



The Scottish Parliament
Pàrlamaid na h-Alba

EDUCATION AND SKILLS COMMITTEE

AGENDA

16th Meeting, 2016 (Session 5)

Wednesday 21 December 2016

The Committee will meet at 10.00 am in the Robert Burns Room (CR1).

- 1. Decision on taking business in private:** The Committee will decide whether to take item 6 in private. The Committee will also decide whether its consideration of: a draft report on the Scottish Government's Draft Budget 2017-18; a draft report on a legislative consent memorandum on the Children and Social Work Bill (LCM(S5)7); and the Committee's work programme should be taken in private at its next meeting .
- 2. Draft Budget Scrutiny 2017-18:** The Committee will take evidence on the Scottish Government's Draft Budget 2017-18 from—

John Swinney, Cabinet Secretary for Education and Skills, Olivia McLeod, Director for Children and Families, and Aileen McKechnie, Director, Advanced Learning and Science, Scottish Government.
- 3. Scottish Child Abuse Inquiry:** The Committee will take evidence from—

John Swinney, Cabinet Secretary for Education and Skills, and Olivia McLeod, Director for Children and Families, Scottish Government.
- 4. Review of evidence (in private):** The Committee will consider the evidence heard earlier in the meeting on the Draft Budget.
- 5. Review of evidence (in private):** The Committee will consider the evidence heard earlier in the meeting on the Scottish Child Abuse Inquiry.
- 6. Children and Social Work Bill (UK Parliament legislation):** The Committee will consider the legislative consent memorandum lodged by John Swinney, Deputy First Minister and Cabinet Secretary for Education and Skills (LCM(S5)7).

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The papers for this meeting are as follows—

Agenda item 2

SPICe Briefing ES/S5/16/16/1

SPICe Briefing ES/S5/16/16/2

Agenda item 3

Paper from the Clerk ES/S5/16/16/3

Agenda item 4

PRIVATE PAPER ES/S5/16/16/4 (P)

Agenda item 6

PRIVATE PAPER ES/S5/16/16/5 (P)



Education and Skills Committee

16th Meeting (Session 5), Wednesday, 21 December 2016

Scottish Government Draft Budget:

Pre-budget scrutiny on education public bodies

Introduction

The Scottish Government published its Draft Budget for 2017/18 on Thursday 15 December 2016. Further, 'level 4' information is expected to be provided to SPICe on 16 December 2016. This paper focuses on the main issues raised in the Committee's pre-budget scrutiny in relation to discussions with: the Scottish Qualifications Authority (SQA); Education Scotland; Scottish Funding Council (SFC) and Skills Development Scotland (SDS).

A further paper will issue on Monday 19 December covering:

- Further budget information (from the 2017-18 draft budget documents) relating to the SQA, Education Scotland, the SFC and SDS.
- Local government spend on education.
- Any significant points in relation to the Scottish Government draft budget chapters on: schools, children and young people, further and higher education and skills

Theme 1: Scottish Qualifications Agency

Potential themes for discussion:

- The impact on SQA, teachers and pupils of multiple changes to qualification requirements.
- Given further CfE changes required and fixed income from local authority fees, whether reducing reliance on Scottish Government core grant was still a realistic aim.

Table 1 below shows SQA sources of income in 2015/16 and 2016/17. The majority of SQA public sector income is from fees. Scottish Government funding to the SQA is around £23m. Very little of this is clearly identifiable in the Scottish Government draft budget documents. This is related to the presentation of headings in the budget documents as well

as to ‘in-year’ funding provided to the SQA. (Information on SQA 2017/18 budget lines will be provided on Monday).

Table 1: SQA income and funding 2015-16 and 2016-17

	2015-16	2016-17
Income	£52.8m	£52.8m
Of which:		
<i>Entry charges</i>	<i>£42.1m</i>	<i>£41.7m</i>
<i>Other income</i>	<i>£10.7m</i>	<i>£11.1m</i>
Government Funding	£23.6m	£23.2m
Of which:		
<i>Grant funding</i>	<i>£5.0m</i>	<i>£4.4m</i>
<i>Additional grant funding</i>	<i>£4.9m</i>	<i>£12.3m</i>
<i>Programme grant funding</i>	<i>£13.7m</i>	<i>£6.5m</i>

Sources: [corporate plan 2015-18](#), corporate plan 2016-19

The Committee held an evidence session with Dr Janet Brown on [23 November 2016](#). One of the key themes in submissions was the impact on teachers of multiple changes being made to SQA requirements. This, together with the volume and complexity of information appear to underpin many of the negative comments about the organisation.

Janet Brown outlined plans to simplify arrangements:

“We have committed to reviewing and streamlining our documentation. As we move into the revised assessment process for national qualifications, which we are just starting, that documentation will be completely revised and will be much simpler.”

However, the decision to remove unit assessments means that Curriculum for Excellence qualifications have not yet reached the ‘steady state’ that was expected by this year, and will require changes to documentation at fairly short notice for the start of 17/18 academic year. Janet Brown stated that introducing the changes required extra resources as well as the engagement of teachers:

“We are in the midst of that planning process, and we expect it to have finished by the end of November or the beginning of December.

“We fully expect to require additional resources. The people who help to develop and deliver the qualifications are the teachers of Scotland. We will be asking teachers to engage with us on that, which will be a challenge.”

She described the timetable as “hugely challenging”, particularly as “it is not appropriate for there to be any errors.”

Other resource pressures included the fixed income from local authorities, and requirements for additional markers. Linda Ellison (Director of Finance, SQA) told the Committee that:

“On sustainability, we are trying to reduce the pressure on the public purse. We want to minimise the grant that we need to deliver the business, but we are balancing that with ensuring the safe delivery of the diet each year while we make further changes. It is quite difficult to get to a sustainable position.”

Janet Brown noted that:

“We anticipate that we will need more markers in the coming session. As a result of the removal of units [...] We have 15,000 markers, but we might need 16,000 or 16,500 next year.”

Asked by Colin Beattie about becoming self-sustaining, Dr Brown said:

“Given the focus that we absolutely have to have on curriculum for excellence a lot of the work that we were doing in that space was put on the back burner”

The Committee discussed the structure of the Senior Phase with both the SQA and Education Scotland. On the question of whether National 4 should have an external assessment, Janet Brown said:

“That is one of the conversations that Scotland as a whole needs to have.”

Theme 2: Education Scotland

Potential themes for discussion:

- Resource implications of simplifying Curriculum for Excellence.
- Advantages and disadvantages of the same organisation inspecting education and developing curriculum guidance.
- Providing independent advice to Ministers at the same time as implementing Ministers’ policy priorities.
- Resource implications of responding to new Ministerial priorities.

Education Scotland had a final budget of £36.7m in 2015/16 following in-year transfers of £11.8m. Initial budget for 2016/17 was £23.3m and year end budget is currently expected to be £34.5m.

Table 2: Education Scotland Budget, 2011/12 to 2016/17

£m	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Baseline budget		£24.7	£23.3	£23.6	£24.8	£23.3
In-year transfer			£11.6	£11.8	£11.8	£11.2 ¹
Final budget	£32.6	£32.3	£34.9	£35.4	£36.6	£34.5 ²
Outturn	£31.1	£29.8	£33.6	£39.1	£36.4	n/a

¹ £5.4 at autumn budget revisions, with a further £5.8m expected at spring budget revisions.

² Current estimate based on expected further budget revisions.

Source: annual accounts for relevant years and Education Scotland, personal communication.

Figures for 2017/18 draft budget will be provided on Monday 19th December.

The Committee held an evidence session with Education Scotland on [30 November 2016](#). While Education Scotland did not attract the same volume of written submissions as the SQA, similar points were made about the volume and complexity of guidance. Another key theme was a perception of a conflict of interest in an organisation that both develops and inspects the curriculum.

Graeme Logan told the Committee that about 20,000 pages of examples and case studies have been built up, but that they were planning to remove around 90% of these.

“We are stripping that resource right back to the core materials as a result of the OECD directive on streamlining and clarifying, and that is a dramatic change.”

Asked about the issue of ‘conflict of interest’ Bill Maxwell referred to:

“synergies that we can get from picking up evaluation evidence from one part of our organisation, which operates under strict firewalls to ensure that it reports without fear or favour.”

Asked to give an example of where inspection evidence has prompted policy change, Bill Maxwell referred to:

- issuing their statement in May about transition from the Broad General Education to the Senior Phase
- changes to assessment materials and guidance, after they highlighted the amount of assessment
- heavy influence on the assessment model in the national improvement framework, and advice that “standardised assessment needed to be placed in the context of teachers’ professional judgment.”

In discussing the structure of the senior phase, both Graeme Logan and Bill Maxwell emphasised that it should be considered as a whole. Graeme Logan said:

“If you look at S4 in isolation, it could look as though the curriculum goes from broad to narrow, but that is not the design of CfE. It is a three-year experience, with lots of opportunities to make choices, to look at different pathways and to build up a wide portfolio of achievements and skills.”

