anticipation of the flat cash settlement of £675.7m for colleges for 2023/24, Colleges Scotland and the Scottish Funding Council (SFC) noted the potential impact that this could have across the sector.
6. At that time, the [SFC highlighted](#) that, given that staff costs make up a high proportion of colleges' overall costs (an average of around 68% based on 2021/22 and 2022/23 figures), the sector was projecting staff restructuring costs and significant staff reductions of around 200-300 FTEs in each of the five years over the planning period. The SFC stated that these reductions were expected to arise through a combination of vacancy management, voluntary severance schemes and, in some instances, through compulsory redundancy.
7. Although an initial increase in the resource allocation of £26m, to £701.7m, was announced in the budget in December 2022, this additional sum was subsequently withdrawn to contribute to the teachers' pay settlement.
8. The budget for 2023/24 therefore returned to £675.7m, the same as it had been in 2022/23.

9. In its [Colleges 2023 report](#), Audit Scotland stated that the Scottish Government's funding for the sector has reduced by 8.5 per cent in real terms between 2021/22 and 2023/24.
10. During its college regionalisation inquiry, the Committee heard evidence about the importance of colleges to the delivery of Scottish Government priorities, including the [Scottish Government's National Strategy for Economic Transformation](#) (NSET). Among the aims of the National Strategy is for "world-class colleges and universities producing exceptional people and cutting edge research" as a foundation of success.
- 11. The Committee is concerned about the scale of staffing cuts projected by colleges. Given the importance of colleges to the delivery of skills and the Scottish Government's NSET ambitions, the Committee asks the Scottish Government whether it has modelled the potential impact of college staffing cuts.**

Flexibilities

12. In light of these flat-cash settlements, and in recognition of the challenging financial circumstances facing the Scottish Government, the Committee called for colleges to have as many financial and operational flexibilities as possible, both in its [pre-budget scrutiny 2023-24 letter](#) and [college regionalisation inquiry report](#) to help them deliver on the various strands of their work.
13. The Committee recognises that the Scottish Funding Council has introduced flexibilities including—
 - Rebasing credit allocations for all colleges for academic year 2023-24, lowering them by 10% but balancing this reduction with a price increase to ensure that overall SFC funding is unchanged from AY 2022-23. In preparing the allocations for AY 2023-24, the SFC made some adjustments for individual colleges, taking into account recent performance and demographics.
 - Ensuring that a proportion of the SFC's college funding (20%) will not be directly related to the delivery of credits and therefore not at risk of recovery where minimum thresholds are not met, in recognition of the semi-fixed costs that colleges have.
 - Revising its guidance on the 'required date' after which colleges can claim the full planned credits for a student. Colleges can now claim credits for full-time students on courses lasting for over 20 weeks if they are still active after five weeks from the course start date. For shorter courses, the required date continues to be after a quarter of the course has been delivered. The SFC stated that this is more generous compared to previous guidance which set the required date for full-time programmes at 1 November and brings colleges into line with universities.

14. However, it is clear to the Committee that the financial landscape for the college sector continues to be incredibly challenging.
15. In his [letter to the Committee on 13 June](#), the Minister for Higher and Further Education; and Minister for Veterans explained that the Scottish Government is considering opportunities to provide colleges with additional flexibilities within its programme of tertiary education reform.
16. As part of this, Scottish Government officials have engaged directly with Colleges Scotland and the Chair of the College Finance Director Network to learn more about what flexibilities would be of most benefit to the sector.
- 17. The Committee asks that the Scottish Government and the SFC share any information gathered about how these new flexibilities are being used by colleges.**
- 18. While the Committee recognises the Minister’s commitment to ensure that colleges have as many flexibilities as possible as part of tertiary education reform, it also recognises that the challenges colleges continue to face are significant. The Committee therefore urges the Scottish Government to consider what further flexibilities it can give to colleges in the shorter-term.**

Industrial relations

19. In her evidence to the Committee, the Cabinet Secretary stated that—

“The way in which teachers are paid is different from how those in our college sector are paid. The Scottish Negotiating Committee for Teachers has a key role to play in the tripartite arrangements on teachers’ pay. The college sector has always been different.”¹

20. The Committee acknowledges that the National Joint Negotiating Committee (NJNC) was established in 2015, to enable colleges and the trade unions (EIS, GMB, UNISON and UNITE) to jointly agree terms on issues, such as pay and terms and conditions of employment.
21. However, since that time there has been industrial action every year, with one exception, and, in respect of pay negotiations, the Scottish Government has repeatedly intervened in the process to help broker a deal.
22. The Committee has previously noted that such intervention has become so expected that progress no longer appears to be possible without it and the NJNC process seems unable to work as intended. The current industrial action would seem to bear this out.
23. In its report, the Committee strongly welcomed the harmonisation of pay and conditions, following the move to the NJNC process. However, given that

¹ [Education, Children and Young People Committee, 27 September 2023, Col 39](#)

colleges are reliant on public funding, increased costs in pay and conditions, particularly when up to 70-80 per cent of college budgets are spent on staffing², means that colleges have marginal room for manoeuvre.

