Dear Mr Swinney,

Pre-budget scrutiny

The Education and Skills Committee considered its approach to pre-budget scrutiny at its meeting on 18 September. It agreed to seek details of work underway at Scottish Government level on a number of key priorities, including to inform 2020-21 funding allocations. The Committee also agreed to seek views on funding priorities from a number of key stakeholders. For example, this includes the National Day Nurseries Association and the Scottish Childminding Association in relation to funded childcare. Once the Committee has had the opportunity to consider your response and responses from these stakeholders it will identify which issue(s) to focus on further as part of its budget scrutiny later in the year.

Additional Support Needs in School Education

The Committee has consistently raised the issue of funding for those with additional support needs in school education with the Scottish Government, citing it as a funding priority for a number of financial years. The accuracy of statistics on the prevalence of different conditions and also the accuracy of statistics on numbers of staff in schools with an ASN specialism have been raised as associated issues.
For example, the Committee reiterated in its budget scrutiny for 2019-20 the comments made in its 2018-19 scrutiny, specifically:

“The Committee notes that there is no ring-fenced funding allocated to local authorities in relation to additional support for learning. The effective implementation of additional support for learning policy is reliant on effective funding, hence the Committee highlighted ASL as a funding priority in its inquiry and in its letter on the 2018/9 budget in October.

The Committee wishes to highlight the Scottish Children’s Services Coalition recommendation that a dedicated additional support needs attainment fund for local authorities should be set up. Given the Government has increased the total amount of ring-fenced funding for local authorities in this draft budget, the Committee believes that ring-fencing should be considered for ASL.”

Your letter to the Committee dated 20 December 2018 states in response to the Committee’s suggestion that funding should be ringfenced: “Decisions about prioritisation and budgets, including those for the provision of services for pupils with additional support needs are a matter for individual councils…” The Programme for Government announced by the First Minister in September 2019 then included the announcement of £15 million of ringfenced funding for the provision of around 1,000 additional support needs assistants.

The Committee seeks further details from you in relation to this announcement. Firstly, could you provide detail as to what caused the change in position between your response of 20 December 2018 and the announcement in the Programme for Government? How was the specific figure of £15m arrived at? Through what mechanism will the £15m be allocated? Will this funding be recurring in future financial years? Can the Committee see the details of the calculations that reflect £15m being sufficient funding for 1,000 additional staff?

As you are aware the Committee has previously scrutinised the accuracy of data on the incidences of additional support needs, given the variability in percentages across local authorities (see its inquiry report from 2017). The Committee raised specific recommendations from its Additional Support for Learning inquiry with you during 2018-19 and 2019-20 budget scrutiny. Specifically that:
“The starting point for assessing how to effectively resource additional support for learning is accurate data on the prevalence of additional support needs across all local authorities.”

The Committee has also raised concerns in correspondence with you about the inability to identify the number of school staff that are trained in specialisms required to support those with additional support needs and changes in staffing levels over time.

In addition to responding to the questions above about the £15m funding, the Committee would appreciate an update from you on progress towards improving the accuracy of data on the prevalence of additional support needs. Lastly on this subject, in the absence of accurate information on the current numbers of additional support needs assistants, and which local authority they are located in across Scotland, the Committee seeks information from you as to how the Scottish Government plans to assess where the new 1,000 staff could best be allocated.

**Pupil Equity Funding**

The Committee previously explored the basis for underspends in PEF spend at local authority and school level in 2019-20 and wishes to revisit this for 2020-21 to ascertain whether the level of underspends have decreased. The Committee noted for 2019-20 that the maximum local authority underspend was 40%. However the Committee appreciates the reasons for the level of underspend that you cited during the last budget process. This included that the funding stream was relatively new for schools meaning many were still allocating it and also that the financial year and the school year are not aligned. On the basis that PEF has now been in place for a further 12 months the Committee assumes that underspends will have notably reduced. The Committee would therefore appreciate sight of the most recent figures, which I understand are due for publication soon, as soon as they are available. The Committee would also appreciate an update from you on the Scottish Government’s ongoing evaluation of the impact of attainment funding including PEF.

**Colleges and Universities**

This Committee in its budget scrutiny for 2019-20 pursued issues with you in relation to real terms funding of Further Education and Higher Education and the sustainability of these sectors. The *Official Report* from your evidence session from January 2019
is available [here](#). Since then the Committee has noted with interest the conclusions from reports from the Auditor General on the *Finances of Scottish Universities* published in mid-September and the report on *Scotland’s Colleges 2019* published in May. The Committee is interested to learn how the key findings from these reports will inform the funding allocations for colleges and universities for 2020-21.

**Universities**

In relation to the sustainability of funding, the Auditor General report on universities states that:

> “the SFC funding to the sector reduced by seven per cent (£91 million in real terms), from £1.2 billion in 2014-15 to £1.1 billion in 2017-18. Despite this, total income for the sector increased by three per cent, from £3.7 billion in 2014-15 to £3.8 billion in 2017-18. Income reduced at nine universities, including five modern universities. Tuition fees replaced SFC grants as the single largest source of income for the sector in 2017-18.

While the sector overall is in good financial health, this masks significant variation across universities, and many sector-level indicators are disproportionately affected by the financial results of three of the four ancient universities. At an aggregate sector level, the operating position has remained broadly stable over the past four years, but six universities reported deficits every year. Between 2014-15 and 2017-18, the underlying position for the sector improved, but the position was worse for six universities.”

The Committee would be interested in your position on the sustainability of funding at a sector and individual university level and in how Audit Scotland’s findings are being taken into account when reaching funding allocation decisions for 2020-21.

The Committee would also appreciate confirmation of your position on the continuation of Scottish Government funding currently allocated for EU27 student tuition. During the Committee’s evidence session on 18 September on the impact of Brexit on higher education, Liam McCabe, President of the National Union of Students Scotland stated:

> “You will find unanimity across the three of us on that point [NUS Scotland, UCU Scotland and Universities Scotland]. We have all, collectively and separately, made overtures to the Government about the requirement to maintain within the education sector what I think is in the realm of £90 million-worth of funding. That
money is going into the education sector at the moment; even if it is being funnelled through the avenue of EU student tuition, it is still going into the education sector—full stop. If it is removed, that will create a £90 million black hole. Considering that there are going to be a multitude of black holes appearing all over the education sector in the event of a no-deal Brexit, we should at the very least try to stop the creation of another one, given that it is within our power not to create it.”

Colleges

In relation to sustainability of the college sector, the Auditor General’s report from May 2019 states:

“The college sector reported a small, but improved, underlying financial surplus in 2017-18. Colleges are operating within an increasingly tight financial environment and the sector-wide position masks particular financial challenges for some colleges. The gap between colleges’ income and expenditure is widening and this is forecast to continue, with 12 incorporated colleges forecasting recurring financial deficits by 2022-23.

Colleges face increasing cost pressures. The increase in Scottish Government revenue funding for 2019/20 covers only the additional costs of harmonising pay and conditions across the sector (excluding cost of living increases and increases in employers’ pension contributions). Current Scottish Government capital funding falls short of the estimated costs of maintaining the college estate. The proportion of nongovernment income that colleges generate has reduced over time, and cash balances and money held by arm’s-length foundations fell.”

Again, the Committee would be interested in your position on the sustainability of funding at a sector and individual college level and in how Audit Scotland’s findings are being taken into account when reaching funding allocation decisions for 2020-21.

I should be grateful for a response by Monday 28 October,

Yours sincerely

CLARE ADAMSON MSP
CONVENER