Bill Maxwell also considered that internal assessment was appropriate for National 4:

“In my view, the answer is not necessarily to introduce an external exam to give it “credibility”.

On monitoring the progress of CfE, Bill Maxwell referred to evidence from inspections and a review of the level of bureaucracy in councils. He described the collective decision making in CfE and how each part of the system is taking action following the completion of the first full cohort of CfE from S1 to S6.

“To be perfectly straight with you, we have just gone through the first complete run of the new curriculum for excellence framework up to S6. We are all learning lessons from that. How we implemented CFE was a collective decision. Out of that first run is action on our side to reduce and clarify the guidance and to make it easier for teachers to access, which they appreciate. The SQA is taking action to cut the assessment burden. There are also actions that are very much for local authorities and schools to take to make sure that they are fully embedding approaches that make it possible for schools to get the best value out of the new curricular framework.”

Alasdair Delaney discussed a number of budget issues, including:

- a reduction in inspections in the first years of Education Scotland’s existence, although the expectation was to have the same number of inspections this year as last.
- a 12% budget cut over the period 2012-13 to 2015-16, followed by a 7% cut in 2016-7.
- difficulties in getting educational expertise. “less able to take secondees from education providers out of the system. They are not willing to come—they are too busy doing their own job in their local area.”
- issues in relation to in-year funding: “will not hide from the fact that there is always a tension between our long-term planning for what we want to do and the pressures and new ideas that come along during the course of any particular year”

Theme 3: Scottish Funding Council

Potential themes for discussion:

- Whether sufficiently robust systems are in place within the Scottish Government to ensure that the SFC can make sustainable and strategic financial plans over the medium to long term to support delivery of teaching and research within Scotland’s colleges and universities.
- Whether the relationship with the SFC offers enough distance to allow that agency to perform its arms-length role of challenging and offering policy advice to the Scottish Government on post-16 education policy and funding.
- Any action, including statutory measures, being taken to address the concerns about the abolition of the SFC board potentially leading to the abolition of the SFC itself.

Of the four public bodies under review, the SFC receives by far the largest allocation of funding from the Scottish Government. As Table 3 shows, in financial year 2016-17 the SFC was awarded a total of £1.65 billion for onward distribution to colleges and higher education institutions (HEIs) as well as for the costs of running the SFC itself.

Table 3: Scottish Government allocations to the SFC, FY 2011-12 to 2016-17 (£m)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
HEI resource	£926.2	£1,002.2	£1,041.6	£1,061.7	£1,062.5	1,027.2
HEI capital	£40.0	£33.0	£32.7	£34.8	£21.0	£35.7
College resource	£544.7	£506.9	£511.7	£521.7	£530.3	£530.3
College capital	£51.0	£27.7	£24.0	£26.6	£25.5	¹ £51.4
SFC administration	£8.4	£7.9	£7.9	£7.9	£7.9	£7.5
Total	£1,570.3	£1,577.7	£1,617.9	£1,652.7	£1,647.2	£1,652.1

Source: [Scottish Government budget documents](#)

¹ In 2016-17 there was a new budget line called "College NPD expenditure", totalling £24.4m

The largest share of this funding is for onward allocation to HEIs – totalling £1,062.9 billion in financial year 2016-17 for both resource and capital allocations. In contrast, the smallest element of this budget is for the running of the SFC, down from £7.9 million 2015-16 to £7.5 in 2016-17.

HEIs have seen a drop in resource funding between 2015-16 and 2016-17 of £35.3 million in cash terms. In the same period, college resource funding has remained relatively static in cash terms, although there were cuts to the college budget in earlier years.

A number of issues relating to financial health of the SFC were raised by the [Auditor General for Scotland in her submission to this work](#):

- An over-commitment by the SFC of £10 million in university funding allocations for academic year 2015-16, placing “additional pressure on its operating budget”. While this was rectified in-year, it highlighted issues with SFC internal processes and a “breakdown in the funding allocation process”.
- A lack of any medium to long term financial planning in current practices.
- A lack of a workforce plan to mitigate the effects of potential staff reductions that may arise from another round of operational funding reductions (although it was reported to be working on one).

In its [letter to the Committee dated 14 December 2016](#), the SFC explained further its approach to medium term financial planning, taking “at least” a four year view of its teaching funding and a variable projection of its strategic funding.

In Committee [on 16 November 2016](#), John Kemp (interim Chief Executive at the SFC) responded to a question on staffing reductions and implications of this for work pressure / staff workloads at the SFC. He highlighting that staff workload was not so heavy as to affect quality. He pointed out that staff now perform different functions that they previously did; with the introduction of the Outcome Agreement process meaning previous policy staff now work both as Outcome Agreement managers and sometimes also on policy issues. He went on to say:

“A different way of working is involved, but there is pressure on all parts of the public sector to operate more efficiently and to get better outcomes by working more collaboratively with others.” (Column 28)

An issue that several members of the Committee pursued with the SFC when it gave oral evidence was whether – given that it is a public body at arms-length from government - there was sufficient distance between the SFC and the Scottish Government. The specific concern raised was whether the SFC was performing its role in challenging / giving advice to Scottish Ministers on matters relating to further and higher education. Relatedly there was discussion of the lack of transparency in the role that the SFC plays in giving advice to the Scottish Government; specifically on the occasions that it may wish to wish to challenge the policy direction taken by Scottish Ministers.

Probing on this issue in Committee on 16 November 2016, Tavish Scott raised a question with John Kemp about the decision taken by the Scottish Government to cut provision of part-time courses:

Tavish Scott: To go back to Johann Lamont's question, many of us disagreed with changing the arrangement for college funding so that there were fewer part-time courses and fewer women were able to take college courses. There was no political agreement about that. Forgive me for being unable to find the reference at the moment, but the minister basically said, "Get on with it." There was no agreement on that one.

Dr Kemp: There was not. However, the funding council and the Government agreed on that, because we advised the Government way back in 2008-09 that there were a lot of very short courses that did not lead to recognised qualifications and which we felt could be deprioritised in order to have more part-time courses...

In his response Dr Kemp suggests that the advice from the SFC was that there a large number of short courses that did not lead to recognised qualifications that could be deprioritised to have "more part time courses", rather than fewer part time courses. The key distinction here is between short non-accredited courses, on the one hand, and accredited part-time college provision on the other.

The enterprise and skills review that is currently in phase 2, led by the Cabinet Secretary for the Economy, Jobs and Fair Work Keith Brown MSP, was a central focus for discussion by the Committee when the SFC gave evidence. In light of the discussions with the SFC on this matter, the Committee held a follow up session with Keith Brown MSP on [7 December 2016](#) to find out more about the plans for phase 2 of the enterprise and skills review as these related to matters within its portfolio.

In [supplementary written evidence](#) for the meeting on 7 December 2016, Universities Scotland highlighted that the introduction of a new single board with a remit to oversee the governance of post-16 education bodies as well as enterprise and skills agencies was a significant issue for higher education institutions (HEIs). Specifically, it pointed out that, the proposal to remove the board of the SFC – a proposal which was only made explicit after the phase 1 review report was published – "raises a fundamental question about [the SFC] would continue to exist". As the legislation that established the SFC states that it is the Board that constitutes the SFC, Universities Scotland has questioned whether this could mean that the SFC itself could be abolished if "alternative statutory provision" is not made.

In addition, a number of other specific concerns were raised by Committee regarding the remit and actions surrounding the enterprise and skills review. These included:

- A need for greater clarity as to the rationale for replacing individual boards with one single board for all enterprise and skills activity.
- The perceived risk felt by universities of ONS reclassification, with all the accompanying risk to the autonomy of the sector, if it is a Scottish Minister that is appointed as chair of the new single skills board.
- The potential risk that within one single overarching board, specific concerns felt by individual bodies (e.g. those relating to post-16 education) may not get the attention or priority they would under current arrangements.

Theme 4: Skills Development Scotland

Potential themes for discussion:

- Resource implications of increasing the number of foundation and graduate level apprenticeships.
- How the 2017/18 budget and next year’s letter of guidance will focus on increasing the number of small (especially micro businesses) taking on Modern Apprentices.
- The proportion of Modern Apprenticeship funding that is currently used to support frameworks where the gender balance ratio is 75:25 or worse.
- The number of companies benefiting from SDS support (and therefore public money) that have signed the Scottish Business Pledge, and whether the Scottish Government would consider introducing some degree of conditionality to skills support.
- Resource implications of increasing the support available to people needing to reskill later in their “learner journey”.

Skills Development Scotland’s core Grant-in-Aid income from the Scottish Government is £176.1m in 2016/17. The comparable figure for 2015/16 was £183.1m.