24. In respect of the current dispute over pay, [College Employers Scotland states](#) that the current offer to trade unions for lecturers and support staff, to cover 2022/23 and 2023/24, would cost £51m. College Employers Scotland further states this is “well above the £9.6m provided to the sector in 2022/23 to cover increases in staffing and non-staffing costs.”
25. EIS-FELA has said that the current pay offer to lecturers would be funded with the loss of over 400 jobs. In submissions commenting on college budgets for 2023/24 both the [SFC](#) and [Colleges Scotland](#) highlighted 1,000 – 1,500 job losses from the sector over the next five years, from 2022-23 onwards.
- 26. The Committee asks the Scottish Government to set out its response to these projections in relation to job losses in the college sector.**
- 27. Given that colleges are largely reliant on public funds and that the resource spending review indicated a flat-cash settlement for colleges until 2026/27, the Committee asks the Scottish Government to set out how it will ensure that colleges are adequately funded to pay their staff, given the potential for further cuts to staff in subsequent years.**
- 28. The Committee asks the Scottish Government how it will monitor the impact of staffing cuts on course provision, including a full equalities impact analysis as part of this.**

Redundancy processes at colleges

29. The Committee has regularly raised the issue of why colleges are not subject to Public Sector Pay Policy and therefore excluded from the no compulsory redundancies policy, despite being classified as public sector bodies by the Office of National Statistics in April 2014.
30. In their evidence to the Committee, the Cabinet Secretary for Education and Skills and the Minister for Higher and Further Education; and Minister for Veterans have both highlighted that colleges are not, and have never been, subject to the policy.
31. In his [evidence to the Committee on 21 June 2023](#), the Minister also flagged an anomaly which currently means that if a college conducts a process of voluntary severance, it must run that by the SFC. However, it does not have to do so if it is conducting an exercise in compulsory redundancy. The Minister stated, at that time, that he was keen to look at this anomaly.
32. In his most recent [letter to the Committee on 13 July](#), the Minister set out his expectation of colleges, stating—

² [Education, Children and Young People Committee, 21 September 2022, Col 18](#)

“On staff pay and conditions, the SFC’s Financial Memorandum (FM) sets out the formal relationship between SFC and colleges and the requirements with which they must comply as a term and condition of grant from SFC. This includes that colleges comply with the requirements of the Scottish Public Finance Manual, including requirements for obtaining approvals for voluntary severance schemes and settlement agreements. As part of this, colleges are aware that the policy of no compulsory redundancies is a key pillar of Public Sector Pay Policy which colleges are expected to adhere to, though they are responsible for negotiating their own NCR policies with the unions on behalf of their workforces.

It is the responsibility of boards of management that colleges plan and manage their activities to remain sustainable and financially viable, with sufficient long-term planning in place to ensure that workforce levels match the financial capacity of the college. However, SFC requires assurance that any compulsory redundancies are a last resort and colleges must notify SFC of such intentions.”

33. The Committee would welcome clarification as to what the SFC does when—

- **a college applies for approval for voluntary severance schemes and settlement agreements;**
- **it is notified by a college that it intends to impose compulsory redundancies.**

34. The Committee would also welcome clarification as to why the Scottish Government decided to exempt colleges from the Public Sector Pay Policy when they were re-classified as public sector bodies by the ONS in April 2014, and whether it has considered changing this position, to make colleges subject to the policy in future.

Local government funding for education

35. On 20 September, the Committee undertook an evidence session with representatives from the Association of Directors of Education in Scotland (ADES) and CIPFA (Chartered Institute of Public Finance and Accountancy) Local Government Directors of Finance (Scotland).

36. Real-terms local government education spend has increased since 2009/10. In its February 2023 paper, [Scotland’s Council and School Funding](#), the Institute of Fiscal Studies (IFS) said “school spending per pupil aged 3–18 is estimated to have been 17% higher in Scotland in 2021–22 than in 2009–10” and that this is now 25% higher per pupil in Scotland than in England.