Core grant-in-aid will be “enhanced by discrete funding to address Ministerial priorities, including initiatives to support the development of Scotland’s young workforce” transferred to SDS through the Scottish Government’s Autumn and Spring Budget revisions. These in year transfers, plus European funding, brings SDS’s total anticipated budget for 2016/17 up to £208m:

Income	2016/17
	£'000's
Core Grant-in-Aid (GIA)	176,100
Transfers, ABR & SBR indicative GIA	26,960
European Social Fund income	4,495
Other income	300
Total Income	207,855
Expenditure	2016/17
	£'000's
People Costs	64,506
National Training Programmes, Funds & Initiatives	116,718
Industry and Employer Engagement	8,220
IT/IS Infrastructure	8,786
Estates	7,690
Indirect and Enabling Services	1,935
Total expenditure	207,855

Source: SDS’s [2016/17 Operating Plan](#)

SDS's annual plans are informed by the [Letter of Guidance](#) from the Scottish Government, which contains a range of targets and actions for 2016/17. Some of these are included below:

- Delivering 26,000 new Modern Apprenticeship starts in 2016/17, with the majority of places allocated to young people aged 16-24;
- The implementation of the [Equalities Action Plan for Modern Apprenticeships](#) published in December 2015;
- The further roll out of Foundation Apprenticeships and Graduate-level Apprenticeships;
- Continued management and delivery of Individual Learning Accounts
- Developing and delivering the Transition Training Fund aimed at helping those who face losing their jobs in the oil and gas industry;
- Providing 11,650 training starts through the Employability Fund;
- Continue to undertake Skills Investment Plans and Regional Skills Assessments;
- Pursuing the best use of data tracking and monitoring mechanisms

Modern Apprenticeships and occupational segregation

One of the [Developing the Young Workforce](#) key performance indicators (KPI 7) sets a target “to reduce to 60 per cent the percentage of Modern Apprenticeship frameworks where the gender balance is 75:25 or worse by 2021”. At the time of the 1st Annual report (December 2015) the rate stood at 72%. The most recent figure, for 2015/16, is 74%. SDS published its [MA Equalities action plan](#) on 2 December 2015 setting out its long term approach to improving equal participation in the MA programme. The agency will report on this plan annually with the first report due in early 2017.

The issue of occupational segregation within the Modern Apprenticeship programme was raised during the Committee's [evidence session with SDS on 9 November](#). Damien Yeates highlighted the various actions SDS has been delivering over the years to address this; however:

“I remind the committee—I think that you are all familiar with this—that much of the challenge is societal: it is deep seated, it is cultural and it is based on perceptions and views that are formed over many years.”

SDS hopes the new Foundation Apprenticeship programme, aimed at pupils in the senior phase at school, “could help in changing mindsets about a pathway that people think is not for them”.

The Learning Journey and skills provision for older learners

The Phase 1 report of the Enterprise and Skills review spoke of reviewing the “learner journey” and ensuring “we have the right balance of provision across age groups”. The question of skills provision, and its associated budget, for learners out with the 16-24 year old age group was raised by the Committee. SDS responded with updates on work being done in the North East (for example, the Transition Training Fund), as well as highlighting its all-age careers guidance service:

“Resources and professional support from careers advisers are provided across the board for people of all ages. Last year the PACE— partnership action for continuing employment— redundancy advisory service supported 18,000 individuals. Over and above that, another 30,000 adults were supported individually by our careers advisers. The point is that there is a big infrastructure available for adults to access support through the career information, advice and guidance service.”

In a [recent press release](#), the Scottish Government confirmed an increase in the number of Modern Apprenticeships frameworks that can be supported for apprentices aged over 25.

National programmes’ delivery at local level

The Committee also highlighted a number of issues raised by the Aberdeen and Grampian Chamber of Commerce in its [submission](#). Although SDS refuted many of the AGCC’s points, the Scottish Local Authorities Economic Development Group (SLAED) also [claimed](#) “SDS is a complex organisation and it can be challenging to understand the roles and responsibilities of staff at a local and national level”, and: “in dispersed geographies local businesses can struggle to access Modern Apprenticeship opportunities for their employees”.

Camilla Kidner
Suzi Macpherson
Greig Liddell

SPICe
15 December 2016

Education and Skills Committee

Meeting 21 December 2016

Scottish Government Draft Budget

Introduction

This paper supplements the paper issued on Friday 16 December and includes further detail of the Scottish Government draft budget including 'level 4' information provided to SPICe. The 'themes' for the four education bodies are therefore the same as issued in Friday's paper. Further themes from the draft budget are also considered around:

- Local government and attainment fund.
- Early learning and childcare.
- Further and higher education.
- Skills.

The Scottish Government publishes a report on Scotland Performs. A ['scorecard'](#) of indicators relevant to this Committee is available at pages 20 to 23 of the report. Notable changes are:

- Worsening scores on school attainment (as measured by PISA).
- Reduction in proportion of people satisfied with the quality of local public services.
- Decline in university income from knowledge exchange activities.

Theme 1: Scottish Qualifications Agency

Potential themes for discussion: (additional to Friday's paper)

- Extent to which CfE has reached a stage of implementation such that development budgets can be decreased

In addition to the information provided in Friday's paper on the SQA, the table below shows the 'level 4' figures provided in the Scottish Government draft budget from 2015-16 to 2017-18. As previously noted, this is only a small fraction of the total public sector income for the SQA which includes further Scottish Government grants, in-year funding and income from exam entry fees from local authorities and colleges.

Table 1.1: “Level 4” SQA budget lines, 2015/16 to 2017/18 draft budgets (£m)

£m	2015-16 draft budget	2016-17 draft budget	2017-18 draft budget	% change on 2016-17
SQA Development /Accommodation Costs Funds accommodation costs for SQA (Including Education Scotland's share of the Optima Building, Glasgow).	4.470	4.470	4.470	0
Qualifications, Assessment & Skills Funds support of the implementation of Curriculum for Excellence and the new national qualifications and associated support for teachers.	9.612	12.612	6.412	-49.2%
Scottish Qualifications Authority SG core grant in aid contribution towards operational costs and depreciation (total 2014/15 SQA budget around £70m)	4.300	4.300	3.700	-14.0%
SQA Capital	0	0	1.000	New line

Source: Scottish Government, provided to SPICe. See level 4 breakdown of level 3 ‘learning and support’ table in Learning.

The budget for Curriculum for Excellence has been reduced across SQA, Education Scotland and central government budgets. In terms of SQA ‘level 4’ (above) the funds to support the implementation of CfE and the new national qualifications have been halved, on the grounds that: “budget decrease stems from a maturity of the CfE and completed implementation of the new national qualifications.”

Although not specifically assigned to the SQA in the draft budget, the ‘level 4’ line “general curriculum” has been reduced by nearly a quarter from £15.3 million to £11.5 million with the explanation that: “budget decrease due to planned reduction in central government funding for curriculum implementation.”

When Dr Janet Brown gave evidence to the Committee, reference was made the IT requirements of changing the qualifications to take account of the removal of unit assessments. The ‘level 4’ figures include £1 million capital for a new IT system.

(See ‘level 4’ table “Learning and Support’ under general ‘level 3’ heading of ‘Learning’).

Theme 2: Education Scotland

Potential themes for discussion: (additional to Friday’s paper)

- Extent to which CfE has reached a stage of implementation such that development budgets can be decreased
- Reason for reducing non-salary budget by 16% from £12.5m to £10.5m

Education Scotland’s draft budget for 2017-18 is £21.5 million ([table 6.03, draft budget 17/18](#)), down from £23.3 million in the 2016-17 draft budget and £24.7 million in the 2015-16 draft budget.

As previously mentioned, Education Scotland has a history of receiving substantial in-year funding, so this figure might be expected to increase through the year. It is not therefore

clear whether or not actual funding to Education Scotland is expected to be lower in 2017-18 than in 2016-17.

That said it is notable that the 'other' (i.e. non staff salary) line has been reduced by 16 per cent from £12.5 million to £10.5 million. No specific explanation is given for this in the level 4 tables. The overall budget cut to the core grant is coming entirely from this 'other' line, and not from salaries, which make up around half the core grant.

Table 2.1 Education Scotland 'level 4' figures, draft budget 2015/16 to 2016/17 (£m)

£m	2015-16 draft budget	2016-17 draft budget	2017-18 draft budget	% change on 16/17
Receipts	-0.949	-0.949	-0.949	0
Pay	11.465	11.465	11.465	0
Other	13.937	12.487	10.507	-15.9%
Depreciation	0.300	0.300	0.420	40%
Total - Education Scotland	24.753	23.303		

Source: Scottish Government, provided to SPICe. See Level 4 breakdown of level 3 'Education Scotland' under 'Learning'.

Theme 3: Scottish Funding Council / Further and Higher Education Draft Budget 2017-18

Potential themes for discussion (additional):

- The rationale for a reduction in revenue funding to higher education institutions for 2017-18.
- Responses to the views expressed by Universities Scotland that the financial settlement for 2017-18 does not allow higher education institutions to make plans for medium to long term sustainability of the sector.
- Whether the current use of depreciation as a way of addressing funding shortfalls in colleges offers the sector a long term solution to current financial constraints.
- Views on the financial sustainability of a system involving increased budget allocations to “net student loan advances”.