37. The most recent audited local authority accounts are from 2021/22. In that year, the gross spend on education was £6,863m. Ringfenced grants and other income (e.g., rental of buildings, etc) makes a significant contribution to the spending on education by local authorities. The largest ring-fenced revenue grant listed in the most recent local government finance circular is the £521m Early Learning and Childcare Expansion grant. There is also £130m for Pupil Equity Funding and the £4.3m Gaelic grant. The net spend was £5,867m.
38. Some other elements of local government education spend are directed funds, such as other elements of the Scottish Attainment Challenge including the Strategic Equity Fund and the Care Experienced Young People's Fund. These tend to be allocated in-year and have clear guidance from the Scottish Government around how they can be spent.
39. The Committee notes that the new partnership agreement between COSLA and the Scottish Government should lead to a reduction in ring-fencing, with the default position for future funding allocations to be an assumption against ring-fencing or direction.
40. However, in its evidence to the Committee, the CIPFA Local Government Directors of Finance group highlighted that the removal of ring-fencing or directions for funds was not expected for financial year 2024/25.
41. In their evidence, ADES and the CIPFA Local Government Directors of Finance group also highlighted that directed or ring-fenced funds which were provided for the first year but then not updated for subsequent years meant an effective cut in funding, with local authorities needing to make up the shortfall from elsewhere within their budget.
42. Funding for Free School Meals and the grant to support the expansion of the Early Learning and Childcare policy to 1,140 hours were cited as examples of this.
43. In her evidence to the Committee, Carrie Lindsay of ADES explained that, in relation to the free school meals policy, it is inputs that are measured, rather than outcomes.
44. She also stated that while there would be broad agreement that it is a good thing to have food available for all children and young people, the cost of the policy versus the outcomes that it achieves may not be as beneficial to the children and families who need most support compared to other interventions.³
45. When giving evidence to the Committee on 27 September, the Cabinet Secretary explained that she supports universality of the free school meals policy for primary school pupils, reflecting on her experience as a teacher.

³ [Education, Children and Young People Committee, 20 September 2023, Col 21](#)

However, her officials acknowledged that evidence was limited as to the effect of free school meals on education and wellbeing or on child poverty.

46. It was explained that the Scottish Government is currently working with COSLA and local authorities to plan for the expansion of the policy, and the practical implications which will result. Following that work, the Scottish Government will start planning how it evaluates the impact of the policy on the ground.
- 47. Given the pressure on local government budgets and with inflation remaining high, the Committee believes that when providing directed or ring-fenced funds to local authorities, the Scottish Government should be clear on how it will uprate these funds for subsequent years.**
- 48. However, acknowledging the pressure on the Scottish Government's budgets, and the Scottish Fiscal Commission's Financial Outlook, the Committee believes that the Scottish Government needs to prioritise its resources to where it can make the most impact on the outcomes for children and young people.**
- 49. The Committee stresses the need for evidence-based decision making at all times, but particularly at times of financial constraint, to ensure the most effective use of funding. It is therefore critical for the Scottish Government to understand the impact of policies when deciding which ones to pursue. There needs to be clarity on the intended outcomes of each policy and how these will be measured. Without this, it is difficult for the Scottish Government, or anyone else, to assess whether a policy has achieved what was intended.**
- 50. The Committee notes the Scottish Government's comments that there is some evidence on the effectiveness of free school meals on education and wellbeing or on child poverty, but that it is limited. The Committee would welcome sight of this evidence.**
- 51. While the Committee notes the Scottish Government's commitment to an evaluation of the impact of free school meals, it is concerned that this will not take place until after the policy has been rolled out to all Primary 6 and Primary 7 pupils. Given the concerns expressed to the Committee, it is seeking reassurance that universal free schools is the most effective way to support the families that the policy is intended to help. The Committee therefore asks the Scottish Government to undertake an earlier evaluation, examining the impact of the roll out of universal free school meals in P1-5.**

Early Learning and Childcare

52. Funding for the delivery of the statutory hours of funded ELC is a mix of local authority core budgets and the ring-fenced Scottish Government ELC grant.

53. As highlighted in the session with ADES, the ringfenced grant has remained the same in cash terms – around £522m - over the past three years. This money is also intended to meet costs of funded ELC for children whose start to P1 is deferred.
54. The Scottish Government explained that the grant has not increased in recent years because the population of eligible children is lower than had been previously forecast. However, data indicates that local government’s net spend (i.e. not including ringfenced grants or earned income) on ELC appears to be increasing. The Committee notes that pay for ELC staff in the public sector is higher and their salary rates are set as a result of national bargaining.
55. In June 2023, Audit Scotland published a report looking at the [progress on delivery of the 1,140 expansion](#). It found that the Scottish Government and local authorities did well to deliver the policy by August 2021, that take up among 3- and 4-year-olds remains high and that most parents are happy with the flexibility available.
56. However, Audit Scotland warned that the sector is fragile, stating—
- “Budget pressures and risks around workforce and the sustainability of funded providers, such as private nurseries and childminders, risk limiting flexibility and choice for families, which are important to achieving the intended policy outcomes.”
57. The Committee shares these concerns and highlighted them in its [pre-budget scrutiny letter for 2023/24](#).
58. At that time, the Committee’s sought an update from the Scottish Government as to when it expected to publish the results of the review of setting sustainable rates it had committed to in its Strategic Childcare Plan.
59. When giving evidence to the Committee on 27 September, the Scottish Government stated that it has undertaken the review, jointly with COSLA. The review is currently being considered by Ministers and should be published shortly.
- 60. Staff capacity in the PVI sector is key to the delivery of the 1140 hours policy. The Committee is keen to see the results of the review and to consider the impact it may have on the sustainable rates being set for PVI providers.**
61. The Committee also notes that the Cabinet Secretary’s ‘mandate letter’ from the First Minister [dated 5 September 2023](#) set out the following actions in relation to childcare—
- You will take forward work to build the system infrastructure for School Age Childcare, including through investing in a range of projects across the country to test and refine approaches.

- You will begin to build the evidence base and start work to trial and evaluate models to deliver funded childcare for 1- and 2-year-olds, focusing on those who need it most.

62. Given the fragility of the sector, and the financial constraints on central and local government, the Committee would welcome more information about the Cabinet Secretary’s approach to taking forward these pieces of work.

Teacher numbers

63. In the [2021/22 Programme for Government](#), the Scottish Government committed to support the recruitment of 3,500 additional teachers and 500 classroom assistants over the course of the Parliament. The Scottish Government explicitly stated that this 3,500 figure would be over and above the 1,400 extra teachers recruited during the pandemic.
64. In their evidence, ADES and the CIPFA Local Government Directors of Finance group stated that they did not understand the logic of the Scottish Government’s focus on absolute teacher numbers.
65. They highlighted that where school rolls are falling, the commitment to maintain absolute teacher numbers could mean that those local authorities and schools lose the flexibility in how they use their resources. This could include, for instance, using resources to put early years officers into primary 1 classes to support children’s communication and socialisation; to have staff to support attendance; to have counselling services, play therapy, art therapy and other supports to help children who are struggling.
66. The witnesses stressed that teachers were a particularly important and valued group, but also highlighted that support-for-learning workers, educational psychologists, home-school liaison workers, technician support services and administration staff in school offices were all necessary for education services to be able to function.
67. A little less than half of General Fund Net Revenue Expenditure by councils in 2021/2022 was on Education services. That same year, 70.8 per cent of the total gross spend on schools was spent on gross teacher and all other staff spend, breaking down into 49.2 per cent on gross teacher spend, and 21.6 per cent on gross all other staff spend.
68. Dr Douglas Hutchison, President of the Association of Education in Scotland (ADES) and Executive Director of Education, Glasgow City Council, noted that—

“If we protect teachers, the burden of savings falls on others...

That is true of education and it is true of council services more generally, because education depends on other council services to

operate. The burden of savings falls significantly more heavily on other parts of the council if education is protected. Obviously, as a director of education, I am happy that education is protected, but I also recognise the impact that that has on other services.”⁴