Table 3.1 updates the information provided in the Committee paper issued on 16 December 2016 to include draft budget figures from the Scottish Government to the SFC for financial year 2017-18. It also updates the figures for 2016-17 to reflect final funding allocations for this financial year.

Table 3.1 shows that funding to the SFC has been steadily increasing in the period 2011-12 to 2016-17, and is set to increase again for 2017-18. The areas that are set to see increased funding for 2017-18 are both capital allocations to colleges and universities, as well as college resource funds.

Table 3.1: Scottish Funding Council – final Scottish Government allocations (£m)

£m	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
HE resource	£926.2	£1,002.2	£1,041.6	£1,061.7	£1,062.5	1,081.3	£1,013.9
HE capital* ***	£40.0	£33.0	£32.7	£34.8	£21.0	£35.7	£55.5
FE resource	£544.7	£506.9	£511.7	£521.7	£530.3	£566.6	£581.4
FE capital* **	£51.0	£27.7	£24.0	£26.6	£25.5	£51.4	£76.5
Administration	£8.4	£7.9	£7.9	£7.9	£7.9	£7.5	£7.5
Total	£1,570.3	£1,577.7	£1,617.9	£1,652.7	£1,647.2	£1,742.5	£1,734.8

Source: [Scottish Government budget documents](#)

* The Scottish Government budget documents for some earlier years do not break down figures for capital allocation to colleges and HEIs. Figures were provided by SFC officials (October 2014) ** In 2016-17 there was a new budget line: "College NPD expenditure" of £24.4m. The figure was £29.1m in 2017-18 *** For the first time in 2016-17 the capital allocation to HEIs included £10m "HE financial transfers" to support capital activity in the sector

Table 3.2 provides further detail on the changes to the budget for 2016-17 between draft and final allocations as well as proposed budget allocations for 2017-18. A number of changes in the funding allocations took place during the year:

- An increase of £6.3 million in net college resource funding.
- An additional budget line showing £30 million “college depreciation costs” (discussed further below).
- An increase of £54.1 million for HEI resource funding¹.

Table 3.2: Scottish Funding Council – draft and final allocations 2016-17 and 2017-18

£m	2016-17 Draft	2016-17 Final	2017-18 Draft
Net College Resource	530.3	536.6	551.3
College NPD expenditure	24.4	24.4	29.1
College Depreciation Costs	-	30.0	30.1
Higher Education (HE) Resource*	1,027.2	1,081.3	1,013.9
Net College Capital	27.0	27.0	47.4
Higher Education Capital	25.7	25.7	45.5
Higher Education Financial Transactions	10.0	10.0	10.0
Scottish Funding Council Administration	7.5	7.5	7.5
Total	1,652.1	1,742.5	1,734.8

Source: [Scottish Government budget documents](#)

For universities, the draft budget shows a significant reduction in resource funding – from a final funding allocation in 2016-17 of £1,081.3 million to a draft budget allocation of £1,013.9 in 2017-18 (a reduction in cash funding of £67.4 million).

[The Herald on Friday 16 December 2016](#) highlights comments from Universities Scotland on the draft budget figures, stating that the resource allocation for 2017-18 “does not enable recovery towards sustainable funding of universities’ core teaching and research

¹ The draft budget (Table 6.06) points out that a number of funding transfers from across government took place during 2016-17, including an annual increase to deliver nursing places, representing a total of £54 million in financial year 2016-17.

activities". Universities Scotland is proposing talks with the Scottish Government to "chart a three-year path towards a sustainable funding settlement." Andrea Nolan, Convenor of Universities Scotland is quoted as saying: "Our priority was to get a settlement that started a climb back towards sustainability. That has not happened." The Herald article also points out that Universities Scotland is critical of the capital funding allocation of £45.5 million for building projects, which she points out, does not contain any new money.

Colleges have been facing funding shortfalls leading to a position where the boards of regional colleges have been called on to draw down on depreciation allocations to make up funding shortfalls. Technically depreciation is a non-cash line in a budget. It represents the depreciating value of fixed assets. Audit Scotland in its report [Scotland's Colleges 2016](#), published in August 2016, explains how depreciation operates in colleges:

"Before reclassification in April 2014, the Scottish Government included an amount for depreciation within its funding allocation for colleges. As depreciation did not require cash spend in the year of allocation, colleges were able to spend this cash or set it aside to meet future needs. Following reclassification, the Scottish Government provided a non-cash budget to cover depreciation. But the cash allocation to colleges still includes a sum equivalent to the amount previously set aside for depreciation. Colleges are potentially left with an amount of unspent cash (referred to in the sector as 'net depreciation cash') but require approval from the Scottish Government to spend it" (Paragraph 69).

As shown in Table 3.2 above, the [2017-18 Scottish Government draft budget](#) includes for the first time a cash line against SFC budget allocations called "college depreciation costs". This represents the cash to colleges from the SFC that is intended to address funding shortfalls. The total depreciation cost has been reported as £30 million for 2016-17 and £30.1 million for 2017-18.²

The Audit Scotland report on Scotland's Colleges states:

We acknowledge that reclassification has led to a mismatch between Scottish Government accounting rules and the further and higher education SORP (Statement of Recommended Practice). However, the current approach to addressing this mismatch is complex and creates uncertainty for colleges. It was also intended as a short-term measure. The mismatch has existed since April 2014. The Scottish Government, SFC and the sector are working together to develop a solution but have not set a date by which the issue will be resolved" (Paragraph 71).

For information, below are level 4 figures on the allocation of funding to the Education and Skills portfolio focusing on planned spending relevant to further and higher education.

Under the heading "advanced learning and science", Table 3.3 shows various sources of funding allocated by the Scottish Government to activity relating to qualifications and accreditation and to higher education and science. All budget lines under this heading have remained the same in cash terms for financial year 2017-18 except for grant funding to the SQA for its work to accredit and validate vocational qualifications, where there has been a transfer of £0.5 million to the Economy, Jobs and Fair Work portfolio.

² In Table 3.2 above, depreciation costs have been included in the "FE resource" budget line for 2016-17 and 2017-18. Prior to financial year 2016-17, there was no transparent reporting of any use of depreciation as a funding mechanism operated by colleges.

Table 3.3: Level 4 draft budget “advanced learning and science”

£m	2016-17 draft	2017-18 draft	Commentary
FAE general	0.091	0.091	Funding to support sectorial development and stakeholder engagement in relation to various programmes including Developing the Young Workforce, Learner Journey Review and the Student Support Review
Skills for Business Network	0.129	0.129	Funds the work of the Scottish Commissioner to the UK Commission on Employment and Skills and the management fee for the vocational training theme of ERASMUS+.
Newbattle Abbey College	0.008	0.008	Annual pension costs
SQA, Vocational Qualifications and Skills	1.525	1.025	Grant funding to the SQA for its work to accredit and validate vocational qualifications. Baseline transfer of £500k to Economy Jobs and Fair Work portfolio
Scottish Credit and Qualifications Framework	0.475	0.475	Promotion of the Scottish Credit and Qualifications Framework.
Total qualifications and accreditation	2.228	1.728	Reduction of 22.4 per cent
University & College International Activity	1.293	1.293	Funds initiatives to support and promote international mobility for staff and researchers.
Student Support	0.160	0.160	Includes funding to support widening access and other student support activities
Total higher education	1.453	1.453	No change
Science & Society	3.025	3.025	Grant funding to Scotland's four science centres, including funds to support running costs and widening access, plus other grants to science festivals and other public science engagement initiatives, as well as running costs for Scottish Science Advisory Council, Science and Engineering Profession conference and annual Higgs Prize for Physics.
Total “Advanced Learning and Science”	6.706	6.206	Reduction of 7.46 per cent

Source: Scottish Government, provided to SPICe

Table 3.4: Level 4 draft budget “higher education student support”

£m	2016-17 draft	2017-18 draft	Commentary
Student Support and Tuition Fee Payments	301.630	301.630	Tuition fee payments to institutions, grants & bursaries to students and funds to institutions to further support students.
Student Loan Company Administration Costs	4.500	4.200	Contribution to the Student Loans Company for the cost of administering Scottish students' loans. £300k baseline transfer (reduction) to better reflect actual costs
Student Loan Interest Subsidy to Bank	3.000	2.000	Cost of interest subsidy to banks for historic loan book. £1m baseline transfer (reduction) to better reflect actual costs
Cost of providing student loans (RAB charge)	175.600	175.600	This is the cost of the interest rate subsidy and bad debts on student loans.
SAAS Operating Costs Resource	10.283	11.583	Funding of the Student Awards Agency including staff, accommodation, IT and administration costs. Baseline transfer (increase) of £1.3m to reflect higher operational costs due to increased activity.
SAAS Operating Costs Capital	2.000	2.000	Funding of SAAS capital projects for administering student support.
Total (DEL) student support	497.013	497.013	
Net Student Loans Advanced	491.300	560.000	Student loan advances net of student loan repayments for Scottish domiciled students. Covers maintenance loans, tuition fee loans for postgraduate students and tuition fee loans for students studying in the rest of the UK. Increase to reflect up-to-date estimates of loan advances.
Capitalised Interest	-55.000	-60.000	Capitalised interest on student loans. Increase to reflect up-to-date estimates.
Student Loans Fair Value Adjustment	-60.500	-57.500	Loan valuation adjustment. Decrease to reflect up-to-date estimates.
Student Loan Sale Subsidy Impairment Adjustments	3.500	0.500	Sales subsidy adjustment. Decrease to reflect up-to-date estimates.
Total (AME) student support	379.300	443.000	
Total “Higher Education Student Support”	876.313	940.013	An increase of 7.3 per cent

Source: Scottish Government, provided to SPICe

Table 3.4 then considers the level 4 student support budget lines for 2017-18. A number of individual budget lines have changed in the period between the draft budget 2016-17 and 2017-18. The net effect however is an increase in overall funding of £63.7 million (7.3%), largely seen through higher estimated allocations for allocating to Student Loans payments in 2017-18.