69. ADES suggested that the Pupil Teacher Ratio was a more logical measurement than absolute teacher numbers.
70. In her evidence to the Committee, and in [correspondence dated 2 May 2023](#), the Cabinet Secretary stated that a reduction in teacher numbers will not support continuous improvement in education. It was also noted that additional teachers will be required within the system to be able to reduce class contact time.
71. In respect of the commitment on teacher numbers, the Cabinet Secretary stated that, ultimately, the Scottish Government provides funding to local authorities of £145.5m, to protect teacher numbers. Despite this, the teacher census data published in December 2022 showed a decrease of 92 teachers on the previous year. The Cabinet Secretary therefore posed the question—
- “If additionality is provided by central Government but it is not used for teacher numbers, the question that I have is what it is being used for.”⁵
72. In its [letter to the Committee on 7 February 2023](#), COSLA highlighted the investment that local authorities have made in school staff since 2019.
73. Local authorities have increased spending on teaching staff, including a £181m increase between 2019/20 and 2020/21. Projected Outturns for 2021/22 and Budget Estimates for 2022/23 indicate a further increase of £98m and £43m on teaching staff in those years.
74. COSLA stated that part of the £181m increase was due to pay awards.
75. The [Scottish Teacher census figures](#), collated by the Scottish Government, show that the number of teachers in Scotland increased from 51,449 in 2019 to 53,581 in 2021, before falling by 92, to 53,459 in 2022.
76. COSLA also noted that there have been increases in the spending for school non-teaching staff, with a £78.6m increase between 2019/20 and 2020/21, followed by further increases of £46m and almost £29m indicated in the Projected Outturns for 2021/22 and Budget Estimates for 2022/23.
77. In correspondence from the Scottish Government, dated [16 August 2023](#), it was confirmed that the number of Pupil Support Assistants has increased from 13,909 in 2019 to 16,606 in the most recent figures, for 2022. The number of Behaviour Support Workers has increased from 148 to 184 over the same period. The number of home-school link workers and educational

⁴ [Education, Children and Young People Committee, 20 September 2023, Col 12](#)

⁵ [Education, Children and Young People Committee, 20 September 2023, Col 20](#)

psychologists also increased between 2019 and 2022, from 373 and 372 to 497 and 398 respectively.

78. In her evidence, Kirsty Flanagan of the CIPFA Local Government Directors of Finance group noted that the Verity House agreement highlights the need for a “focus on the achievement of better outcomes”. While she agreed that the Pupil Teacher Ratio was better than absolute teacher numbers, she stated that it is still an input measurement, and the focus should be on outcomes.
- 79. The Committee firmly believes that it is critical to focus on outcomes rather than inputs and that a strict focus on teacher numbers can be difficult to understand given local variation in circumstances, including school rolls.**
- 80. The Committee recognises that an increase in teacher numbers is required to deliver reduced contact time and notes that the Scottish Government has recently commissioned a teacher audit to inform its decisions on education workforce planning in future years. The Committee asks the Government to set out how it intends to deliver the commitment to reduce contact time while taking account of the distinct challenges different local authorities face.**
- 81. The Committee also considers that there is a contrast in the Scottish Government’s approach towards the funding of a policy such as the Pupil Equity Fund, which is very flexible, and its stance on absolute teacher numbers, which is quite rigid, and seems to run counter to the direction of travel set in the Verity House agreement.**

Teachers’ and local government employees’ pay awards

82. In March 2023, teaching unions, Scottish Government and COSLA agreed a pay deal to cover 1 April 2022 to 31 July 2024, which the Scottish Government stated would provide a cumulative uplift of 14.6 per cent from 1 January 2024.
83. During the Committee meeting on [17 May 2023](#), the Scottish Government confirmed that the cost for the teachers’ pay settlement for 2021/22 to 2023/24 is £188m. It was also confirmed that, at that time, the funding of the settlement for 2023/24 was still being worked through.
84. In September 2023, COSLA proposed what it described as its best and final pay offer to unions for local government employees. When this offer was made, COSLA stated that it would be necessary for local authorities to “review, reprioritise, restructure and reprofile money” in order to fund the settlement.
85. Subsequently there have been reports that local authorities will be re-profiling their £7m contribution to the Redress Scotland budget for 2024/25, to allocate this to the funding of the local government employees’ pay settlement.

86. The Committee also heard that, in order to fund this settlement, £30m of Pupil Equity Funding for 2024/25 is to be re-profiled. However, the Cabinet Secretary stated that this will align the funding with the academic year as opposed to the financial year in planned spending by schools.⁶
87. In her evidence to the Committee on [27 September 2023](#), the Cabinet Secretary also stated that local authorities will still have to maintain their agreed overall contribution of £100 million to the redress scheme, with the Scottish Government ensuring that sufficient savings are available in the interim.
88. The Cabinet Secretary added that, as such, the decision to reprofile this money will not have a detrimental impact on operation of the scheme.
89. The Committee is not clear how local authorities will still be able to maintain their overall contribution of £100m despite the re-profiling of funds.
- 90. The Committee would therefore welcome a clear explanation of how the re-profiling of funds will work in practice this year, and whether this process will need to be used in future years.**
- 91. The Committee is also looking for further reassurance that this re-profiling will not adversely affect day-to-day spending and decision making in relation to the redress scheme.**
- 92. The Committee would welcome more information about how central and local government will fund the teachers' pay award agreed in March 2023.**