Theme 4: Skills Development Scotland

Potential themes for discussion:

- Where in SDS’s non-Modern Apprenticeship budget the Government expects £5 million of savings to be made.
- When the Government become aware that the Apprenticeship Levy would not lead to any extra funding for Scotland.
- Of the measures supported by the Apprenticeship Levy, documented in the [Scottish Government response to the Apprenticeship Levy](#) (reproduced on p10 of this paper), the number that will be new programmes.
- Details of the new Flexible Workforce Development Fund to be introduced in Autumn and any role SDS may have in its delivery.

Skills Development Scotland’s (SDS) initial grant-in-aid allocation for financial year 2017-18 will be £179.6 million; an increase of £3.5 million from the draft budget allocation for 2016-17 (representing a two per cent increase in cash terms and 0.5 per cent in real terms).

The accompanying notes to the Scottish Government’s draft budget [Level 4 spreadsheet](#) explain that the £3.5 million increase over the year is due to an additional £8 million for the expanded Modern Apprenticeship (MA) programme, minus a £5 million saving to SDS’s grant-in-aid budget.

Table 4.1: Draft Budget 2016-17 and 2017-18 (£m)

£m	2016-17 Draft Budget	2017-18 Draft Budget	% Change (cash)
Skills Development Scotland	176.1	179.6	2.0%

The level 4 figures also show, under the Skills and Training budget line, funding for employment and training interventions, including Education Maintenance Allowance (EMA) and the Inspiring Scotland’s 14-19 Year Olds Fund. These notes show that EMA – which is administrated by local authorities and the SFC to support young people aged 16-19 years from low income families to stay on at school or college – will be reduced by £10 million on the 2016-17 allocation. The reason for this 25 per cent reduction is said to relate to this budget line being a “demand led programme, revised budget reflects actual demand.”

The most up to date [statistics for recipients of EMA](#) are for academic year 2014-15. These show a fall of six per cent in the number of EMA claimants – from 35,470 pupils / students in 2013-14 to 33,180 in 2014-15. Alongside this it is also worth noting that colleges are being called on to draw down more on EMA funding rather than student bursaries for students aged 18 and 19 years taking part in college education to reduce excessive demand on the college bursary budget ([see this SPICe briefing for more information](#)).

Scotland Performs Update

To support scrutiny of the 2017-18 draft budget the Government provided a [Scotland Performs Update](#). This document includes a Performance Scorecard which maps the National Performance Framework to most of the Scottish Parliament's subject committees and provides an update on relevant indicators. A total of 16 NPF indicators have been selected as relevant to the Education and Skills Committee (see page 20). The report shows recent performance on these indicators as at 15 December 2016, including (relevant to the Committee's skills remit) an increase in real terms productivity, maintained performance in the skills profile of the population indicator, and a worsening in the indicator relating to proportion of individuals living in poverty.

Members will recall that one of the Committee's scrutiny priorities this year is how agencies such as SDS deliver the outcomes expected of them by the Scottish Government. The Scotland Performs Update includes narratives for each of the [16 National Outcomes](#), showing examples of contributions made by its various agencies towards these outcomes. For example, the Update highlights the contribution the £76.3m (in 2015/16) Modern Apprenticeship programme makes to providing better employment opportunities, reducing staff turnover for business and increasing the chances of sustained employment for the apprentices involved (see [pages 83-84](#)).

The Apprenticeship Levy

Members will be aware that the Scottish Government is responsible for distributing [£221m in Apprenticeship Levy](#) funding in Scotland during 2017-18. However, the Scottish Government is keen to stress that this is not entirely *additional* money. In a [report published last week](#), the Scottish Government explained that:

“While the levy will result in a small increase in the funding we received from the UK Government previously in relation to apprenticeship activity, the fact that the public sector is required to pay will reduce Scottish Ministers' spending power by £30m in 2017-18.”

In his speech to Parliament on Thursday, the Cabinet Secretary for Finance and the Constitution, Derek Mackay, confirmed, nevertheless, that £221 million of next year's budget “will be committed to interventions that support skills, training and employment in Scotland”. In last [week's report](#), the Scottish Government set out how this will be achieved:

Activity	Estimated Expenditure in 2017-18 £m
MODERN APPRENTICESHIPS	
Our continued commitment to deliver 30,000 new Modern Apprenticeship starts each year by 2020.	81.5
National Occupation Standards	0.5
Sub-total	82.0
GRADUATE LEVEL APPRENTICESHIPS	
Graduate Level Apprenticeships	4.7
Sub-total	4.7
FOUNDATION APPRENTICESHIPS	
Foundation Apprenticeships	6.8
Sub-total	6.8
WORKFORCE DEVELOPMENT	
Support to employers to help disadvantaged young people to access and sustain employment	9.3
Developing the Young Workforce Regional Groups	4.1
Flexible Workforce Development Fund	10.0
Digital Economy Skills & Business Support	1.9
Care Sector Skills - Voluntary Sector Development Fund	0.9
Early Years Recruitment & Training	25.0
Energy Sector – Transition Training Fund	6.0
Teacher Training	2.5
Individual Learning Accounts	3.9
Sub-total	63.6
PRE-EMPLOYMENT SUPPORT	
Employability Programmes	25.0
Employment focussed college provision for young people	36.3
Inspiring Scotland	3.0
Sub-total	64.3
Total	221.4

Theme 5: Local Government spend on education: attainment fund

Potential themes for discussion:

- The implications of the gap between registration for and entitlement to free school meals, for monies allocated via the ‘attainment fund’.
- The controls that are expected to be put in place to ensure the attainment fund is spent in ways that are the most effective in reducing the attainment gap.
- The principle of introducing a new specific grant, in the light of previous policy to minimise this type of funding.
- The budgets that are to be cut in order to fund the £120 million allocation.

General local authority funding

The draft budget sets out total funding for local government of c. £10 billion:

“In 2017-18 we will make available to local government a total funding package amounting to £10,131.1 million. This figure includes both the general revenue and capital grant funding, specific revenue and capital grants as well as the Government’s estimate of non-domestic rate income to be collected during 2017-18, which local authorities collect and retain.” (p.87)

The [Local Government Circular \(9/2016\)](#), sets out the total revenue to local authorities of £9,707 million in 2016-17 falling to £9,496 million in 2017-18 (a 2.2 per cent reduction). This includes non-domestic rate income and specific grants. There are £124m specific grants for schools - Gaelic and the Attainment Fund.

The budget estimate published in June for local authority net revenue spend on education in 2016-17 was £4,826 million, representing 41 per cent of expenditure on all services of £11,724 million and an increase of £61 million (1.3%) on 2015-16 ([POBE, June 2016 p.3](#)).

If local authorities were to reduce spending on education by 2.2 per cent then, based on the 2016-17 budget estimate, this would be a reduction of around £106 million. While this is a similar amount as the attainment fund (before it was increased to £120m), it should be noted that the distribution of the attainment fund will be different to the distribution of the local government block grant, and it is not necessarily the case that local authorities will adjust their education budgets in direct proportion to the changes in their revenue grant.

Maintaining Teacher Numbers

The local government funding [Circular 9/2016](#) sets out the same requirement as last year in terms of protecting teacher numbers i.e. £88 million funding is provided on the basis that the national pupil-teacher ratio (PTR) does not increase above 13.7 and that all required places are provided for probationer teachers.

Last year’s agreement on teacher numbers was measured by the teacher census statistics published on 13 December 2016. This showed that the overall pupil-teacher ratio remained the same at 13.7, meaning that the condition in the 2016-17 local government settlement was met. However, within this national figure, 12 local authorities had a higher PTR compared to last year. The largest increases in PTR were in Aberdeen City, Moray, Perth and Kinross and East Lothian ([Table 6.2 Teacher Census supplementary data](#)).