Additional Support Needs funding

93. Local Financial Returns (LFR) are a series of detailed returns that collect final, audited expenditure figures for all local authorities.
94. The Committee has noted that, in the most recent LFR figures (2021/22), 15 councils (accounting for 40% of all school pupils) have recorded a £0 spend on ASN in the Primary and Secondary sectors.
95. The Committee is confident that these local authorities are allocating resources to support their children and young people who have Additional Support Needs (ASN). However, the Committee is concerned that there are inconsistencies in how local authorities record this spending and that, consequently, it is difficult to track ASN spend across the country.
96. While the Committee recognises there are challenges for councils to disaggregate their ASN spending when some of the support is provided in

⁶ [Education, Children and Young People Committee, 27 September 2023, Col 4-5](#)

mainstream settings, it lacks transparency and makes it difficult to ascertain what actions and policies are leading to the best outcomes.

97. The Committee has repeatedly highlighted the importance of good quality data, which is recorded consistently.

98. The Committee therefore welcomes the Cabinet Secretary's support on this issue, and the need for commonality regarding how data is gathered across local authorities. The Committee would welcome an update on the discussions between Scottish Government and COSLA to agree a standardised approach to the collecting of data on ASN spend.

Scottish Attainment Challenge funding

99. The Scottish Attainment Challenge (SAC) is the most visible additional policy that is specifically aimed at reducing the poverty related attainment gap. This is a programme of work, supported by around £200m a year through the Attainment Scotland Fund (ASF), which aims to reduce the poverty related attainment gap. The approach to the SAC changed in 2022 and the ASF is now split into—

- Pupil Equity Fund (PEF)
- Strategic Equity Fund
- Care Experienced Children and Young People Fund
- National Programmes

100. £130m of the SAC funding is spent on PEF. This is school level funding, based on Free School Meals entitlement in 2016/17 (before the roll out of universal free school meals for certain primary year groups) and is allocated in multi-year settlements.

101. As with the funding for Free School Meals and the ELC grant, Scottish Attainment Challenge funding is not routinely updated each year.

102. As a result, although headteachers have certainty as to what their allocation will be for each of the four years of the settlement, it also means that the purchasing power of their allocation will diminish each year – particularly at times of high rates of inflation.

103. In her evidence the Cabinet Secretary acknowledged that the roll out of universal provision of free school meals to all primary pupils by 2026 will necessitate the use of a different measure to work out PEF allocations for each school in future.

104. The Committee is keen to understand what preparations the Scottish Government is making for the potential continuation of the SAC, and in particular PEF, should a future government wish to do so. To that end, the Committee asks the Scottish Government to set out—

- **What modelling it has done, using alternative measures, to calculate PEF or its replacement beyond 2026; and**
- **Whether it still intends PEF or its replacement beyond 2026 to be school level funding.**

Priorities

105. Scottish Ministers have repeatedly highlighted the difficulty in balancing their priorities in the current financial climate, particularly given the impact of inflation on budgets. They have also been clear that the situation is unlikely to improve significantly in the short- or medium-term.
106. In its college regionalisation report, the Committee highlighted that colleges do not just need more resource but, with a significant back log of maintenance and net zero commitments to meet, capital investment too.
107. However, Ministers have explained that difficult decisions have had to be taken, in part due to the number of pay sector deals that the Scottish Government has settled. The withdrawal of £26m in funding ear-marked to put colleges on a more sustainable footing, to contribute to the teachers' pay settlement is one example of such decisions.
- 108. The Committee recognises that the Medium Term Financial Strategy and the [Scottish Fiscal Commission's Economic and Fiscal Forecasts](#) from May 2023⁷ indicate that financial challenges will continue over the medium term and that it will not be possible for the Scottish Government to keep funding all public services to the level that it has been.**
- 109. The Committee therefore urges the Scottish Government to be clear about its priorities, and to focus its resources where they can have the most impact on outcomes for children and young people.**
- 110. The Committee would welcome more information on the opportunities that re-profiling and moving finance could offer the Scottish Government as it seeks to manage the education budget.**
- 111. The Committee also asks the Scottish Government to set out its priorities for the education budget, constrained as it is, to provide clarity to people and organisations working in, and reliant on, the sector.**

⁷ Revised version in June 2023