In terms of actual numbers of teachers, the figures showed an increase of 253 teachers (including early-years teachers³) compared with 2015. One hundred and sixty of these were funded via the Attainment Fund ([BBC 13 Dec 2016](#)). Table 5.1 shows that teacher numbers are 3.8 per cent lower than they were in 2009.

Table 5.1 Teacher numbers and PTRs 2009 16

	Total excluding early learning teachers	change on previous year	pupil teacher ratio	Total including early learning teachers	change on previous year
2009	51,344		13.2	53,001	
2010 ⁽¹⁾	50,498	-1.6%	13.3	52,022	-1.9%
2011 ⁽¹⁾	49,907	-1.2%	13.4	51,368	-1.3%
2012 ⁽¹⁾	49,867	-0.1%	13.5	51,253	-0.2%
2013	49,790	-0.2%	13.5	51,078	-0.3%

³ early years teachers are not included in the agreement on PTRs.

2014 ⁽²⁾	49,521	-0.5%	13.7	50,720	-0.7%
2015 ⁽³⁾	49,679	0.3%	13.7	50,717	0.0%
2016	49,985	0.6%	13.7	50,970	0.5%
<i>change since 2009</i>	-1,359	-3%		-2,031	-3.8%

Source: [Scottish Government teacher census 2016, table 1.2](#)

This year, the circular states:

“Local authorities will be required to maintain the overall pupil-teacher ratio at 2016-17 levels as reported in the Summary of School Statistics published on 13 December 2016, and secure places for all probationers who require one under the teacher induction scheme. This is supported by a continued funding package of £88m, made up to £51m to maintain teacher numbers and £37m to support the teacher induction scheme.”

The draft budget states: “In order to support delivery the Scottish Government will work with local government to monitor these commitments at an agreed mid-point in the year.”

In evidence to the Local Government Committee on [9 November 2016](#) COSLA discussed the impact of the teacher numbers policy. Councillor Michael Cook (COSLA) said:

“The reality of a teacher number requirement is that, in effect, it locks up resource to maintain the proportion of teachers relative to the number of students across Scotland. That gives us considerably less flexibility in terms of how we employ that resource. It is actually counterproductive to the meeting of some of the Scottish Government’s aspirations on attainment, which are shared by local authorities generally.”

This reflects similar opinions given by local authorities to the Education and Culture Committee last year during its consideration of school funding. In their [report on the 2016-17 budget](#) the Committee noted that:

“Local authorities generally considered maintaining the ratio to be challenging and were concerned it reduced local flexibility to put teachers in classrooms and schools where they were most required. They considered the PTR did not take full account of the reality in the classroom or take any account of the use made of classroom assistants, support and special needs assistants.”

Attainment Fund/ Pupil Equity Fund

The draft budget introduces a new specific grant to local authorities of £120 million “to be paid as a ring fenced grant as part of the local government settlement” (see [Table 6.08](#)). It is still expected to be passed on to head teachers, and provide c. £1,200 for each pupil from P1-S3 known to be eligible for free school meals. The draft budget states:

“This Pupil Equity Funding will be available for head teachers to use for additional staffing or resources that they consider will help raise attainment and reduce the attainment gap. Guidance will be issued to assist head teachers in the use of this additional funding.”

The draft distribution of this money between local authorities is provided in Annex E to the local government funding [Circular 9/2016](#). The local authorities with the largest allocations are:

Glasgow	£22.6m
Fife	£9.7m
North Lanarkshire	£9.1m
South Lanarkshire	£7.8m
Edinburgh	£7.3m

All pupils in P1-3 are entitled to free school meals. Pupils above P3 are entitled on certain 'low income' criteria mainly linked to receipt of social security benefits. Not all pupils who are eligible actually register for free school meals.

Latest [Scottish Government statistics](#) (June 2016) show that across Scotland as a whole, 17 per cent of P4-P7 pupils were registered for free school meals in 2016, compared to 14 per cent of secondary school pupils. The published figures do not identify S1-S3 as a separate group. There are no official statistics for actual eligibility. However, the eligibility for the extension of early learning and childcare is based, largely, on free school meal eligibility. The funding for this estimated that around 27 per cent of two year olds would be eligible. The difference between 27 per cent estimated eligibility and actually registration levels in schools suggest that not all pupils take up their entitlement.

The Attainment Fund was to have been £100m, equivalent to the amount raised from council tax reform. In mid-November [COSLA pulled out of discussions](#) with the Scottish Government and on 15 December 2016 it was announced that the Scottish Government and local authorities had been unable to come to an agreement. As a result the money is no longer linked to the sums raised from council tax changes. At the same time, the amount to be provided was increased to £120 million.

In introducing a new ring fenced grant, the Scottish Government is moving away from its policy of minimising such funding. In 2007-08 the Scottish Government abolished a number of 'specific grants', 'rolling them up' into the general local government settlement. At that time there were a number of specific grants in education, the largest of which was the National Priorities Action Fund, worth £260 million in 2007 ([See Local Government Circular 1/2007](#)). For a list of funds 'rolled up' in 2008 [See Annex K to Circular 6/2007](#)).

Prior to the 17/18 draft budget, the only remaining education 'specific grant' had been £4m for Gaelic Education.

Theme 6: Early Learning and Childcare

Potential themes for discussion:

- The type of workforce investment envisaged – e.g. funding to colleges and training providers, funding to encourage recruitment, funding to employ staff.
- Whether the capital infrastructure money would be routed through the Scottish Futures Trust.
- The types of capital investment envisaged.
- The level of progress towards 1,140 hours expected to be achieved in 2017/18.

- Further breakdown of the £60 million announced for the 1,140 hours.

The draft budget announces £60m towards the expansion of early learning and childcare to 1,140 hours. It states:

“This Draft Budget invests £60 million in the workforce and infrastructure necessary to start to undertake the radical and ambitious expansion in the provision of free early learning and childcare entitlement to 1,140 hours – essentially matching the time spent in primary school – by the end of this Parliament”.

The local government finance circular ([Circular 9/2016](#)) states that the funding is a mix of revenue and capital, but is not part of the local government settlement:

“Additional funding for the expansion of early learning and childcare to 1,140 hours is provided for within the Education and Skills portfolio. This comprises around £30m of revenue funding which will principally support workforce development and capacity building, and a further £30m capital allocation to support the first phase of infrastructure investment. Scottish Government officials will engage with local authorities and COSLA over how this funding is deployed across a range of programmes, which will be influenced by responses to our ongoing consultation ‘Blueprint for 2020.’”

In its evidence session [last week with COSLA](#) and the Scottish Local Government Partnership, prior to the announcement of the £60 million, Committee members had heard concerns about the lack of detail on capital investment plans in relation to the expansion to 1,140 hours.

Jane O’Donnell (SGLP) said:

“If we were going to be asked to deliver the entirety of the programme by 2020, that is becoming more and more difficult as delays continue. However, there is recognition of that, and I expect that we will see some progress in the new year.”

Councillor Jacqueline Henry (SGLP) said:

“We have no information on the amount of capital that will be available. Until we have that, we cannot plan in any detail.”

Councillor Stephanie Primrose (COSLA) said:

“If we continue to have uncertainty about not only the capital element but the elements of workforce and revenue, we will be up against it, despite our ambition and commitment to delivering the policy’s aims. The sooner we get confirmation about the available funding the better. Otherwise, as Councillor Laing has said, we will struggle to deliver the policy in the timeframe indicated.”

The level 4 figures include an additional £50.2m for both: “investment in workforce service redesign to deliver an expansion to 1,140 hours by August 2020.” and “the first phase of delivery of the commitment to ensure that nurseries will, from 2018, benefit from an additional graduate teacher with early learning expertise.” While the ‘headline’

announcement was for £60m, it was not clear at the time of writing this paper where the additional £10 million is allocated.

Creating Positive Futures level 4 breakdown (selected line) £m				
	2016-17 draft budget	2017-18 draft budget	change	reason
Early years and early intervention	21.582	71.814	+ £50.2m	<p>“additional resource and capital provided [...] to support the expansion of Early Learning and Childcare to 1,140 hours.”</p> <p>“support the delivery of 600 hours early learning and childcare for 3 and 4 year olds and eligible two year olds and investment in workforce re-design to deliver an expansion to 1,140 hours by August 2020, including first phase of delivery”</p> <p>Budget line also covers: parenting and family support, bookbug, go2play fund and the play strategy.</p>

Extract from ‘level 4’ tables – see ‘creating positive futures’ table under ‘children and families’.

Theme 7: Other budget changes under schools and children

<p>Potential themes for discussion:</p> <ul style="list-style-type: none"> • Extent to which GIRFEC has reached a stage of implementation such that development budgets can be decreased. • The practical implications of the virtual removal of national support for the school estate strategy and schools programme within the Scottish Futures Trust. • The types of IT improvements planned for Disclosure Scotland and how this will improve protection of children.

Other points of note include:

GIRFEC

The budget line for national support for the implementation of GIRFEC has reduced by 45 per cent from around £1 million to around £0.5 million (see ‘creating positive futures’, under ‘children and families’ in level 4 tables). The explanation provided is: “Less budget needed as we move to a more focused requirement of implementation support as GIRFEC becomes embedded across LAs.” Parts 4 and 5 of the Children and Young People (Scotland) Act 2014 require to be amended before they can be brought into force, and this includes the controversial policy of the ‘Named Person.’

School Estate and teacher training

The ‘level 4’ tables show some resource transferring from the school estate into teacher training and teachers’ pay. The budget line “school estate” (under ‘people and infrastructure’ under ‘learning’) has been cut almost entirely from £4.4 million to £0.4 million. This represented national support for implementation of the Scottish school estate strategy, the schools programme within Architecture and Design Scotland and Scottish

Futures Trust and the implementation of the Schools (Consultation) (Scotland) Act 2010 (which sets out a process for school closures). The reasoning given is that:

“As the schools for the future programme nears completion, this budget is no longer required and has been diverted to meet other education priorities. Also includes a transfer to local government to meet existing teachers’ pay commitments.”

The Scottish Schools for the Future Programme is expected to be complete by 2020. The Scottish Government stated in January 2016 that:

“When complete, in March 2020, Scotland’s Schools for the Future Programme will have delivered 112 new or refurbished schools across all parts of Scotland ([Scottish Government news release January 2016](#)).

The budget line ‘schools indirect capital’ notes some slippage in timescales such that the Scottish Government capital funding of Scottish Schools for the Future continues, with £19 million provided in 2017/18.

£2 million is transferred into ‘teacher training’ “to assist with Teacher Training as part of Ministers’ priorities to train more teachers. The bulk of money to train teachers is routed via the SFC.

IT Investment

A £1 million capital investment for a new computer system for SQA is mentioned above. The ‘level 4’ tables also include an additional £4.5 million for ‘Disclosure Scotland’ which: “reflects capital investment of a replacement IT system, including the transition from a paper-based to a more customer centric and effective digital environment.” Disclosure Scotland delivers background checks for those working with children under the ‘Protection of Vulnerable Groups’ (PVG) scheme.

Camilla Kidner
Suzi Macpherson
Greig Liddell
SPICe
19 December 2016

Education and Skills Committee

16th Meeting, 2016 (Session 5), Wednesday, 21 December 2016

Scottish Child Abuse Inquiry - Approach paper

Introduction

1. The purpose of the session with the Cabinet Secretary is to discuss issues solely within the responsibility of the Scottish Government that were covered in the Cabinet Secretary's update to Parliament on the Inquiry on 17th November.

Background

2. The Cabinet Secretary announced that:
 - there would not be an additional panel member at this time although the Chair can appoint assessors to assist her and the other panel member;
 - the remit of the inquiry was to be clarified but it would not be extended;
 - details of the limitation bill and who its provisions apply to¹; and
 - a consultation on redress would be announced in the coming weeks.
3. The [Cabinet Secretary](#) has also written to the Committee providing the clarified terms of reference for the inquiry.
4. For reference the terms of the Inquiries Act setting out what responsibilities fall to the Government and what falls to the Inquiry is attached at the end of this paper.
5. As agreed by the Committee, the Convener and Deputy Convener held meetings with survivor groups to discuss these issues and broader issues relating to the progress and format of the inquiry. Meetings with Incas and White Flowers Alba have taken place and the remaining meeting, with FGBA, will take place before the Committee meeting.
6. While much of the discussion at the meetings held took place on a confidential basis, there were certain issues that individuals highlighted that they would wish to be raised with the Cabinet Secretary. Incas has provided a written submission that covers these. White Flowers Alba may provide a submission early next week. The meeting with the FGBA is yet to take place, but its submission to the Committee following the Cabinet Secretary's statement to Parliament is attached again for reference. Open Secret has also put in a submission.

¹ the Limitation (Child Abuse) (Scotland) Bill was introduced on 16th November by the Cabinet Secretary for Justice and the Justice Committee is the lead committee

Approaches taken elsewhere

Redress

7. Incas circulated an article from the [Belfast Telegraph](#) on interim payments in Northern Ireland in advance of the meeting with the Convener and Deputy Convener.

Inquiry remit and approach

8. White Flowers Alba highlighted the approach adopted in the [Australian inquiry](#). This is a modular system where a number of modules can run at the same time with oversight from the central inquiry. Modules have defined boundaries by sector or theme and focus on specific case studies and White Flowers Alba suggested this allows survivors to have a pathway for their case which is shorter than the overall length of the inquiry.

Related work of other committees

9. The Justice Committee has been referred the [Limitation \(Scotland\) Bill](#) and will commence evidence taking in the New Year.
10. The Health and Sport Committee have agreed to hold an [evidence session on child protection in sport](#) in February 2017
11. The Public Petitions Committee has a petition in relation to the [In Care Survivor Service](#)

Recommendation

12. The Committee is invited to raise issues from the attached submissions from survivor groups with the Cabinet Secretary including in relation to:
 - the scope of the inquiry remit;
 - panel membership, including the potential to appoint assessors; and
 - progress with and approach to redress.
13. The Convener and Deputy Convener will also contribute issues raised at survivor group meetings wherever appropriate.

Paper from the Clerk

16 December 2016

SUBMISSION FROM INCAS**Initial submission commenting on the Cabinet Secretary's Ministerial Statement**

We note the major problems with the Inquiry in England and Wales, especially in relation to the Inquiry team. We have not had the same problems in Scotland, and we have enjoyed a good working relationship with the Inquiry team. The same cannot be said, however about the Scottish government.

In relation to the Inquiry team we have throughout the process been happy with the way that they have assisted elderly and sick survivors. They have taken their evidence in preparation for the formal hearings, which we hope they will start in the New Year. The delay in starting the formal hearings has been caused by the failure of government to resolve the issue of the remit. We understand that Lady Smith intends to make a preliminary statement about the process of the inquiry early next year, but we still await a date for any formal hearings. However, survivors still need to be encouraged to come forward, as there is a need for far more publicity via the media. Survivors also need to be able to trust the process and are entitled to both legal and emotional support. We do have our own independent legal support, and we are pleased that the counsel to the inquiry have been approaching their investigative tasks in a supportive and sensitive manner, and have been providing support services. We feel we can continue to work in a cooperative manner.

In the past two years we have had to relate to three different Education Secretaries and a plethora of junior ministers. We have, however, found the Scottish Government difficult to work with, and at times obstructive, and disingenuous. We have found that they do not really listen to the legitimate concerns of survivors, and fail to follow through on their promises. We have been concerned that they have decided on the support model and are determined to fit survivors into this model. They have also been quite happy to play survivor groups off against each other.

The government have ignored our requests to consider interim payments for the sick and elderly, and we need to sit down with government to resolve this issue as a matter of urgency. To announce yet another consultation process in relation to redress beggars belief. They will no doubt spend considerable amounts of money to get an external organisation to undertake this consultation, when we know, and the government knows what are the key issues. What is required is for the government to begin to show some compassion towards the thousands who have suffered.

Because the government is refusing to extend the remit of the inquiry they are effectively saying to those survivors who are excluded that we do not care about your suffering. It is also a double smack in the face for those survivors who were abused in the community prior to 1964. They will not be able to seek civil redress, when the time bar is set aside. The government had promised to find an equitable solution, but is renegeing on that promise, and it is again kicking the question of redress into the long grass.

The question for INCAS members will be what is the purpose of putting themselves through a process when its key objectives of justice, accountability, and redress, are being obstructed by government policy. What INCAS members want is that their abuse is acknowledged, that their abusers are held to account, that the organisations that were complicit in the abuse are held to account, and that appropriate redress takes account of the harm caused. At the present time our commitment to the process is in the balance. We have lost trust in government, and John Swinney and it is now his responsibility to restore that trust.

Addendum 1 on abuse in football clubs

In relation to the recent revelations in relation to Football Clubs as you are aware INCAS has argued, for many years, that the Inquiry should cover all agencies that had a duty of care towards children. This would have covered churches, and clubs including football clubs. Abuse by clergy and religious has been widespread, and needs investigating. The recent revelations about football clubs is not new, but the volume of that abuse is new. Sadly all organisation that have some responsibility for children, attract people who wish to gain access to children so that they can groom and abuse them. What we have also seen is that all organisations, without exception, prefer to protect the so called good name of the organisation, instead of reporting the abuse. Those organisations have, therefore, covered up the abuse and as result they became complicit in criminal activity. The fact that the abuse has been covered up, makes it difficult for any organisation to investigate itself. All inquiries should be completely independent of the organisation.

What is needed is a separate judge led inquiry covering all those agencies who had a duty of care for children. Government ministers have stated that they do not want to extend the remit of the current inquiry, so as not to prolong the inquiry. What the government has to ask itself has the abuse of children been so widespread in the organisations, with evidence of a complicit management cover-up, that it would justify police and judicial intervention. If so. then a separate inquiry should be established as a matter of urgency, lest that the government also becomes involved in ignoring the criminal behaviour that has taken place. For too long this government has sat on its hands, ignoring the justified anger of so many victims who seek justice, accountability and redress.

Addendum 2 – copy of a statement issued to Lady Smith

The following statement was issued following the announcement from Lady Smith, about a preliminary hearing at the end of January (issued 14th December)

We had been made aware of this preliminary hearing, though not the date, at our last meeting with counsel to the Inquiry. It would appear that we are back to the beginning with the new chair explaining the next stages. Some progress has been made with many sick and elderly survivors having already given evidence to counsel to the Inquiry, but this is a first stage prior to any public or private hearings.

We presume that Lady Smith will be setting out how she intends to approach the next stages.

We think it is important that Lady Smith announces

- 1. How many survivors have come forward so far, and in what categories, and from which establishments.*
- 2. How she intends to launch the major publicity campaign to help survivors to come forward. (We have been pressing for a publicity campaign for some time.)*
- 3. To explain the support that is available to survivors when they come forward.*
- 4. That survivors can be legally represented.*
- 5. To give a clear explanation about public and private hearings.*
- 6. To explain how the Inquiry will be independent, and protected from any government interference.*

There is concern that government legal advisers have been seconded to the inquiry, and survivors are concerned about the conflict of interest, are they able to serve two masters?

Trust continues to be a major concern for survivors and they will have to be satisfied that the inquiry will help them to achieve justice, accountability and redress.

We have asked government to include in the remit that Lady Smith should be able to make recommendations on redress. This is likely to be a sticking point for survivor groups. The government has so far refused to accede to what we see as an essential part of achieving justice.

SUBMISSION FROM FORMER GIRLS AND BOYS ABUSED IN QUARRIERS HOMES

[This submission has previously been seen by the Committee as it was produced following the Cabinet Secretary's statement in November.]

Dear Convenor, James Dornan MSP,

I am writing to update you on the following;

Former Boys and Girls Abused in Quarriers Homes (FBGA) perspective of Deputy 1st Minister John Swinney MSP, recent statement to the Scottish Parliament on issues relating to the Scottish Child Abuse Inquiry, Timebar and Redress for victims-survivors of historical institutional abuse.

The background to resolving these issues was a process undertaken through an SHRC Interaction process organised by the Scottish Human Rights Commission and CELCIS in 2012-2014. Whereby all the parties to the dispute engaged with each other, this included representation from the Scottish Government, Catholic Church, Quarriers and other institution's alongside individual victims-survivors and a number of groups including FBGA and INCAS.

The process resulted in the "**SHRC InterAction Plan on Justice for Victims of Historical Abuse of Children in Care**"

This InterAction Plan had a number of elements in the plans that were agreed by all of the parties in the Interaction process as the basis of a resolution to these issues.

In addition an Interaction Review group with representation of independent victims-survivors FBGA and INCAS was set up to monitor the implementation of the Interaction Plan and report into SNAP (Scottish National Action Plan) SHRC.

The Scottish Government has since implemented the following elements of the InterAction Plan since 2014, National Public Inquiry, National Confidential Forum, Integrated Victims-Survivors National Support Fund, Apology Law and has now brought forward a bill for Timebar for Access to Justice.

The following elements of the InterAction plan remain outstanding Redress-Reparation and Appropriate forms of Commemoration.

The Scottish Child Abuse Inquiry;

The change to the inquiry remit is a positive change and will bring clarity to this now. We were not supportive of widening the remit to such a degree whereby it had a major impact on the timescale. "We were mindful of the issues that have occurred regarding the English child abuse inquiry.

The Scottish Child Abuse Inquiry terms of reference and remit are focused, targeted and achievable in a reasonable timescale including with this additional change."

FBGA highlighted to the Scottish Government and the Scottish Child Abuse Inquiry team in meetings why this particular change to the Inquiry remit was essential and necessary. ²

We feel strongly that the Scottish Child Abuse Inquiry should have set-up a consultation reference panel group with a broad spectrum of representation which included victims-survivor representation as they will be the primary users of the Inquiry. FBGA requested such a reference group in our original submission to the Inquiry and in the Interaction.

While the Inquiry team are meeting with victims-survivor groups such as FBGA and others individually. In our view it would have been extremely helpful to have a broader representative reference consultation group to raise issues collectively and constructively in a forum. Such as issues over the Inquiry remit and have others included. This may have avoided a lot of the negative media coverage around the Inquiry to-date.

FBGA have some concerns that a two panel team may not be sufficient or robust enough, but have been assured by the Scottish Government and the Inquiry Panel that the 2005 Inquiries Act permits Lady Smith to appoint Assessors. We would like to see an individual Expert Assessor who has a particular skill set and experience in Human Rights represented within the Inquiry team. As the Inquiry original mandate included a Human Rights approach.

Timebar;

This is a major step forward and one of the key elements in the InterAction plan. We believe that this will provide Justice and a remedy for many victims when the bill is enacted Many victims-survivors were previously denied access to Justice due to the current imposition of Timebar.

Redress & Reparation;

FBGA have submitted Redress and Reparation proposals to the parties including the Scottish Government a best practice model and proposals for addressing these issues. FBGAs proposals are victim-survivor centred and best practice guided from other countries affected by similar historical abuse issues. This FBGA Redress model addresses the Pre: 1964 issues and also those former residents abused who do not wish to be involved in possible adversarial court cases in the future and is a reconciliation model too.

Appropriate forms of Commemoration;

FBGA position is that until ALL the other elements in the InterAction Plan are resolved this element is somewhat premature but FBGA have put forward suggestions how this may be progressed and achieved. However it is not a priority at this time for FBGA.

FBGA are seeking the full implementation of the InterAction Plan in its entirety whereby there are equitable and just resolutions. We hope our constructive engagement provides a better understanding of the impact and issues directly affecting Quarriers Homes victims-survivors and others.

FBGA also meet regularly with the current Quarriers organisation and senior management in an InterAction process.

Victims-Survivors and groups representatives have been involved in helping shape, form and design all the projects within the elements of the Interaction Plan since Interaction process concluded. FBGA along with other survivors have also been involved in these issues since 2003.

Should the Convenor or committee members require further information please contact me.

SUBMISSION FROM OPEN SECRET

Open Secret have been delivering the In Care Survivor Service Scotland since 2008, initially funded by the Scottish Government and now by the ICSSF. Over that time we have worked with over 1000 survivors and currently we are working with around 140 active clients. Those clients were abused in care in a number of different establishments in Scotland. The clients have two active groups involved in campaigning and making changes for children in the future. They developed a DVD funded by health improvement to raise awareness of the impact of abuse, particularly in a care setting.

Unfortunately despite requests the clients have not been given the same opportunity as other survivor organisations to meet with the Deputy First Minister. This has been upsetting for them and they would respectfully request that they have an equal access to this opportunity. As well as the groups there is an individual survivor who would like to meet Mr Swinney.

Many of the survivors remain concerned about the direction and operation of the new In Care Survivor Support Fund and the role of ICSSF within it. They would like to have the opportunity to raise their concerns.

The Chief Executive of Open Secret, Janine Rennie was at the final stages of raising a petition regarding redress but has stalled the process due to commitment to revisiting redress as an option. However we do not feel that further consultation is required as redress was considered as part of the Interaction process. We would like to be part of any process to consider this very important issue.

INQUIRIES ACT 2005

The Child Abuse Inquiry has been set up under the Inquiries Act 2005 (see [here](#)), which extends across the UK. In relation to inquiries set up in Scotland by Scottish Ministers, the Act divides the responsibility of the Ministers and the inquiry chairman as follows:

- It makes provision for the Scottish Ministers to:
 - set up formal, independent inquiries relating to particular events which have caused public concern, or where there is public concern that particular events may have occurred;
 - set the terms of reference ([here](#) for the CAI);
 - appoint a chairman to conduct the inquiry;
 - appoint additional panel members and assessors where appropriate (it was originally intended that there be 2 or 3 additional panel members for the inquiry, one [resigned](#) in July 2016 and there is currently one panel member);
 - remunerate the members of the inquiry panel and any assessor, counsel or solicitor to the inquiry;
 - inform the Scottish Parliament of the above by oral or written statement.
- It provides for an inquiry chairman to determine the procedures to be adopted, and to have powers to require the production of evidence, the attendance of witnesses and the taking of evidence on oath;
- It places a duty on the inquiry chairman to deliver a report to the commissioning minister, and on the Scottish ministers to arrange for publication and the laying of the report before the Scottish Parliament;

(A useful House of Commons Library note on the 2005 Act is [here](#).)